THE BATTLE TO DO GOOD

Inside McDonald's Sustainability Journey

BOB LANGERT
THE BATTLE TO DO GOOD
Praise for *The Battle To Do Good*:

Bob Langert is a pioneer of the sustainability field and an artful storyteller. *The Battle To Do Good* is a compelling narrative about an iconic company’s journey to be the best it can be for society and its shareowners. It is a new type of business book for leaders in the twenty-first century marketplace. The book is overflowing with great stories from the frontlines in sustainability and activism, as well as the back rooms of one of the most influential companies on the planet. A fun and informative read!

**Dave Stangis**, VP, Corporate Responsibility and Chief Sustainability Officer, Campbell Soup Company

The collaboration between McDonald’s and EDF 30 years ago changed the corporate sustainability landscape. Bob was there, and he stayed with the company for another quarter century, leading them through many sustainability initiatives. In *The Battle To Do Good*, he provides a first-hand account of the most interesting and impactful of those episodes in what amounts to a series of well-told stories interspersed with pithy takeaways and principles. Bob’s insights into the complex interactions with internal and external stakeholders are especially compelling. Anyone curious about the messy reality of leading meaningful change in corporations will find this fascinating, and because the stories amount to a series of real-world case studies, it is also ideal for college classes in sustainability.

**Jonathan Johnson**, Walton College Professor of Sustainability, Sam M. Walton College of Business, University of Arkansas; Founder and Chairman of the Board, The Sustainability Consortium

Transforming the world’s largest fast-food chain into a sustainability leader is not for the faint of heart, but Bob Langert embraced it wholeheartedly. His remarkable story is not just a great read about an enviable career, but a hero’s journey through the history of sustainable business and what it takes to be a leader, sometimes against the greatest of odds. Business students and corporate leaders alike should study and heed the lessons contained in these pages.

**Joel Makower**, Chairman and Executive Editor, GreenBiz Group
The Battle To Do Good really deserves attention and recognition considering how important corporate social responsibility is for businesses today. Utilizing this book provides the processes to manage such a daunting task. Bob Langert details step by step the journey he took. I loved this book!

Jan Fields, former President of McDonald’s USA

Having been a vegetarian since the 1970s, and having been sued (unsuccessfully) by McDonald’s because of our 1988 book The Green Consumer Guide, I loved slogans like “McCruelty” and “McSpotlight.” Plus, the high drama of the “McLibel” trial. But Bob Langert does us all a service by explaining the journey McDonald’s has been on as a result. Hard-Knock Nuggets indeed!

John Elkington, called the “Godfather of Sustainability,” co-founded SustainAbility in 1987, collided with McDonald’s in 1989, and is now Chairman and Chief Pollinator at Volans

Bob Langert is a true sustainability pioneer. The Battle To Do Good is a must-read account of how Bob led many changes that helped McDonald’s address big issues that leveraged its brand and market presence to achieve big results. Bob’s story has much to teach any sustainable business leader looking to make real change on crucial and complex questions ranging from beef, to animal welfare, water, and global labor conditions.

Aron Cramer, President and CEO, Business for Social Responsibility

The Battle To Do Good is an informative and insightful behind-the-scenes look at McDonalds’ incredible sustainability journey over the past several decades. Bob Langert provides us with a detailed and compelling narrative of how the company struggled and ultimately succeeded in partnering with NGOs and experts to dramatically improve environmental practices, animal welfare, and more. Langert weaves concrete lessons learned and helpful tips into each chapter, making this a perfect playbook for any student or corporate professional aspiring to help their company’s sustainability efforts. I recommend this book highly.

Liz Maw, CEO, Net Impact
THE BATTLE TO DO GOOD

Inside McDonald’s Sustainability Journey

BY

BOB LANGERT
This book is not endorsed by or affiliated with McDonald’s.
This page intentionally left blank
Contents

List of Figures xi
About the Author xiii
Acknowledgments xv

Introduction
From Defense to Offense 1
1. The Battle Against Waste
   McDonald’s First Societal Clash 7
2. The Battle for Farm Animals
   How Animal Welfare Is Transformed 39
3. The Battle of Extremism: McCruelty
   Meat Is Murder 61
4. The Battle to Be Proactive
   Happy Meal Toys and the Ups and Downs of Anticipatory Issues Management 79
5. The Battle of the Waistline and Brand Health
   The Obesity Dilemma and a Healthier Happy Meal 89
6. The Battle for a Sustainable Supply Chain
   From Silence to Sustainable Fish, Less Polluting Hogs, and Better Lives for Tomato Pickers 109
7. The Battle for Values
   *Can You Etch Them in Stone?* 147

