



UPDATE
GLOBAL
RESEARCH
PROJECT

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As Albert Einstein once said: “No problem can be solved from the same level of consciousness that created it.” And so it goes with the transition to a sustainable and low-carbon economy. How could we expect to respond to the greatest challenges of our time using the thinking and models that led us to this point?

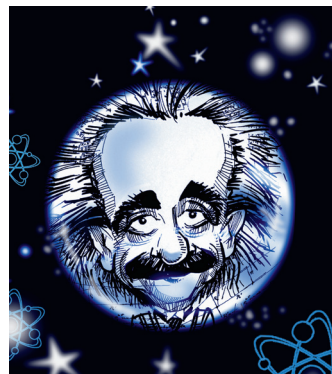
This month we look at a number of companies that are fundamentally changing the way they think about their business models to deliver sustainability and superior commercial performance.

InterfaceFLOR is cited for its many groundbreaking initiatives, but at the core of its strategy is the profound view that most business is currently based on a fundamentally unsustainable culture of consumerism, with needs satisfied in ‘take-make-waste’ paradigm. In its mission to become the world’s first truly sustainable corporation, InterfaceFLOR realised it must come up with a new approach to business as well as technological innovation.

This has led to the creation of new business models that focus on delivering services and adding value to customers in a closed loop approach, rather than just selling material products. The chief aim is to create a cyclical process that returns materials back to the Earth (natural cycle) or back into their factories to create new carpets (industrial cycle). Key enablers include holistic and systems thinking, along with the recognition of the company’s position in the ‘natural cycle.’

Skanska AB, the global construction and development group, has a strategy focused on moving step-by-step towards developing what they call a Deep Green Society. They see the enormous potential in this field and are intent on generating more green

The greatest challenge of our time requires new business models



Albert Einstein: a telling theory on problem-solving

business, secure in the knowledge that one day all projects will need to be sustainable. In its *Green Thinking* publication, CEO Johan Karlstrom makes three inspirational statements, which underpin the company’s vision and strategic intent and also empower its leaders and employees to make a difference now. He says: “We already have the necessary technology for Deep Green construction. We don’t need to wait for a technological revolution.

“We carry out green construction because it is the right thing to do. It is also good business – for our customers and us.

“And you are the driving force for change. There is no need to wait for international agreements

and national mandates.”

Sustainability is at the heart of Triodos Bank’s mission to make money work for positive social, environmental and cultural change. Although not as large as the mainstream banks, Triodos now has a balance sheet worth €4B and is the largest investor in wind farms in Europe.

The Triodos business model is based on lending to and investing only in organisations that benefit people and the environment. The bank’s ownership model protects the integrity and independence of its approach; all Triodos Bank’s shares are held in trust, are not listed on any stock exchange and traded only via an internal market. It is the first bank to publish 100% of the loans it makes.

Do these new business models work? There is evidence to prove the best performing investments in the long-term come from sustainable enterprises. While it can be hard to discern the direct impact of a strategic move towards sustainable business on overall company performance, we can draw conclusions from understanding the cause and effect relationships in our case studies.

InterfaceFLOR is number one in its market, with 35% market share. Between 1996 and 2008,

a period in which it reduced its global carbon footprint by 71% in absolute terms, the firm increased sales by two-thirds and doubled profitability. Skanska AB has been able to maintain higher margins even in a weakened market. Construction, which represents the company’s largest business stream, achieved a record operating margin of 3.9% during 2009. Greater customer focus is explained as one of the key enablers in maintaining margins, but it is also hard to imagine how this could be achieved without a differentiated offer, integrating sustainability principles. And Triodos Bank grew its business by 20% in UK and 30% in Europe during 2009.

These companies and others like them (both large and small) are shining a light in these challenging and uncertain times. It is inspiring to see what can be achieved through being proactive, developing new business models, driving markets and even re-designing commerce based on sustainability principles.

Michael Townsend is the founder and CEO of Earthshine Solutions. For more info on the Global Research Project, visit globalsustainablebusiness.org