

# **Corporate Citizenship & Sustainability**

**Kathryn C. Brown**  
**Senior Vice President – Corporate Responsibility**  
**Verizon**

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I am delighted to be here on behalf of Verizon to participate in this thought-provoking conference on corporate citizenship. The notion of “citizenship” seems to me to be especially apt just now as we struggle together as a nation in the aftermath of the near collapse of the world’s financial markets. The focus today is on what we here in this room would consider a core attribute of citizenship -- that is “sustainability.”

I would like to talk about, and think through with you, the interrelationship of citizenship and sustainability with the idea of complexity, which I will describe in a moment, candled against our collective “core values.” Perhaps too many big thoughts all at once, but I will try to connect the dots. Then, I’d like to make a few comments on how we grapple with these notions at Verizon.

Let me start by acknowledging the elephant in the room. As we talk “big ideas,” what may prove to be the biggest environmental disaster in history continues unabated in the Gulf. I won’t say much more on the gushing oil, as there is both too much to say and too little to say while the full extent of this tragedy unfolds.

But I was struck by the headlines yesterday after President Obama’s address to the nation: “President’s Speech Panned,” “President’s Words Do Not Soothe,” “Worst Address of Presidency.” And I thought at once of Elisabeth Kubler-Ross’ description of the “stages of grief,” her now iconic description of how we humans process deep loss or catastrophic events. Our first reaction is Denial, followed almost simultaneously by Anger. We tell the messenger, “This news you are giving me cannot be true,” and second, “I am so angry at you -- and everyone -- for telling me this.”

The Denial/Anger response to the unimaginable protects us, at least initially, from shock, from being blown completely off our moorings. So, the reaction to the President’s news that this environmental disaster will not stop any time soon confirms, in my view, the deep emotional chord that the spoiling of our waters, our beaches, our birds and fish, and our people’s lives and livelihoods has struck. It offends the values we hold concerning the protection and conservation of our waters, our land, and our planet. I suspect that for us as American citizens, these values emanate from our deepest roots as an agricultural society and from the historical pride we hold in the economy our great-grandparents created -- an economy that literally fed our growth as a nation.

The political great-grandfather of today's sustainability movement was, no doubt, Teddy Roosevelt. As confounding a hero as he may be to some, he nevertheless made "conservation" a national priority. His thinking was firmly rooted in this idea that we call sustainability. He said, "To waste, to destroy, our national resources ... to skin and exhaust the land instead of using it to increase its usefulness will result in undermining the days of our children and the very prosperity which we ought by right to hand down to them."

But of course, we have moved as a nation beyond our agricultural roots, away from the land and toward greater and greater complexity. We have created, with our unbounded American intellect, first the Industrial Age and now the Information Age. Our prosperity is no longer apparently dependent upon the land and the waters, but on higher and higher levels of abstraction -- whether it be in creating more complex financial instruments, more complex computerized cars, or more complex drilling operations to tap oil reserves a mile under the sea. In the organization of our enterprises, in the construction of our business cases, and in the very tasks we do day-to-day, the connection with the land has been broken. The assessment of how we are using our natural resources is pushed to the background as a required environmental impact statement, or worse, never considered at all.

Thus, there is an image in my mind of "sustainability" as the protagonist -- the central character moving the plot forward -- and "complexity" as the antagonist -- the force that causes the tension, putting in question the happy ending.

So, what motivates good companies, good corporate citizens, to see the whole picture? And how do we as corporate responsibility practitioners and advocates affect this morality play?

Our CEO, Ivan Seidenberg, recently asked Jack Bogle, founder of Vanguard and author of the must-read book "Enough," to talk at the leadership meeting at Verizon. Mr. Bogle's central point is wholly consistent with many of the speakers here. The core purpose of any corporate enterprise, he says, is to create sustainable growth for the benefit of its customers and owners. He eschews short-term risk-taking designed for short-term profit-taking and implores American business to return to its core value of creating businesses that last. His emphasis is on sustainability -- the "ENOUGH" -- an exhortation that profit-taking should not trump the risk of destroying long-term VALUE.

Isn't this the central learning of the sustainability movement in the last ten years? We have moved from a "do-good" model to a "do business right" model. We have learned -- and corporate executives are beginning to incorporate -- the concept that sustainability advocates have brought to the table about how careful stewardship of the planet's resources can not only mitigate risk of failure and stop bad reputational effects, but also can truly contribute to the bottom line.

