

the first 20 years

20/20 VISION

the next 20 years

Rocky Mountain Institute

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Rocky Mountain Institute

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ROCKYMOUNTAININSTITUTE

ANNUALREPORT 2001-02

Letter from the Chairman



If you were in business, and 11 September came rolling along, punching a trillion-dollar hole in the economy, where do you think you'd be now?

Despite last year's economic downturn, Rocky Mountain Institute has had one of its biggest years ever in terms of strategic influence and the import of its work. Although consulting revenue remained a challenge, we were highly successful at pulling off a string of other projects, ranging from whole-systems design workshops to a complete rewrite of national energy policy. Our staff architects traveled the globe to consult on green building design, our engineers and efficiency experts spent weeks inside industrial and commercial facilities, transforming business toward natural capitalism, and our communications staff kept hundreds of thousands of people informed through our website, publications, and special projects.

Meanwhile, our energy team completed a new addition to the Institute's already rich store of intellectual capital, with the new book *Small Is Profitable: The Hidden Economic Benefits of Making Electrical Resources the Right Size*. "SIP" builds on CEO Amory Lovins's 1977 *Soft Energy Paths* argument—that the cheapest electricity is not that produced by centralized coal- and gas-burning facilities. Rather, the costly and vulnerable architecture of the grid, our technical society's need for more reliable power, and the enormous difference of scale between most needs and most supplies have brought us to the point where smaller is, in fact, *economically* superior—a huge shift in energy thinking.

Structural change at the Institute was also significant in the past year. In June 2002, RMI cofounder Hunter Lovins left RMI to pursue a career with The Global Academy. Hunter's contribution to RMI over the past 20 years has been tremendous, and we wish her the best in her ambitious new role. Cofounder Amory Lovins has taken over as sole CEO.

We also added more depth to our Board. Elaine LeBuhn has extensive background in nonprofit development and management. Director of Development for The Aspen Institute until 1995, she is a member of the Board of National Public Radio in Washington, DC and Chair of its Development Committee. She is also Chair of the Center for Excellence in the Arts at Colorado Mountain College. Ray C. Anderson, founder and Chairman of Interface, Inc., the world's largest maker of carpet tiles, is a leader in making business the profitable vanguard of ecological restoration, and co-chaired the President's Council for Sustainable Development. David Orr is a world-renowned educator who currently chairs the Environmental Studies Program at Oberlin College. Janine Benyus, our first biologist, wrote the extraordinary book *Biomimicry* and remains the leading synthesizer of this nature-based design approach that inspires much of our work. Finally, Executive Director Marty Pickett, trained in land-use planning and a practicing attorney, was recently made a full-fledged Board Member. I welcome all five. Such a diverse and enlightened group will greatly help to guide the Institute in its demanding mission.

This past year has been tough, on both the nation and individual Americans. But at RMI we remain steadfast in our mission of fostering the efficient and restorative use of resources to create a more secure, prosperous, and life-sustaining world.

We hope you'll join us on that mission.

John C. Fox
Chairman

Front cover eye chart:
"Make the world secure, prosperous, and life-sustaining"
is excerpted from RMI's mission statement.
See back cover for complete text.

Letter from the Executive Director



Amid turbulent times, the role of both nonprofit and for-profit corporations is changing. Some corporations have become better global citizens, others have crashed in flames, and good nonprofits strive to be entrepreneurial in revenue generation and disciplined in accountability. RMI continues to address this challenge by earning nearly half its revenues in fees from its “applied research” or consulting services (pp. 6–11).

This past year has brought some of the most important changes—and challenges—of RMI’s 20-year history. As you know, in the past few years, we’ve emphasized the Institute’s goal of helping business adopt the principles and practices of natural capitalism—profitably. Our client-funded applied research solves our corporate customers’ problems in ways that rapidly advance our own mission and deepen our intellectual capital.

Early in the fiscal year 2002, starting July 2001, we were faced with the 11 September attacks, business failures, and recession. Potential corporate clients deferred consulting services. Meanwhile, we had our share of internal issues with staffing, delivery capacity, marketing gaps, and priority-setting. Our fee-based revenue faltered, creating a financial loss for the year.

By the end of the second quarter, with the help of RMI’s business-seasoned Board of Directors, we devised and began to execute a disciplined turnaround. We restructured management of the Research & Consulting Department and organized around three teams, concentrating on doable business plans and industry targets: **Commercial & Industrial Services** (p. 6), **Energy & Resources Services** (p. 8), and **Green Development Services** (p. 10). We cut back on contract labor and other costs, and deferred some hires. This plus the generosity of many supporters (p. 20), enlisted through the diligent efforts of a strengthened Development Department, made up much of the consulting losses, so unlike many other nonprofits, we had no staff layoffs. Our recently recreated Accounting Department, led by the Finance Director hired in spring 2001, streamlined procedures and implemented strong new controls for all projects. We can now better forecast revenues, track project and department budgets, and help our talented staff work more effectively. The results are rapidly becoming apparent.

In the pages that follow, you’ll read about RMI’s activities during July 2001–June 2002. Despite the disappointment of a record financial loss (p. 17)—especially counting the book loss on our investment portfolio as markets tanked—this has arguably been one of RMI’s most successful years, with events and projects like the National Energy Policy Initiative (p. 8) and the “Sustainable Settlements” *charrette* (p. 10) making headlines. In renewed and new conversations, we’re continuing to offer corporations the smartest ideas for turning waste into profits. Early signs suggest that as our next fiscal year begins the turnaround is working.

For RMI, increasingly recognized as a unique wellspring of innovation, the convergent new demands of security, economy, and environment will make the next 20 years more exciting than even we are accustomed to. We’re ready and eager. As *Time* magazine wrote in its 26 August 2002 feature “New War on Waste,” “The new industrial order envisaged by revolutionaries such as ... Amory Lovins is still in an early phase. But with each manager they convince, each CEO they mesmerize, their powerful ideas come one step closer to transforming the world.”

Marty Pickett, Esq.
Executive Director

Letter from the CEO



For 20 years, Rocky Mountain Institute has foreseen and nurtured a tripolar world. While many broadly sympathetic groups, sometimes rightly, lobbied or sued governments and ignored or vilified corporations, RMI supported transitions in the private sector and helped communities and citizens. Why? We felt that business and civil society, increasingly joined in the sorts of collaborations we were attempting, would become the chief poles of power and effectiveness. This has now occurred. Business and an Internet-empowered civil society are increasingly stepping in where the third pole—government—cannot or will not rise to the occasion.

RMI now has a special potential and responsibility to make this tripolar world work. Our intellectual capital (pp. 14–16) is now poised to make key contributions just when and where they're needed. Our challenge is to become more discriminating and strategic, yet stay agile and opportunistic, as incomprehensibly complex global systems muddle toward the goals that remain our lodestar.

Broad, deep, practical work at the nexus of energy, resources, environment, development, and security has uniquely equipped RMI to help make the world safer, fairer, more durable, and more prosperous. The radical resource productivity we have demonstrated in so many fields—energy, water, materials—can turn scarcity into abundance, helping to prevent conflict and uplift the distressed. The new technologies and business models we've devised are on the cutting edge of corporate practices that, as our new Director Ray C. Anderson puts it, let business “take nothing, waste nothing, do no harm, and do well—very well—by doing good.” Our analyses of what he calls the alchemy of “stumbling-blocks into stepping-stones”—turning implementation obstacles into business opportunities—can put tenfold more tools in the kits of policymakers and entrepreneurs. And unlike doom-and-gloom, RMI's always-half-full glass keeps overflowing with compelling real-world examples that create hope and motivate action.

In the Institute's next 20 years, the strands described in the following pages should weave a rich tapestry in ever more societies, rich and poor. RMI's work reaches scores of countries, but we're striving to focus it more where it's ripest—especially in China, where a group of us will teach natural capitalism at Peking University in the autumn semester of 2002.

Three years ago in *Natural Capitalism*, Paul Hawken, Hunter Lovins, and I showed how to reverse the pathologies spiraling out of control—lack of work and hope, security and satisfaction. Vicious circles could be turned into virtuous circles by simply reversing the interlinked waste of resources, of money, and of people. Now we're finding exciting new ways to reverse those “three wastes.”

