

Creating Sustainable Value

NEW BUSINESS MODELS

PROF SUZANNE BENN
IMAC8, Langkawi,
28 September, 2016

UTS BUSINESS SCHOOL

WHAT IS THE PROBLEM?

WHY SUSTAINABILITY ?

WHY SHOULD WE IN BUSINESS SCHOOLS CARE?



MASS CONSUMPTION

So What Happened?





**BLACK
LIVES
MATTER**

**BUY
NOTHING**

#BLACKOUT

JUSTICE

*Melting ice in
Arctic*



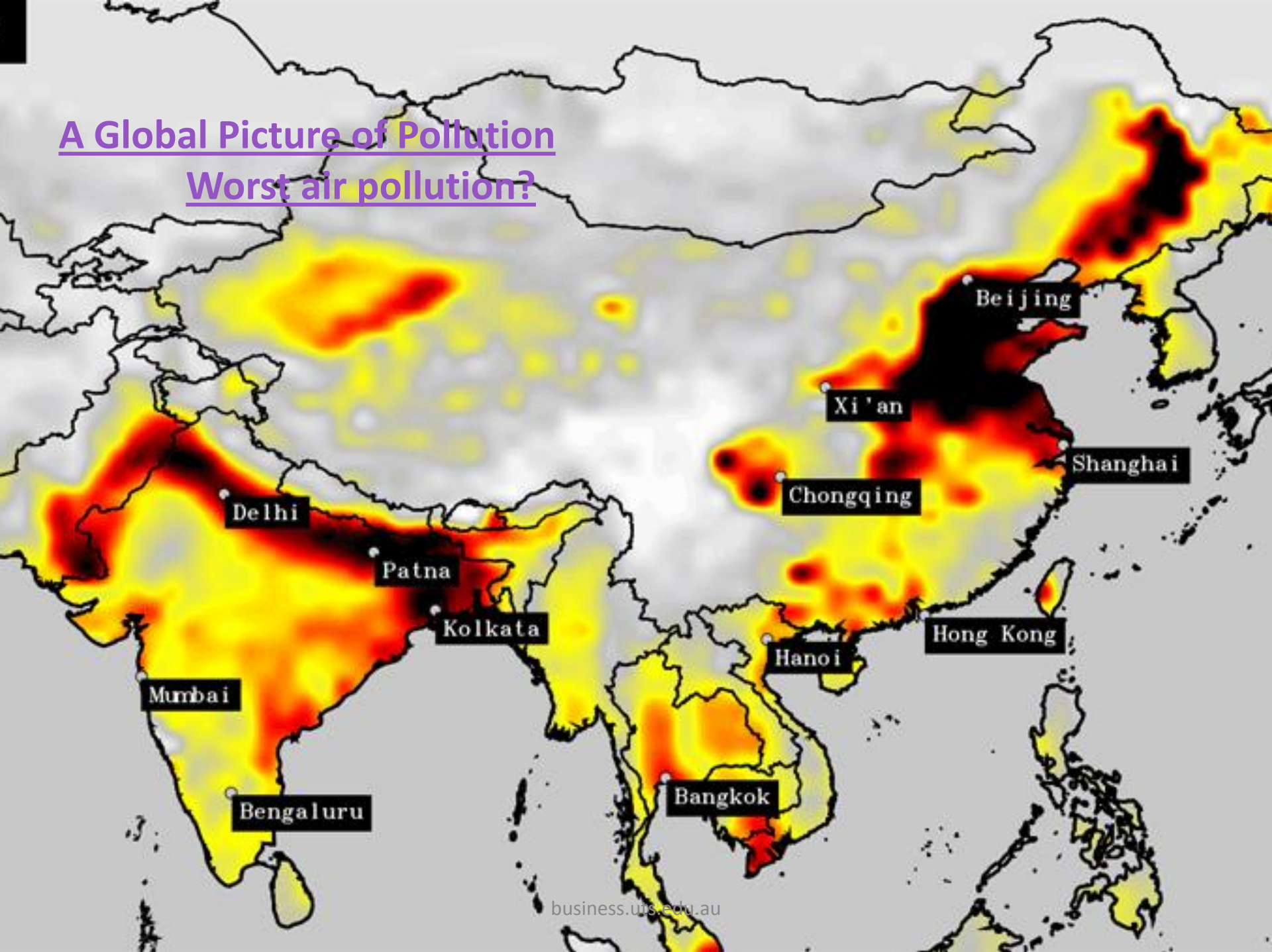
***Bushfires in
Australia***



Floods in UK



A Global Picture of Pollution
Worst air pollution?



Pollution in China

Under the Dome

<https://m.youtube.com/watch?v=MhIZ50HKIp0>



THE CASE OF PALM OIL



GREENPEACE

LIFE SUPPORTER

PROTECT THE RAINFORESTS, SUPPORT LIFE.

Donate now ▶



Nestlé Good Food, Good Life



GREENPEACE CAMPAIGN



FERRERO AUSTRALIA & NEW ZEALAND

Half of all packaged products in supermarkets contain palm oil

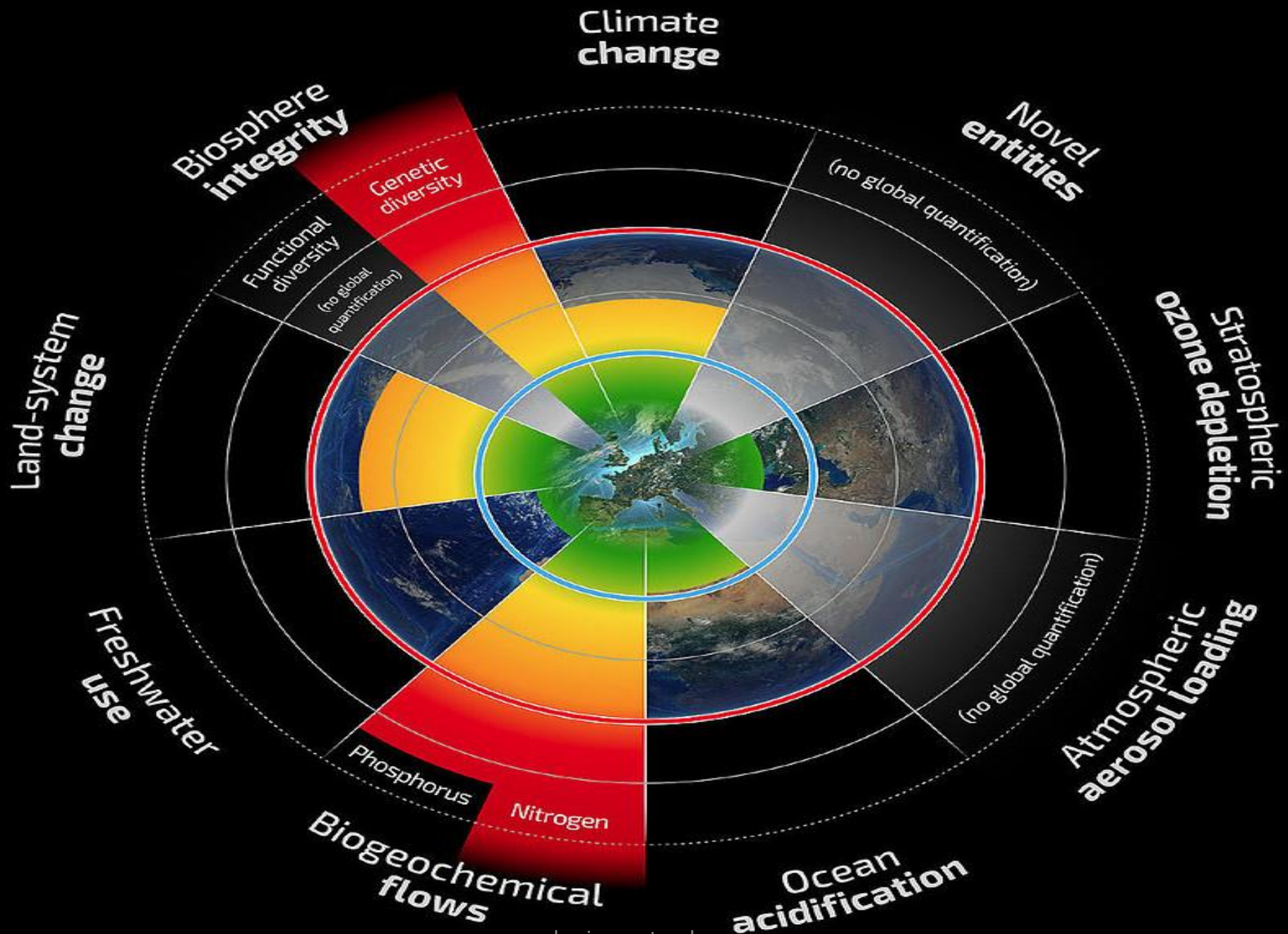


Consumers have power but do they exert it?

Dr Paul Burke: *The biggest takeaway from our work is that people are not ethical/sustainable on each and every occasion – We need to better understand the reasons for why/when they will buy ethically and why they will not*

(see Burke et al. 2014).





THE ANTHROPOCENE

‘A new geological era arising from impact of human activity on the Earth system as a whole’

GOVERNANCE IN THE ANTHROPOCENE

‘governance of planetary boundaries requires repeated, legitimate and inclusive assessments and a review of the architecture of international institutions. More attention should also be paid to innovations that are sensitive to the bonds between social and ecological systems’.

See <http://stockholmresilience.org/research/research-news>



**THE ROAD
AHEAD LOOKS
GRIM**



*We can't solve problems by using the same kind of thinking
we used when we created them*
Albert Einstein.

