Sustainable Value Creation:
How Appreciative Inquiry and Whole Systems Create Sustainable Design Innovation

Universities as Centers for Collaborative Innovation in Partnership With Business and Society

David Cooperrider, Fairmount Minerals Professor and Chair
Center for Business as an Agent of World Benefit
Case Western Reserve University
“Every social and global issue of our day is a business opportunity in disguise”

“The task of leadership is to create an alignment of strengths...making a system’s weaknesses irrelevant”
A Time for Re-thinking the Whole System Change

Points of Departure

The Strengths Revolution
1. Strengths-Elevating—positive psychology’s shift
2. Strengths-Combining/Magnifying
3. Strengths-Extending Organizations

Question of Change at the Scale of the Whole?
• Collaborative Configurations Matter
• “Everyone designs” --Herb Simon
• New Horizons in **Appreciative Inquiry** Theory

Largest Business Opportunity of 21st Century
• The Call for New University & Business/Society Partnerships—Collaborative Innovation
• “Blessed Unrest”
A Story: The Most Exciting Project I Have Ever Worked On
Business as an Agent of World Benefit
--More Than 2,000 Interviews
--100s of Published Profiles “Positive Institutions”
--see www.worldinquiry.org

“Awe is What Moves Us Forward”
Sustainable Value — From Obligation to Design Mindset

Shareholder Value

Sustainable Value

Stakeholder Value

Unsustainable (Value Transfer)

Clean energy vehicles

Unsustainable (Lose/Lose)

Unsustainable (Value Transfer)

¹ absolute standards or relative to competitors
Positive Psychology Encyclopedia of Human Strengths
Peterson and Seligman (2006)

Wisdom and Knowledge
- Love of learning
- Perspective
- Curiosity

Justice
- Citizenship
- Fairness

Humanity
- Love and Kindness
- Social Intelligence

Temperance
- Humility
- Forgiveness

Courage
- Bravery
- Vitality
- Persistence

Transcendence
- Appreciation of Beauty and Excellence
- Hope
- Spiritual Experience
Positive Institutions Defined
Organizations That Elevate, Connect & Magnify, and Refract Our Highest Human Strengths into the World.

1. Wisdom and Knowledge
   - curiosity/interest
   - love of learning
   - judgment/critical thinking
   - originality/ingenuity/creativity
   - perspective

2. Courage
   - valor
   - industry/perseverance
   - integrity/honesty
   - zest/enthusiasm

3. Love
   - intimacy
   - kindness/generosity/nurturance
   - social intelligence

4. Justice
   - citizenship/duty/loyalty/teamwork
   - equity/fairness
   - leadership

5. Temperance
   - forgiveness/mercy
   - modesty/humility
   - self-control/self-regulation
   - prudence/caution

6. Transcendence
   - appreciation of beauty/awe
   - gratitude
   - hope/optimism
   - humor/playfulness
   - religiousness/sense of purpose

*VIA Encyclopedia of Human Strengths
Peterson and Seligman (2005)
AI at the UN World Summit With Business and Industry CEOs and Civil Society Leaders

Kofi Annan
Secretary-General, United Nations
UN Global Compact
AI Summit Results—and Surprises

- **Innovations**: Dow, Novartis, BP, Ericsson, Tata, Royal Dutch Shell, Cemex, Telephonica, etc.

- **Many Prototypes**—eg. PRI Project: Goldman Sachs and Other Investment Firms, Representing $10 Trillion in Assets

- **Who Cares Wins**— data-based eclipse of “the great tradeoff illusion”
Results (cont.)

- 10 Stock Exchanges & Climate Change Initiative
- 43 Local Networks…China
- 100% Growth in Members by 2007 Summit

- Companies Calling for Universities and Management Schools to Get in the Game
- Birth of the BAWB Global Forum (PRME)
Appreciative Inquiry
Life as a “Problem” or “Mystery and Miracle”?

“No problem can be solved from the same level of consciousness that created it. We must learn to see the world anew.”

“There are only two ways to live your life. One is as though nothing is a miracle. The other is as though everything is a miracle.”