8. The Battle Goes to the Board Room
   *A Shareholder Proposal Makes a Difference* 159

9. The Battle for the Amazon Rainforest
   *How Greenpeace Chickens Changed McDonald’s* 171

10. The Battle to Make a Pig’s Life Better
    *How Much Room Does a Sow Need?* 189

11. The Battle for Better Beef
    *The Quest for Sustainable Beef* 199

12. The Battle to Lead Both Business and Society
    *The Profits of Sustainability* 225

Endnotes 249

Index 259
List of Figures

Figure 1.1: Environmental Defense Fund Staff, Richard Denison and Jackie Prince, Working in a McDonald’s Restaurant, 1990.

Figure 2.1: Dr. Temple Grandin Is Given the Keys to McDonald’s Animal Supply Chain.

Figure 3.1: PETA Launches Ugly Campaign.

Figure 4.1: The AIM Model Provides a Playbook for Offense on Emerging Issues.

Figure 5.1: McDonald’s Happy Meal (2018).

Figure 6.1: The Filet-O-Fish: McDonald’s First Global Sustainable Menu Item.

Figure 6.2: The Natural Step’s Four System Conditions.

Figure 6.3: TNS Backcasting.

Figure 6.4: TNS Funnel.

Figure 6.5: Coalition of Immokalee Workers “Truth Tour” Campaign Against McDonald’s.

Figure 7.1: “To Do What Is Right” on the Cover of McDonald’s First CSR Report, 2002.

Figure 7.2: McDonald’s Our Values Are Introduced in Australia to Fit Their Culture.

Figure 8.1: Surprised to Find a Path Toward More Sustainable Potatoes.

Figure 9.1: Greenpeace Chickens Have Breakfast at McDonald’s.

Figure 9.2: The Author Travelling the Amazon with Greenpeace.

Figure 10.1: Mother Pigs (Sows) in Gestation Stalls.
Figure 11.1: This McCow graphic was used by GreenBiz for its exclusive story about McDonald’s commitment to purchase sustainable beef by 2016.

Figure 11.2: WWF/Jason Clay’s Performance Curve.

Figure 12.1: The Shared Value Model I Used as the Primary Rationale for McDonald’s 2020 Sustainability Framework.

Figure 12.2: Leadership Spectrum and Smart Risk Taking.

Figure 12.3: GlobeScan’s Sustainability Leadership Characteristics.

Figure 12.4: McDonald’s 2020 CSR & Sustainability Framework.

Figure 12.5: Framework for Sustainability Strategy Development.
Bob Langert led McDonald’s CSR and Sustainability efforts from the late 1980s until 2015, when he retired. Currently he is editor-at-large for the GreenBiz Group, the senior sustainability advisor for The Context Network, and president of Mainstream Sustainability, his consultancy practice.
I thank George Macko who plucked me from supervising truck drivers and gave me the career I have since cherished. I am forever grateful to Shelby Yastrow, who saw enough in me to hire me into McDonald’s in 1991 and mentor me. My adventures at McDonald’s, and the thrill and extreme satisfaction of working on so many efforts that made the world a better place, is due to Shelby.

I thank McDonald’s. I worked with an amazing array of good, ethical, caring, talented, creative people at McDonald’s, including staff, owner-operators, and suppliers. In particular, I thank all the terrific people who worked on my direct team. Each one made major contributions to the McDonald’s CSR Journey. Each one had a passion to make a difference: Joe Megacz, Juana Sanchez, Samantha Sturhahn, Heidi Glunz, Kathleen Bannan, Jeff Hogue, Jenny McColloch, Brian Kramer, Kyle Schott, Jessica Yagan, Sheila Young, Townsend Bailey, Nathan Lester, and Sarah Whitmore.

I thank the people featured and interviewed* for this book. Each one is proof that one person with passion, persistence, and patience can create packaging that is more environmentally sound, make animal welfare standard operating procedure for the entire meat industry, save the rainforest, preserve wild fish, and have the audacity to put a stake in the ground and proclaim McDonald’s is going to buy sustainable beef.

I thank my editor Kelli Christiansen whose talent is superb. Her advice, insights, and outstanding editing expertise significantly improved my storytelling.

Thank you to Pete Baker, editorial director at Emerald Publishing, who believed that this story of The Battle To Do Good needed to be shared in order to help drive business leaders to what is the new norm of today.