***For example: From resource efficiency to waste as a
resource***

DRIVERS FOR CHANGE

UTS BUSINESS SCHOOL

**NETWORKS AS DRIVERS OF CHANGE:
FOR BUSINESS AND BUSINESS SCHOOLS**

FUTURE EARTH NETWORK

The screenshot shows the Future Earth website homepage. At the top left is the logo "futureearth" with the tagline "research for global sustainability". To the right is a search bar and a "JOIN THE DISCUSSION ON OUR BLOG" button. Below the search bar are social media icons for Twitter, Facebook, and YouTube, and a "GET IN TOUCH" button with an email icon. A navigation menu includes "WHO WE ARE", "NEWS AND EVENTS", "SCIENCE", "IMPACT", "GET INVOLVED", and "MULTIMEDIA". The main content area features a large image of people in a meeting, with the headline "Five ways research can support the Sustainable Development Goals" and a sub-headline "A new commentary in Nature this week outlines the five essential ingredients from research to ensure SDG success." Below this is a section titled "Our activities" with three cards: "RESEARCH AND PROJECTS", "NEW INITIATIVES", and "OUR VISION", each with a "MORE" button. The "Latest" section at the bottom shows three small images: a group of people in a meeting, a landscape with a pond, and a map of East Asia with a red pin over Japan.

Dynamic Planet

Global Sustainable Development

Transformations towards Sustainability

Sponsored by



The Science & Technology Alliance
for Global Sustainability

UTS TEAM: Edwards, Giurco, Perey, Benn



Dr Paul Shrivastava, Exec Director, Future Earth

Implementing sustainable production and consumption will require a change in values and world views, a change in regulations, in business practices, and personal choices. We need to expose the fallacy that material consumption results in satisfaction and improved wellbeing.

The Huff Post 13/10/15

BCORP NETWORK

B Hive B Corp Resources Assessment Login Search bcorporation.com.au Select Region

Brought to you by the community of **Certified Corporations**

What are B Corps? Become a B Corp B Corp Community B the Change News & Media

BEST for THE WORLD 2015

The B Corp Best for the World List recognizes those companies creating the most impact for a better world

[View the list](#)

1,442 B Corporations 42 Countries 130 Industries 1 Unifying Goal

Find a B Corp

Type in a keyword such as company name, location, sector or industry.

[Search](#)

Become a B CORP

[Start Now](#)

EVENTS CALENDAR

Our Events

Find out more about our upcoming events, workshops, webinars and more!

[Read More »](#)

WE have DREAM

What are B Corps?

B Corps are a new type of company that uses the power of business to solve social and environmental problems. Watch our video!

[Read More »](#)

Why B Corps Matter

Our vision is simple yet ambitious: people using business as a force for good.

[Read More »](#)

SO MANY REASONS. WHAT'S YOURS?

Why Become a B Corp?

Lead a movement, differentiate from pretenders, generate press, attract and engage talent

[Read More »](#)

B Hive B Corp Resources Assessment Login Search bcorporation.com.au Select Region

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News & Media

Top Articles About B Corps

Become a B CORP

[Start Now](#)

Australia is Leading the way in Sustainable Business

Mon, May 11, 2013

B Corps' success about businesses being the best for everyone.

The Sydney Morning Herald

Sat, November 1, 2014

Can accountants save the planet?

Sat, October 25, 2014

Companies that care about more than money

THE NEW DAILY

Thu, September 18, 2014

Libbi Gorr talks with Bart Houlihan about the B Corp Certification.

Mon, September 1, 2014

Fran Kelly speaks with B Lab Co-Founder, Bart Houlihan.

Thu, August 28, 2014

arktisma www.arktisma.com.au

TuShare

THE SCHOOL OF LIFE

Small Giants

THIRD SPACES

NETWORK: ENERGY EFFICIENCY IN ACCOUNTANCY & MANAGEMENT

UTS TEAM: BENN, BROWN, CRITTENDEN, BROWN



PARTNERS:

UTS BUSINESS SCHOOL

NSW GOVT OEH

ERNST & YOUNG

UNSW, MQ, UWS

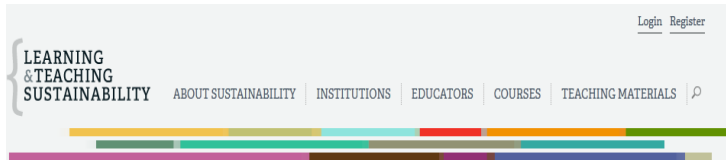
CIMA


WESTPAC

TAFE



LEARNING AND TEACHING SUSTAINABILITY NETWORK



 Sharing sustainability education

MISSION

This site represents a [community](#) of Australian tertiary educators that is supported by the Australian Government. We aim to provide information on [sustainability courses](#) in tertiary [institutions](#) in Australia and to share innovative sustainability [teaching materials](#). [Contact us](#) for more information or [register](#) to contribute to the community.

FEATURED

[Course](#) [Teaching Material](#) [Educator](#)

Commercial Responses to Food Waste Teaching Toolkit

Melissa Edwards

UNIVERSITY OF TECHNOLOGY, SYDNEY

This teaching resource contains all that is required for the development of a tutorial/workshop or several tutorials/workshops focusing on commercial responses to food waste.

The resource contains: Learning ...

[Read more >](#)



260 tertiary educators across Australia

Multiple hits on key resources

Site for collaborative research

Why join our community?

Register to be a member of this [community of practice](#) and:

- have access to exclusive learning and teaching material
- profile your own work and count the downloads - [Paul Brown's](#) materials have been downloaded over 6000 times!
- enter the [curriculum award](#) and be part of the vision to

KEY ISSUE



Food

The focus of the Food page is on food waste reduction. New teaching toolkits from the Love Food Hate Waste project are

UTS TEAM: McGee, Angus-Leppan, Edwards, Benn



SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT GOALS

On September 25th 2015, countries adopted a set of goals to **end poverty, protect the planet, and ensure prosperity for all** as part of a new *sustainable development* agenda. Each *goal* has specific targets to be achieved over the next 15 years.

Eg The agreement reached during the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change, also called COP21, was a big one: world leaders would work to limit warming from climate change to 1.5°C above pre-industrial levels. See 1.5 degrees Conference, Oxford, UK, Sept 2016

CEO Statement of Support for the Sustainable Development Goals



Top ranking
DWSI 2016

TRANSLATING SD INTO CORE CS CONCEPTS

Systems thinking



Enough ...

Socio economic justice



... for all ...

Intergenerational responsibility



... forever.

AND CORPORATE SUSTAINABILITY OVERLAPS WITH CSR

TOP 10 AUSTRALIAN CSR/ CS COMPANIES 2015

- ARUP
- BHP Billiton
- Disney
- IAG
- NAB
- PwC Australia
- Sydney Water
- Telstra
- Teachers Mutual Bank
- Westpac

Source: Australian Centre for Corporate Social Responsibility

RETHINKING CORPORATE PURPOSE

‘When corporations are governed as if only maximisation of shareholder value matters, they are often forced to make decisions that are not always good for their long-term success. This narrow focus on short-term returns has affected the very core of corporate governance’.

‘About 6,000 large European Union companies will be required to report on ESG matters when the directive on non-financial reporting becomes effective in 2018’

Challenging shareholder value myth

ETHICAL AND IMPACT INVESTING

Home / News / World

Oct 13 2015 at 12:27 PM | Updated Oct 13 2015 at 12:31 PM

SAVE ARTICLE | PRINT

BlackRock tries do-good investing after millennials convince Fink



BlackRock data crunchers have devised models to measure the potential financial return and societal effect of certain publicly traded companies. Bloomberg

by Margaret Collins and Sangwon Yoon

It began as idle chatter between two employees in their 20s exploring the intersection of lucre and idealism. Both had read about the practice of investing in companies that seek to do good and still make a profit.

At the time, four years ago, so-called [impact investing](#) was still pretty new and the employees, Zaneta Koplewicz and Robert Morris, noted that their company, BlackRock, the world's largest money manager, had nothing like it. They also noted



RESEARCH:

- > Need for more rigorous standard based reporting
- > Role for accounting bodies
- > Pervasive short termism of fund managers

UTS RESEARCHERS: Clarke, Cotton, Boersma, Klettner, Logue, Sainty, Williams

AT THE INTERFACE OF CORPORATE GOVERNANCE AND SUSTAINABILITY

Rosemary Sainty,

UTS Business School , Founding Aust

Rep to the UN Global Compact

Research Background:

- The global operating environment for business is increasingly complex and interconnected: globalisation, privatisation and deregulation present social, environmental and economic challenges.
- Emerging from this regulatory vacuum – a series of evolving voluntary corporate responsibility and sustainability multi-stakeholder initiatives e.g. Global Reporting Initiative (GRI), UN Principles for Responsible Investment, UN Global Compact, Integrated Reporting etc.
- Yet - major tensions and tradeoffs for corporations continue in aligning economic, social and environmental responsibilities



Methodology: Focus on company Directors; qualitative study

Preliminary Research Results:

Reveal a complex interplay of institutional logics in board decision-making, as directors seek to balance competing interests and a dominant market logic at the interface, eg

- maximising shareholder value vs. broader multi-stakeholder concerns,
- short-term interests vs. long term value creation,
- risk aversion vs. the need to innovate.