Here are some of the ambitious goals we want to advance next:

Speeding the nonviolent overthrow of bad engineering by developing a pedagogic toolkit of side-by-side examples. We aim to transform design mentality and practice in both the classroom and the corporation, via case-studies of ordinary vs. integrative design in diverse design disciplines and applications. They'll show how optimizing a whole system for multiple benefits, rather than an isolated part for single benefits, can increase resource efficiency by one or two orders of magnitude while making it work better and cost less. (For example, using fat, short, straight pipes rather than skinny, long, crooked pipes recently cut the energy used in an industrial pumping loop by 12-fold.)

Creating a searchable public database of biomimetic design solutions, as so wisely envisioned by our biologist Board member, Janine Benyus, so all designers everywhere can harness the 3.8 billion years of design experience in which the 99 percent of designs that didn't work got recalled by the Manufacturer. The one percent that *did* work—the design genius of the life around us—has prolific literature and emulators, but they're irretrievably scattered. Making biomimicry accessible as a practical tool could spark the greatest design revolution in history as six billion minds, increasingly connected by a global nervous system, start attuning their ingenuity to nature's wisdom.

Helping the military to become a force for global healing. Despite their many problems, the military and business communities are arguably the world's two most effective institutions. The U.S. military is also the world's greatest consumer of oil, an influential training and education resource, and a unique source of leadership (as distinguished from management). RMI is helping the senior uniformed leadership to pursue its mission and capture these opportunities in creative new ways. Military professionals prefer conflict prevention and resolution to combat, "preventive humanitarian missions" (nation-building) to cleaning up messes. As RMI's decade-old security synthesis reemerges as an attractive way to be safe and feel safe at least cost, our longstanding military dialogue is entering an important new phase.

Learning the benefits of integrative design to, and spreading them to, more of the world's poor. Convening whole-system designers with refugee-camp practitioners (p. 10) has helped find new ways to create sustainable settlements in dire conditions. But if a closed-loop, self-sustaining, restorative, socially vibrant, and healthy settlement can be achieved in such an austere setting—as experiments now starting will test—then that approach should also be useful for several billion other people in the world's poor cities and villages, many of them at or close to home. Early experiments show promise that we have the design tools—and nature has the fecundity and design wisdom—to create adequacy if not abundance out of almost nothing. Moreover, since (as Gif and Libba Pinchot remind us) "brains are evenly distributed, one per person," many of the best ideas will come ever more from the South. That "reverse technology transfer" needs open minds, modest hearts, and effective channels to spread it through the North.

Using our convening power to shape new alliances and collaborative processes. RMI has long done much behind-the-scenes work, getting our extremely varied discussion partners to combine forces and ideas to good effect. The National Energy Policy Initiative (p. 8) is the latest example of how RMI can assemble diverse skills and perspectives to find new solutions to old problems. We aim to extend that capacity, melded with our design-charrette and conflict-resolution skills, into new arenas supporting our mission.

"Eternalizing" our approach to design and implementation in key institutions. If we can systematically influence emerging elites at the leading business, law, and military colleges, then they can institutionalize our approach in the organizations they later lead. The young military officers we addressed 15 years ago now have several stars on their shoulders and are starting to embed our ideas durably in their training programs and practices. We can extend this "reach through time" to other key sectors. That's part of the expanded effort we must mount in "strategic influence"—changing the mindset of the people who make the rules.

We persevere, in the conviction that despite all the suffering and destruction, the growing throng of global citizens with good minds and hearts will succeed through faith, hope, and clarity. RMI is honored to be among the bearers of these glad tidings. Perhaps David Whyte said it best in the poem "Loaves and Fishes" that opens *Natural Capitalism*:

*This is not the age of information.
This is not
the age of information.*

*Forget the news,
and the radio,
and the blurred screen.*

*This is the time
of loaves
and fishes.*

*People are hungry,
and one good word is bread
for a thousand.*



Amory B. Lovins
Co-founder and Chief Executive Officer

Commercial & Industrial Services

2001-02: In April 2002, RMI and **The Coca-Cola Company** joined forces to examine the lifecycle efficiency opportunities of PET bottles. RMI and Coca-Cola representatives toured various parts of the PET value chain in an effort to identify potential energy, water, and solid waste management efficiency opportunities and to examine best practices. This value chain exercise also included in depth discussions for potential new end-uses for the millions of PET bottles discarded each year. This effort also included discussions for potential new collection opportunities for capturing single serve (under 24 oz.) bottles,

which are consumed away from home and recycling facilities, with the ultimate goal being, as noted by Coca-Cola's Director of Corporate Environmental Affairs, Jeff Foote, "to develop strategies to keep PET bottles out of landfills worldwide." Foote also noted, "We are encouraged by these opportunities and are hopeful that RMI and Coke's efforts will result in improvements to the resource efficiency of the PET supply chain while minimizing the amount of post-consumer PET bottles that enter the waste stream." We hope to continue our work on this important issue.

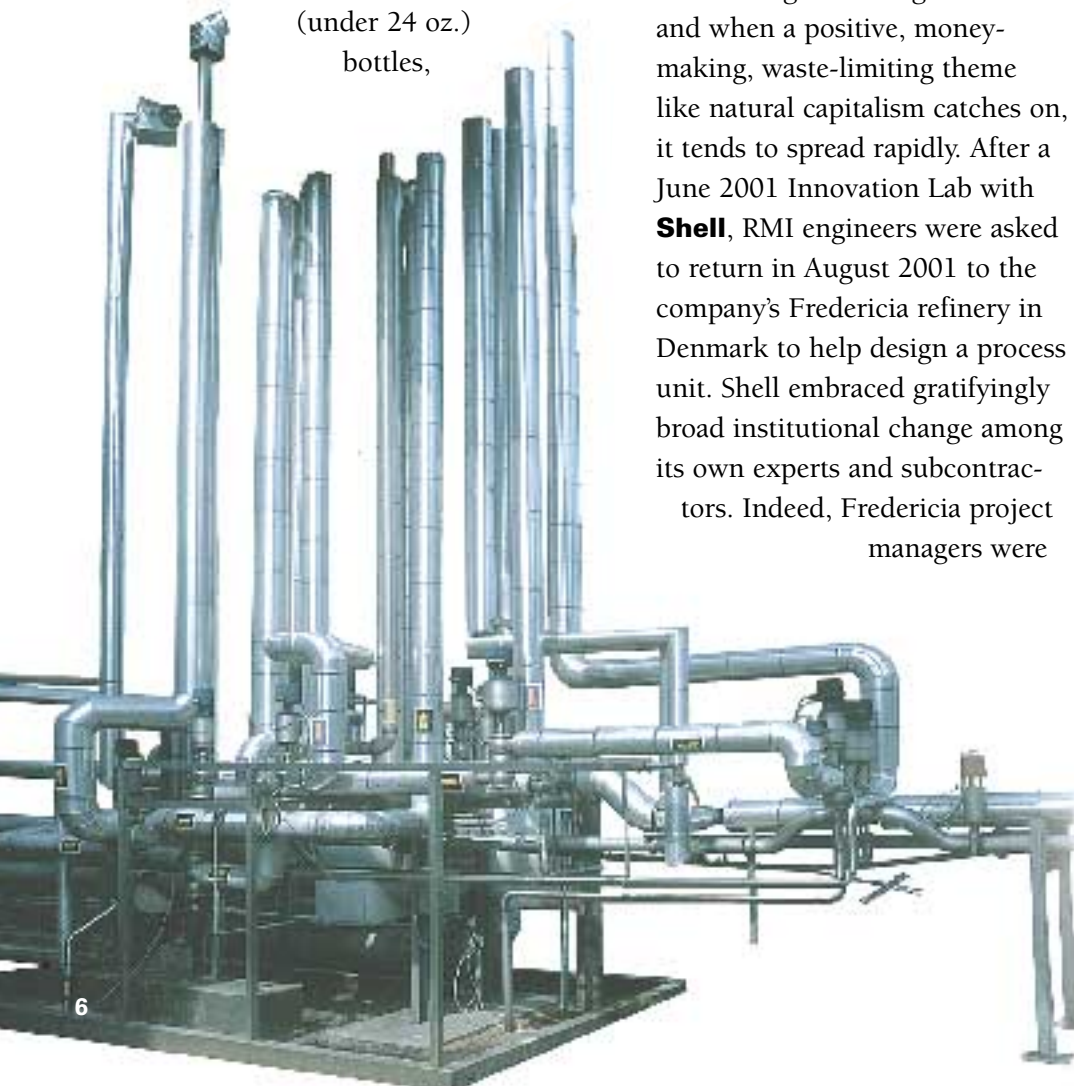
In large firms, boosting productivity is often simply a matter of introducing a winning theme—and when a positive, money-making, waste-limiting theme like natural capitalism catches on, it tends to spread rapidly. After a June 2001 Innovation Lab with **Shell**, RMI engineers were asked to return in August 2001 to the company's Fredericia refinery in Denmark to help design a process unit. Shell embraced gratifyingly broad institutional change among its own experts and subcontractors. Indeed, Fredericia project managers were

