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## The Right Thing to Do

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Roger Barnett is CEO of Shaklee, a nutrition and personal care products company founded in 1956 on the principle, “follow the laws of nature and you’ll never go wrong.” Shaklee was one of the first companies to remove water-polluting phosphates from its cleaning products and became the first carbon neutral certified company in the world in 2000. Barnett spoke to *Momentum* (<http://environment.umn.edu/momentum/>) and Terry Waghorn (<http://blogs.forbes.com/terrywaghorn/>) of *Forbes* recently about Shaklee’s role as a sustainability innovator.



**Q: You have said you want Shaklee to be the first corporation to win a Nobel Peace Prize – for eradicating child malnutrition. Tell us about that.**

My goal is for Shaklee to be the first company to solely win the Nobel Peace Prize. In 2004 Wangari Maathai won it for the Green Belt movement, which paid people 8 cents per tree to plant trees and as a result planted 30 million trees and helped people take control of their lives using financial incentives to improve the environment. In 2006 Muhammad Yunus and Grameen Bank won it for microloans, which help create sustainability. Without income or sustainability you can’t have the basis for peace. The third layer is health. From my perspective, because Shaklee is about health and also provides income opportunities to people at scale—in the millions—and also is about sustainability products, that would be the natural next step, to look at someone contributing to health and income and sustainability at the same time.

**Q: Health (<http://www.forbes.com/health/>) is the foundation of Shaklee. Preventable chronic disease is at an all-time high in North America, yet science is better than ever. What factors are causing this scenario?**

I think there is a growing awareness for prevention to be a salvational principle for our health care system here in North America and around the rest of the world. Economic pressures are going to force that as health care costs continue to escalate and if left unchanged will become too great a burden on our country. So the bottom line will drive a very positive outcome—a focus on lifestyle and nutrition that will allow people to live more active, productive lives for longer. And it is my great hope that Shaklee can help be an agent of change by sharing and educating people about prevention.

**Q: Why did Shaklee choose to become carbon neutral?**

Shaklee was founded on the principle of living in harmony with nature in 1956. Each and every decade the company has tried to make that founding principle real, tangible and relevant. So in the '60s we were the first to take phosphates out of laundry detergent and dishwasher detergent. Then we pioneered the idea of superconcentration—as a result, in just the past few years, we've saved enough plastic bottles that if you laid them end to end they would go around the Earth more than 29 times. In the '80s we sponsored expeditions to the North Pole to measure the impact of climate change. In the '90s we planted a million trees. In 2000 we wanted to show leadership for this decade, so we became the first company in the world to be Climate Neutral certified so as to leave no footprint on this planet. In order to do that we had to first help create a certification organization, then measure and quantify our carbon emissions. Then we went to local cities and created our own offset projects. We thought that, leading the way in becoming carbon neutral, we could get our corporate brothers and sisters to follow. We're not the biggest company in the world, but we think we can lead by example.



We just did it because it was the right thing to do. But one of the interesting things is that we sort of measured the extra loyalty factor that we think accrues to Shaklee as a result of being a mission-oriented company. Our average tenure of distributor is 11 years. Our average customer has four to five times the retention rate of other companies in our industry. We attribute a lot of that to our values. Therefore, we feel in retrospect that there has actually been a very big economic benefit as a result of doing things for the right reasons.

**Q: What do you say to people who contend you can't be green and be profitable?**

I'm hoping that argument is starting to disappear. When we look at our business and the incremental loyalty we attribute to being a mission-driven company, we believe that we have generated an extra \$1 billion of sales over the lifetime of our company. I also think a lot of companies are realizing that

the analysis of measuring carbon inputs and outputs has resulted in a significant reduction in the costs in the system.

I also believe being sustainable and green is increasingly becoming the ante of being in the business. It is not sufficient to be green; if the product doesn't work as well, then you're out of business. And I don't believe consumers are willing to pay a premium for it. However, I believe that a green product with the same price and performance will always win against a nongreen product. At least in our case, it's been a huge benefit to our bottom line.

### **Q: What's next?**

We have a continuous cycle of innovation. Our next general big push from product innovation will try to address the preventable side of where we are on the product health front—rising costs and rising health factors like obesity and diabetes. We're trying to help people avoid that by being leaner and healthier. The flip side is that there is undernutrition, something which in our society should not exist. Unlike cancer or other kinds of disease where we don't have the cure, we have the technology to deliver micro- and macronutrients on a very affordable basis at scale.

In the developing world, I think the Shaklee distribution model can solve the "last mile of distribution" problem to move this from a clinic-based model to a Social Marketing™ based model. It provides income and financial incentives for people to go educate others and therefore learn themselves. Scaling up that model is where I hope Shaklee can play a role over the next decade.



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