



## Stanford eCorner

### Beyond Socially Responsible Business

William McDonough, *William McDonough + Partners*

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Any "ism" is an extreme and dangerous thing, says William McDonough, McDonough + Partners. And finding that balance between capitalism, socialism, and ecologism is the engineering of good design and sustainable development. Using a mathematical fractal paradigm, here McDonough puts forth questions that every ecologically- and socially-minded entrepreneur should pose to produce a product and business model that is simultaneously profitable, equitable, and renewable.



#### Transcript

We have been somewhere historically between socialism and capitalism in a social market economy depending on where you are in the world. What we've realized is that any -ism is a dangerous thing typically; socialism, fascism, Nazism, capitalism. Any -ism has an extreme position. It hasn't been good for the environment certainly, because if we look at a pure capitalist, he cuts down the trees and forgets the fish. If we look at pure socialism, we see that the former USSR by some accounts has been declared 16 % uninhabitable. It's called ecocide; 16 % uninhabitable. So anything that's this extreme is problematic. There's a third -ism that had been brought to the picture which is Ecologism. In its extreme form, it would be just as radical a position relative to capital and social requirements. And so what we're really looking for is a balance of all these energies toward a design that meets capital need, social need and ecological need.

In fact, if we look for a delightfully diverse response, we can develop a protocol that allows us to look at the three legs of sustainable development: economy, equity and ecology, through a different set of lenses. And we can bring these three together by design. So we've developed for our use a fractal tool which is based on the Sierpinski gasket which is a mathematical fractal; scaleless basically. And we can run around this fractal and ask questions like this one: What would it mean for something to be a 100 % down in here? Well, this would be the economic corner of the economic corner. So what will the question in this box be? Can I make it and sell it at a profit? That would be the question. Then the answer would be: If you can't do it, then you can't make a profit then you're not in business, so let's proceed. The next would be here. This would be the equity corner of the economy triangle. What would it be? Well, this would be something like, "Are people earning a living wage?" It's the social dimension of the economy. This would be the economic corner of the equity corner.

What would the question there be? "Are men and women being paid the same for the same work?" for example? Here would be a pure equity question. This was where we'd find racism or sexism, pure social questions. This would be, "Are producing products that have cancer. Are we producing workplaces where people are exposed to carcinogens? Is that fair from an ecological and social equity perspective?" This question would be: "Are we causing climate change or polluting a river?" Something that is affecting the world and the world's ecology. This would be ecology, ecology, are you following nature's laws? This would be what we call eco-effectiveness and here's a little bit more on this in a few minutes. And this is what we call eco-efficiency where I'm being efficient with my materials. What we found is that often, that people focus when they talk about sustainable development, on this triangle down here. And so you end up with business for social responsibility, so it is business first and then it ends up in this little triangle here. You'll end up with eco-efficiency where we're doing the same things that we've been doing but doing them more efficiently. That would be here.

It's a business with an ecological metric being brought to it. And profit we understand. So what we're looking for is this broader definition of sustainable development that gets down to the nitty-gritty in various sectors and can incorporate them by design.