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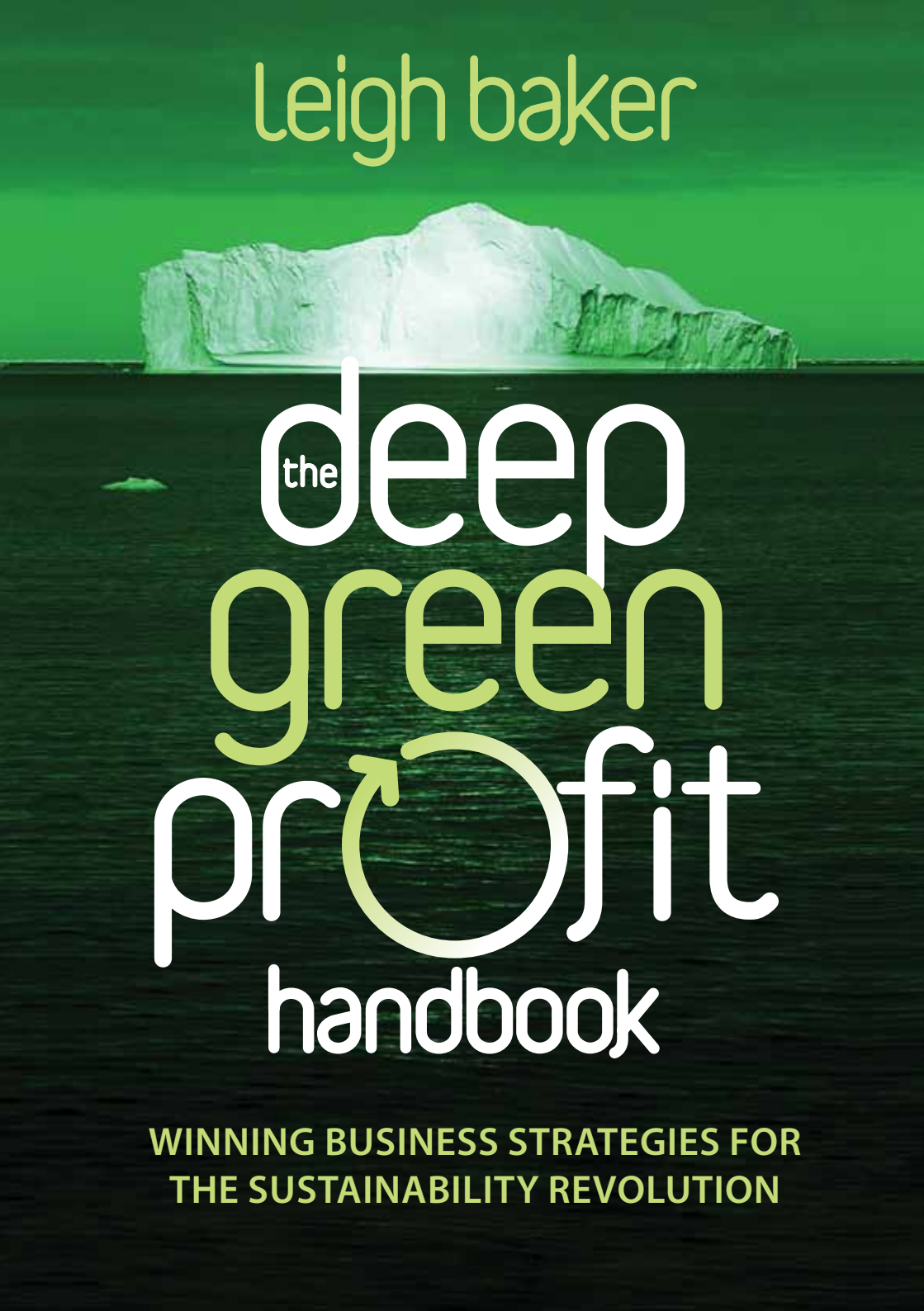

the deep green profit handbook

WINNING BUSINESS STRATEGIES FOR THE SUSTAINABILITY REVOLUTION

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Acknowledgements

Thanks to all those in my community who supported me and encouraged me.

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The Deep Green Profit Handbook, Winning Business Strategies for the Sustainability Revolution

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For Allan –
husband, partner and best friend – who
did everything else that needed doing
while I was doing this.

Contents

Introduction

'The environment' is much more than a business risk or a business expense – it's a profitable business opportunity. Digging deep – beyond the surface issues of compliance, reporting and ***carbon trading*** – there are great opportunities for developing new products, new processes, new services and new customers.

