



LEAD WITH WE

EPISODE 9: JOEY BERGSTEIN

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Simon Mainwaring:

From We First, welcome to Lead With We, the podcast where top business leaders and founders reveal how they build high growth and high impact companies by putting we first. Welcome to this week's episode of Lead With We where I'm talking to Joey Bergstein, who's the CEO of Seventh Generation. Joey, welcome to the show.

Joey Bergstein:

Simon, thanks for having me.

Simon Mainwaring:

For those who don't know Seventh Generation, tell us a little bit about the company, when it started, what products it makes.

Joey Bergstein:

Sure. The company was founded in the late 80s. I think it was 1988, so we've been around for over 30 years now. The mission has been really consistent over our over 30 year history, which is focused on transforming the world into a healthy, sustainable, and equitable place for the next seven generations, so we make eco-friendly home and personal care products. Really what we're trying to do is change the way that business is done and turn the world into a better place than we found it.

Simon Mainwaring:

Let's talk about that. The purpose or mission of an organization is so fundamental to a success these days and even more so during the time of COVID. So what does that mean to be responsible or mindful or accountable to the next seven generations?

Joey Bergstein:

Well, we really think about that in everything we do. That mission that I talked about really runs through our DNA. It starts with the products that we make. We really try to balance between products that work and are effective because we all need to get our clothes clean and our dishes clean, and do it at an affordable price, but also ensuring that our products are safe for people and for planet.

Joey Bergstein:

The first real big product was our recycled toilet paper. At that time, nobody was selling recycled toilet paper direct to consumers. If it was out there, it was in the commercial space

and nobody would ever talk about recycled toilet paper. And I remember speaking with one of our cofounders, Alan Newman. He was telling me the story of when he went to a supplier to tell them that he wanted to buy the recycled toilet paper and he wanted to tell people that it was recycled. They thought he was crazy, but it was a hit because people are really thinking about, what are the things they're buying, what's the impact that they have?

Simon Mainwaring:

And this philosophy came from the Iroquois philosophy of Native Americans. Do you think that there's a lot that we can learn from indigenous people out there around the world who had that symbiotic relationship with the natural world? It seems like there's so many lessons to be learned.

Joey Bergstein:

I think there are. So, to be even more specific, our name is inspired by the great law of the Iroquois, that our every deliberation we must take into account the impact of our decisions on the next seven generations. And that is really the core of what this company is about. We can learn so much from other cultures who have been around for a long time and understand the cycles that we live through as humans.

Simon Mainwaring:

And I think these are very sobering lessons for how we've treated the planet in the last several generations. I mean, what do you see in terms of the shift in the dialogue around the role of business today? Do you think that it's showing up more responsibly? Do you think it's rising to the challenge?

Joey Bergstein:

I do think so. I think that business can be a powerful force for good. We believe it must be a powerful force for good. And I think you see more and more businesses are understanding that they've got a strong voice, and that they also need to be really thoughtful about their business practices. People today have so much access to so much information that it's really easy for people to really understand deeply what is going on inside the business. Then people vote with their dollars. You just need to look at who's performing in the markets to know that companies that pass the ESG screen are outperforming those that don't. And there's a reason for that, sustainable business is, in fact, good business.

Simon Mainwaring:

Yeah. ESG, this idea of environmental, social, and governance, metrics by which companies are judged are becoming more and more important, and investors are awarding them and consumers are choosing consciously those products. But you're in the hot seat, Joey. You've got that CEO role where you've got to deliver on the bottom line of the company and you've got to sort of serve its mission. Help us understand how you think through that process. Are they two sides of the same coin? Is it an either or proposition? How do you think it through to build the business while scaling impact?

Joey Bergstein:

It's interesting. We were just talking about this with our community. We refer to our employee group as our community, and we really see it as a virtuous circle. We've got a really clear mission. Our North Star, what I describe, transforming the world into a healthy, sustainable, equitable place for the next seven generations is what we're all about. That mission, when we do a good job of helping people understand what we're all about, creating

products that are fit to the mission, treating our employees in a way that's fit with that mission and our suppliers and our retail partners and all of our stakeholders in a way that's consistent with that mission, it's enabled us to really grow the business.

Joey Bergstein:

The great news about that is that the bigger the business grows, the better that we do, the more we're actually able to invest in the issues that we care the most about, the need to take action on climate justice, advocating for things like ingredient transparency or chemical safety reform. Then what we find is that the more we do that kind of advocacy, the stronger our mission becomes, the greater our reputation, and the better our business becomes.