– Albert Einstein
Theory AI: Positive Change as Co-elevation of Strengths

Elevate-and-Extend
- Spirit of Inquiry & Ethos of Appreciation
- Resonating Patterns of Positive Emotions
- High Quality Connections

Broaden-And-Build
- Pro-fusion of Strengths
- Magnification (analysis, synthesis)
- Savoring (ritual, story, meaning)

Establish-and-Eclipse
- Generative Imagination and Energy
- Doing & Undergoing (“undoing”)
- Upward spiral
Fairmount Minerals Story
Birth of the “Sustainable Design Factory”

People, Planet, Prosperity
Multi-stakeholder Large Group Designing

Sustainable Designing & Innovation of Multiple Realities

Internal Stakeholders:
- Operations
- Administration & Corporate Services
- Customer Service
- Engineering
- Logistics
- Quality
- Sales
- Technical Support / R&D

External Stakeholders:
- Universities: Biology, Management, Engineering, Human Health, Sociology, and Others
- Customers
- Suppliers
- NGO’s
- Neighbors/Communities
- Board of Directors
Images of the Sustainable Design AI Summit
Next Generation AI Summit: The Sustainable Design Factory

Discovery
- Appreciative Inquiry
- Analogous storytelling
- Poeticizing Capacities

Destiny
- Co-emergent arising
- Improvisational learning
- Distributed reflexivity

Affirmative Topic Framing

Dream
- Anticipatory Images
- Visualization & Enactment of Future

Design
- Deep Dive
- Rapid Prototyping
Highlights

- 40% Annual Growth in Earnings Past Two Years
- 2007 US Chamber of Commerce’s #1 Corporate Citizenship Award
- A Culture of Community Partnership and Innovation
- New Employee Owned Businesses, New Markets
- Emerging as Top Rated Star in the Industry
**Levels of Design Focus**

- **Business & World Context**
- **Brand/Culture**
- **Market**
- **Product**
- **Process**
- **Risk**

**Sources of Business Value**

- Designing industries, policy contexts, better world
- Brand story, promise, customer experiences
- New stakeholder relationships, new markets
- Sustainable-value, green products
- Reducing energy, waste & process costs—future of totally renewable energy
- Anticipating regulations, going beyond legal requirements
Fairmount Started with Appreciative Inquiry in 1990 With a Focus on Empowerment 40% CAGR Past Four Years

Faimount Sales & EBITDA History (For Recurring Operations)
Which organization will help save more lives in the next five years than any other—children, women, and men—who are picking cotton in toxic and chemically treated fields all over the world—fields that are so toxic that when you touch the cotton it feels like an electric jolt around your fingers?
- It employs 1.9 million people
- It serves 138 million people per week.
- It has approximately $350 billion in sales
- It’s attracting the most brilliant and radical environmental minds e.g. Amory Lovins
- It’s raising many eyebrows
Wal-Mart’s Early Steps
Many are Watching.

1. Be supplied by 100% renewable energy
2. Create zero waste
3. Sell products that sustain the environment
## Sustainable Value... Design Networks

<table>
<thead>
<tr>
<th>Energy</th>
<th>Global Greenhouse Gas Strategy</th>
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<tbody>
<tr>
<td></td>
<td>Buildings Design Construction &amp; Maintenance</td>
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<td>Global Logistics</td>
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<td>Alternative Fuels</td>
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<td>Waste</td>
<td>Operations &amp; Internal Procurement</td>
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<td>Packaging</td>
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<td>Food &amp; Agriculture</td>
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<td>Forest Products (Wood &amp; Paper)</td>
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<td>Chemical Intensive Products</td>
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<td>Jewelry</td>
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<td>Seafood</td>
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<td>China</td>
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The Recent Magazine Summit on Sustainability

- One of 12 Sustainable Value Creation Networks
- 64% of Magazines Put on Shelf Don’t Get Sold
- 2.6 Billion—are Shredded
- Would Circle the Earth 13 Times
- Amazing AI Summit
“Something that’s never happened in 50 years”

Results:

Consensus on 50% improvement in sustainability in 1\textsuperscript{st} Year

12 major prototype initiatives from POS data to virtual magazine creating kiosks

An improvement of 50% is = Saving 443,572 trees

= 4,640,816 gal. diesel fuel

Powerful role of the University in Bridging Theory & Practice
Sustainability Index Summit
Taking Action to Address a Global Imperative…Universities in Partnership With Business and Society
Imagine the Impact of Sustainability Scorecard

Izmir, Turkey: Organic Cotton Fiber

Patagonia uses organic cotton exclusively. Nearly half the organic cotton we use is from the Izmir region in Turkey, where some of the world’s highest-quality cotton is grown.