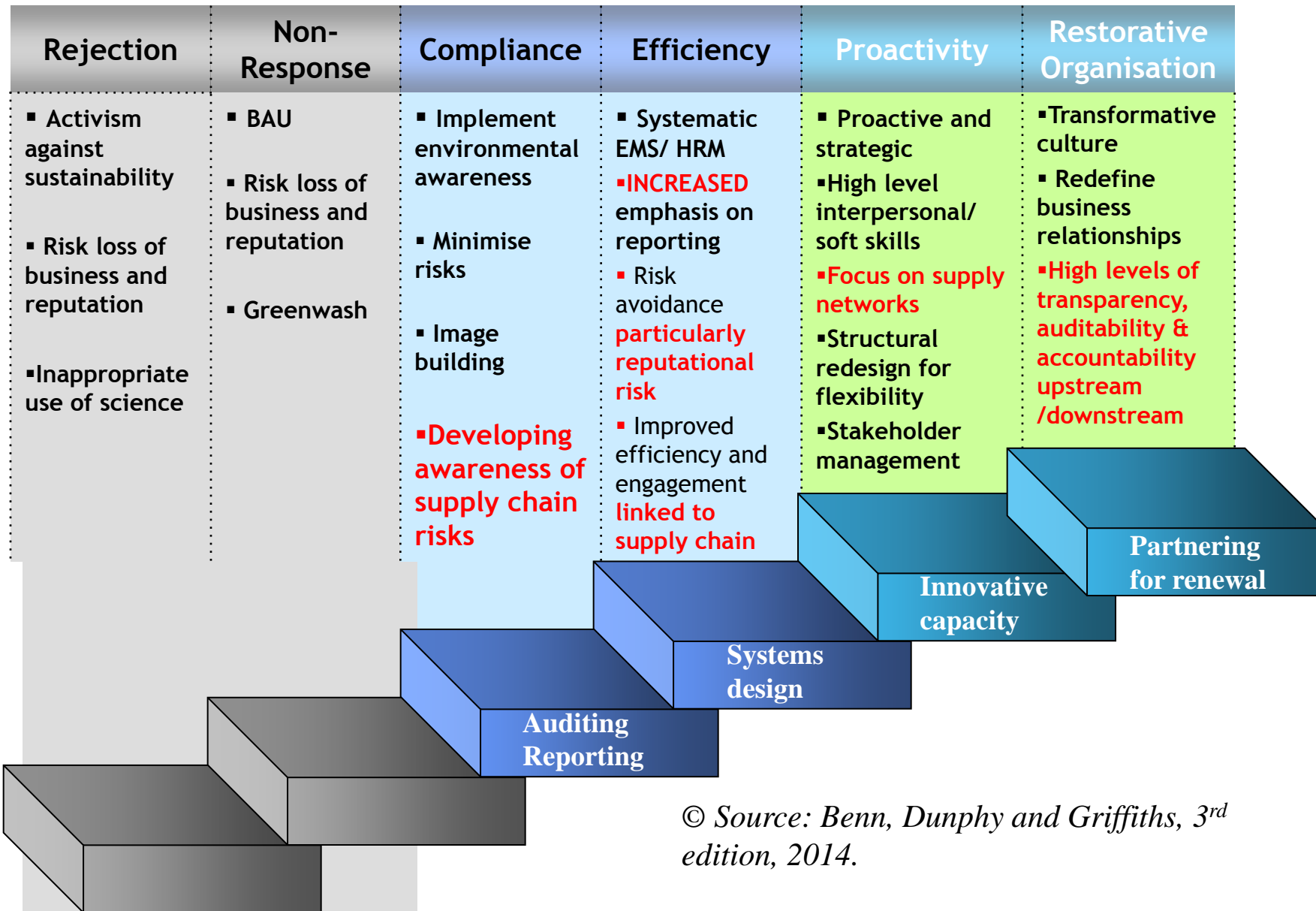
In response, coalitions of actors that make up the CSR institutional infrastructure now seek to align their interests in sustainable development with the corporate interests of business sustainability through

- emphasising a long term approach to value creation - financial, social and environmental.
- challenging the social norm of shareholder primacy influencing the regulatory and policy environment

KEY REFERENCES

- Albareda and Waddock (2016) 'Networked CSR Governance: A Whole Network Approach to Meta-Governance' *Business and Society*, doi: 10.1177/0007650315624205
- Steffan et al, (2008) 'Anthropocene: Are Humans Now Overwhelming the Great Force of Nature?' *Ambio*; 36,

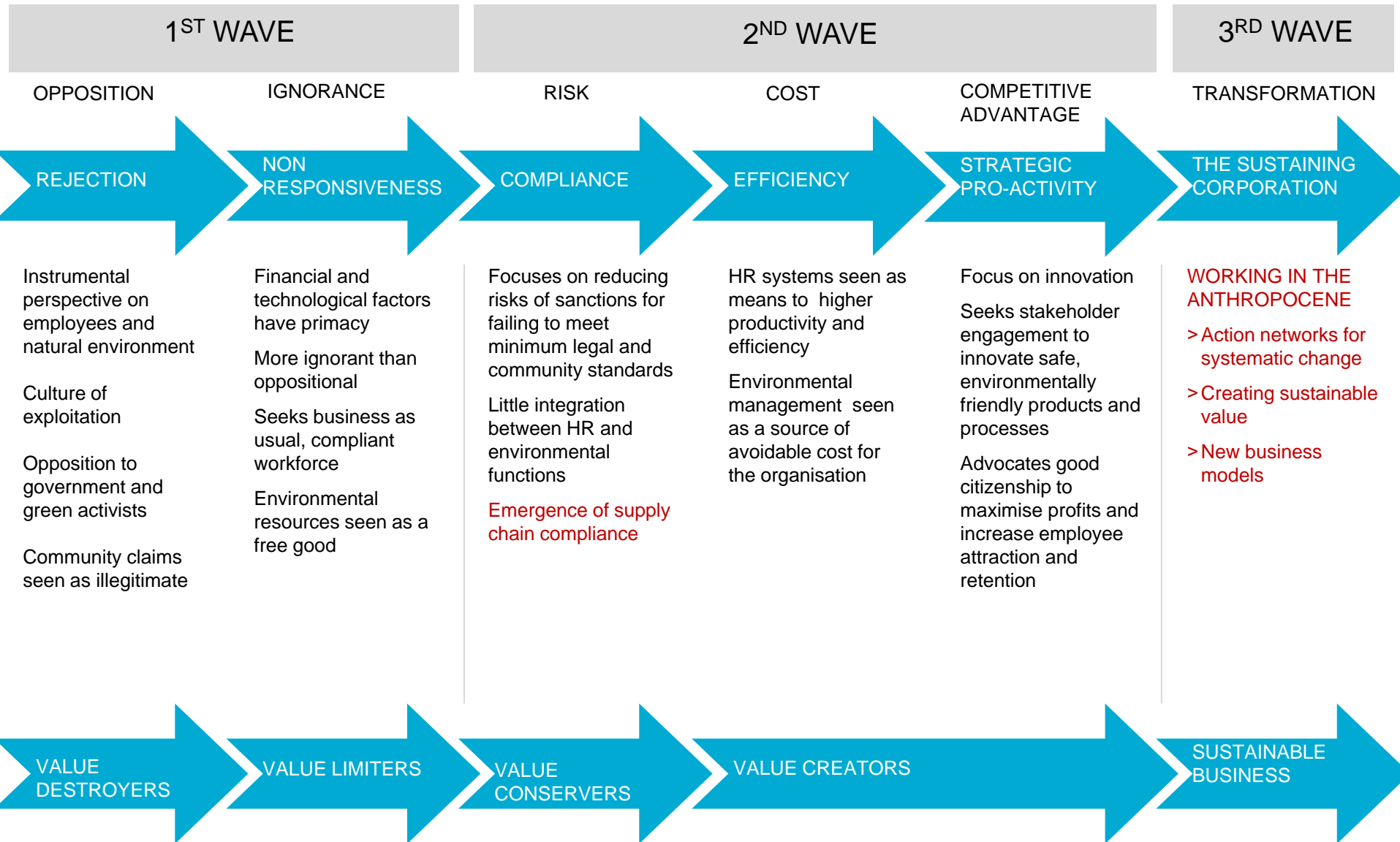
PHASES OF SUSTAINABILITY



© Source: Benn, Dunphy and Griffiths, 3rd edition, 2014.

WAVES OF SUSTAINABILITY

From Benn et al, 2014



THE CASE OF SENDLE

<http://sustainability.edu.au/material/teaching-materials/sendle-case-study/>

<https://vimeo.com/153707622>

WHAT THIS MEANS: NEW APPROACHES TO MANAGEMENT

Human sustainability: emphasis on thriving, vitality and learning are key qualities. Co-creation of resources (Spreitzer and Porath, *HBR*, 2012).

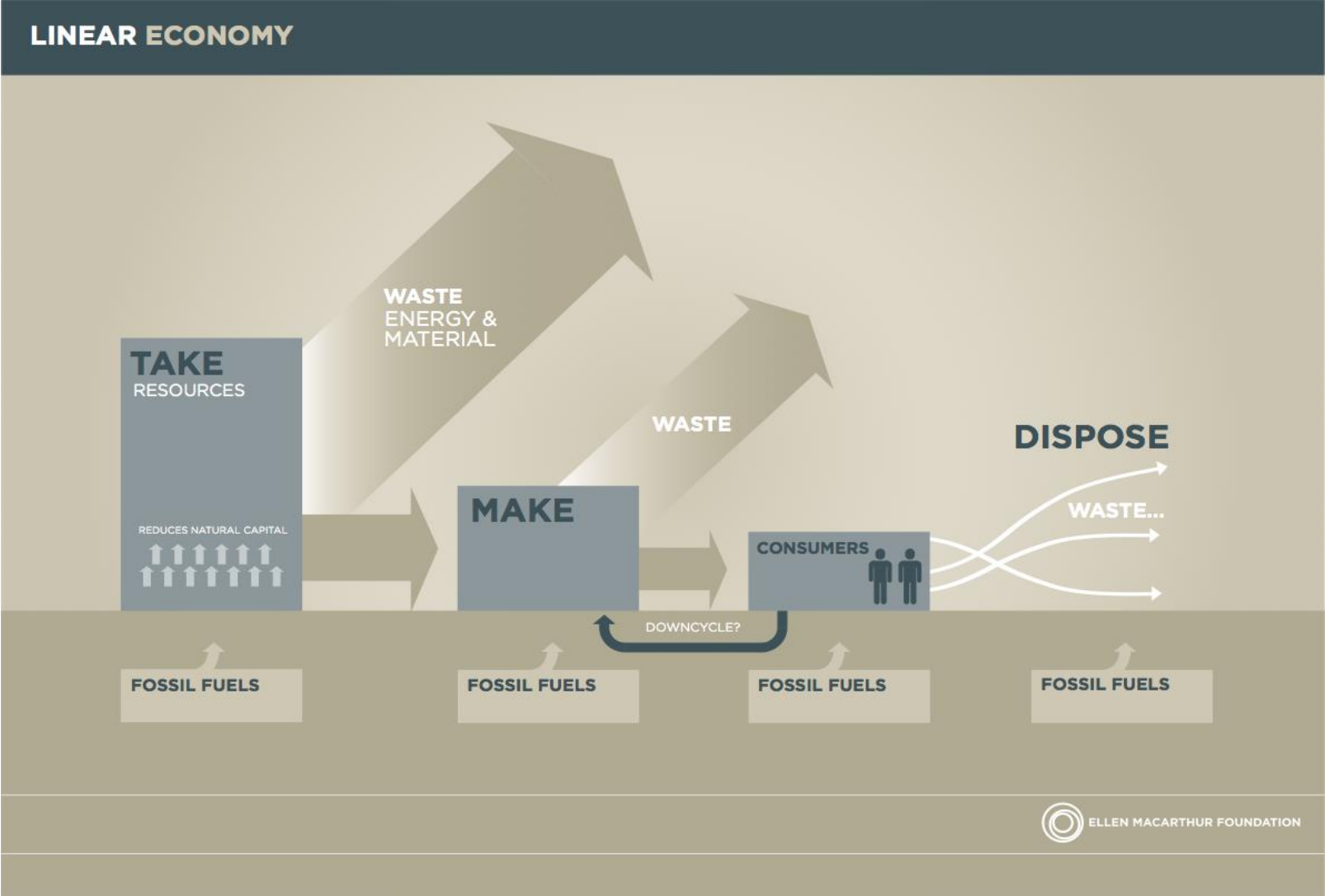
Ecological sustainability: emphasis on innovation and sustainable supply chain management (Benn et al, 2014).