Simon Mainwaring:

That virtuous circle between building a reputation on the strength of your good works that then drive sales and bottom line growth is critical, but at the same time, you've got to compete with a lot of companies out there that you might call them ... they're green washing, they're purpose washing, they're cause washing, where they've got the optics of doing good, but they don't have the integrity that a company like Seventh Generation might have. Are you mindful of that? Do you feel the need to address it, or do you think it'll shake out in the marketplace because consumers are very discerning?

Joey Bergstein:

Simon, it's a great question. We stay focused on what we do well. There are other companies out there, a lot of companies today leaning into purpose. And I think the true test, is it woven into their business practices or is it marketing? And as I said earlier, I think there's so much information out there, it's so easy for people to see who is really walking the talk, that what we've seen over time is that that's where people are voting with their dollars, they're supporting the companies who are not just saying a lot of things, but are actually doing the right things and trying to truly make business a force for good.

Simon Mainwaring:

And you mentioned that it has to be true of the company inside the company. I was lucky enough to visit your offices once and you have incredible signage everywhere and constant reminders of the mission of the company, it's values. Talk to us about how you cultivate that sense of being mission-driven inside, not only outright, but over the longterm, how do you maintain it?

Joey Bergstein:

Well, I think the mission is something that is really built into every single thing that we do, from the way that we design our products, to how we interact with our retailers and our suppliers, and really building longterm relationships based on sustainability. We build it into the way that we incentivize our total employee base, myself included. I mean, all of our bonuses have a substantial proportion that's driven by delivering on our sustainability goals, because we want to ensure that this isn't just about sales and profit, but also about how do we make the world a better place and continue to keep the pressure on doing that, and I think that says volumes.

Joey Bergstein:

So every conversation starts with, what's the difference we're trying to make? When we think about our innovation, many companies start by what's the white space that they can go

occupy. We actually start by our mission and say, "Where can we go and make a bigger difference on our mission, through the products that we're designing?"

Simon Mainwaring:

I love that, your mission is your white space. Because there's no company out there that has defined a purpose or a mission and exhausted all the ways you can bring it to life. It simply doesn't exist. I know you do a lot of innovation in house. You have a laboratory and so on, and obviously you do that to move the needle forward for yourselves, but also to compete in the marketplace. Tell us that. Do you find it's better to actually drive innovation internally or is it possible to outsource it? What have you learned about that?

Joey Bergstein:

We do all of it, actually, almost everything we make is being created in house. We've got an amazing group of scientists, largely women who have just been formulating amazing products that work just like conventional brands yet are safe for people and planet. There's a great story that I love. We had moved all of our dish packaging to 100% post consumer recycled content. That was a big deal. Nobody was doing 100% PCR bottles at the time, but we hadn't moved the cap to 100% PCR. It doesn't sound very complicated, but it is quite complicated to be able to use that kind of material to create a hard material that is useful in a cap.

Joey Bergstein:

Well, a packaging engineer wouldn't give up and went after that last 1%. About 18 months after we launched the bottle, we were able to launch 100% PCR cap because she was so passionate about really trying to get all the way to 100% on the full package. And I think it's a good example of when you're really clear about your mission you inspire passion throughout the business and you continue to make progress on it.

Simon Mainwaring:

And what you're doing, Joey is so special, the culture you've created and the leadership you've carved out in the category. You're doing this at a time when you recently became part of the Unilever family, a large enterprise that owns many consumer packaged goods brands out there that people know, and at the same time, you've got to protect what's special about Seventh Generation as you become part of that portfolio family. So how do you do that? How do you integrate a brand like yours, which is so special, with an enterprise?

Joey Bergstein:

Yeah, I think when Unilever came to us just over four years ago to talk to us about selling the business, at the time the company wasn't for sale. We were doing really well. We had an amazing group of patient investors, and there was no reason to sell the business. But when we took a deep look at where we were, and again, it went back to the mission. What we realized is that we had the opportunity with a company like Unilever, who is the leader in the world of sustainability, they're consistently ranked at the top of the food chain of companies that are focused on sustainability. What we realized is that we could go from having an impact of millions of people in the US, as we were at the time, to potentially billions of people around the world.

Joey Bergstein:

That was an opportunity that was absolutely incredible. We've got the space that we need to be true to our mission. We have the ability to access incredible technology from the world of

Unilever. They've got a very large home care business around the world. And so we're well connected to that business, but also amazingly, we're able to have an impact on Unilever themselves. I'm told many times that a lot of the stances that they're taking inside their home care products and beyond are inspired by some of the work that we've done at Seventh Generation. There's an incredible amount of pride in knowing that we've been able to have a really positive impact on a major player in the world, who's already a huge leader in this space.