The source of these opportunities is a set of simple, straightforward yet revolutionary business principles that are good for the planet **and** good for the bottom line. They're 'deep green' because they don't just try to refine current practices – they're about re-inventing current business strategy to generate exciting new opportunities.

These growing business opportunities aren't just nice ideas for the possible future – smart entrepreneurs have been applying the principles of deep green profit since the 1990s and making good money doing it.

So there's no need for difficult decisions about whether to be "green or profitable" – the new game is "green **and** profitable".

Green is Great For Business

Deep green business principles are new ways of thinking about the relationship between products, services and our finite planet. They're principles that can be applied in any business. Sometimes they involve smart new technologies, but more often the major input is smart thinking based on new frameworks.

Along with the new business principles, there's the 'how' of turning those principles into real business improvements. It's not just new

business models that make the difference, but also understanding the processes and people skills that make it increasingly easy to turn good businesses into great businesses.

You can learn the principles today and begin to apply them in your business tomorrow. It's surprisingly easy to become one of the increasing number of business people playing 'positive sustainability' – employing creative business strategies that are good for the planet and good for the bottom line.

Who This Book is For

This book is for anyone who works in an organisation. While it talks about business strategy, that doesn't mean it's the exclusive territory of business owners and managers. Anyone can learn to understand the business sector they work in and how to re-invent some part of it.

If you are 'the boss', that's great – this book can help you to develop new ideas and strategies for growing your business, greening your business and working smarter instead of harder.

But deep green profit principles have been applied by all sorts of people in all sorts of roles. A single CEO has convinced a board, three mid-level managers have changed an international business, and a gardener shifted practices in a private hospital.

Implementing the principles of deep green profit will develop all the skills that make for career success. If you can learn to get a deep green business project off the ground, you can achieve anything you want in your career. The skills you learn might even help you avoid burning out or having a mid-life crisis.

How To Use This Book

This book is about the new principles of deep green profit and how to apply them. You'll find out these things:

1. How one entrepreneur went about applying the principles of deep green profit in an international public corporation.
2. The underlying perspective shifts in business thinking that enable deep green profit.
3. The seven simple core principles of deep green profit.
4. How to take the first steps towards a plan to apply the new principles.
5. What underlying skills are needed to implement the new principles.
6. The potential obstacles to applying the new principles and how to avoid them.
7. How to get started implementing the new principles.

The first chapter introduces the story of Interface, one of the small number of public companies already leading the way with the deep green profit model. We keep coming back to the Interface story, so it's probably a good idea to familiarise yourself with it. Otherwise, you can dip into whichever section attracts you.

The environment ***is*** a business risk, so we do spend some time summarising some of the big issues. In order to deal with any risk, we need to face it and understand it – then we can manage it. Once you understand the risks, and how leading edge businesses are reacting to them, then you can start to discover the opportunities hidden behind them.

Overall, the focus is on the good news – the things we already know about the practical, profitable solutions that are possible **now**, and the skills that enable us to make them work well. To help you understand the principles and strategies, there are lots of examples. You can find more information about some of them in the notes at the ends of the chapters.

Like any new specialty, there's some new language to learn, so in Appendix 1 we've given you a basic phrasebook of new terms. There are more resources listed in Appendix 2 and Appendix 3, including books, films and websites you can use to find out more about opportunities for deep green profit.

However, your best source of information is your market, and what's happening there – when you go out and start looking, you'll find plenty of examples and opportunities of your own.

A deep green adventure

1

In 2001, I was training as a business coach. I'd spent 20 years putting new computer systems into manufacturing and wholesaling companies and I knew I didn't want to do it for another 20 years.

If there was one thing I'd learned, it was that most computer systems work to a quarter of their potential or less because of people issues. Business culture, training, management style, communication, conflict and fear limit how well systems are accepted and used. So when I found myself saying "there are no computer problems, only people problems," I knew it was time to broaden my options.

I'd just discovered the growing profession called coaching and was learning it's basics. Coaching is all about getting great business results by dealing well with people – staff, managers, family, and most especially oneself. The fundamentals of coaching are to define what you DO want, take responsibility for getting it and start taking action.

At home, I loved being in and working on my bush garden. The native birds and animals that used it frequently, the frogs that made our pond home, and the peace and fulfilment it brought me were an important part of my life (and continue to be).

But I didn't think environment had anything to do with my work and career. I certainly didn't think it was a business opportunity! Then I came across a book that changed all that – it was a real life story of adventure, business opportunity and leadership.

