



Business as usual is not the answer

Forum for the Future's Sally Uren says that when it comes to sustainable business, business as usual isn't the answer



Moving to a

sustainable business model will require a wholesale transformation of how a business does business. Photograph: Hans Neleman/Getty

Sustainable business models are the next big thing for organisations, for the simple reason that business as usual won't allow us to meet the huge environmental and social challenges we currently face.

From food security to energy security to social inequality, business as usual isn't the answer. Business models driven purely by profit, with no consideration for environmental impact and no recognition of the social value of goods and services, will not prosper in a sustainable future.

What is a sustainable business model? In "business model speak" it describes how an organisation creates, delivers and captures value in a truly sustainable way, it is the way to deliver commercial success while also being aware of the environment and delivering products and services that improve people's quality of life.

What a sustainable business model is not is creeping incrementalism – tweaks here and a spot of product innovation there in other words. Moving to a sustainable business model will require a wholesale transformation of how a business does business.

The good news is that a sustainable business model can exist in an unsustainable world. It is the model for the business, not the overall economy. However, switching to a sustainable business model will identify ways in which the wider political and economic system needs to change – and is therefore a good route to broader system innovation.

This week [Forum for the Future](#) held our second Business Network event at our new office in New York. The purpose was to explore what the transition to sustainable

business models looks like in practice. We heard from two of our leading business partners – Richard Gillies, director of Plan A at Marks & Spencer and Dan Bena, director of Sustainable Development at PepsiCo.

Both speakers gave brilliant insights into their companies' journeys towards sustainability. But despite both companies making fantastic progress, it clear was that a truly sustainable business model was still some way off. I'd like to propose seven ways that organisations can begin the transition towards a sustainable business model.

1. Experiment with new financing mechanisms. These could include forward purchase agreements for suppliers to allow them to experiment with new production methods, match funding arrangements with government bodies and the really effective concept of a sustainable innovation or investment fund – a pot of money held centrally that effectively seed funds new ideas, or provides top-up funding to make something happen that is outside current operating budgets. PepsiCo has a sustainable investment fund, M&S a sustainable innovation fund. Both companies are using these central pots of cash to successfully kick-start sustainable innovations across their businesses.

2. Aim to profit from sustainability. Don't view the sustainability programme as a cost; view it as an investment that will yield financial benefits to the business. A great example here is Marks & Spencer's Plan A. In year one of the plan this was framed as a £200 million investment, in year two the plan broke even, in year three it generated £50m net profit from a mixture of resource efficiencies and creation of new products.

3. Integrate sustainability thinking into the DNA of the business. From incorporating sustainability performance into cash bonus schemes to embarking on full-blown change management programmes, both approaches will bring sustainability into the heart of the business. This will shift people's perception of sustainability from being "just another thing to do". Fundamentally, this integration means redefining your organisation's view of what internal success looks like. Reward and recognise your staff for making sustainability a success.

4. Recognise the need to change the value proposition. In our current consumption-driven society, value is often associated with volume. But buying lots and lots of stuff, which isn't really needed and ends up being thrown away after one use isn't the path towards sustainability. Businesses need to harness the power of their brand and marketers to help consumers equate quality with things other than volume. Quality should also be about where and how something was made – ethically – how it can be used – efficiently – and what happens when we've finished with it – recyclable. Ultimately, sustainability needs to be an attractive value proposition for everyone.

5. Start to shift your product portfolio. Either through choice editing (taking the sustainability villains off the shelves) or actively promoting the more sustainable choice; start to ensure that the product portfolio begins to reflect your sustainability policy aspirations, not business as usual.

6. Be clear what the journey towards a truly sustainable business model looks like. Identify the transformational changes that the business needs to make. By having a clear road map towards sustainability, a business is less likely to shuffle forwards with just small tweaks. The goal is transformational jumps, not small steps.

7. Innovate, innovate, innovate. Everywhere. From product design to service delivery, to

internal and external communication, to business strategy planning, innovation is key to delivering the holy grail of a sustainable business model.

Both M&S and PepsiCo are well down the road towards a sustainable business model. We urgently need other businesses to join them on the journey.

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