so confident natural capitalism would save them money that they funded this return visit out of their own budget. To help spread our integrative design practice across Shell's business units and ensure wide and deep implementation, we'll next apply it to several major facilities around the world in collaboration with the internal consultancy, Shell Global Solutions.

Big manufacturing and industrial processing plants are an important target for RMI's work because they offer great gains in efficiency, waste elimination, and profit. RMI consultants do dozens of consultations every year, ranging from "desktop" surveys of inefficiency to full-blown, ongoing multi-year workshops. In early 2002, RMI's Amory Lovins and Jason Denner headed to Farmington, New Mexico for such a technical "walk-through" at one of the largest cryogenic natural-gas separation facilities in North America. They suggested how **Conoco Inc.** could increase piping, pump, motor, and other equipment efficiencies, and how waste heat might even drive most of the plant's power-consuming refrigeration.

"... Undertaken with the help of Shell Global Solutions and Rocky Mountain Institute, significant additional savings were generated by considering the [Fredericia] plant as a whole, looking for **ways to prevent the creation of all wastes** and making selected high payback capital investments."

Shell Report 2001, describing RMI's first Innovation Lab with the company



CIS program:

RMI Commercial & Industrial Services consultants work with manufacturing and industrial sector firms to achieve maximum efficiency and improved profitability. We work with the entire value chain—including raw material suppliers, equipment vendors, operations departments, and management—finding hidden opportunities to deliver more income and less waste per unit of resource. Our work is measurable, scalable, and replicable, allowing both the smallest and the largest firms to benefit. RMI's most important work unleashes creativity in a firm's inventors, machinists, manufacturing engineers, suppliers, top managers, and ordinary employees—leveraging their diverse kinds of knowledge to its fullest potential and engaging even hardened skeptics. Our clients are respected leaders in their sectors; they understand the need for and the value of fundamental and far-reaching change. By helping such prominent corporate clients succeed, RMI demonstrates natural capitalism's striking competitive advantage. Formed in Fall 2001, RMI's **Commercial & Industrial Services** team includes engineers and manufacturing specialists, and utilizes members of our **Energy & Resources** and **Green Development Services** groups.

CIS future:

Every day, the per capita materials mobilized and discarded in the United States equal about 20 times an average person's body weight. Globally, this flow approaches a half-trillion tons annually. Yet only about one percent of all those materials actually enter a durable product, and ultimately those durables are 98 percent discarded, making the entire materials flow roughly 99.98 percent pure waste. Turning that waste into wealth—by redesigning businesses to eliminate the very concept of waste—is a vast business opportunity. Working with industry leaders, we have shown companies how to increase resource productivity to four times, ten times, even 100 times current levels, often with lower capital cost and better performance. And we're just beginning. An exciting opportunity to extend our industrial outreach emerged in April 2002, when Amory Lovins addressed the strategic internal re-launch of the \$10-billion London-based production technologies and energy management corporation, Invensys. CEO Rick Haythornthwaite (who incidentally had recently read *Natural Capitalism*), explained to hundreds of senior executives the firm's new mission: profitably delivering advanced resource productivity solutions to customers. RMI will continue to explore ways to work with Invensys in these areas.



Energy & Resources Services

2001–02: Some think it's the most important project RMI has ever undertaken. The National Energy Policy Initiative ("**NEP Initiative**") was born in early 2001 as California suffered rolling blackouts, fuel prices spiked, and a worried nation looked for answers. The mainly supply-side menu of the White House's National Energy Plan included 1,300–1,900 new power plants (one a week for 20 years), 38,000 miles of gas pipelines, 255,000 miles of powerlines, a nuclear revival, and more. As students of energy policy for 30-odd years, we suspected that not starting from wish-lists but rather focusing on what most Americans already agreed about could make the things they didn't agree about become far less necessary and important. That was a testable hypothesis, so we formed the NEP Initiative to drill through thick layers of partisan polarization, seeking hidden consensus—and we found a gusher. In late 2001, with arm's-length support by seven foundations, RMI and another nonpartisan nonprofit group, the Consensus Building Institute, teamed up on a low-budget, ad-hoc

test of a new approach to national energy policy. CBI first interviewed 75 diverse constituency leaders to find out what they wanted and why. Informed by the resulting common ground, RMI and CBI convened in February 2002 a bipartisan group of the nation's best energy thinkers to craft a consensus vision and strategy that could meet security, economic, and environmental needs simultaneously and without compromise. The result integrated creative, win-win opportunities in transport and mobility, electrical services, energy security, and climate. Endorsed by 33 leading private- and public-sector energy leaders, it received wide praise. Starting 14 March 2002, the Initiative's report was presented to Congressional leaders of both parties and houses, circulated to the media, and offered to the general public via www.nepinitiative.org. When the nation's unresolved energy policy issues return, as they soon will, the NEP Initiative holds promise of reshaping how legislators will respond.

In November 2001, 73 percent of San Franciscans voted for the City to invest \$100 million in **alternative energy**, and 54 percent pre-approved more if needed. In the coming years, **San Francisco** will become the nation's largest municipal producer

of renewable electricity, improving environmental quality and justice, and making supplies more resistant to grid/delivery failures, terrorist attacks, price volatility, and market distortion. RMI's Energy team leader Dr. Joel Swisher, PE, was an early and key advisor to the City, publishing in early 2002 a major report on investment strategies. The effort will continue throughout the coming year—and already, other cities and states want to follow San Francisco's visionary lead.

North Central Arizona's Coconino Plateau is a beautiful, desirable place to live, and the area's population is expected to jump from 96,125 in 2000 to 184,650 in 2050. The problem with that growth is, of course, water. In 2001 and 2002, RMI collaborated with Carbondale, Illinois-based Planning and Management Consultants, Ltd. to explore creative ways to avert looming water shortages. RMI's Richard Pinkham found that substantial additional supplies could come from increased efficiency, increased reuse of currently available supplies (graywater reuse and wastewater reclamation), and increased rainwater harvesting. All told, RMI's report, the **North Central Arizona Water Demand Study**, identified 23 suitable water-saving technologies and management practices, as well as 20 suggested implementation techniques. Regional water stakeholders are now likely to fund a follow-up. Once again, RMI's nearly 20 years of water efficiency work is quenching an important thirst for knowledge.

ERS program:

RMI's mission statement says it all. The Institute has been and probably always will be about fostering the efficient use of resources—both natural and human capital—in smart, fair, just, practical, and safe ways. Over the past two decades, we've focused especially on the huge resource issues of energy and water—two of our species' biggest, most earth-altering necessities, yet likely the two things whose proper management and care are still most widely neglected. Beyond energy and water, RMI also seeks elegantly frugal solutions in design and engineering, transportation, and occasionally farming, forestry, and genomics.

