





The Business of Sustainability

An Interview with José María Figueres

José María Figueres, former president of Costa Rica and a leading expert on sustainability, shares his ideas on how the private and public sectors must work together to bolster the triple bottom line of social, environmental and economic development. He calls for a deepening relationship between economic prosperity and environmental stewardship, which will create a future where companies and countries can climb up the ladder of competitiveness.

FOR TWO DECADES, JOSÉ MARÍA FIGUERES has been a noted authority and passionate advocate for sustainable development, first within Costa Rica and then on the world stage. In 1998, just after the Kyoto Protocol was announced, then-President Figueres and U.S. Vice President Al Gore signed the first-ever Joint Implementation Treaty between two countries under the Clean Development Mechanism (CDM) of the Kyoto Protocol.

Mr. Figueres has been a prophetic voice and an ardent believer in the Earth's bottom line being as important as the corporate bottom line. As president of Costa Rica, he implemented an overall policy based on the principles of sustainability as a way to become more competitive in the process of economic globalization. By strategically combining sound macroeconomic indicators, social investment in human development and an active alliance with nature, he left the country better prepared to face the challenges of a highly competitive global economy. By the end of his four-year term, the economy was growing at a rate of 8 percent per year, and direct foreign investment surpassed 5 percent of GNP.

In a recent interview with *Executive Agenda*, Mr. Figueres discussed how the need for global sustainable practices has grown and why he thinks sustainability has become a mainstream issue for businesses and consumers.

EXECUTIVE AGENDA: You have said that “to create inherently sustainable development, we must develop a sustainable civilization.” What do you mean by this?

JOSÉ MARÍA FIGUERES: We all have different definitions for sustainable development. To me, this term comprises two components. First, it involves the articulate blending of strong macroeconomic variables with strategic social investment, specifically in health and educa-

tion, alongside proactive environmental positions. Second, it stands for taking a long-term view with respect to the society we wish to build and live in, so that long-term objectives help us align our short-term decision-making process. Only in this way can we build our future within a framework that avoids short-term gains that are often not sustainable.

EXECUTIVE AGENDA: In terms of sustainable development, what are some of the biggest leaps forward you've seen globally?

JOSÉ MARÍA FIGUERES: Without a doubt, the very recent prominence of the climate change challenge is a great step forward. We finally reached a tipping point with respect to our awareness about climate change. On the one hand, Al Gore with his extraordinary work and Nick Stern with his compelling report on the economic impact of climate change have captured global attention. On the other hand, influential CEOs such as Chad Holliday of DuPont, Jeff Immelt of General Electric, Jim Rogers of Duke Energy and Lee Scott of Wal-Mart have made the point that green means green. In other words, green for the environment now means green for bottom-line dollars.

EXECUTIVE AGENDA: What are some of the immediate, concrete steps that CEOs can take, regardless of industry?

JOSÉ MARÍA FIGUERES: There are a number of immediate steps that all companies can take. For instance, they can audit their energy consumption and identify where they can reduce it. Something simple, such as changing to energy-efficient light bulbs, can have a large impact on a global scale. Expanding the use of technologies such as video conferencing to reduce travel, and thereby carbon emissions, is another immediate action that all companies

can take. Companies can also implement travel policies that favor travel by train rather than plane for short-distance business trips, such as between New York and Washington, D.C., or between Paris and London or Brussels.

EXECUTIVE AGENDA: How does sustainable development help countries and companies compete in the global economy?

JOSÉ MARÍA FIGUERES: It makes business and countries climb up the ladder of competitiveness, with the obvious advantages this brings. In addition, consumers and financial markets prefer companies and countries that adhere to the “triple bottom line” of social, environmental and economic responsibility. It is therefore in the best interest of corporate profitability and country acceptance for both to shift their paradigms toward sustainable development.

EXECUTIVE AGENDA: To what do you attribute this preference (by consumers) for companies

that adhere to the triple bottom line? Is it a societal change? How can companies capitalize on this change?

JOSÉ MARÍA FIGUERES: It is a combination of the recent awareness of climate change that I mentioned earlier and the information technology revolution that has made this information more readily available to consumers. As a result, they are becoming more conscientious with respect to their consumption and investment habits. Not only do I believe that companies can capitalize on this change, but also there are a number of companies that have already done so. Look at the evolution of market capitalization for companies such as Toyota and Honda, both leaders in hybrid motor technology, and compare it with the market capitalization of General Motors and Ford. While profitability or lack thereof cannot be entirely linked to green awareness, it is clear that consumers are now starting to vote for their preferences with their wallets. People are strongly favoring products produced with

José María Figueres



Former President of Costa Rica, **José María Figueres** is the International Advisor to the Board of

Trustees of FRIDE and DARA, two nonprofit organizations based in Spain.

José María Figueres served as President of Costa Rica from 1994 to 1998. As such, he was the youngest President of a Central American country in modern times. During his presidency, he created a comprehensive national sustainable

development strategy combining sound macroeconomic indicators together with strategic investment in human development and a strong alliance with nature through the implementation of innovative environmental policies. Prior to serving as President he was Minister of Foreign Trade (1987-1988) and Minister of Agriculture (1988-1990).