Emergence of new business models

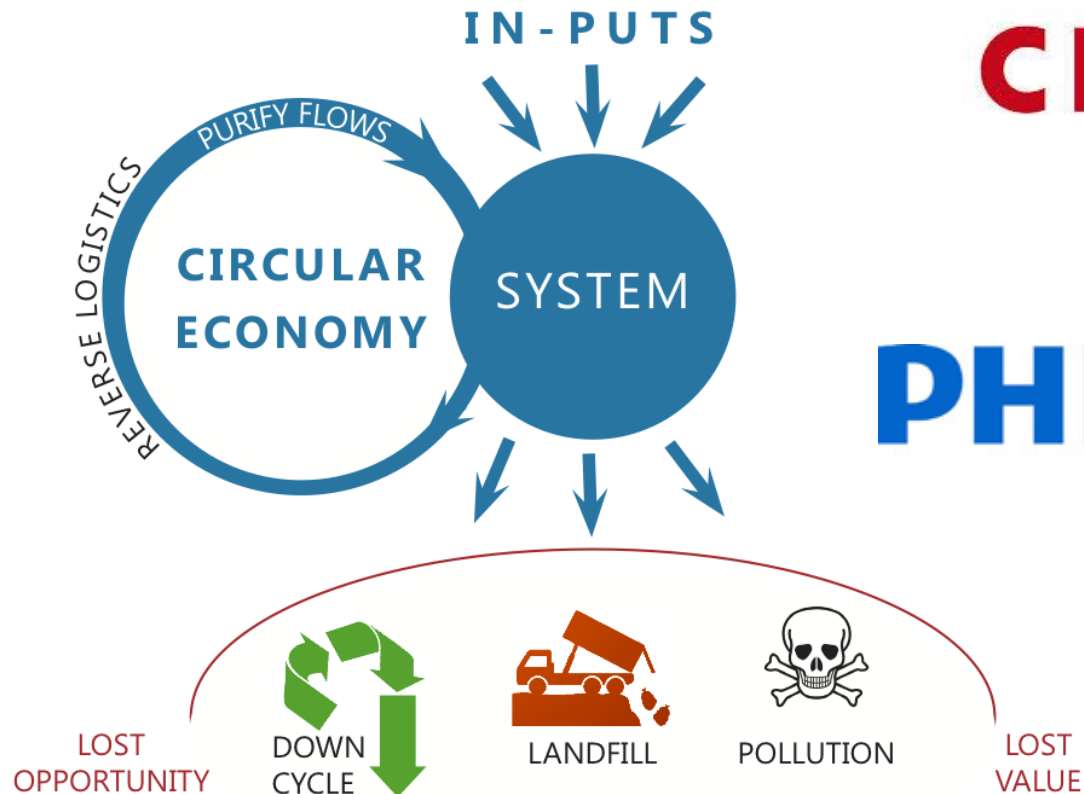
CIRCULAR ECONOMY

UTS BUSINESS SCHOOL

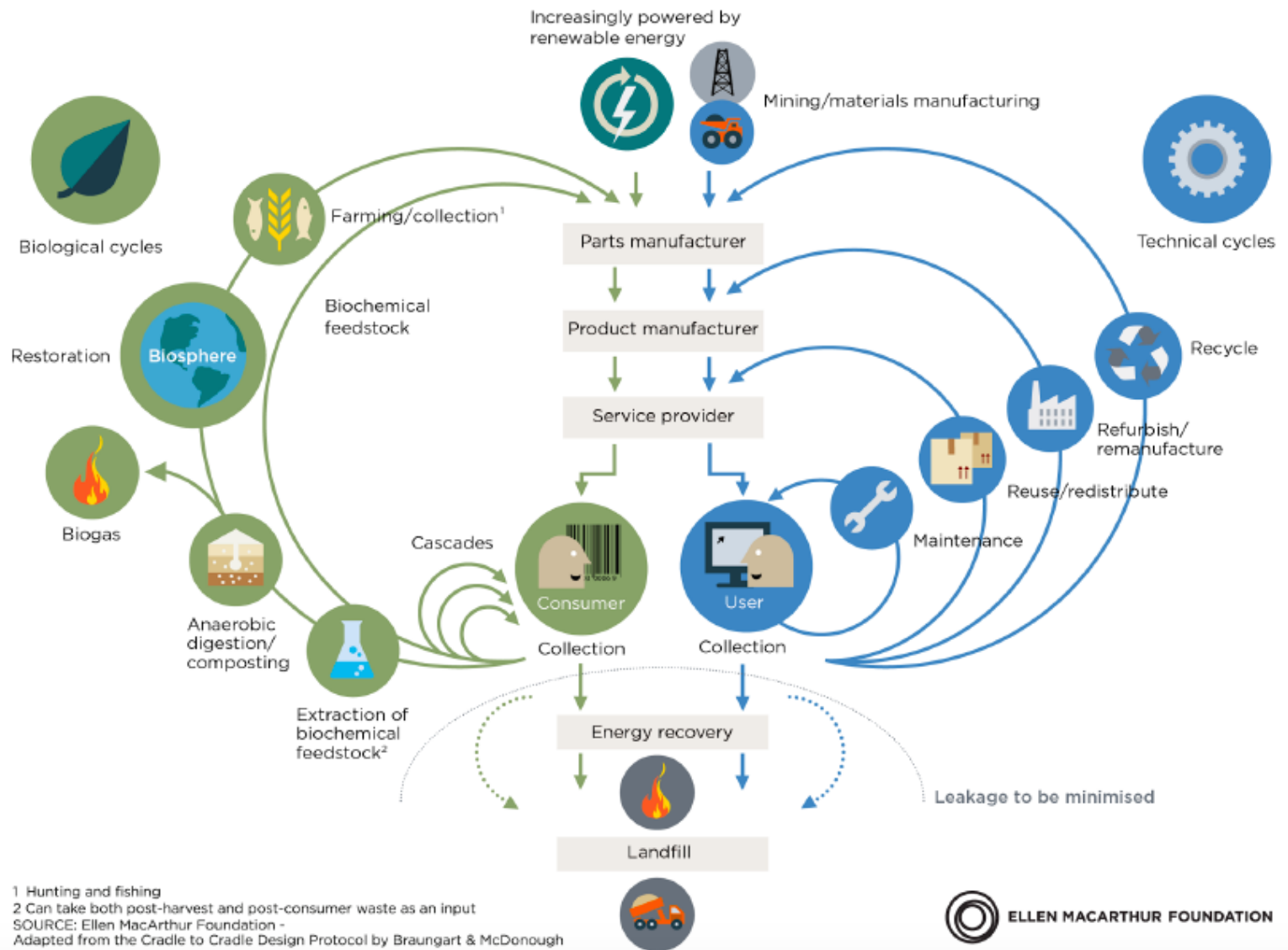
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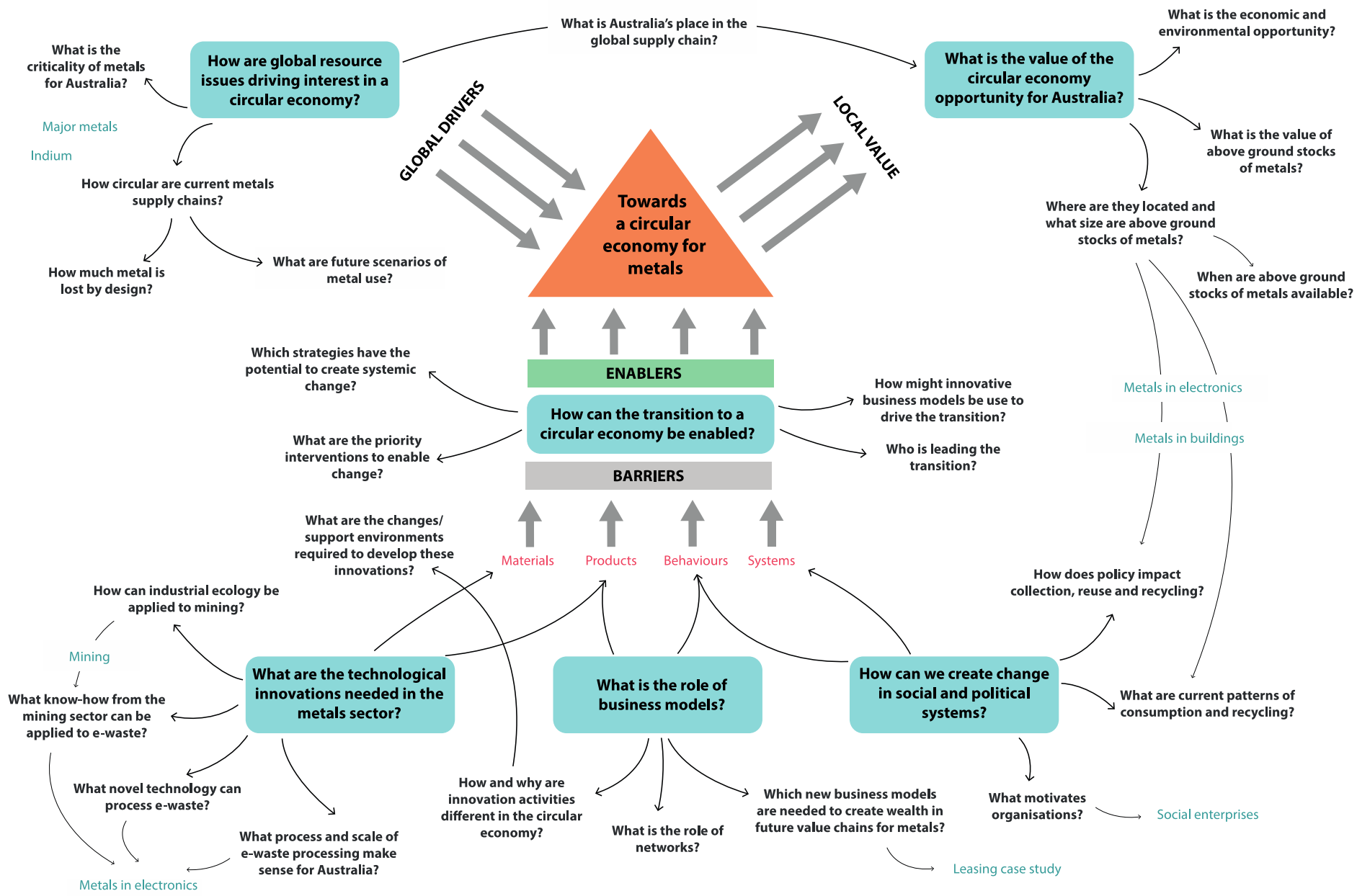