Energy & Resources Services works in many different arenas and ways, each solution individually crafted for the job. We show utilities how to sell efficiency and homeowners how to use it. We teach community leaders and civil engineers about rainwater collection and wastewater treatment. We help companies, cities, and universities mitigate climate change while improving their bottom line. We offer creative options for access and mobility, and connect agriculture to the land and design to nature. RMI staff members hold workshops, conduct research, analyze and design resource plans, publish books, and deliver influential speeches. We meld Mother Nature's wisdom with technological and market innovations, and share the results with a humanity eager for new approaches to resource conversion and use.

ERS future:

E.F. Schumacher might've summed it up best when he titled his landmark book *Small Is Beautiful*. We agree small is beautiful when it comes to most resource issues, but RMI has shown how small is also *economic*. During the past five years, and especially during 2001-02, a dozen RMI Energy & Resources Services experts worked overtime to put the finishing touches on *Small Is Profitable: The Hidden Economic Benefits of Making Electrical Resources the Right Size*. This definitive work describes 207 ways in which optimizing the size of "electrical resources"—devices that make, save, or store electricity—increases their economic value. *SIP* shows that "distributed" (decentralized) electrical resources are typically worth about tenfold more than previously assumed. *SIP* is initially directed at the electricity sector, but applies far more widely: indeed, we've already led an EPA-funded technical seminar applying the same logic to making water and wastewater systems the right size. Small is beautiful, certainly, but making systems the right size for the job often makes them more profitable.

"I am proud that San Francisco will be **a leader in the development of solar energy**. We need to do so in a sustained, orderly manner that is cost-effective. I have put together a team of well-qualified experts at the Department of the Environment and the San Francisco Public Utilities Commission that will lead this effort."

Mayor Willie Brown, Jr.



Green Development Services

2001–02: Our **Green Development Services** staff was phenomenally busy this past year. Not only were staff members doing their usual overpacked schedule of speeches and consulting jobs, but several major GDS projects of 2001–02 could help to transform global thinking. Perhaps our most important work this year was with refugee settlements, which we want to turn into **Sustainable Settlements**. As the World Health Organization has noted, “Almost two billion people—one-third of humanity—were affected by natural disasters in the last decade of the 20th century.” People driven from their homes have a vast diversity of needs, desires, and preferences, and their varying situations present an enormous challenge for humanitarian

agencies; many efforts fail due to cultural, environmental, and technological gaps and mishaps. In mid-February 2002, Rocky Mountain Institute and Dr. Eric Rasmussen, a Navy officer and former Fleet Surgeon for the U.S. Navy’s Third Fleet, joined forces with an array of relief organizations to rethink refugee-and-displaced-persons settlements from scratch. Not surprisingly, our design network’s vision across boundaries proved invaluable, yielding both immediately promising ideas and long-term methodological innovations. Today the work is continuing in several complementary formats (www.carebridge.org). It will become more important as worsening resource shortages, conflict, and natural disaster cause ever greater crises for the world’s poorest people—those whose only possessions are what they can carry.

Today, the “megamalls” of the 1980s are being replaced by the “ultramalls” of the 21st century. In spring 2002, RMI staff members, along with two dozen of the nation’s leading experts on green development, met to help steer the design of **DestiNY USA**, a \$2-billion, 3.2-million-square-foot entertainment, retail, recreation, dining and hospitality resort planned for Syracuse, New York. RMI consultants Bill Browning, Huston Eubank and Tom Feiler worked with Rick Fedrizzi, founding chair of The U.S. Green Building Council, to advise DestiNY USA developers on energy efficiency, daylighting, building ecology, materials,

indoor light and air quality, solid waste management, public-private funding opportunities, transportation, and many other topics.

With gratifying speed, green building is taking off everywhere. One day it may even be a regular feature of Washington’s corridors—literally. That’s because in spring 2002, RMI’s Bill Browning participated in the first-ever **U.S. Senate roundtable** discussion on green building techniques—an encouraging step for the nation’s leaders, who for once are ahead of most of the marketplace. Sen. Jim Jeffords (I-VT) organized the meeting so that Senators could learn about the advantages of making federal buildings more energy-efficient. Browning presented case-studies on existing green buildings, sparking a lively discussion. Sen. Jeffords chairs the Senate Environment and Public Works Committee, which has jurisdiction over federal environmental programs but also oversees all federal buildings managed by the General Services Administration (GSA). This includes federal courthouses, the headquarters of federal agencies, and other federal buildings spread throughout the 50 states. Just think: one day the nation’s halls of power might be halls of power efficiency.

* **Charrette:** a very intensive, highly integrative, transdisciplinary, roundtable workshop that brings together stakeholders and experts at the very outset of a design or problem-solving process. It yields an ambitious design product, typically conceptual with some extension into early schematic design. RMI’s experts have led scores of charrettes, designing everything from buildings to cars, chipmaking to chemical processes, businesses to refugee camps.

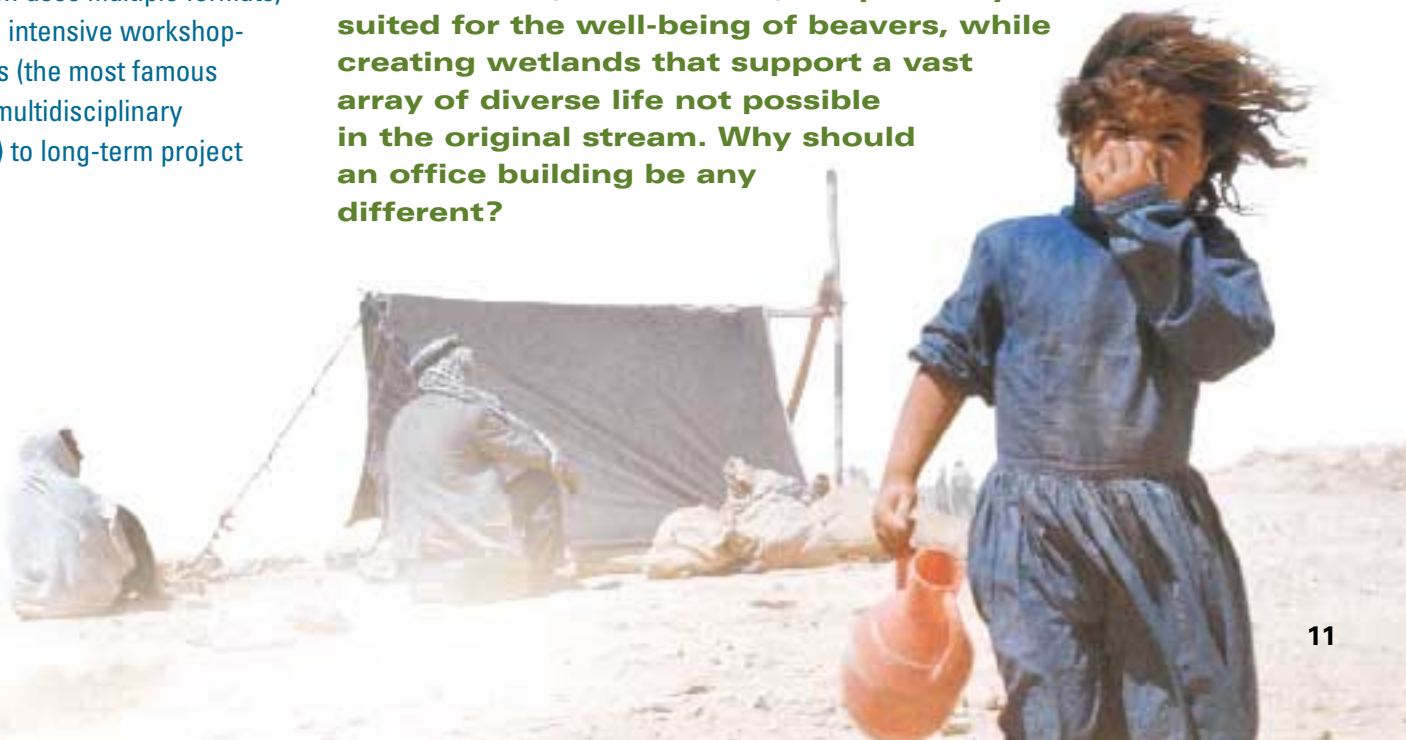


GDS program:

Through its ongoing success with the integrated design charrette,* **Green Development Services** has shown that the linear design process (applying each discipline to a building design sequentially) is no way to achieve high-performance buildings. That's why, when we're asked to make a building project "green," we assemble a wide cross-section of experts in such disciplines as architecture, engineering, business, hydrology, and biology—then encourage a thoughtful, creative, and often entertaining integrated dialogue. Combining the expertise of many then unveils hidden connections and savings in materials, water, energy, and other resources, greatly enhancing the quality of the building and site while typically reducing capital cost. Often the practical solutions revealed go far beyond any single building or landscape; they reach across communities and industries, nations and continents. Our green design consultation uses multiple formats, from large, intensive workshop-type events (the most famous being our multidisciplinary charrettes) to long-term project guidance.