In the international arena, he has pioneered the linkage between sustainable development and technology in the realms of business, public service and nonprofit organizations. He helped create and lead the United Nations Information and

Communication Technologies Task Force (ICT) and is the founder of the Fundación Costa Rica para el Desarrollo Sostenible (Entebbe). In 2000, President Figueres joined the World Economic Forum and became its first CEO in 2003, where he strengthened global corporate ties to social and governmental sectors by identifying common long-term interests.

He holds an Industrial Engineering Degree from the U.S. Military Academy at West Point, and a Masters in Public Administration from the John F. Kennedy School of Government at Harvard University.

sound environmental considerations in countries with positive environmental policies.

EXECUTIVE AGENDA: From the perspective of being a head of state and now working in the private sector, how do you balance what is good for one country with the greater good of all countries?

JOSÉ MARÍA FIGUERES: We all know it is not sustainable for some to live in affluence at the expense of others within the same neighborhood. So many of the challenges facing us today are not singular to one country, but

JOSÉ MARÍA FIGUERES: My father used to say, “If development were easy, we would all be developed.” There are no quick fixes, and to pretend globalization or any other process of development can work miracles in short periods of time is not realistic. Globalization has produced decided benefits, but has also left millions behind by increasing the differences between rich and poor. Corporations and governments together must be more attentive not only to reaping the benefits of globalization but also to addressing the problems created by its unintended consequences. There

will always be a need for good programs that level the playing field and allow everyone to take advantage of employment opportunities on an equal footing.

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EXECUTIVE AGENDA: When you talk about programs that level the playing field, how would such programs work? Who would take the lead?

rather regional or global challenges, and we can only really address those challenges by working across borders. Leadership is about creating sustainable development for all based on true competitive advantages developed within a framework of respect and civility. True leaders are those that help their country by helping the entire region flourish. Working through the United Nations, although it is in need of reform, is another way in which political leaders can work on cross-country issues.

JOSÉ MARÍA FIGUERES: Taking advantage of these global market opportunities is one thing, and cutting corners is another. It is perfectly understandable and I encourage corporations to shop around for lower-cost opportunities. However, these cannot come at the expense of responsible environmental and social practices. More corporations understand this, and those that have chosen to ignore this are being punished by the markets.

EXECUTIVE AGENDA: The benefits of globalization are expansive and long term. How do you balance these benefits with the short-term impact, such as loss of jobs and dislocated workers?

EXECUTIVE AGENDA: For many companies, the focus is on growth. Can sustainability help in achieving this larger goal? Can companies build a sustainability agenda with an eye toward increasing shareholder value?

JOSÉ MARÍA FIGUERES: In today's fast-changing world, sustained corporate growth can be achieved only by mainstreaming sustainability. In other words, this is no longer an external or sideline issue for corporations that strive to be leaders.

EXECUTIVE AGENDA: Costa Ricans recently voted in favor of joining CAFTA-DR. What do you believe are the implications of this vote?¹

JOSÉ MARÍA FIGUERES: It depends on what the country does with its adherence to CAFTA. I'm convinced countries require articulate strategies to extract value from globalization. If they don't have or don't develop these strategies, globalization will extract all value from the country. A free-trade agreement such as CAFTA is one of many tools that could help us on the path toward sustainable development. Despite the tough referendum process, approving CAFTA was the easy part. Now comes the more arduous and complex task of knitting different programs together with CAFTA to create long-term competitiveness.

EXECUTIVE AGENDA: What strategies will help strengthen ties among corporate, governmental and nonprofit sectors so that the pursuit of profit blends seamlessly with the common good?

JOSÉ MARÍA FIGUERES: Look around the world and you will find that successful countries are those in which all these sectors you mention, including universities and think tanks, work together. Just how they come together depends on each country and its cultural background.

EXECUTIVE AGENDA: Many sustainability agendas focus primarily on environmental protection and macroeconomic growth. What must private and public sector leaders do to ensure that social

development isn't left out of the equation?

JOSÉ MARÍA FIGUERES: There is no sustainability without incorporating a strong component of strategic social investment, mainly in health and education. This also boosts competitiveness at the national level, which goes hand in hand with advancing sustainability.

EXECUTIVE AGENDA: Why is it important for companies to be involved in social development? How can companies help promote social development?

JOSÉ MARÍA FIGUERES: It is in their own self-interest to be involved in social development. How could companies do well over the medium and long term if the society in which they operate is not up to par on strategic social investments? Corporations thrive in environments with well-educated and healthy workers. And while governments are mainly responsible for policy formulation and investment in these areas, corporations should become more involved in helping governments arrive at the leading edge of these issues.

EXECUTIVE AGENDA: What are the perceived differences between Europeans and Americans with regard to the sustainability agenda?

JOSÉ MARÍA FIGUERES: Patterns of consumption are the main difference. Europeans are more frugal in their lifestyles than Americans. Look at the transportation and mobility sector in Europe, and compare it with the North American model. The differences are obvious, and reflective of societal patterns and choices of development styles.