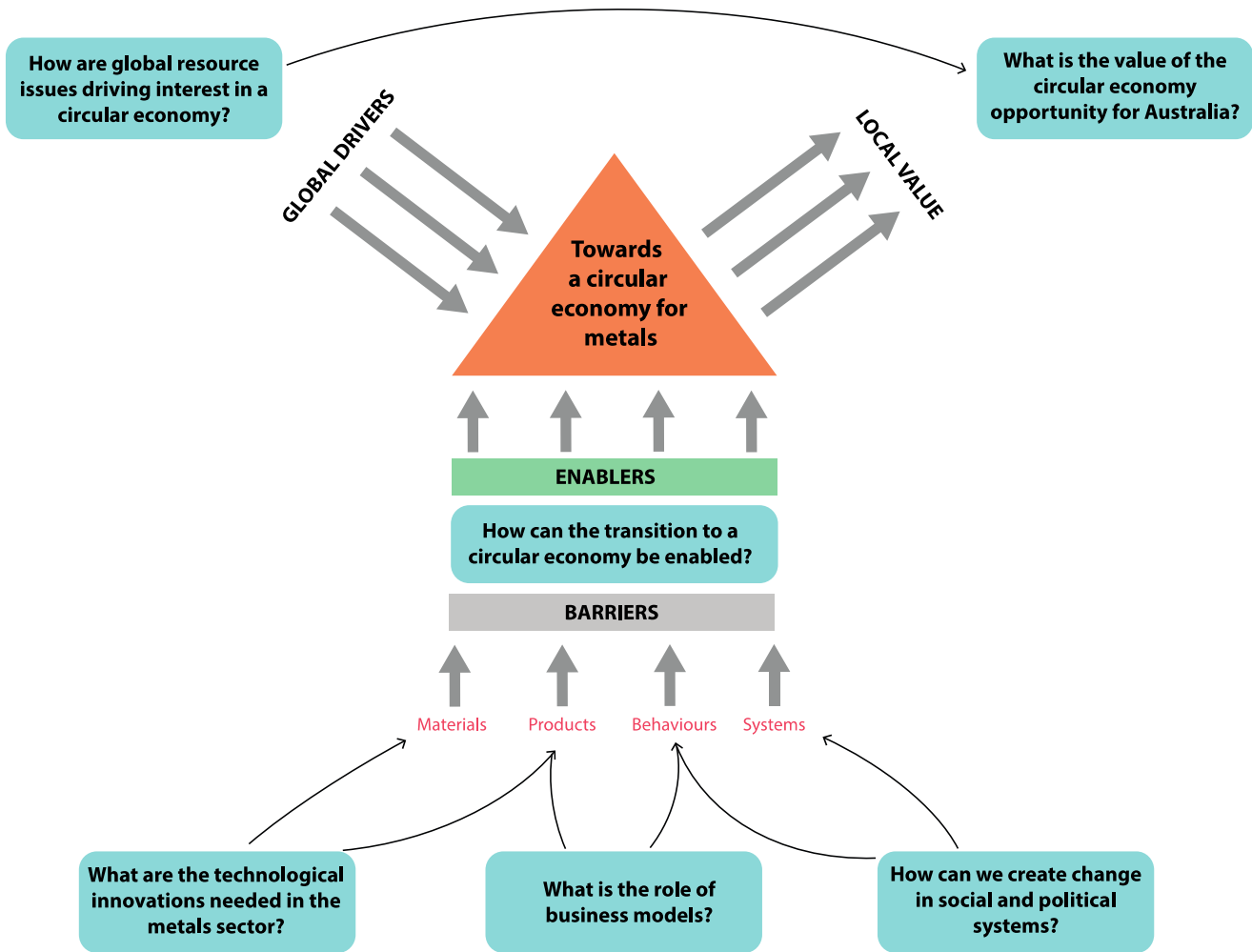
To ... circular economy system flows



CIRCULAR ECONOMY - an industrial system that is restorative by design







ROOTS OF THE CIRCULAR ECONOMY

<http://www.ellenmacarthurfoundation.org/circular-economy/circular-economy/interactive-system-diagram>

The roots of the circular economy lie in at least five preceding schools of thought: regenerative design, the performance economy, cradle-to-cradle, industrial ecology and bio mimicry.

<https://www.theguardian.com/sustainable-business/10-things-need-to-know-circular-economy>

The current 'take-make-dispose' linear economy approach results in massive waste – [according to Richard Girling's book Rubbish!](#) published in 2005, 90% of the raw materials used in manufacturing become waste before the product leaves the factory while 80% of products made get thrown away within the first six months of their life

[Analysis](#) by McKinsey estimates shifting towards circularity could add \$1 trillion to the global economy by 2025 and create 100,000 new jobs within the next five years.

<https://www.theguardian.com/sustainable-business/10-things-need-to-know-circular-economy>

***CE feature*:** shift to selling products as services
(ref.Walter Stahel-Performance economy)



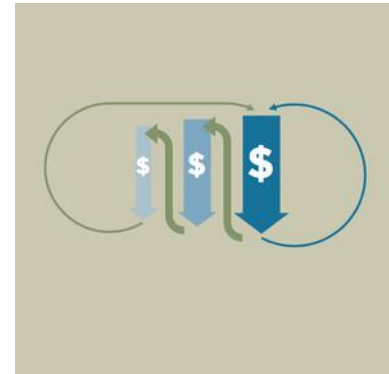
<http://www.product-life.org/en/major-publications/the-product-life-factor>

SOURCES OF VALUE CREATION IN CE

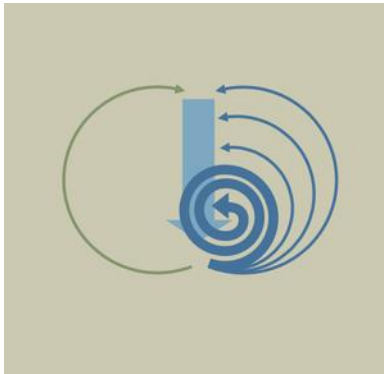
The power of...



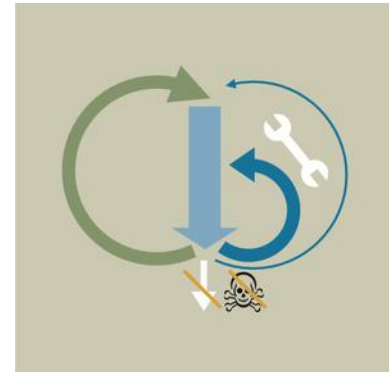
The inner circle



Cascaded use across industries



Circling longer



Purity/ ease of separation

FIGURE 14 Archetypes of supply chains and loops

	China ¹ Europe ²	Description	Case examples
1. Closed global/local/regional loop		<p>Global closed loops</p> <ul style="list-style-type: none"> End-of-use products or components are collected and returned to the countries where they were manufactured to be used in production of the same or similar products, largely at recycled material level <p>Regional closed loop</p> <ul style="list-style-type: none"> Products are mostly maintained in countries where usage takes place Some end-of-use/pre-owned products are collected, re-engineered/re-manufactured regionally, and sold into local markets 	<p>Ricoh used plastics return</p> <p>H&M respinning of fibres for jeans</p> <p>Airplane jet engines for reuse</p> <p>SAB Miller bottled beer distribution</p> <p>Desso closed-loop carpet tile</p>
2. Partially open local/regional loop		<ul style="list-style-type: none"> End-of-use products or components are collected and returned to manufacturing facilities in the same regions to be used in the production of the same or similar products 	<p>Renault engine and gearbox refurbishment</p> <p>B&Q power drill repairs</p>
3. Open cascade		<ul style="list-style-type: none"> For some valuable products, end-of-use materials are collected and sold to secondary markets, where material flows/end-of-use are not regulated, resulting in significant leakages 	<p>Brightstar used mobile phone distribution</p> <p>I:CO sale of used clothes</p>
4. Linear		<ul style="list-style-type: none"> End-of-use products are discarded in landfills or incinerators of countries where consumption takes place 	<p>Relevant for 80% of materials used in FMCGs</p>