GDS future:

In early 2002, Green Development Services began two research projects meant to change how buildings are conceived and built, and how they affect their occupants, environments, and communities. The goal is to take environmentally sound architecture beyond the current focus on energy/resource efficiency to become proactively life-enhancing for daily human well-being and to promote long-term rejuvenation of life on earth. The first research area, *biophilia*, explores the human response to the natural environment (E.O. Wilson, *Biophilia*, 1984). A biophilic building maximizes the occupants' connection to the natural environment and replicates psychologically significant aspects of our ancestral homes to create a more habitable, productive, and healthy indoor environment. The second research area, *biomimicry* (Janine Benyus, *Biomimicry*, 1997), uses Nature as a mentor for solving human design problems. During the 3.8 billion years of evolution, poorly adapted or inefficient design solutions became extinct. The systems that evolved demonstrate ultimate materials efficiency, harness current solar income, and neither pollute nor require energy-intensive and toxic inputs. Nature, in short, already operates a vibrant and durable economy, so that needn't be reinvented; we need only design in harmony with it. The built environment need not degrade the natural one, nor harm human health. For most of the Earth's history, structures built for shelter have allowed their inhabitants to thrive, while enhancing the biodiversity around them. Beaver dams, for instance, are perfectly suited for the well-being of beavers, while creating wetlands that support a vast array of diverse life not possible in the original stream. Why should an office building be any different?



Education & Outreach

future: **Some of the greatest mistakes in design were a result of the simple linear thinking that most educational facilities teach. Young people simply aren't seeing enough of life's big picture. Rocky Mountain Institute has long held education near the forefront of its responsibilities, and in the past year, launched some important teaching initiatives. However, we must strive for a wider audience. We must introduce our work regularly and systematically at the nation's top business, law, and military/intelligence schools, thereby catching emerging elites early enough that they will embed our thinking in their own organizational cultures and teach it to succeeding generations.**

2001–02: According to researchers at Penn State, “carbon monoxide, hydrocarbons, and other pollutants are making their way to North America from Asia. [The] pollution ... can take from four to ten days to reach North America.” In 1998, the World Health Organization found that seven of the ten most polluted cities in the world are in China. On a small planet, the United States is a very close neighbor, and China's pollution is, in fact, our problem. More importantly, China is on the brink of an industrial revolution. As over 1.3 billion people leap into consumerism, China is becoming one of the most powerful manufacturing forces

and biggest consumers the world has ever seen.

At this critical time, Rocky Mountain Institute has been asked by Chinese educators to help influence their country's thinking. In the spring of 2002, the **University of Peking** in Beijing asked RMI to conduct a **semester-long course** on natural capitalism for the nation's future leaders—addressing topics ranging from hydrogen infrastructure to sustainable community design. The University hopes to use this pilot project to establish an ongoing educational and consultative partnership with RMI. Led by researcher/consultant Christina Page, RMI prepared a curriculum that will be presented in Beijing classrooms this fall.

Probably our greatest education and outreach tool in recent years has been the RMI website (www.rmi.org), which gets between 45,000 and 60,000 “visitors” per month. Several staffers and interns are devoted to outreach, and we try to answer every question from the public. Even our two modest main buildings are open to visitors and

tours. (Several years ago, we estimated that over 50,000 people had toured our efficient headquarters building—today, the number could be as high as 70,000—and we're preparing a “virtual tour” for the website.) The coming year looks bright for RMI, and we hope to expand our educational capabilities to meet ever-rising demand.

Part of our education and outreach mission includes generating **new intellectual capital**—research and publications important to our mission. In 2001–02, this included such diverse products as a Web-based “Opportunity Finder” that helps communities find income streams based on Natural Capitalism principles; a *Scenario Analysis of Alternative Electric Resource Options*, for the San Francisco Public Utilities Commission (p. 8); *Cleaner Energy, Greener Profits: Fuel Cells as Cost-Effective Distributed Energy Resources*, funded by the W. Alton Jones Foundation; *The New Business Climate: A Guide to Lower Carbon Emissions and Better Business Performance*, funded by the Goldman Foundation; and *Oberlin College: Carbon Neutral by 2020*, funded by the Educational Foundation of America.



future:

Strategic Influence

Strategic Influence is inherently unpredictable, so it's best to be always prepared. RMI staff members know this tenet of life at a cutting-edge think-and-do tank only too well, and have been known to get on planes hours after getting a key phone call. Technically, RMI doesn't have a formal Strategic Influence program, but we have something more important: experience. Since 1977, RMI staff members have been meeting frequently with heads of state and Presidents (17 so far), activists, business leaders, academics, professional organizations, and students. In the past year, RMI experts met with senior Administration officials, the Governor of California, the Mayors of Oakland and San Francisco, two senior European Royals, captains of industry, the Secretary of the Navy, and numerous Flag officers.

2001–02: The 11 September 2001 terrorist attacks in New York and Washington, DC changed life forever in the United States and prompted thoughts and concerns about every aspect of this nation's infrastructure. RMI founders Amory Lovins and Hunter Lovins had addressed the topic back in 1982 in their groundbreaking Pentagon study *Brittle Power: Energy Strategy for National Security* by showing how vulnerable the U.S. energy system is to terrorism, and how to turn that fragility into resilience. Still, some had never heard the message; others needed reminding. So RMI hired a team of typists to retype *Brittle Power* into modern electronic format, then posted the book on our website and distributed chapters

at influential professional conferences and other venues.



Additionally, RMI staff members authored several pieces about the best way to achieve **national security and national energy security**. These appeared in *The American Prospect*, *Nikkei Ecology* magazine (Japan), the *Christian Science Monitor* (in an op-ed coauthored with former CIA Director R. James Woolsey), and elsewhere.

At the August 2002 **United Nations World Summit on Sustainable Development** in Johannesburg, Secretary General Kofi Annan pushed for concrete results in five areas: water and sanitation, energy, health, agriculture, and biodiversity. Luckily, RMI had been steering the event all along. In June 2001, RMI co-founder Hunter Lovins helped guide the preparations for the summit when she was selected as one of only four U.S. participants for a Preparatory Conference held in Vail. Drawing on RMI's two decades of whole-systems thinking, she offered important recommendations that helped to guide heads of state from over 100 nations as they tackled development issues at the summit.

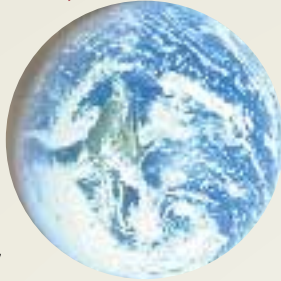
"You might think of it like this: we inhabit the earth, and **we must rehabilitate** our one and only planet."