* I interviewed 51 people who are directly part of this book. I also interviewed others for context and background, including Cynthia Scott, Dean Danilson, Mike Siemens, Paul Shapiro, Heidi Glunz, Jason Saul, and Matt Sutton-Vermeulen.
and tomorrow: mainstreaming sustainability as fundamental to business success.

Most importantly, I am blessed with a great spouse, friend, and partner, Diane, who gave me the time and space to write this book, in addition to being a helpful first reviewer. To my daughters, Jenny and Laura, and their husbands, Greg and Michael, who give me such a fulfilling family life. And to my six grandchildren, who I hope live in a cleaner, brighter, safer, more sustainable society due in large part to corporate social responsibility and sustainability actions from companies large and small.
Introduction

From Defense to Offense

Taking on the Fuzziness of Sustainability

I was given a dream assignment in April 2010, a once-in-a-lifetime opportunity to shape the future of one of the most powerful brands in the world.

Don Thompson, the #2 leader then, but soon to ascend to McDonald’s CEO, explained why he wanted to put corporate social responsibility (CSR) and sustainability on the agenda for his top management team. He put a twist on one of the catchy quotes from McDonald’s founder Ray Kroc: “I don’t know what we’ll be selling in the year 2000, but whatever it is, it will be a lot of it.” Thompson added that, “I don’t know what people will be thinking about us, but I want them to be thinking better about McDonald’s as a corporate citizen. A good citizen, better than any other company.”

Thompson described his vision of a McDonald’s known as a force for good. That was a far cry from current perceptions, which included many who tended to consider McDonald’s to be a parasitic drain on society. To combat that, he wanted us to develop a sustainability strategy for the company. Thompson asked that it be a bold, offensive strategy.

I was ready to bursting with joy. Finally, after years of societal assault as one of the most visible and controversial global companies, muddied and maligned by external stakeholders as a poster child for countless issues—the obesity epidemic, deforestation, underpaid workers, and animal welfare abuses, to name just a few—McDonald’s was going to set a strategy from the top down, define what we stand for, and shed the defensive posture that had stigmatized our reputation for years. As far as I was concerned, it was about time.

For the previous two decades, I had led McDonald’s CSR efforts. While we accomplished quite a bit more than most people realized, much of what we did was reactive, undertaken in the wake of various societal
pressures. Our corporate citizen efforts were largely ad hoc, although they emanated from a company made of many good people with solid Midwestern values who wanted to be both responsive and responsible. But for all the good we did at McDonald’s, we were mostly silent about it.

Now I was being given a dream assignment to convert the fuzziness of sustainability into a tangible, high-level corporate strategy. I could hardly wait. I had long been convinced that doing good could help the business grow and prosper. Now it was time to prove it.

Devising a company-wide plan related to social and environmental goals and metrics was daunting. First, it was a relatively new discipline, with leading companies such as Walmart, Unilever, Coca-Cola, and Procter & Gamble developing such plans. For example, Walmart announced in 2005 that it was initiating a sweeping “business sustainability strategy.” Walmart committed to three ambitious goals: “To be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain our resources and the environment.” Taking something considered soft or intangible like CSR, which was not considered to be directly related to the profit and loss (P&L), and converting it into a hard, measureable part of McDonald’s strategy was not yet widely accepted in corporate America, including among the mindset of most within McDonald’s.

The Origins of Societal Clashes

McDonald’s first clashed with society in the late 1980s. At the time, the long-standing business wisdom was defined by renowned economist Milton Friedman, who stated in 1970 that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”

Since its beginnings in the mid-1950s, McDonald’s had remained relatively untouched by societal demands, aside from light brushes with external concerns, such as issues regarding litter in the early 1960s. McDonald’s golden age of societal freedom extended for more than thirty years since Ray Kroc first observed the genius of the McDonald’s brothers in San Bernardino, California, in 1955.

Then, in the mid-1980s, Corporate America’s freedom to operate oblivious to societal impacts began to dissipate, replaced by skirmishes
among a rising citizenry that expected more from companies than simply providing products and services and making a profit. Loud voices from nonprofits and activist groups emerged, raising issues that McDonald’s wasn’t used to handling, such as solid waste, the rainforest in Brazil, and the hole in the ozone layer.

As societal issues surfaced and increased, McDonald’s grew more and more unsettled about how to deal with them. The company simply wasn’t used to getting wrapped up in controversial topics. Up until the late 1980s, McDonald’s was considered a model organization. Its mascot, Ronald McDonald, was admired as a positive symbol of the company. McDonald’s fundamental business model, that of a hamburger company providing quality, service, cleanliness, and value (QSC&V), fueled its dramatic growth. For decades, the company enjoyed a stellar reputation unsullied by societal issues.

