

Information Technology: A Balancing Act for Quickly Growing Mission-Minded Companies

With increasing consumer desire for more sustainable products and transparent providers, mission-minded companies are enjoying rapid growth. Last year, products with sustainability claims on packaging experienced double the amount of global sales growth than those without. Process improvement and stabilization are becoming a more important part of operations for companies that wish to keep up with this pace and meet the increasing consumer demand for innovative and sustainable products.

Kyle Montgomery, a partner at Clarkston, interviewed Lincoln White, Director of IT at Seventh Generation, to discuss how mission-minded companies are coping with this change and rapid growth from a technology perspective.

At mission-minded companies, do company purpose and employee mindsets make it easier or harder to work on information technology strategy and initiatives?

Upon joining Seventh Generation in 2012, I knew that the company had a strong sense of its purpose. We are incredibly focused on a set of shared values. The intense commitment to our values can, at times, compete with efficiency, enforcement of best practices, and attention to infrastructure and technology development – areas that empower our growth as they’re improved. We make many decisions based

on our values, separate from solely increasing efficiencies and saving dollars on a spreadsheet. There are actions we take on the backend – in the way that we partner with our suppliers and systems and software – that are tied closely to our mission. However, there can be conflicts when we can only prioritize so many initiatives at one time.

For example, the IT department won a ‘Green IT’ award from an industry publication for executing an innovative project to have laptops run on solar power. While this project supported our culture of sustainability, experimentation and innovation, it also required a good deal of infrastructure

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support. This project was an interesting situation in which mission and purpose within the business impacted resources from the business itself, and helped us understand that we always need to be careful about how our projects are prioritized.

When you think about executing projects and gaining stakeholder participation, do you find that you must account for transparency in your project planning and initiatives?

I think that transparency can provide values, insights and ideas that one might have been closed off to previously. With that said, just because a core value of our company is to collaborate deliberately, we've learned it doesn't mean business processes and every project can be managed democratically or that the huge need for process consistency can be ignored. This type of thinking can lead to situations in which no one owns initiatives or processes because they are managed inefficiently through a committee and collaborative work. At some point along the evolution to process maturity, individuals have to own processes; we have to help everyone understand that standard operating procedures and individual process ownership may seem to limit creativity and collaboration, when in fact they set the stage to be more collaborative where it really matters, where we can really make a difference.

As you establish infrastructure and process discipline required to support growth, what are some of the greatest challenges from an information management standpoint?

I think the most significant challenge was one that Clarkston pointed out to us early – synchronizing Master Data. In both cases of our prior acquisitions, we had a checklist of the kind of data we were looking for, such as customer information, supplier information or past financial history. When assessing the integrity of this data, we realized pretty quickly that these were small immature companies focused completely on growth, without any sort of back office. While this is largely a reason they were being acquired by us, we correctly assessed that it would be a lot of work on the front end. But even once we got their data cleaned up it was tougher to bring it into our system than we realized. One reason for this was the absence of Master Data. The data was pieced together from a combination of QuickBooks, a totally separate ecommerce platform, a completely different 3PL and scores of the same data set being manipulated without being updated in a central location. The lack of consistent data platforms resulted in varied information, leading us to guess on about 25% of pricing for the acquired products because their people either didn't know or had left the company at that point.

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Without clearly defined rules around fields related to an item, and all the values that can exist within those fields, trying to load hundreds of items into our system proved challenging. We had to learn to clearly think through all of the rules around that data rather than trying to load large amounts of customer and item master data that didn’t work with our system.

3. Investigate the innovation pipeline – understand the engineering needs for pipeline ideas to ensure the design can function, being aware of scheduled new product launches, and identify the business integration plan.

What is your secret method to ensure that information and technology at Seventh Generation supports the desired scalability and growth?

I think the people on the IT team are half of our secret method. The people on my team take turns wearing the ‘people, planet, sustainability’ hat and others that wear the ‘profit’ hat. The combination of these two perspectives allows us to have balanced discussions when making decisions.

The second half is that initiatives that used to be considered on the fringe of ‘Green IT’ are slowly becoming more profitable over time. Whether it is power consumption, getting paper out of the system, or managing the whole life cycle of your hardware, these IT initiatives are more regulated today and are saving companies money in the long run.

In thinking of future acquisitions: if you were talking to a friend who was in a position to acquire, what are the top three things you would suggest, before you integrate the new business?

I would suggest:

1. Implement a change management plan to inform customers of the transition – reach out to customers, explain the change to them, coordinate when and how they could start ordering from us, and the lead time needed to receive the product(s) if changed;
2. Assess future supplier relationships and contracts – determine where products and parts will be supplied from, ensuring the business could get out of unwanted supplier agreements and obligations, and understanding what inventory would be coming in;