So, now that you have indulged me in exploring the philosophical underpinnings of my thinking as the senior leader for corporate responsibility at Verizon, let me take a few minutes to tell you about what we are doing.

First, our systems fit the complexity model. We build networks using very sophisticated wired and wireless technologies that allow almost magical connectivity between people, communities, countries, businesses, governments and "things" around the world. These complex systems cost billions of dollars to build and operate and require many levels of engineering and innovation prowess. Our networks allow for the creation of the phenomenon we call the Internet, which has resulted in new forms of businesses and has changed the way we live. On this network ride millions, soon billions of devices -- computers, TVs, telephones, smart phones, smart pads, and more and more to come.

At Verizon, we are focused on how to ensure, in the 21st century Information Age, that the latest advances in human inventiveness are sustainable. We have a very active, engaged and deep-thinking team that assesses both what our systems can do to reduce energy use and decrease our carbon footprint and to create smart cities, smart medicine, smart education and -- to borrow from IBM, one of our corporate partners -- a smarter planet.

We also focus, though, on the use of natural resources that are required to create the very networks that we believe can be and are a boon to environmental sustainability. We use energy to power our networks; we need to site towers for our mobile networks; we operate stores; we sell devices and applications to customers by the millions; we cross the seas to create the most-connected planet the world has ever experienced; and we employ more than 200,000 people who drive to work, operate in buildings that use energy, and create waste just as any other big company in America.

So what do we do: we analyze, we measure, we set goals, and we execute on a strategy intended to reduce our energy usage, manage our use of natural resources and care for the land we use and the oceans we traverse. We have programs to mitigate the life-cycle environmental effects of our devices -- set-top boxes, cell phones, smart phones, and the electronic components of our networks. And we educate our employees and our customers on how to reduce the use of paper and energy and to recycle the devices we put into the market.

I direct you to our Corporate Responsibility site at [Verizon.com](http://Verizon.com) to read our latest CR report. There, we lay out what we are doing and where we are going in the future. We don't have it all right yet, but we are focused and working intensely to ensure that complexity does not trump sustainability.

And, I firmly believe that this focus is motivated by our deep values around sustainable, long-term growth that ensures a lasting, thriving company -- a company that contributes to the prosperity of our employees, our shareowners and the global, national and local communities that we serve.

How does this happen in a company? By making explicit what is implicit -- that is, by explicitly tying together the core goals of sustainable growth with the imperatives of environmental sustainability. We bring focus to the core values we say we believe in and a discipline in executing on those beliefs. The CR professionals in this room do this every day. We are the interpreters between what our businesses want to achieve and what the world demands of us. There is no question that the world demands -- and the fragility of the planet requires -- focus, planning and management of the finite natural resources that the planet produces. And the complexity of our systems must not be permitted to obfuscate that truth.

One last thought on this notion of complexity and values. There has been much discussion these past weeks about risk management and unforeseen or unimaginable events. The premise is that disasters like the oil spill are so rare that planners do not even imagine them, and so do not incorporate the risk in their disaster preparations.

Kenneth Brill, the founder of the Uptime Institute, in his recent article "The Real Cause of BP's Oil Spill," described how engineers are taught to aim for "mostly working," not "fail safe," in the systems and products they invent. Indeed, the thinking that, on average, the likelihood of catastrophic failure is very small and the cost of fail safe is very high; thus, "mostly working" is good enough, is entirely rational. This thinking is no doubt warranted when the product is a coffee pot or a garage-door opener, but when it is a nuclear reactor or a deep sea oil drill, a different calculus has proven to be required.

But, I fear, that our judgment about the environmental risk of complex systems has failed us, because in our sophisticated, abstract analysis, we consciously or unconsciously believe that we are smarter than nature; that we can control our own destiny through our technology and tame the earth, the wind and the seas as we wish; and that any failure will be controllable and within our power to fix.

But the core value of respect, that stated value that Verizon and many of you follow, must be expanded to encompass respect for the Earth and for all *its* complexity. This inter-related ecosystem is fragile, is not fully understood, and holds its own mysteries. And most importantly, it sustains us so we must respect and sustain it.

Our great companies have both the wisdom and the will to make this so in the way we do business.

Embracing "sustainability" as a core value is what will ensure that the antagonist, "complexity," will be given its proper place in this great 21st century drama ensuring, as Teddy Roosevelt implored us, that we not waste and exhaust our natural resources, but instead increase the usefulness of the land so that we pass to our children "the very prosperity which we ought by right to hand down to them."

Thank you.