*Kofi Annan,
United Nations Secretary General*



What RMI's Supporters Have Received

for their ~\$23 million investment, April 1982–June 2002
(including July 2001–June 2002)



Energy

Found how to make big energy savings cheaper than small ones (“tunneling through the cost barrier”)

Laid most of the conceptual and technical foundations for the \$5-billion-a-year “negawatt” (electric-efficiency) industry, including its definitive technology syntheses

Created, incubated, spun off, and sold E SOURCE (www.esource.com), the world’s leading technical information service on electric efficiency

Co-created a pioneering utility demonstration project proving that most of the energy consumed in new and old buildings can be cost-effectively saved

Invented most of the ~20 ways now in use for making markets in saved electricity and other resources

Devised an integrated strategy for a transition to the hydrogen economy that is profitable at each step, starting now, and helped to launch its commercial adoption

Predicted grave problems with California’s electricity restructuring, then contributed to their correct diagnosis and creative policy responses

Codified 60–80 market failures in buying efficiency, and ways to turn them into business opportunities

Helped 17 heads of state understand the relationships between efficiency and security, environmental protection, and prosperity

Helped twice to save the Arctic National Wildlife Refuge from oil exploitation, most recently by publishing and disseminating an influential July/August 2001 *Foreign Affairs* paper on the prospect’s serious economic and national-security risks

Showed in *Small Is Profitable: The Hidden Economic Benefits of Making Electrical Resources the Right Size* how decentralized generators are typically about tenfold more valuable than had been thought

In *Cleaner Energy, Greener Profits*, summarized this thesis for early use of fuel cells

Synthesized 20 classes of overlooked policy instruments that can accelerate efficiency and renewables without changing prices, taxes, or regulation

Advised senior state and national policymakers on quickly and profitably getting off oil

Advised Native American leaders on profitably applying huge Tribal renewable energy resources to national needs

Transportation

Invented and incubated the hypercar® concept, which has the potential to save as much oil as OPEC now sells and can make light vehicles ready for direct-hydrogen fuel cells

Helped spur the global auto industry to invest ~\$10 billion in ultralight hybrid-electric vehicle development

Spun off Hypercar, Inc. (www.hypercar.com) to support the industry’s transition (this private firm, in which RMI retains

significant equity, then raised \$7 million of private capital and designed the world’s first uncompromised and cost-competitive 99-mpg midsize SUV)

Introduced the hypercar® concept to business leaders, academics, and government officials throughout the world, including China

Advised automakers, financiers, and the Administration on accelerated automotive development, industry strategy, and policy integration

Led an auto industry panel advising Congress on how to refocus the goals of the Government/Big Three “FreedomCAR” program and reinvigorate U.S. automaking

Codified integrated elements of a least-cost transportation policy

Climate

Reframed the debate by showing academics and CEOs, starting in 1981, that climate protection is not costly but profitable

Helped refocus U.S. policy on “barrier-busting” during and after the Kyoto conference

Showed how nuclear power worsens global warming compared to better buys, hence why its continuing economic collapse helps protect the climate

Helped STMicroelectronics, the world’s #4 chipmaker, set its goal of zero carbon emissions in 2010, by showing how to cut carbon per chip profitably by 92–99 percent

Devised an archetypical plan for Oberlin College to achieve net zero greenhouse gas emissions by 2020 at a reasonable cost, possibly at a profit—by far the most aggressive goal for any U.S. college or university

Helped Newcastle (Australia) develop and launch its climate-protection policy

Published *Cool Citizens: Household Solutions* and *The New Business Climate*, to guide climate-saving efforts

Buildings & Land

Synthesized a strategy and a detailed practice for making real-estate development a tool for the profitable healing of natural and human communities

Wrote the field's standard textbook, *Green Development: Integrating Ecology and Real Estate*, distributed by the Urban Land Institute and American Institute of Architects

Prepared and published for the U.S. Department of Energy *Green Developments*, a CD-ROM of 100 case-studies; updated it in 2002 to include 200 case-studies

Founded Green Development Services, an RMI division that is steadily moving the real-estate industry toward restorative design

Showed through numerous case-studies that green buildings boost labor productivity

Helped establish the LEED (Leadership in Energy & Environmental Design) system for rating green building design, adopted by 2002 in dozens of major U.S. projects and increasingly used abroad

Helped design several hundred showcase projects, including skyscrapers, retail spaces, affordable housing, convention centers, the Sydney Olympic Village, the Greening of the White House, and *DestiNYUSA*

Helped design a prototype speculative office building expected to transform the market

Devised and tested in five experiments a “performance-based fee” approach that rewards designers for what they save, not for what they spend

Published several widely used guides to home energy savings

Won national awards from the President's Council on Sustainable Development and Renew America, Louisiana Pacific, and the American Institute of Architects

Served on the Board of Greening America, the U.S. Green Building Council, and the Trust for Public Land's National Real Estate Advisory Council

Working with the world's leading humanitarian organizations, led the redesign of refugee camps, with potentially wide application to other sustainable settlements

Launched a synthesis of existing research on biophilia—the hypothesis that people feel and work better in buildings and landscapes emulating the biomes where humans evolved

Worked with Brazilian officials to design a prototypical school, slated for 2003 construction, that uses 75 percent less energy, yet improves comfort and probably learning

Participated in the first-ever U.S. Senate roundtable on green building techniques applicable to the half-million federal buildings, the nation's largest “fleet”

Co-hosted the first International Green Building Conference in Portland, Oregon

Advised senior Chinese authorities on green design concepts for western Chinese development and for the Beijing Olympic Games

Community Economic Development

Created Economic Renewal, an innovative process and toolkit for promoting sustainable local economies

Through detailed onsite support, directly helped dozens of communities find alternatives to sprawl and resource extraction, and to distinguish growth (more) from development (better)

Developed an “Opportunity Finder” for communities—an Internet-based do-it-yourself tool for developing their wealth while saving resources and improving quality of life

Business Practices

Developed ways to focus the creativity, motivation, and potential of businesses on using resources far more efficiently

Coauthored *Natural Capitalism*, a compelling case for corporations to profit through advanced resource productivity and environmental restoration (now in or entering a dozen languages)

Coauthored condensations of its business case in *Harvard Business Review*, the *World Economic Forum's* magazine, and elsewhere

Coauthored *Factor Four*, adopted by the European Union as a new basis of sustainable development

Gave hundreds of business presentations, lectures, conference speeches, and broadcasts on climate protection, natural capitalism, and resource productivity

Launched a consulting practice based on *Natural Capitalism*—a new organizing framework for RMI's corporate, small-business, and community “applied research”

Consulted with 70 *Fortune* 500 companies, including many of the world's top brands

Developed profitable innovations and compelling case-studies by transforming product, process, market, culture, structure, and business model in industries ranging from beverages to oil,

chipmaking to automaking, chemicals to electronics

For example, developed an “innovation workshop” for a major oil company to cut waste and increase efficiency, and as its first project, found how to save more than two-fifths of the energy used by its most efficient refinery, with attractive economics and many other advantages

Worked with the Society for Organizational Learning (SOL), a corporate consortium, and held meetings with many other NGOs supporting green business reform

Continued a long series of prominent recognitions with a six-page *Fortune* feature

Arranged to teach a fall-2002-semester course on Natural Capitalism at Peking University, and developed other curricular and distance-learning materials for Brazil

Water

Laid the groundwork for a “soft water path”: technologies and management systems that provide the same or better services with less water, and usually with less expensive and expensive infrastructure

Devised environmentally restorative and profitable approaches to the “combined sewer overflow” problem—which threatens to cost 1,300 U.S. cities and towns many tens of billions of dollars—and applied them to a difficult Pittsburgh setting

Led a major workshop, now being emulated elsewhere, to examine ways to recharge depleted aquifers and better manage stormwater and wastewater in the Chino Basin of Southern California

Provided pro-bono analysis and testimony to help get several unwise dams cancelled

Led an EPA-funded technical seminar applying our *Small Is Profitable* synthesis of scale economics to water and wastewater systems

Farming and Forestry

Researched conventional beef-raising practices and the favorable economics of organic agriculture

Coordinated the Systems Group on Forests, generating innovative and profitable ways to reduce pressure on natural forests and helping to resolve a major confrontation

Experimented with optimal restoration practices for degraded western rangeland and for alpine wetlands

Developed a systemic critique of transgenics and supported international multi-stakeholder dialogues on genomics, including a major conference of genomics experts and theologians

Security

Defined a new global security strategy based on the new triad of conflict prevention, conflict non-resolution, and nonprovocative defense; published it in *Security Without War* (1993); and prepared it for reposting on ww.rmi.org

Reposted *Brittle Power*, the definitive unclassified analysis of domestic energy vulnerability, which we'd prepared for the Pentagon in 1981–82

