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## Sustainable Innovation at REI

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## REI Background

[Sustainable Operations](#)

[We Are REI](#)

[Business Sustainability at REI](#)

## Co-Op Business Model

[What is a Co-Op?](#)

[The Cooperative Business Model \(PDF\)](#)

## Sharing Economy

[Triple Pundit Sharing Economy Series](#)

[Closed Loop Systems \(PDF\)](#)

[Great Transition Initiative](#)

[SustainAbility Blog](#)

# Sustainable Innovation at REI

Kirk Myers had been at REI for almost eight years as CSR Manager. It was

December of 2014, and Vik Sahney, his new boss and Division VP of Strategy and Sustainability, walked into his office and presented a new outline for REI's strategic integration of sustainability into their overall business strategy. The new approach would now focus on:



- **Curating Products** – a focus on the sustainability footprint of products offered at REI. This is a *new priority* and will garner 50% of the effort.
- **Creating Access** – through advocacy and giving, REI will create access to iconic outdoor places and experiences. This is a *maturing priority* and will garner 20% of the effort.
- **Catalyzing Experiences** – as a business innovation, REI will catalyze outdoor experiences through new models that lessen our use of limited natural resources (e.g. gear rentals, sharing 2.0). This is an *emerging priority* and will receive 10% of the effort.
- **Core Practices** – strengthening the foundation of core sustainability practice to support business operations. As a *mature priority*, this will receive 20% of the effort.

Kirk had been involved in the development of this new and exciting strategy, but now Vik was asking him to take a leadership role in developing a more comprehensive strategy for the emerging priority of Catalyzing Experiences. While the organization had a history of sustainability in operations, a leadership role in preserving outdoor spaces, and a core strength and market position on curating products, this new emerging priority of catalyzing



experiences needed additional research and thought.

The puzzle (or conundrum) that Kirk was wrestling with

was one of a retailer of gear for use in the outdoors that is threatened by

overconsumption of limited resources and degradation of the natural environment. How does a retailer that cares about the outdoors and our environment think about the model in a different way so as to remain profitable and sustainable as a business while “disrupting” the way they deliver on their mission? How can the new “sharing economy” inform a strategy that creates benefit for all stakeholders, especially REI’s members and the natural environment they care about?

Other industries have begun to see the disruption caused by business models that minimize environmental impact while creating shared value for all stakeholders. Some examples of disruptive innovation that Kirk has discovered are:

- [Uber](#), [Lyft](#), [Sidecar](#) and other shared transportation options that are rapidly changing the way we get around
- [Airbnb](#) – an app that allows people to “monetize their extra space”
- [Taskrabbit](#) – and other sites that connect people with safe and reliable help with their various tasks
- [Local Tools](#) – a community-based tool lending library
- [Spinlister](#) – a bicycle rental website that connects active people with those wanting to rent bicycles

Through his initial research, Kirk found that the sharing economy generally falls into one of four broadly defined categories: 1) recirculation of goods, 2) increased utilization of durable assets, 3) exchange of services, and 4) sharing of productive assets. The creative challenge facing REI is to figure out which of these models creates value for REI, their members, and the environment.

**Kirk has asked your team to research the sharing economy and analyze options for inclusion in REI’s Catalyzing Experiences strategy. Make recommendations on how REI should move forward in this area.**

Consider the risks involved in your recommendations as well as the potential market and future growth.

You have the next 72 hours to develop your presentation for the panel of judges who will represent the leadership of REI. You will have 15 minutes to make your presentation and to convince the panel that your team’s recommendations represent the best course of action at this time. The judges will then have 10 minutes to ask you questions about your recommendations. Be prepared to defend your position in a professional manner.

You may use any publicly available information about REI, the shared economy, and trends in corporate social responsibility, sustainability and/or human rights issues. You may not contact any other organizations for additional information nor consult anyone outside your team.

This case provides you an opportunity to use your knowledge and research skills to explore the issues related to corporate social responsibility, social impact, environmental and social sustainability and multiple other related topics.

*This case description and the attached links are presented solely for the purpose of case study discussion. It is not intended to serve as an illustration of effective or ineffective management.*