¹Or other manufacturing countries
²Analogous to the US and other importing regions

Source: Towards the circular economy, p. 39

EXAMPLES OF 'CIRCULAR' BUSINESS MODELS

- Selling access to a services rather than to goods: e.g. laundry services rather than washing machines, or energy services rather than energy
- Companies like Tata Motors/ Fuji Xerox that refurbish their own old products and then re-introduce them to the market with guarantees.
- Removing the valuable parts of a used product in entirety for re-use
- New recycling techniques that are opening up entirely new vistas for material re-use
- The sharing economy. Think Airbnb or carpooling
- Selling into different markets
- Product re-design

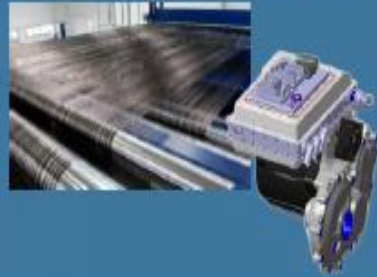
<http://www.fastcoexist.com/3025966/how-clever-companies-are-using-circular-thinking-to-get-ahead>

Eg: BMWi Sustainability defines the product life cycle

BMW i vehicles



Innovative key-technologies:
CFRP & electric motor



New brand



Visionary design language



BORN ELECTRIC

New sales models



360° Electric

Customer related
e-mobility services



Connectivity



THE CHALLENGE:

Society needs to play an active role, too. We need to shift from optimising on lowest initial cost towards maximising the total value and total cost of ownership, while at the same time taking the health and wellbeing of people into account. Governments should change their tendering processes and implement requirements for circularity that can drive demand for new solutions. Customers and consumers should change their consumption patterns and move from owning to using products.

And since the circular economy is inherently systemic, it can only succeed if all stakeholders co-design, co-create and co-own.

Frans van Houten is CEO Royal Philips
Direct from Davos, Jan 21, 2014

IMPLICATIONS FOR MANAGEMENT

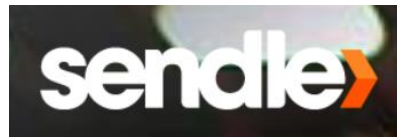
- **Managers experience unique challenges and opportunities that differ at: individual, organisational & broader systems level**
- **Go beyond eco-efficiency approaches to eco-productivity and eco-innovation**
- **Leadership is significant in operating environments where there is a policy vacuum**
- **Stewardship and the role of inter-organisational networks is important for a circular economy model to operate at the systems level.**

OUR RESEARCH: BUSINESS MODELS FOR AN AUSTRALIAN CIRCULAR ECONOMY

RESEARCH QUESTIONS:

What are the drivers and barriers to the implementation of a circular model in Australia?

How are Australian companies implementing aspects of a circular economy model in their current operations?

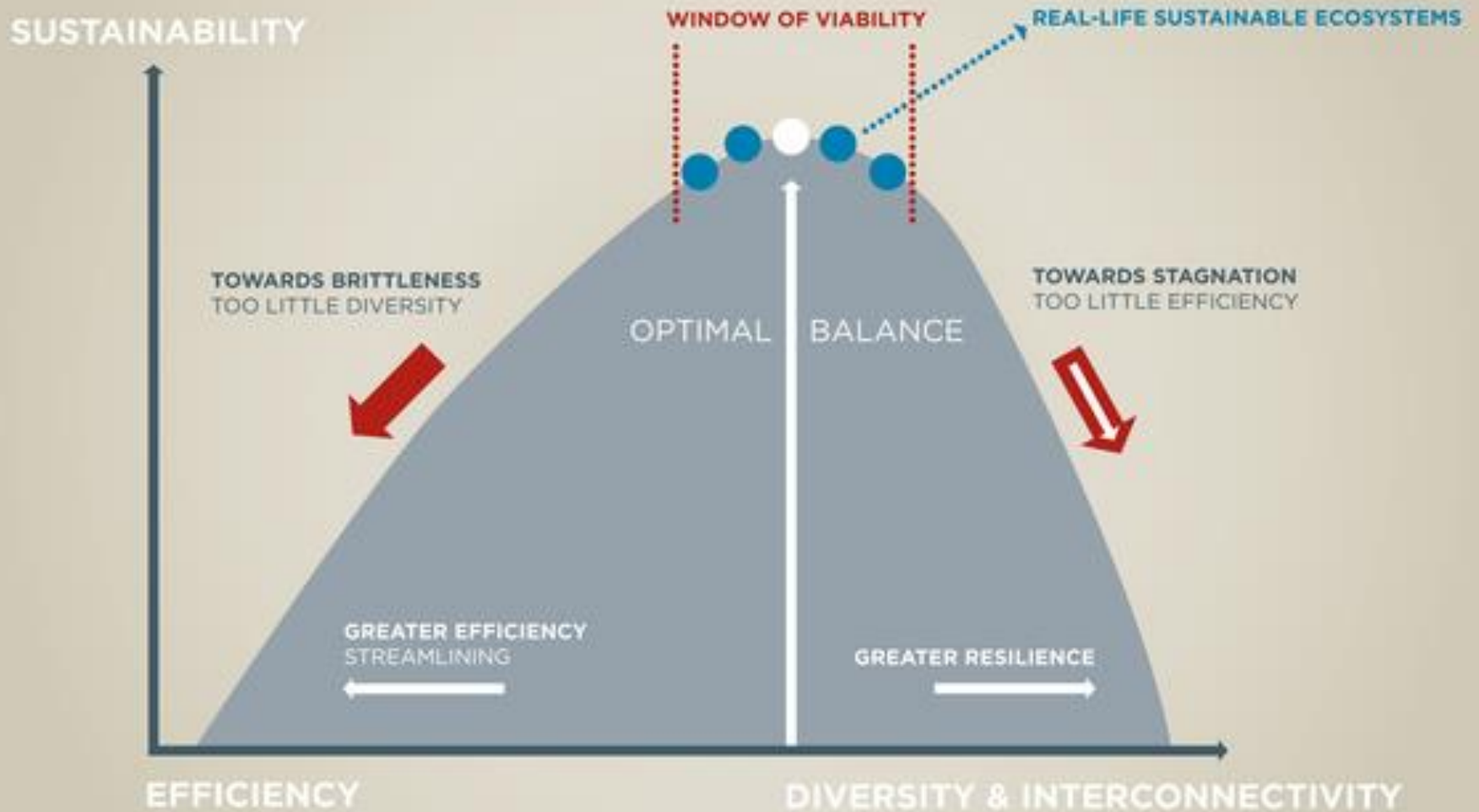


CLEAN Community Energy

INSTYLE

Dr Melissa Edwards, Prof Suzanne Benn & Dr Robert Perey
Contact: Melissa.Edwards@uts.edu.au

RESILIENCE V EFFICIENCY



SHARING ECONOMY

UTS BUSINESS SCHOOL

SHARED VALUE

- Companies must lead in bringing business and society back together
- Focus on shared value – creating economic value while also creating value for society
- Re-conceive the interface between society and corporate performance

(Porter and Kramer, 2011)



LEADERSHIP IN CREATING SHARED VALUE ?

digitalization
global-warming
deforestation
population-growth
eco-degradation
obesity
urbanization
aging-population
resource-scarcity
overfishing
bio-fuels



The ability to identify structural trends on operating markets

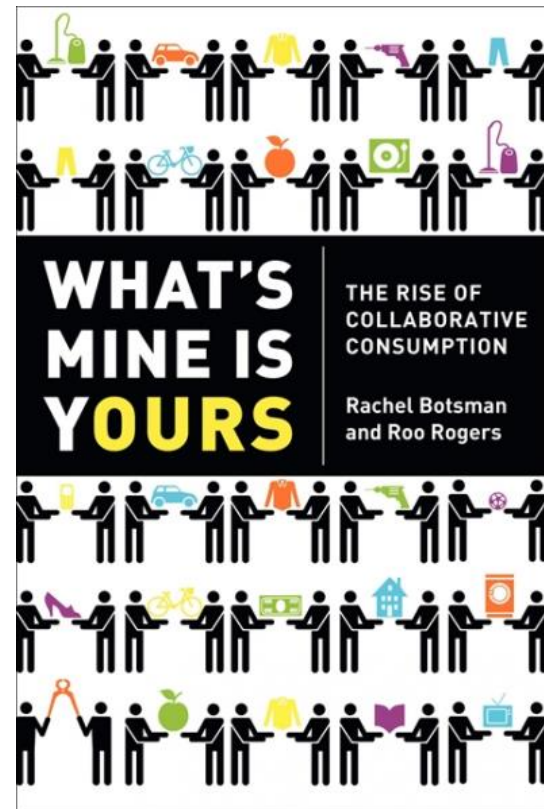
Source: Fair Trade Software

Source: ethical leaders in action
A thorough understanding of how these trends will affect business and (the relationship with) stakeholders

COLLABORATIVE CONSUMPTION:

Rachel Botsman

http://www.ted.com/talks/rachel_botsman_the_case_for_collaborative_consumption.html



BCORP

A new organisational form

Best for the World – Overall

Three Sista's (Manunda, QLD) contributes to the long term wellbeing of socially disadvantaged and Indigenous people living in the homelessness stream in the Cairns and Cape York regions. They work to improve health and living standards, accommodation and employment opportunities.

Australian Ethical Investment (Sydney) is a financial services company which seeks out investments that will create positive, sustainable change for society and the environment. The company was also recognised as a leader in the 'Best for the Workers' category.