EXECUTIVE AGENDA: What impact do these different societal patterns have on increasing the awareness of sustainability?

¹ CAFTA-DR stands for the Dominican Republic-Central America-United States Free Trade Agreement.

JOSÉ MARÍA FIGUERES: A huge impact. Look at the carbon footprint of Europe on an aggregate or per capita basis, and compare it with that of the United States, which has more than double the per capita carbon footprint and until this year was the leading carbon emitter of the world. As of next year, however, on an aggregate basis, China will surpass the United States.

EXECUTIVE AGENDA: You have said, “Creation of wealth as we have known it will no longer

EXECUTIVE AGENDA: What role can or should private sector leaders play in boosting education, particularly in developing countries?

JOSÉ MARÍA FIGUERES: Governments need to hear from the private sector that they value the investment made by countries in education. Additionally, private-public partnerships can do much to revamp curricula to improve education. They can also work together with civil society to deploy information and communication technologies that enhance the educational experience in the classroom. There are some good examples in Costa Rica of how this can work. For instance, with active involvement from Intel Corporation, we completely revolutionized the curriculum for the study of engineering. After all, who knows better about the future knowledge requirements of engineers than the private sector? Costa Rica also benefited from many years of close cooperation with the Media Lab at the Massachusetts Institute of

OUR CHILDREN will look back on our generation **AND EITHER RESPECT US FOR OUR COURAGE** to act in mitigating climate change, **OR TAKE US FOR THE MOST IRRESPONSIBLE OF ALL GENERATIONS.**

depend on material resources, but on knowledge.” What role does education play in sustainable development?

JOSÉ MARÍA FIGUERES: A fundamentally important one. However, we need to change our educational experience drastically, from one in which we learn to “know” something, toward one in which we learn to “learn” something. The old learn-to-know model is an outcome of the needs of the industrial revolution. Today, some 200 years later, we need to educate for the knowledge economy, which requires a completely different tool set and therefore a different educational experience.

Technology (MIT), deploying information and communication technologies in the classroom both to enhance the educational experience and increase opportunities for improving societal well-being.

EXECUTIVE AGENDA: Although there is widespread recognition of the need to use natural resources sustainably, coming to a global consensus on the solutions has proved a difficult challenge. How will our international institutions—formed in a very different time with different goals in mind—need to evolve to address sustainability?

JOSÉ MARÍA FIGUERES: I value the architecture of international organizations that we have. However, as you well point out, they are not necessarily equipped in the best way to tackle today's challenges. Reforming them is the responsibility of governments—and it is not something they can afford to neglect. Having said this, however, I also believe our global society is finding new ways to tackle its most pressing problems. Civil society is more active than in the past, with an increased sense of responsibility. The private sector is more a part of the solution today than it ever was. Slowly but surely, we are coming to the realization that we all must be part of the solution.

EXECUTIVE AGENDA: In terms of the private sector, are there examples of companies that are becoming part of the solution? What are some of the reasons for this new interest in sustainability?

JOSÉ MARÍA FIGUERES: Duke Energy is leading the charge in promoting energy efficiency, clearly understanding that a kilowatt saved requires less investment than generating another kilowatt, and helps reduce our carbon footprint. Wal-Mart, the world's largest global retailer, is spearheading the implementation of environmental guidelines in its value chain. For years, Toyota has led the pack in hybrid motor technologies. These corporate efforts are clearly being rewarded by markets and consumers.

EXECUTIVE AGENDA: How do countries devoid of natural resources, or those with limited natural resources, become viable on the global stage?


JOSÉ MARÍA FIGUERES: By developing their own competitive advantages and finding market niches in which to operate. Not having a natural base in fossil fuels, for example, is

actually a great opportunity to develop and implement clean energy solutions that provide energy security and render the country competitive and business friendly.

EXECUTIVE AGENDA: What are the biggest challenges in developing a global sustainable civilization over the next five to 10 years?

JOSÉ MARÍA FIGUERES: By far, the greatest global challenge is climate change. We need to act intelligently and reduce our global carbon footprint by at least 50 percent before the year 2050. Otherwise we will be unleashing tremendous consequences at the planetary level. In the face of this challenge, our global society will do three things: mitigate, adapt and suffer. It depends on our leadership and actions what the mix of these three will be. If we act soon, and make mitigating climate change a good business opportunity by putting into effect the proper regulatory and legal framework, we will mitigate much, adapt less and suffer very little. Just 25 years from now, our children will look back on our generation and either respect us for our courage to act in mitigating climate change, or take us for the most irresponsible of all generations.

EXECUTIVE AGENDA: The topic of sustainability is everywhere, and there is always a risk of people growing tired of the subject or even of a backlash. How can private and public sector leaders maintain this momentum?

JOSÉ MARÍA FIGUERES: The effects of climate change around the world, which are already being felt, will maintain the momentum and increase the focus of leaders on how to mitigate its effects. We are already living in a period of consequences. We know what the solutions available are, and we need to act. The private sector can lead the charge, and profit at the same time. 

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