

Rethinking business

The new social and environmental drivers of sustainable growth

By Peter Fisk, author of *The Good Growth Guide*



We live in a time of unprecedented change. In business we face challenges and opportunities that are more critical and complex than ever - where the consequences of failure are unimaginable, and the impact of our decisions are felt instantly across the planet.

A fragile economy and a climate out of control, poverty across half the planet and scarcity of natural resources, the distinction of species and explosion in population, ethical dilemmas on every corner, and low confidence and trust in business.

These are symptoms of a changing world. The cries for help at the end of an industrial age, the shift in power towards the developing world, and the recognition that we can only sustain our livelihoods with new behaviours, new thinking, and a new balance.

These are challenging times to lead and manage a business, even more difficult to create and sustain profitable growth.

We know that the old wealth-obsessed models of business are broken, and we have already begun to feel the consequences. We struggle to balance our priorities and ambitions - the pursuit of personal and business success, whilst also seeking to make the world a better place. Is it possible to do both?

Sustainability has moved from a fringe movement to a fast growing market. Consumers no longer feel conflicted by the issues, but committed to supporting change. Doing good is no longer about sack cloth and frugality, but it can feel and taste good too. We realise that it is no longer a nice to have, but a must do. We realise that it is no longer a peripheral activity but fundamental to every aspect of how we do business, every day, everyone.

A business that puts social and environmental issues at its core, can achieve sustained advantage over others, and be confident again of profitable growth, whilst also becoming the driving force of change in society, and make a positive contribution to the world.

There is no paradox or conflict, as some suggest.

Business really can grow and be good. Despite a rapidly increasing global population and carbon emissions that threaten the air we breathe – it is possible to continue to grow economically, and replenish the resources we use. Of course it is likely to be a different sort of growth. It will be less about volume, more about profit; less materialistic production and more about supportive services, less self indulgent and more enabling people to live better lives.

The business case, beyond “saving the world”, is based on both the opportunity of emerging and sustainable markets, and also on significant risk of unsustainable practices in future. The consequences of not changing are not just for the world we leave behind for our children, but more immediately through the liabilities of increasing financial penalties imposed by governments, by supply chains, and ultimately by consumers.

Of course, business already tries to be more responsible. Yet CSR (corporate social responsibility) strategies are typically peripheral compensation. They are often, the clean caring icing on the big dirty cake. They are about compliance, seeking to compensate for their damage, or to protect increasingly fragile reputations.

“Good growth” is much more than that. It is about taking the issues of sustainability from the fringes to the heart of business and rearticulating fundamental strategic questions – why we exist, where we should focus, how we are different, and why people will choose it, want to work for us, and invest in our business.

Consider the magnitude of the challenges, and the consequences.

As the global population mushrooms towards 9 billion, cities like Beijing, Los Angeles and Mumbai will triple in size. Whilst the global “middle class” is the fastest growing section of society, with its high aspirations and higher consumption, a billion people survive on less than \$1 a day, 3 billion on less than \$2 a day. 3 billion people have no access to clean water, 800 million are hungry, and 10 million children die before they are five.

Yet the “bottom of the pyramid” have dreams too, they seek better lives and demand more. Together, they represent an estimated \$5 trillion market.

Add to this, the environmental challenges. Every year we destroy 44 million acres of forest, creating an increasing imbalance in the way nature produces and absorbs carbon dioxide. We lose 100 million acres of farmland, cutting down trees, diverting natural irrigation, and creating 15 million acres of new desert around the world. We emit 8 billion tonnes of carbon into our atmosphere, only 3 billion tonnes of which can be reabsorbed. We use 160 billion tons more water each year than is being replenished by rain, enough to require a 450,000 km convoy of trucks.

As a result of this damage 200 million people will become refugees due to flooding and drought if the climate warms by 2-3 degrees by 2050. Or financially, insurance claims will increase by \$320 billion due to storms and floods, if carbon emissions continue to rise at present rates – making insurance premiums too expensive for most individuals or companies. The deforestation will reduce crop yields across Africa by 33%, adding to the hunger. And a 5m rise in sea levels, caused by melting polar ice caps, will wipe out many coastal areas, with consequences including a predicted 11% decline in China’s GDP.

The challenges are complex and connected. Whilst we seek to reverse climate change, conserve water and relieve poverty, we also care about issues such as human rights, fair trade and supporting our local communities. Whilst we seek to act more ethically and responsibly, we also care about our own wellbeing and happiness.

Green is not enough. It requires a more joined-up approach. It requires business to do more than improve, but to think differently, to change its game.

Maybe blue is a better colour.

The new business world demands blue sky thinking, ideas that open up new “blue oceans” of opportunity, and redraw the blueprints for business practice.

It is not just about reducing, but reconsidering how we do things. Climate change is most effectively addressed by rethinking and redefining the resources we use, rather than seeking to limit the damage by belatedly planting a few more trees. And similarly, in business it is not about product enhancements and campaigns that jump on the bandwagon. People quickly see through the greenwash, demanding real transparency in return for trust.

Business needs to address its economic, social and environmental challenges holistically, and to understand how they can combine as positive forces in creating a better world.

Good growth is a more connected approach to business. It demands systems thinking, seeing the bigger picture of why and how we work. It will require us to reject many of the conventions and conveniences of business that created past success - taking new perspectives, finding new solutions, and even finding new measures of success.

It requires us to reconnect with consumers who have lost faith, suppliers who feel beaten up, and sometimes even with competitors where together we can have more impact.

It demands the vision and courage of business leaders, and every manager across the organisation, to release business from the shadows of a failing world, to realise a new spirit of entrepreneurship and innovation through which we and others can prosper.

Crisis is the prelude to change. Whilst some see change as a threat, others seize the new opportunities. If we look to the East, perhaps to learn a new language as well as find new markets, we would find that the same character in Chinese script represents both ideas.

Welcome to the dawn of a new business world. It's time to think and act differently.

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The Good Growth Guide by Peter Fisk will be published by Kogan Page in October 2009

Peter Fisk is an inspirational author and speaker, consultant and entrepreneur. His best-selling book *Marketing Genius* has been translated into 28 languages, and he was recently described by *Business Strategy Review* as “one of the best new business thinkers”. *Business Genius* describes the challenge of sustaining business growth through turbulent times, and *Customer Genius* defines how to build the customer-centric business.

He has worked internationally with market leaders across every sector, including British Airways and Coca Cola, Marks & Spencer and Microsoft, Virgin and Vodafone. He was the transforming CEO of the Chartered Institute of Marketing, led the global strategic marketing consulting team of PA Consulting Group, managing director of Brand Finance, and partner of strategic innovators The Foundation.

He now leads The Genius Works, helping business leaders to see things differently – to develop and implement more inspired strategies, innovation and marketing. *The Genius Lab* is an accelerated innovation process. *Zoom Ventures* brings together business investors and social entrepreneurs. *The Fast Track* is an accelerated development programme with workshops and retreats worldwide.

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