Expanded and disseminated the papers and two books in which our CEO formulated (1979–80) the first internally consistent approach to nuclear nonproliferation, and extended its logic to

novel ways to inhibit the spread of other weapons of mass destruction

Showed many expert audiences how to eliminate oil insecurity at a profit, and how to avoid substituting domestic energy vulnerability for the insecurity of Middle Eastern oil supplies

Helped the Defense Science Board find billions of dollars' worth of annual potential energy savings in military platforms by technical improvements that would also improve warfighting capability, then briefed those findings to military leaders and policymakers

For the Office of Naval Research, found hotel-load savings approaching \$1 million per hull per year aboard a typical surface combatant, the Aegis cruiser *USS Princeton*

Hosted the Chief of Naval Operations' Strategic Studies Group and a similar group studying network-centric warfare

Explored with Naval leadership the application of hypercar® and whole-system design concepts to ships and other platforms with important military and civilian applications

In Flag briefs at the Pentagon, Naval War College, Naval Postgraduate School, and National Defense University, helped the uniformed leadership find creative new ways to achieve their mission and accelerate military transformation



Letter from the Finance Director

This past fiscal year was challenging for RMI, as it was for the national economy, other nonprofits, and private corporations. Many of our efforts were spent laying the groundwork for sustained research, its application, and the infrastructure to ensure it is soundly managed and effectively executed.

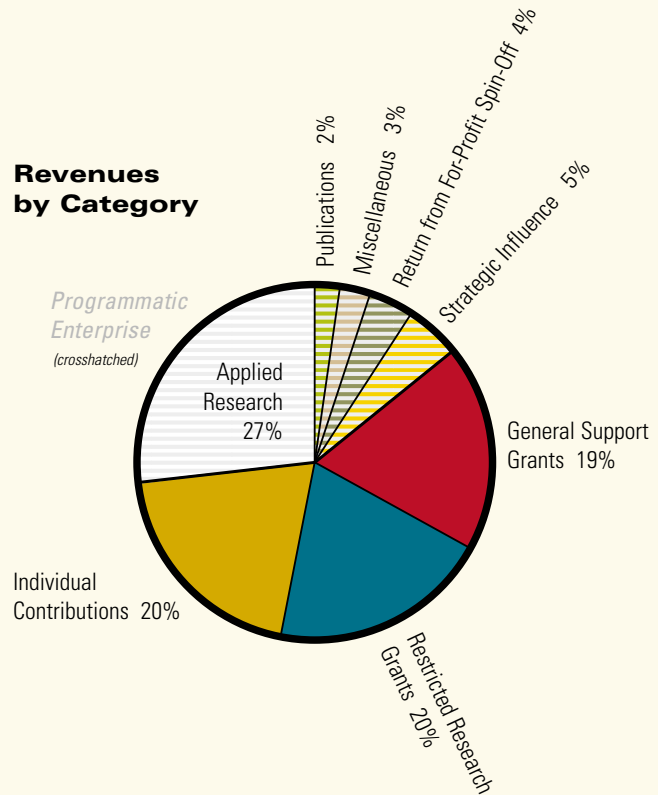
As with most American institutions, the events of last fall significantly affected our operations. Applied research revenues declined, falling below their usual half of operating revenue. Yet, donations and grants increased, reflecting many donors' belief that in such troubled times, the Institute's work is more vital than ever. Individual and corporate contributions totaled \$892,000, our best year ever, and foundation grants rose from \$1.0 million to \$1.6 million.

Operating revenues were below budget by \$2.25 million, due entirely to the reduction in applied research earnings. Management mitigated that loss by cutting expenses by \$1.16 million. Net operating income was (\$696,000), compared with a budgeted surplus of \$127,000, but staff layoffs were averted, preserving RMI's hard-won talent pool.

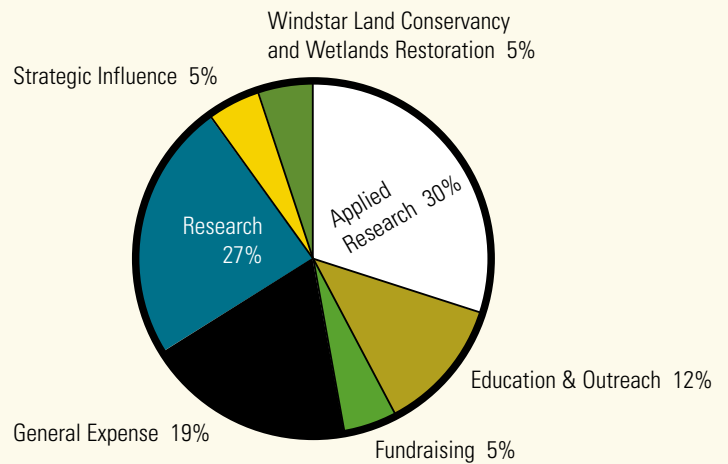
Despite a reduced budget, we made valuable improvements to infrastructure. An "enterprise" information system was installed so we can cost and track each project in detail. That system, now fully operational, provides current and precise management reporting which, with the accompanying responsibility, is being devolved well down in the organization. Departmental reporting was initiated, and management reporting was refined to strengthen operational control, as part of a general increase in operational efficiency and accountability.

RMI has a 70 equity / 30 debt portfolio allocation, primarily using index funds held for long-term appreciation. During FY2002, the Institute's portfolio suffered book losses of \$787,000, although that was partially offset by dividend and interest income totaling \$213,000. Our overall annual return on investment was (8.1) percent. Though that loss

Revenues by Category



Expense by Activity



was significantly smaller than the 17.9 percent drop in the Standard & Poor's Index, the RMI Investment Committee is currently reviewing our investment strategy to reduce volatility and improve return.

We received the final payment from the 1999 sale of E SOURCE, more than \$734,000, in November 2001. In 1999, our board set a policy of annually using 5 percent of the Capital Reserve Fund (initiated with proceeds from the sale of E SOURCE) as working capital, based on a three-year trailing average.

(cont. on p. 18)

Balance Sheet

Audited

thousands of current dollars

	6/30/02	6/30/01	12/31/00
ASSETS			
Cash & Investments	\$ 7,200	\$ 7,299	\$ 7,837
Accounts Receivable	379	804	669
Grants & Pledges Receivable	67	578	605
Inventory	77	70	69
Property & Equipment (Net)	1,768	1,212	1,085
Windstar Land Conservancy Endowment Fund	574	577	563
Other Assets	82	68	75
TOTAL ASSETS	\$ 10,147	\$ 10,608	\$ 10,903
LIABILITIES & NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 133	\$ 623	\$ 305
Compensated Absences	172	120	103
Other Accrued Expenses	436	97	101
Current Portion of Long-Term Debt	749	601	302
Line of Credit	497		
Total Current Liabilities	\$ 1,987	\$ 1,441	\$ 811
Long-Term Liabilities	\$ 977	\$ 544	\$ 763
TOTAL LIABILITIES	\$ 2,964	\$ 1,985	\$ 1,574
NET ASSETS	\$ 7,183	\$ 8,623	\$ 9,329
TOTAL LIABILITIES & NET ASSETS	\$ 10,147	\$ 10,608	\$ 10,903

(cont. from p. 17)

By using only 5 percent of these funds each year, in the fashion of many universities, we will ensure a permanent capital base while providing valuable working capital to the organization.

In a very difficult year, our balance sheet showed some gratifying gains. Our total cash and investments fell by only \$99,000. Receivables dropped by more than half to \$379,000. Accounts payable decreased by 87 percent to \$544,000, and we secured a line of credit for \$500,000, which we

had used by year-end. In addition, in July 2001 we purchased a triplex employee housing building for \$474,000 using tax-exempt financing. We also received an interest-free \$200,000 loan from an RMI supporter in December.

For FY2003, we have developed a team management and reporting system, revenue goals, and staff-formulated bottom-up budgets. These targets, together with a renewed focus on financial stability, should help us achieve a small surplus in the coming year.