Best for the community

- B Cubed Management Consultants (Vic)
- Our Community Group (Vic)
- Reho Travel (Vic).

Best for the Environment

- Energy for the People (Vic)
- Hive Construction Group (Vic)
- Pangolin & Associates (NSW)
- TuShare (NSW).

Best for the Workers

- O'Connells OBM (QLD)
- Australian Ethical Investment (NSW)
- SNAKK Media (NZ).

THREE SISTA'S



PARTNERING WITH





Car sharing powered by Vodafone platform

VODAFONE SUPER SAVER TANK
Recharge with rain water



vodafone



**Say hello to
Vodafone SuperNet™**

From the world's largest 4G network
To experience, recharge now

Vodafone
Power to you



CONTACT
ART INDIA
9890037952

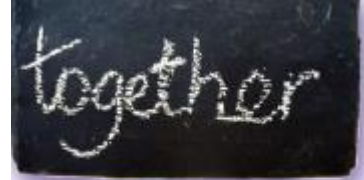
VODAFONE SUPER SAVER TANK
Recharge with rain water

VODAFONE SUPER SAVER TANK
Recharge with rain water
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SUSTAINABLE ECONOMY

UTS BUSINESS SCHOOL

Townsend and Zarnett, 2014



in search of capitalism 2.0

The sustainable economy according to...

David Korten: the values based operating system

<http://livingeconomiesforum.org/the-new-economy>

Mackey and Sisodia: conscious capitalism

<http://www.forbes.com/sites/danschawbel/2013/01/15/john-mackey-why-companies-should-embrace-conscious-capitalism/>

John Elkington: breakthrough capitalism

[http://www.breakthroughcapitalism.com/files/Breakthrough Capitalism Progress Report.pdf](http://www.breakthroughcapitalism.com/files/Breakthrough_Capitalism_Progress_Report.pdf)

Jonathon Porritt; cooperative capitalism

<http://www.forumforthefuture.org/greenfutures/articles/jonathon-porritt-calls-%E2%80%9Ccooperative-capitalism%E2%80%9D>

Umair Haque: constructive capitalism

<http://www.corporateknights.com/article/capitalism-reconstructed?page=show>

CONSCIOUS CAPITALISM



John Mackey, co-founder & co-CEO, Whole Foods Market, trustee, Conscious Capitalism, Inc.

“Practicing [Conscious Capitalism](#) enriches your life and the lives of people you do business with. And it’s without a doubt, the most fun, enduring and profitable way to build a sustainable business.”

FOUNDER OF CONSCIOUS CAPITALISM



<http://www.forbfoods-market/>

WHOLE
FOODS
MARKET

SUSTAINABLE CONSUMPTION

UTS BUSINESS SCHOOL

The major obstacle to moving to a post carbon economy is not the availability of *technology* but rather *human factors*: political, social and cultural.



GLOBAL CONSUMPTION PATTERNS & IMPACTS

- Each year, an estimated one third of all food produced – equivalent to 1.3 billion tonnes worth around \$1 trillion – ends up rotting in the bins of consumers and retailers, or spoiling due to poor transportation and harvesting practices
- If people worldwide switched to energy efficient lightbulbs the world would save US\$120 billion annually
- Should the global population reach 9.6 billion by 2050, the equivalent of almost three planets could be required to provide the natural resources needed to sustain current lifestyles

See more on SDG [Goal 12: Ensure sustainable consumption and production patterns](#)

THE ROLE OF THE CONSUMER

Consumer attitudes and behaviors:


- Consumers are increasingly concerned about environmental, social and economic issues, and increasingly willing to act on those concerns
- Consumer willingness often does not translate into sustainable consumer behavior because of a variety of factors – such as availability, affordability, convenience, product performance, conflicting priorities, skepticism and force of habit (WBCSD, 2011)

ETHICAL CONSUMPTION

You are here: [Home](#) » [National](#) »

Not buying into it: Why some shoppers don't purchase ethical products

February 8, 2015

 [Read later](#)



Esther Han

Consumer Affairs Reporter

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Hot Stock Picks 2015

Where You Should Be Investing In 2015 - Our Top Stock 2015, Free!



Shoppers who dismiss fair trade, organic and cruelty-free products say they are sceptical about the claims, confused by the labelling, and worried about being ripped off, research shows.

A new study into why consumers choose to buy or reject ethical products by researchers at the University of Technology, Sydney, found scepticism and confusion were limiting the potential for ethical products to take



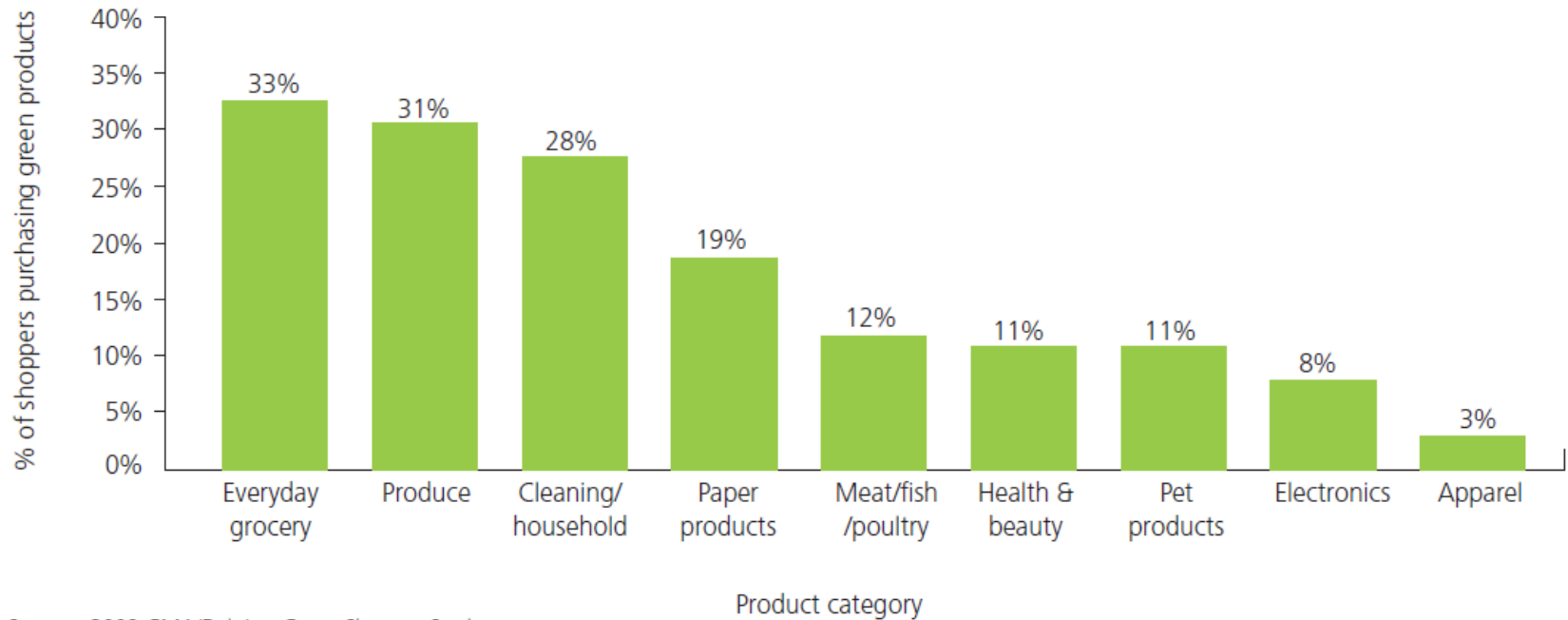
DELOITTE – FINDING THE GREEN IN TODAY'S SHOPPERS



DELOITTE STUDY, P. 12

Figure 8

Green purchases are far larger in more consumable categories



Source: 2009 GMA/Deloitte Green Shopper Study

HOW CAN BUSINESS ACT: MAINSTREAMING SUSTAINABLE CONSUMPTION

The business case: Business approaches to sustainable consumption can be grouped into three broad categories:

- **Innovation** – business processes for the development of new and improved products, services and business are shifting to incorporate provisions for maximizing societal value and minimizing environmental cost
- **Choice influencing** – the use of marketing and awareness-raising campaigns to enable and encourage consumers to choose and use products more efficiently and sustainably
- **Choice editing** – the removal of “unsustainable” products and services from the marketplace in partnership with other actors in society. Editing out consumers from the choice process (WBCSD, 2011). Examples include labelling of energy efficient washing machines or frigs. Problems with jevons paradox or the ‘rebound effect’ see
- <http://thinkprogress.org/climate/2011/02/16/207532/debunking-jevons-paradox-jim-barrett/>

ALTERNATIVES TO GDP

Alternative	Characteristics
Gross National Happiness	http://www.grossnationalhappiness.com/
Genuine Progress Indicator	http://rprogress.org/sustainability_indicators/genuine_progress_indicator.htm
OECD Better Life Index	http://www.oecdbetterlifeindex.org/

What are some aspects of 'progress' that the GDP does not measure?

