

The Hidden Truth About Greenwashing

FAST COMPANY

MARCH 2008

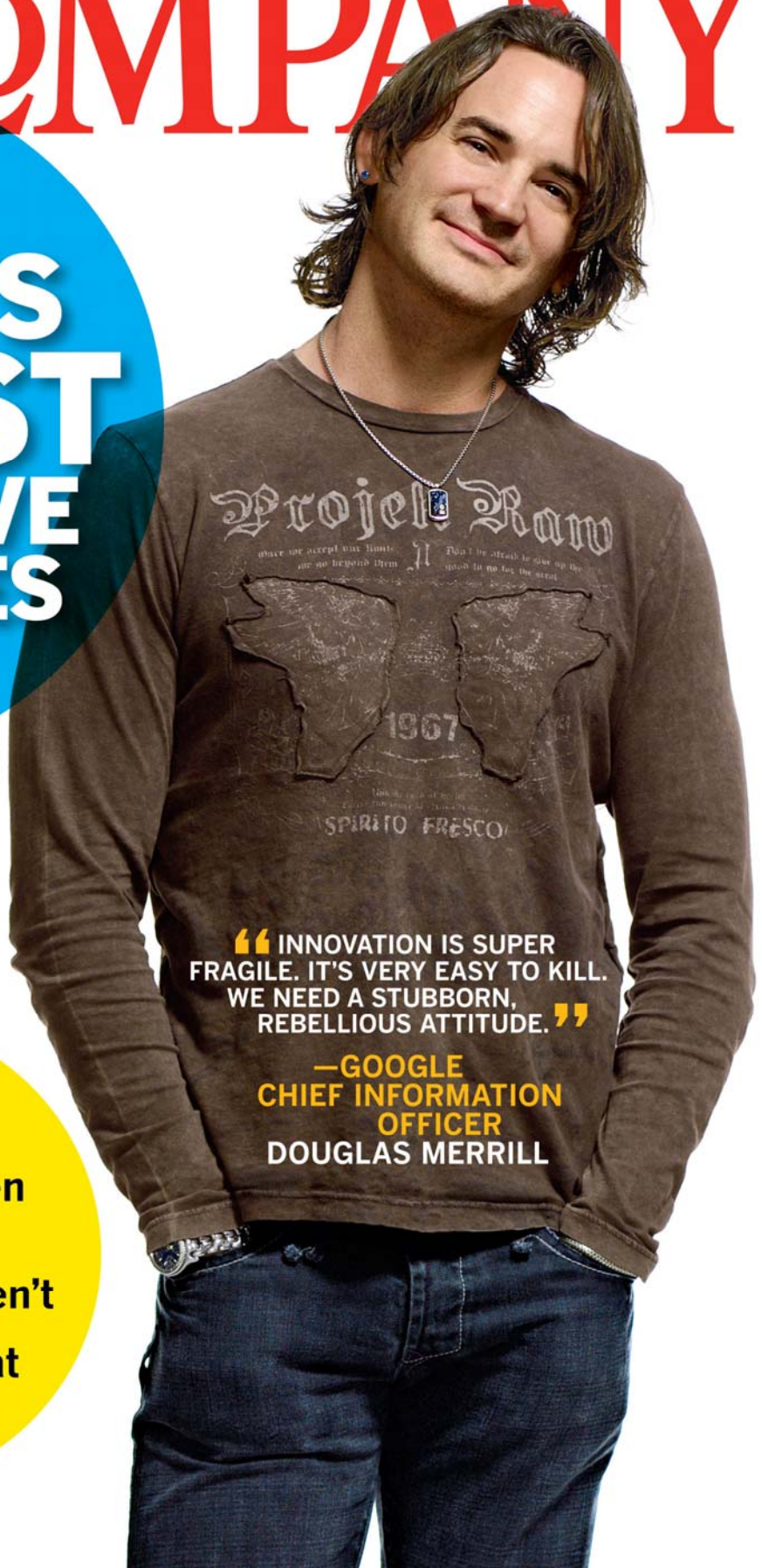
THE
WORLD'S
50 MOST
INNOVATIVE
COMPANIES

15
REASONS
GOOGLE
IS NO. 1

Why **Alibaba**
and **Nike**
Are in the Top Ten

Why **Toyota**
and **Wal-Mart** Aren't

Does **Apple** Beat
Facebook?



“ INNOVATION IS SUPER FRAGILE. IT'S VERY EASY TO KILL. WE NEED A STUBBORN, REBELLIOUS ATTITUDE. ”

—GOOGLE
CHIEF INFORMATION
OFFICER
DOUGLAS MERRILL

TOYOTA

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The year 2007 will go down as a historic one for Toyota, its 50th in the United States. The company won 16% of the American market—more than double its share 10 years ago—and passed Ford to take the number-two spot in U.S. car sales, despite an uncharacteristic slip in quality ratings. The company unveiled its next-gen Prius (due in 2010), a plug-in with a carbon-fiber body, but ironically, its most successful rollout was the redesigned Tundra pickup. Toyota sold 3,800 of the jumbo 18-mpg trucks per week this year—300 more than Prius.