Every cotton product begins its life in a field. Cotton loves heat. It grows, as one farmer tells it, in places that have over 100 days of 100°F [38°C] heat. A beautiful flower blooms and dies before the boll forms, which you can see in the adjacent image of the organic-cotton field in Turkey.
<table>
<thead>
<tr>
<th>Energy and Climate</th>
<th>40%</th>
<th>Raw Material Inputs</th>
<th>Manufacturing/Processing</th>
<th>Transport/ Packaging/ Sales</th>
<th>Product Use</th>
<th>End-of-Life/Recycling</th>
<th>Supply Chain Goals</th>
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<tbody>
<tr>
<td>Suppliers track on-farm energy use? (Y/N)</td>
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<tr>
<td>Energy use per unit of finished product? (ranges will be provided)</td>
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<td>To reduce the use of non-renewable energy and greenhouse gas emissions.</td>
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<tr>
<td>Material Efficiency</td>
<td>20%</td>
<td>Uses fibers or irrigation practices that reduce water usage? (Y/N)</td>
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<tr>
<td>Natural Resources</td>
<td>20%</td>
<td>Is the product organic or transitioning? (Y/N)</td>
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Emphasis moves to product-specific scoring. Product scores roll up to influence supplier score. (Up to 1 score per SKU; products of the same profile could be grouped in one score)
Stories Have Wings
Implications of Packaging
Eco-Innovation & People Turned On

- Prevented millions of pounds of trash from reaching landfills
- Across the supply chain, the initiative will save 667,000 metric tons of carbon dioxide from entering the atmosphere
- Equal to taking 213,000 trucks off the road annually, and saving 323,800 tons of coal and 66.7 million gallons of diesel fuel from being burned.

“The packaging is renewable in 90 days instead of 9 million years”
Implications of Packaging
Sustainable Value Innovation

Broadening this initiative to 255 items in Toys:

- This employee driven initiative saved 3,425 tons of corrugated materials
- 1,358 barrels of oil annually
- 5,190 trees
- Millions of dollars in transportation costs
Sustainability Summit: Creating Value Through Dairy Innovation

The Call to Reduce Greenhouse Gas Emissions

University of Arkansas
Applied Sustainability Center
Fayetteville, Arkansas
June 17-19, 2008
System-in-the-Room: Success Factors for Innovation and System Change

Broad Enrollment & Special Configuration of People
- Whole system represented; innovation inspired
- Leverages strengths and maintains continuity with best of the past
- Full voice
- Action focus around clear task
- Creates momentum for implementation
- Engages in the past and the future

Big Change Fast
- Accomplishes months of work in 2-3 days
- Lenses sustainability opens new possibilities
- Design & Build “Rapid Prototypes”
- Honoring differences & common ground
- Breakthrough Results

Success requires:
- Right conditions for engagement
- Right people in the room

Sustainability Summit
Creating Value Through Dairy Innovation
Sustainability is *the* business opportunity of the 21st century. It is an innovation engine unlike anything we have ever seen in management— and it’s a lens which will dominate the management agenda for the next generation of thirty or more years. Even more important, the outcomes will define the next episode in creative capitalism and, ultimately, will determine the well-being of our imperiled planet.
Images of Positive Institutions

Strengths-elevating

Strengths-combining/amplifying

Strengths-extending organizations
Three Ways to Understand Strengths based Design of Positive Institutions

- Strength-elevating organization
- Strength-configuring & concentrating organization
- Strength-extending organization
Theory AI—Stages in Positive Change

- Elevate-and-Extend
- Broaden-And-Build
- Establish-and-Eclipse

Activation of Energy
Establish and Eclipse

Pro-Fusion of Strengths
“Broaden and Build”

Elevation and Extension of Inquiry

Activation of Inquiry into “What Gives Life?”
“Appreciable World”

Initiating
Advancing
My “Peter Drucker Moment” Surprise Ending

“Every social and global issue of our day is a business opportunity in disguise”

Multi-stakeholder Collaborative Innovation

Universities, Business, Civil Society—Special Innovation Potentials
A question about the future of management education and design:
If anything imaginable were possible...?