Statement of Activities

Audited

thousands of current dollars

	Twelve Months	%	Six Months	%	Twelve Months	%
	Ending 6/30/02	OPERATING REVENUE	Ending 6/30/01	OPERATING REVENUE	Ending 12/31/00	OPERATING REVENUE
OPERATING REVENUES & SUPPORT						
Applied Research	1,375	28.1%	1,314	42.0%	1,992	42.3%
Foundation & Government Grants	1,610	32.9%	1,018	32.5%	1,287	27.3%
Individual & Corporate Contributions	892	18.2%	274	8.8%	821	17.4%
Publishing & Royalty Revenue	82	1.7%	45	1.4%	110	2.3%
Other Revenue	232	4.7%	185	5.9%	55	1.2%
Distribution from Capital Reserve Fund	188	3.8%	91	2.9%		
Investment Income	206	4.2%	100	3.2%	232	4.9%
Contributed Facilities/In-Kind Donations	315	6.4%	104	3.3%	210	4.5%
TOTAL OPERATING REVENUES & SUPPORT	4,900	100.0%	3,131	100.0%	4,707	100.0%
OPERATING EXPENSES						
Salaries & Wages	2,982	60.9%	1,245	39.8%	2,167	46.0%
Benefits	511	10.4%	245	7.8%	425	9.0%
Contract Labor	829	16.9%	769	24.6%	591	12.6%
Other Operating Expenses	1,274	26.0%	757	24.2%	1,519	32.3%
TOTAL OPERATING EXPENSES	5,596	114.2%	3,016	96.3%	4,702	99.9%
OPERATING MARGIN	\$ (696)	-14.2%	\$ 115	3.7%	\$ 5	0.1%
NONOPERATING REVENUES						
Unrealized Gains/(Losses)	(788)	-16.1%	(382)	-12.2%	(555)	-11.8%
Gain on Sale of Assets		0.0%		0.0%	682	14.5%
E SOURCE Revenues	734	15.0%		0.0%		0.0%
Prior Period Adjustment		0.0%	(167)	-5.3%		
Subsidiary Loss		0.0%		0.0%	(79)	-1.7%
Total Non-Operating Income	(54)	-1.1%	(549)	-17.5%	48	1.0%
NONOPERATING EXPENSES	502	10.2%	181	5.8%	335	7.1%
Less Distribution from Capital Reserve Fund	188		91		-	
CHANGE IN NET ASSETS	(1,440)	-29.4%	(706)	-22.5%	(282)	-6.0%

The past year was tough on everyone, but RMI has weathered the storm better than any of us might have predicted, and we look forward to continued vitality underpinned by prudent fiscal management.

Steve Swanson,
Finance Director




Major Donors

Rocky Mountain Institute wishes to thank the following individuals, businesses, and foundations for their contributions of \$1,000 or more in 2001–02

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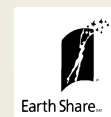
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Ray C. Anderson • Atlanta GA • BS, Georgia Tech; Chairman and founder (1973), Interface, Inc. Millennium Award, Ernst & Young Entrepreneur of Year for the Southeast Region, Sustainability Leadership Award 2001; Mitchell Award 2001. Co-chair, President's Council on Sustainable Development; author, *Mid-Course Correction*.

Janine Benyus • Stevensville MT • BS, BA, Rutgers. Writes and educates in the natural sciences, teaches interpretive writing, lectures at the University of Montana, and works as a “biologist at the design table” helping designers, engineers, and business leaders consult life’s genius in the creation of well-adapted designs. Author of six books, including *Biomimicry: Innovation Inspired by Nature*. Δ , ∂

Robert H. Campbell • Snowmass Village CO, Coronado CA • BS, Princeton; MS, Carnegie-Mellon; MMgmt, MIT; former Chairman, CEO, and President, Sunoco, Inc.; EPA Clean Air Advisory Committee; EPA Blue Ribbon Panel On MTBE; Active in CERES; Trustee, Pew Charitable Trusts; Director, Hershey Foods, Inc.; Director CIGNA, Inc.; numerous non-profit boards. \dagger , Δ

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John C. Fox • Washington DC • Chair of the Board, Executive Committee, and Consulting Practice Committee. BAsC, Toronto; MBA, McMaster; PEng; Managing Director, Perseus LLC; former COO, Ontario Power Generation; former Manager, Energy Efficiency Services, Pacific Gas and Electric Company.

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Christine Loh • Hong Kong • LLB, University of Hull, England; LLM, City University of Hong Kong, Doctor of Law, University of Hull; Founder/CEO, Civic Exchange, Hong Kong; former Member, Hong Kong Legislative Council and Founder, Citizens’ Party; writer, filmmaker, broadcaster; former Managing Director Commodities Trader, Salomon Inc., and Project Director, CIM Co. Ltd. Σ

Amory B. Lovins • Snowmass CO • MA, Oxford (by special resolution), eight honorary doctorates; physicist, author, consultant, cofounder and CEO/Treasurer of RMI. \dagger , π , ∂

David Orr • Oberlin OH • BA, Westminster; MA, Michigan State; PhD, University of Pennsylvania; Chair, Environmental Studies Program, Oberlin College, trustee of numerous private foundations, author of five books.

Martha C. Pickett • Carbondale CO • RMI Executive Director, 1998–present; MA, Colorado; JD, Denver; private law practice in Aspen area; legal counsel to RMI since 1991; President, Windstar Land Conservancy.

Brian A. Rosborough • Concord MA • Chair, Development Committee. JD, Florida; President, Digital Nations Foundation; founder, Chairman, Earthwatch Institute; Senior Fellow, Media Lab Asia; Chairman, Awosting Institute, NY. Former CEO Earthwatch, former investment banker, naval officer. Current Trustee Deerfield Academy, Boston Fulbright Committee, Earthwatch Institute. Past Trustee, Princeton University, Mt. Holyoke College, ETC. Currently working on technology for development and social entrepreneurship with the UN.

Adele Smith Simmons • Chicago IL • Chair, International Advisory Council Committee. BA, Radcliffe; PhD, Oxford; former President, Hampshire College and John D. and Catherine T. MacArthur Foundation; Vice Chair, Chicago Metropolis 2020; Senior Associate, International School, University of Chicago; Director, Marsh & McLennan Companies, Union of Concerned Scientists, The Synergos Institute; World Bank Institute Advisory Committee; former member of President Carter’s Commission on World Hunger and President George H.W. Bush’s Commission on Environmental Quality. Ω , π

The following nonvoting Emeriti Board Members have served more than 12 years as voting board members:

Irvin C. Bupp
Dana Jackson
James T. Mills \dagger
Carol R. Noyes
Michael Stranahan

The Institute also has seven nonvoting Special Advisors:

Peter Bradford
Jason Clay
The Very Reverend James Parks Morton
Robert Nagourney
James Newcomb
Peter Schwartz
Bardyl Tirana, Esq.

This Annual Report, and the two decades of achievement it represents, are gratefully dedicated to the memory of Development Director Emerita Farley Sheldon.

Chief Executive Officer

Amory Lovins
Odd-Even Bustnes (Special Aide)

Executive Director

Martha C. Pickett

Research & Consulting

Commercial & Industrial Services

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Christina Page
Jason Denner
Joanie Henderson
Kate Parrot
Michael Kinsley

Energy & Resources Services

Joel Swisher, PE, Team Leader
Richard Pinkham (Adjunct)
Bob Wilkinson (Adjunct)
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Former Employees

Special thanks to former employees who contributed during the past year:

Hunter Lovins, Co-Founder and Co-CEO, Norm Clasen, Charmaine Boudreaux, Christopher Juniper, Christy Hamrick, David Payne, Doreen Clavell, Jennifer Cairns, Jessica Hood, Jill Randall, JoAnn Glassier, Karl Rábago, Marilyn Wien, Mark Scott, Melissa Newsom, Nancy Johnston, Nathan Child, Randi Lowenthal, Rick Heede, Todd Kline, Tom Feiler, Sunny Harrison, Thammy Evans;

and to former interns: Amanda Ayres, Eliza Eubank, Jennifer Atlee, Lauren Yarmuth, Peter Gage, Peter Light, Ryan Bennett, and Sarah Stokes.

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*Rocky Mountain Institute is an entrepreneurial, nonprofit organization
that fosters the efficient and restorative use of resources to create a more secure, prosperous, and life-sustaining world.*

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