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MICROSOFT

Critics like to crow about Redmond's stumbles. The struggling Zune. The Xbox 360's "red ring of death." And as for Vista, well, cue the clearing of throats. Then again, ever hear of a little game called *Halo 3*? And maybe you missed the biggest surprise to emerge out of the PR squall this year, the tabletop computer Surface, a foray into multitouch technology that rivals the iPhone in coolness. Windows and Office continue their dominance, of course, and Microsoft's stock was up about 20% in 2007.

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REAL D

When *Beowulf* hit theaters in November, it marked the dawn of the next—some say ultimate—wave of 3-D movies. Making the display possible was a California outfit called Real D, whose technology uses circularly polarized light from digital projectors, avoiding the eye fatigue of the old 3-D. Theaters are banking that the technology will stop the box-office slide, and Hollywood's biggest players have projects in the pipeline. That's not enough for Real D: "Our view is that 3-D images change the business on all visual displays," says CEO Michael Lewis, who envisions Real D at home and even on mobile screens. The company is already experimenting with alternative content, from multiplayer in-theater video games to an NBA game converted into 3-D in real-time. A U2 3-D concert film (above) is out now.



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PAYLESS

Last September, when actresses Sophia Bush (*One Tree Hill*) and Brittany Snow (*Hairspray*) landed backstage in Lela Rose's showroom at New York Fashion Week, they swooned over the designer's new shoe collection that was about to debut on the runway. Rose, best known for \$1,500 frocks, happily handed pairs of navy peep-toe pumps and polka-dot round-toe pumps over to the young celebs, who would soon be flaunting them on the sidelines of the catwalk. "Did they know they were Payless shoes?" says Rose, who's now designing her fifth exclusive line for the discounter. "Absolutely. They didn't care. They looked cute to them and that's all that mattered."

Payless? Since when did the dusty dungeon of cheap footwear have anything to do with the front lines of fashion? Since 2005, when Matt Rubel, who previously turned around Cole Haan, took the helm of the now \$3.5 billion company and decided it needed a design intervention. While the 4,500-store chain had thrived for years on the low-price, self-service model it pioneered in the 1950s, the last decade saw the company losing the discount wars to beasts such as Wal-Mart. If thrift was no longer its competitive edge, reasoned Rubel, then Payless would have to design

Photographs: Mackenzie Stroth (Payless); Jeff J. Mitchell/Getty Images (Toyota); 3ality Digital (Real D)



Hot commodities in the fashion industry (from left), Stacey Bendet, Lela Rose, and Laura Poretzky model their latest shoe creations for the newly design-savvy Payless.

shoes that *Sex and the City's* Carrie Bradshaw would drool over at prices Roseanne could afford.

To do that, Rubel has injected a fashion sensibility into every arm of the Topeka, Kansas-based company. Last year, he built its first design studio in Manhattan and recruited Robert Mingione, Kenneth Cole's head of footwear, and Bernard Figueroa, top footwear designer for Michael Kors, to run it. Taking a cue from fashion democratizers like Target and H&M, he has lured up-and-comers such as Rose, Laura Poretzky, and Alice + Olivia's Stacey Bendet—even *Sex and the City's* very own Patricia Field—to design

exclusive shoe and handbag lines that sell at higher prices and employ sophisticated materials such as silk crepe, snake skin, and perforated kidskin. At the retail level, Rubel has given a 21st-century facelift to the chain's 1970s-hued stores with two new formats. He has opened 22 "fashion labs"—more-upscale hubs, with modern décor bathed in pristine white, that offer the pricier fashion-forward lines—and retooled nearly 400 existing locations with an airier design that puts trendy collections in the spotlight. "More and more women who never would have shopped at Payless are becoming Payless customers," says Lori Holliday Banks,

a senior analyst at fashion consultancy the Tobe Report. "Rubel's reinventing the whole self-service business."

Rubel, crowned *Footwear News's* Person of the Year for 2007, isn't stopping the extreme makeover there. In 2006, Payless nearly doubled its earnings. Then last spring, the CEO shook up the industry with two major acquisitions: \$91 million for Collective Licensing International, a brand-management company that owns names such as Airwalk and American Eagle, and \$800 million for Stride Rite Corp., whose brands include Keds and Saucony. Collective Brands Inc. (the parent company's new name) is now the largest non-athletic-shoe company in the western hemisphere, giving Rubel a triple threat of retail, wholesale, and licensing leverage. Says Rubel, who has become a regular at Fashion Week: "Initially it was pretty difficult getting designers on board to sell cheap shoes. Now we're getting phone calls from designers who want to work with us." —Danielle Sacks