Simon Mainwaring:

So you not only upload your expertise, they download the benefits of scale and their expertise as well, and everyone benefits.

Joey Bergstein:

Absolutely.

Simon Mainwaring:

Seventh Generation was one of the, I believe, seven founding members of the B Corp movement. What is a B Corp, and how does that shape your business and how you go to market?

Joey Bergstein:

Yeah. So B corporations are companies that have really acknowledged and built into the way they do business the notion that we serve many stakeholders, that it is about the triple bottom line of people, planet and profits, not just about profits themselves. What I love about being part of a B Corp is every two years, we go through a very rigorous assessment. We look at every dimension of the business and provide information on how we're doing. Then we're able to benchmark ourselves against all of the others who are in the world of the B Corp.

Joey Bergstein:

Now they give you a score and it's nice to know what your score is, but the greatest value is having a truly third party view on where you're doing really well and where you're not doing so well, because frankly, when you're really trying to do good every single day, you can also breathe your own smoke as they say. And the truth is that that nobody does great in every single thing, and having somebody point out where you can improve is an incredibly helpful thing. It allows us to continue to move forward along that sustainability journey.

Simon Mainwaring:

Let me ask you within the Unilever family, as I understand it, the sustainable portfolio is delivering 75% of the growth, it's growing 69% faster. I mean, these are really compelling statistics. So if you were sitting down with another CEO, now they might be a solopreneur who's just starting their own company, or they may have a small team or a high growth company. They're not quite the size of maybe Seventh Generation and certainly not a Unilever and they were still sitting on the fence as to whether they should be mission driven or purpose led. On a professional level and on a personal level, what would you say to them?

Joey Bergstein:

Yeah, I'd asked them that very basic question, what change are you trying to create in the world? And if it's clear that the change you're trying to create in the world, finding the way to

really build that into every single thing that you do is much more powerful than just trying to create a widget.

Simon Mainwaring:

Absolutely. And let me ask you, if we shift our focus from the company to its consumers, Seventh Generation talks a lot about leading a consumer revolution. What does that mean and how do you go about it?

Joey Bergstein:

Well, we really believe that we want to empower people to make choices that do make the world a better place, so we take a stance on a lot of different issues that we think are really important for the world. A great example of that is work we've been doing on climate justice, working hand in hand with grassroots organizations over the last couple of years to try to get cities and states to make commitments to addressing climate change, commitments to clean energy by 2030.

Joey Bergstein:

Why did we do this? When we look at our greenhouse gas impact from our footprint, from the farm where ingredients are grown through manufacturing of the product, through the distribution of the product, through to the usage of the products in the home, what we find is that 90% of the greenhouse gas is actually when you and I are washing and drying our clothes at home.

Joey Bergstein:

So when we scratched our heads and we said, "Okay, well, even if we were to make our operations completely carbon neutral," which is something that we are working on and are determined to do, "It still wouldn't have a material impact on the total effect that we're having." So we said, "Well, the only way to really address the in home use is to try to enable people to draw clean energy into their homes for when they're washing and drying their clothes. Over 150 cities have made commitments to clean energy by 2030, over seven states have made those commitments. That's the kind of revolution that we're trying to create, where people are choosing to support companies that are really trying to do the right thing and trying to move us along.

Simon Mainwaring:

It's a delicate balancing act to look around to your industry and say, "Hey, we've all got to do better." How do you call that out? How do you challenge everyone to lift their game?

Joey Bergstein:

Yeah, so we tried to do a boldly. We worked very closely with industry organizations and associations on issues that we think are really important. A great example of that is what we've done with ingredient disclosure. It's crazy that in the US that cleaning products aren't required to have their ingredients labeled on the back of the package. I mean, could you imagine walking into a grocery store and picking up a bag of chips and not being able to read the ingredients on the back of the pack?

Joey Bergstein:

Now you may not want to read what's on the back of that pack, but surely you've got the right to know what it is that you're bringing into your home and you're feeding your family.

We feel the same way about clean products. You have the right to know what comes into your home and is being used in and around your family. So, we have taken several bold stances. We started in 2008. We started labeling all of the ingredients on the back of our package. We were successful with a very big group in California to move to California to require ingredient disclosure. New York has followed suit, and our expectation is that will become the law of the land. So where we think meaningful change needs to happen, we're really not afraid to call it out and to pursue it.