But then McDonald’s confronted its first societal crisis. McDonald’s image suddenly warped from a symbol of happiness and fun to an icon of waste amid a disposable society. The culprit was a sandwich container. Opponents argued that the Big Mac polystyrene foam container contributed too much garbage into overflowing landfills. These same activists depicted Ronald McDonald as “Ronald McToxic.”

Such was the opening shot across the bow that thrust McDonald’s into what would become an ever-growing battle pitting activists against corporations. As we at McDonald’s saw it, thus was launched the battle to do good. It would evolve and morph over the years, taking on many other issues beyond polystyrene foam.

With the cries of “Ronald McToxic,” McDonald’s battle to do good and its resulting journey into the realm of sustainability began in crisis. The journey was only beginning; from that point on, McDonald’s would see a series of ups and downs, proud accomplishments, and humbling failures for the next quarter century.

**Leading Change**

Throughout the pages in this book, we’ll look at how McDonald’s has tackled various battles with activists fighting around various issues. Although CSR today is becoming more and more commonplace, it was not always thus. Many companies, like McDonald’s, were pushed beyond the normal boundaries of their business to address big issues of our times, such as climate change, animal rights, obesity, sourcing practices, and deforestation.
Leading change in the face of such complex societal issues is challenging, to say the least. Those of us tasked with paving the way were asking such questions as “When do we tackle these issues?” and “How do we lead change on these issues?” and “Who should drive this conversation?” We’ll tackle those questions and more throughout this book.

Business leadership today takes more than understanding how to manage the business within its own four walls. It takes knowledge and sensitivity to societal issues, too. The best leaders know how to integrate selective, strategic sustainability issues to make their business more efficient, less risky, and more attractive to employees and customers. Top leaders understand that doing well must also include doing good because there’s more to a business than providing goods and services. The best leaders also see building their brand and reputation through the smart prioritization of societal issues as relevant to their business.

McDonald’s experiences provide some unique insight into the origins, results, and benefits of building a corporate sustainability and responsibility program. As I sprinted through a thirty-three-year adventure with the Golden Arches and dealt with its powerful brand and its complex system of employees, suppliers, and owner–operators, my primary mission was to find leaders within and without McDonald’s to do good for society—and to do well for our business. I connected with many unique and courageous people, most of whom bucked convention, were willing to take risks, and found innovative ways to make our world a better place.

As we look into McDonald’s history of CSR, we will offer insight into what to do—and what not to do—in times of crisis. We’ll tackle key questions, such as “How do you deal with outside pressures from all kinds of interest groups?” “When do you decide to engage with an NGO?” “How do you decide which issues not to tackle?” and “How do you shift from reactive societal management to anticipatory issues management?” Stories from inside the walls of McDonald’s will explain key insights into these questions, explaining how to manage emerging issues ahead of a crisis.

We’ll also look at how to deal with the various activists and advocates who push organizations to tackle various issues. We’ll explore NGO leaders who have had the knack to move McDonald’s to adopt sustainable fish and beef, to advocate for the better treatment of animals, and to produce less waste, among other things. We’ll also look at the untold power and influence NGOs have, the reasons consumers believe them, and why so many consumers are skeptical of companies like McDonald’s.

4 The Battle to Do Good
In sharing these behind-the-scenes stories from McDonald’s, you will learn how you, too, can shape strategies for your own organization in order to better connect with activists, advocates, and consumers—and with society in general. At a time when so many organizations are still sitting on the sidelines or simply playing defense, these strategies will go far in helping companies of any size build successful CSR programs.

**Hard Knock Nuggets**

I still marvel that I was in the room, on the team, and an eyewitness to the CSR history for one of the biggest and most visible brands of my generation. The stories shared and lessons learned in this book are not esoteric but based on many real-life examples from the school of hard knocks.

With that, each chapter is dedicated to a battle we faced at McDonald’s, with the objective to share what we did right and what we did wrong, so you can learn from our experience. Each chapter also ends with “Hard Knock Nuggets” derived from McDonald’s as well as those from NGOs that partnered with the company. These, too, serve to help make you a better leader and your company a better corporate citizen.