GROSS NATIONAL HAPPINESS GNH

<http://www.theguardian.com/world/2012/dec/01/bhutan-wealth-happiness-counts>



<http://www.theguardian.com/world/2013/sep/03/weekly-letter-from-bhutan-happiness>

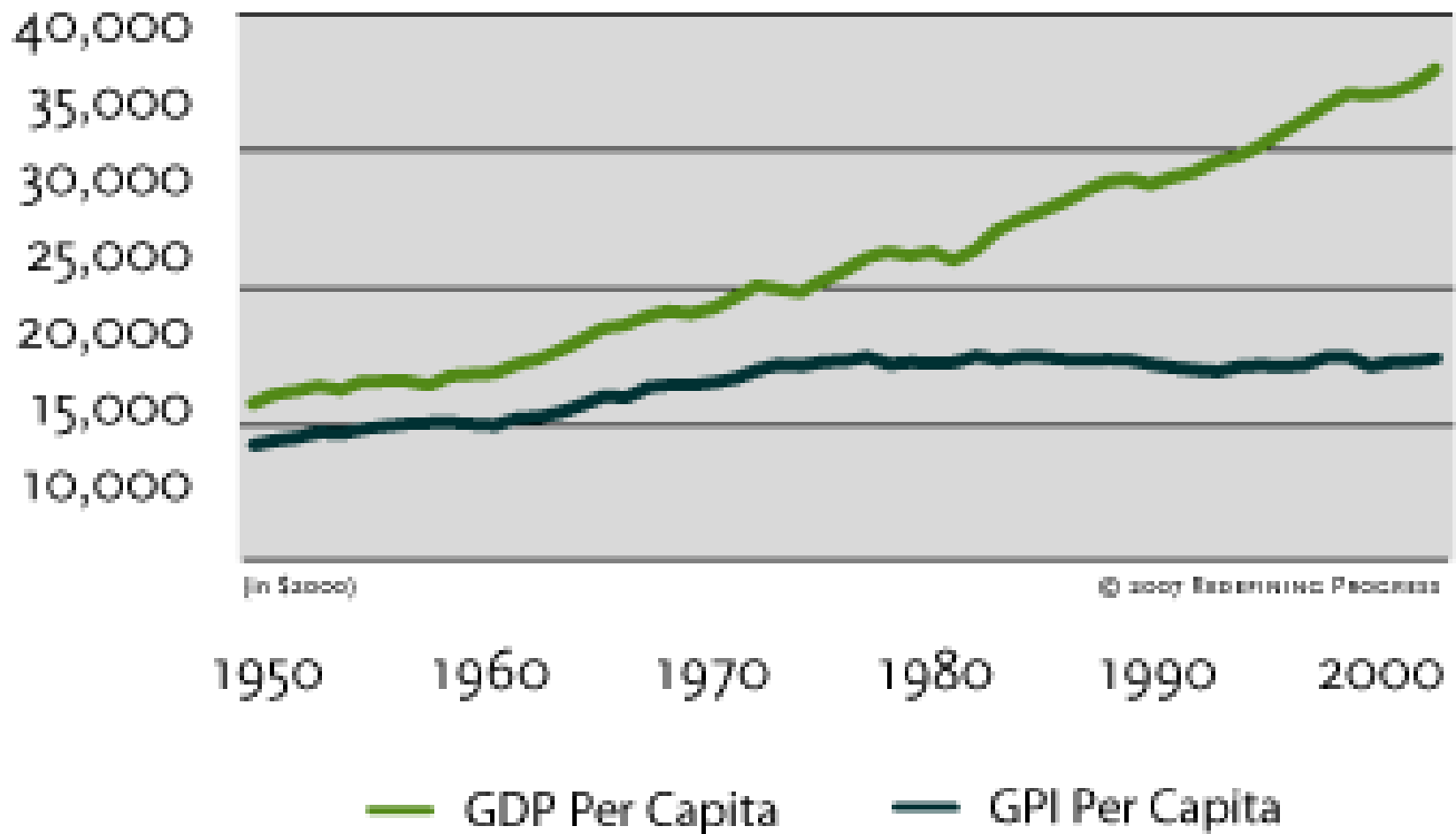


GENUINE PROGRESS INDICATOR

Measures:

- Income Distribution
- Housework, Volunteering, and Higher Education
- Crime
- Resource Depletion
- Pollution
- Long-Term Environmental Damage
- Changes in Leisure Time
- Defensive Expenditures
- Lifespan of Consumer Durables & Public Infrastructure
- Dependence on Foreign Assets

GROSS PRODUCTION VS. GENUINE PROGRESS, 1950-2004



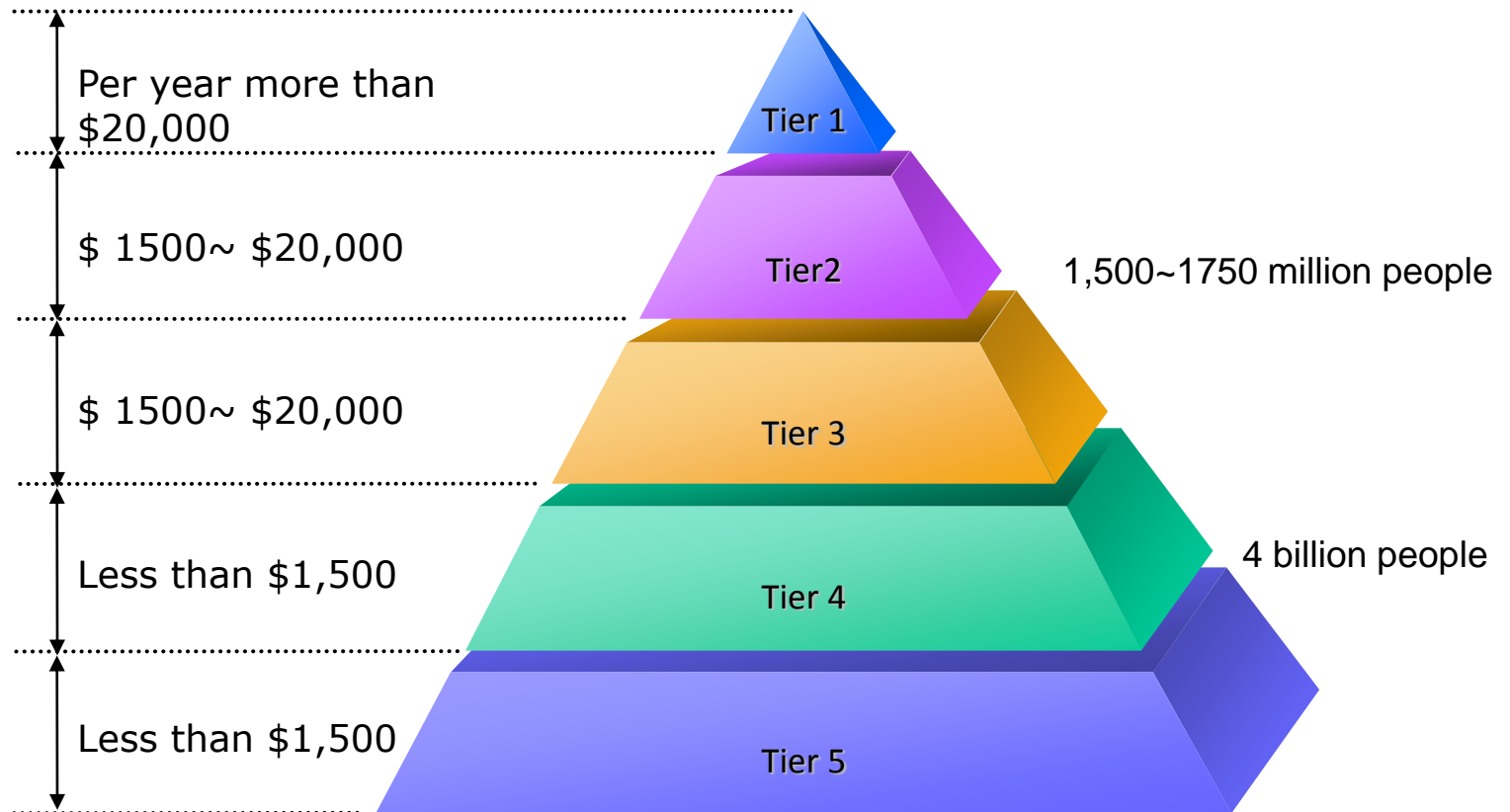
http://rprogress.org/sustainability_indicators/genuine_progress_indicator.htm



THE FORTUNE AT THE BOTTOM OF THE PYRAMID

ERADICATING POVERTY THROUGH PROFITS

THE WORLD PYRAMID AND BOP



‘Of the world's 7 billion inhabitants, around 4 billion live in low-income markets in the developing world’. See Prahalad, Hart 2004 etc

EXAMPLES



Hindustan Unilever Limited

Unilever: The Lifebuoy program (Unilever Sustainable Living Strategy)

SCJohnson: pyrethrum products

d.light: small scale solar panels

THE CHAMKI FILM:

CREATING VALUE THROUGH BOP

Enterprise leaders must be able to answer the following questions: What is our value proposition, and how much and what type of value are we creating for the BoP? How can we understand and enhance our poverty alleviation impacts, especially if poverty has multiple dimensions?

Poverty dimensions: economic, capability, and relationship

T. London,

[http://stanfordpress.typepad.com/blog/2016/02/inclusiv
e-capitalism.html](http://stanfordpress.typepad.com/blog/2016/02/inclusiv-e-capitalism.html)

From *The Base of the Pyramid Promise*, SUP, 2016

Hindustan UniLever Limited Case

- An illustration of the successful execution of this strategy comes from Hindustan UniLever Limited (HUL), a subsidiary of Unilever, widely considered the best managed company in India. Like most MNCs, for over 50 years it catered to the needs of the elite of India- the top of the pyramid.
- A local firm, Nirma, challenged HUL in its detergent business, by creating a new business system - a new product formulation, new manufacturing process, distribution, packaging, and pricing. HLL like most MNCs, initially dismissed Nirma as a low end producer.
- As Nirma grew rapidly, HUL realized both its new opportunity as well as its vulnerability. Nirma was attacking, in its detergent business, from the bottom of the pyramid.

Taken from LOGO

Hindustan UniLever Limited Case

- HUL responded with its own offering for this market - drastically altering the traditional HLL business model.
- HUL created a new product formulation which dramatically reduced the ratio of oil to water in the detergent, thereby reducing significantly the pollution associated with washing cloths in rivers and other public water systems.
- They decentralized the production, marketing, and distribution of the product to take advantage of the abundant labor pool in rural India and quickly penetrate the thousands of small outlets where people at the bottom of the pyramid shop.
- They reinvented the cost structure of the business, enabling the introduction of the product at a price point affordable to those at the bottom.

Taken from LOGO