Simon Mainwaring:

It's an interesting strategy to employ, because in a sense, when you put your hand up and call out the industry, you're also inviting greatest scrutiny on yourself. Whether it's your supply chain, your carbon footprint, your ingredients, what actions are you taking to make sure that you're defensible?

Joey Bergstein:

Well, we continue to be very transparent about our current state of affairs from ingredient disclosure to we're just about to publish our 2019 corporate consciousness report in that we have a very detailed accounting of where we stand, both where we're doing really well and where we've got clear work to do. Our belief is that when you're transparent about the things that you're working on, it puts the onus on you to continue to do better and better. And so in some regards, does that make you vulnerable to attack? Maybe. We prefer to think about it as people appreciate the transparency and the honesty, because nobody's perfect. We're all on a journey together, and the question is just, how do we continue to move ahead?

Simon Mainwaring:

And I know you imposed an internal carbon tax on yourself. What does that even mean?

Joey Bergstein:

Yeah, going back to the story around our greenhouse gas footprint, we looked at in our operations what is the greenhouse gas impact that we're having? And assessing a carbon tax that we use and invest to try to reduce that impact over time. So we're taking basically money out of our pocket and saying, "Yeah, we need to reinvest that so that we can become a carbon neutral over time."

Simon Mainwaring:

Every brand like yours, mission-driven brands, they're on notice to respond to cultural flashpoints, whether it's Black Lives Matter or whether it's hate speech. We see enterprises like Unilever stepping away from advertising on Facebook, and I know you're advertising on Facebook because you're providing these essential products and so on, but how do you determine what to respond to and what to say in these moments when suddenly culture is on fire?

Joey Bergstein:

Yeah. So I think business has an absolute responsibility to take a stance for what's important. Personally, I think it's really important that we take stances on issues that we've built deep expertise on and have something to say, something we can contribute, and not just adding to the noise that's around us, because there's a lot of noise that's around us a lot of the time.

Joey Bergstein:

When it comes to other issues that aren't necessarily ... they're really important societal, that I have a really strong view on personally, but where Seventh Generation hasn't necessarily done great work, like on gun rights. I mean, Seventh Generation ... I have a view on gun rights. Seventh Generation has no expertise in that space. And I don't think that it's value add for us to take a big outspoken stance on an issue like that, because we're not contributing,

Simon Mainwaring:

I think probably the most compelling issue that we're all facing is the climate crisis, because it's going to infect all lives in so many different ways. It's hard to be optimistic sometimes. Not only are we enduring COVID and many other challenges, but climate persists as this almost monolithic issue that we've got to address. Why are you optimistic, and what do you think business needs to do to rise to this challenge?

Joey Bergstein:

Yeah, I'm optimistic because I think there's more and more recognition that business has an obligation to rise to this challenge. The science is clear. It's not debatable that we've got an issue that we need to address. We're seeing more and more businesses taking stances to address climate change, to take accountability for our own impact.

Simon Mainwaring:

If you had to describe the role of business in the future, as you'd like to see it, because we've had everyone from Larry Fink, the CEO of the biggest hedge fund in the world, talking about the need for sustainable business. We've had the business round table where 180 CEOs are saying, "It's all about stakeholder capitalism." We've seen the way that business has rallied around COVID-19 for PPE equipment and ventilators. All of this is building to something. What's your vision. What's your hope for what the role of business will be?

Joey Bergstein:

Yeah, my hope is that we continue along this trajectory that we've been on for not a long time, but for some time as a society. I would say you're right. In the last few years, we've seen an increasing number of businesses who are really understanding that you need to think about all stakeholders. It's amazing to hear BlackRock call out the biggest risks being the environmental risks that companies are facing. And my hope is that all businesses are holding themselves accountable to all of the stakeholders that they deal with, that they're holding themselves accountable to the impact that they're having on the world. And that whenever they're doing business, they're really thinking about how do they continue to do so in a way that inspires the most good and causes the least harm.

Simon Mainwaring:

Fantastic. Thank you so much, Joey, for the insights and for all the work that Seventh Generation is doing, not just outright, but especially during COVID-19 when protecting ourselves is so important through cleaning products and so on. So we look forward to following the innovations and leadership of Seventh Generation in the future. And thank you so much for your time today.

Joey Bergstein:

All right. Well, thank you, Simon. It was a pleasure to speak with you.

Simon Mainwaring:

Thanks for listening to this week's episode of Lead With We, where I was talking with Joey Bergstein, CEO of Seventh Generation, who shared how to execute on your mission with integrity and transparency and how to reach out to your industry and challenge everyone to do better and how to partner with a parent company to scale both your growth and your impact.

Simon Mainwaring:

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