I have supplemented my own direct involvement with nearly fifty interviews with contemporaries within McDonald’s, its suppliers, and NGOs who interfaced with McDonald’s. Each chapter of the book features their reactions and thoughts. I took the liberty to take current interviews and insert their insights into the major events that unfolded in the past. I did this because I want to place you inside each battle in real time, in the midst of all the problems, dilemmas, and trade-offs. You will experience past events, such as McDonald’s decision to partner with Environmental Defense Fund, to not partner with People for the Ethical Treatment of Animals, and to collaborate with Greenpeace International to save the Amazon rainforest, as if you were there.

I loved my work at McDonald’s. My conversion to CSR started in the late 1980s and eventually led me to become McDonald’s first vice president of CSR and sustainability in 2006. I stood right in the middle of nearly all the campaigns against us, working through the chaos to find solutions and coordinating the efforts to collaborate with NGOs and academic partners. My role was part catalyst, part cheerleader, part coach, and part critic—and, of course, part change agent. During my years at McDonald’s, we found a way to do some things that
fundamentally changed not only the corporation but the fast food industry as well.

In today’s environment, the need for companies to successfully manage societal issues in a smart, strategic way is more important than ever because both opportunities and risks loom large. The old model of hunkering down and avoiding the tough issues that confront a business will only slow business growth—and could well damage an organization’s reputation to the point that the bottom line is adversely affected.

We are in the midst of a major conversion when it comes to companies’ relationships with society. For the past twenty-five years, the primary approach was risk aversion, laying low. In short, staying out of trouble. CSR was but a do-good thing on the peripheral of the core business, important only when a crisis occurred.

That approach no longer works. From now on, successful companies must see CSR as central to its business. The best companies will successfully locate and navigate through the intersection of doing good for society while helping their business prosper.

Finding that intersection is not always easy. McDonald’s evolution in this battle to do good provides key lessons for leaders at companies in any industry about how to succeed in turning this battle into a beacon for how businesses and capitalism need both profit and purpose, a good financial bottom line, and a healthy societal bottom line.
The Battle Against Waste

*McDonald’s First Societal Clash*

Trash and a Clamshell

It’s Halloween 1990 and the fate of the McDonald’s first foray into a major societal conflict is at hand. McDonald’s crafty top executive, Shelby Yastrow, is restless as he ponders the closing argument he will make to stop using the polystyrene foam (PSF) clamshell to the president of McDonald’s USA, Ed Rensi.

Yastrow’s newfound and unlikely partner, Fred Krupp, the president of the Environmental Defense Fund (EDF) discussed their steady push to
encourage McDonald’s to dump PSF with his waste team in New York City. It was unusual because this type of corporate–NGO partnership was virtually unprecedented. Plus, their personalities are opposite, with Yastrow as the charmer and Krupp as the studious one. Both were focused and determined to do something big.

Little did I know then that Yastrow would soon become my future boss. At the time, he served as McDonald’s general counsel. Although he knew that PSF was the perfect functional package, thanks to its properties for heat retention, protection, and portability, he also knew that it had become a public relations (PR) nightmare. Activists were relentlessly attacking the company and the package. Their claims that PSF was filling up landfills and was toxic in its production were resonating with the public.

Within McDonald’s Oak Brook, Illinois, Frank Lloyd Wright-ish-looking home office oasis, Mike Roberts, vice president of environmental affairs, was finalizing a big public announcement that the in-restaurant polystyrene recycling test program in place at the time would expand to all McDonald’s eight thousand five hundred U.S. restaurants. I had managed the launch and the ongoing evolution of this recycling pilot program since 1989. It was a wreck.

Roberts’s bold plan had forced McDonald’s to an eleventh-hour decision: Should McDonald’s continue to try to save PSF by recycling it or should the company replace PSF with paper-based replacements advocated by EDF?

The center of attention was the infamous Big Mac PSF sandwich box. Though featherlight (at 98 percent air, it weighed just 1/100th of a pound), the package weighed heavily on McDonald’s reputation because PSF had come to symbolize a societal war on waste.

It was ironic that as Yastrow observed the big PSF recycling expansion plan of Roberts, who reported to him, Yastrow was souring on the plan. Yastrow believed the three-year PR battle McDonald’s had been waging was lost—and was getting even worse still. Because of the relentless public characterization of McDonald’s as a symbol of waste, McDonald’s reputation was getting more sullied every day. Yastrow had come to the conclusion that there were eco-friendly and functionally suitable paper-based alternatives that McDonald’s could use instead.

But Rensi and Roberts were gung ho on PSF. They believed the PSF clamshell to be one of the best food service containers ever invented. Indeed, it has superior insulating qualities, it’s rigid enough to protect the Big Mac and other large sandwiches, and it’s cheap to boot. At the time, the clamshell cost just short of two pennies per unit.