As I read this book, my years of experience in working in business innovation said "this is important" and "this is exciting" and "why didn't anyone tell me green business was about fun and profit?"

Here's how the story goes.

A Story of Great Green Business

Once upon a time there was an entrepreneur named Ray. He was born in the US during the Great Depression and grew up during World War II. He experienced scarcity early in his life, and then the prosperity of the late 20th century. He learned persistence.

Ray trained as an engineer, then climbed the corporate ladder rapidly to a very high level – becoming a vice president in an international manufacturing business before he turned 40.

In 1973, Ray stepped out to become a business owner in his own right. He founded a new company to produce a new type of product. His decision was the culmination of a seven-year journey towards entrepreneurship – the drive to do his own thing and make his own decisions, especially those affecting his career.

Starting his own business was like stepping off a cliff in the dark – the hardest decision of his life to that point. And the business was new; pioneering a new product in a new market was frightening and stressful, yet exhilarating and rewarding.

The business survived and prospered beyond Ray's wildest imaginings. It became a global corporation, manufacturing and selling around the world. It became a billion-dollar company in 1996, after just 23 years.

An "Uh-Oh" Moment

In 1994, Ray's customers started asking what the business was doing for the environment. Ray didn't feel that he had adequate answers, so he set up a research task force to find some. He was asked to do the kick-off speech to the task force – to give the team an environmental vision.

It was then that Ray realized that his highly successful business was flawed. "For the first 21 years of our company's existence, I, for one, never gave one thought to what we were taking from the earth or doing to the earth, except to be sure that we were in compliance… in a regulatory sense."

Ray was stuck – up until then his only environmental vision was to "obey the law, comply, comply, comply". The idea that a business could be fully compliant and still be hurting the environment simply hadn't occurred to him. He sweated over what to say to his team.

The New Deep Green Adventure

Then someone sent him a copy of Paul Hawken's book, *The Ecology of Commerce*. He read it and it changed his life – halfway through he had the vision he was looking for. A vision for his speech and for his company, and beyond that, for a brand new entrepreneurial challenge.

He offered his environmental task force a vision: to be the first name in industrial ecology, worldwide. He gave them a mission: to convert the company into a restorative enterprise – putting back more than they themselves took, doing good to the Earth and making good money doing it.

Ray taught his team the principles of great green profit and set them to work to develop sustainable technologies and to invest in them when it made good economic sense.

Doing Well by Doing Good

In the first four years after Ray began his quest in 1994, his business's revenues had doubled, its employment had nearly doubled, and its profits had tripled. Its entrepreneurial, strategic engagement with the realities of its environment fundamentally changed its business model.

Paradoxically, the company still delivered the same end result to its customers that it always did – commercial carpet tiles. It just did it differently and more profitably than before.

This is a true story. It's the story of a real company – Interface Flooring (now InterfaceFLOR) and the first stage of their journey towards what Ray calls 'restorative enterprise'. It's been a journey of great adventures, with good times and bad, and it's continuing today, decades later. And Interface is still recognised as one of the most environmentally advanced public companies in the world.

This story is condensed from Ray Anderson's book, *Mid-Course Correction*. The Interface story has two parts to it:

1. The principles of great green profit as Interface applied them; and
2. The process that turns the principles into real profit

New Perspectives for Business Growth

If you want to grow your business in a resource-scarce century full of environmental challenges, this is what you need to know to get started. You can benefit from the experiences of the early deep green entrepreneurs like Ray Anderson and learn how to future-proof your business.

The simple principles of deep green profit can be applied in any business. These principles work in all sorts of organisations, both product-based and service-based. In a way, they're not really new at all, because they begin with the process at the heart of any business – giving the customer something so valuable that they're prepared to pay good money for it.

The most important changes to make are in how you think – how you think about environmental issues, and how you think about your business.

If you assume that the environment isn't about your business, you'll miss out. If you assume that 'business as usual' is enough, you'll miss out. If you assume that it's only about what's happening inside your business, you'll miss out.

By learning to shift your perspective, you'll gain the ability to see the emerging opportunities around you, and how to use them to build your business. Knowing how the new business models are being implemented will enable you to build on what works.

New strategies are all very well on paper, but they need to be implemented. Anyone who has tried to make business changes knows that it's 'the soft stuff' that can be **really** hard. Successfully changing business practices involves changing not only what people **do** at work – it also requires shifts in the habits, attitudes and beliefs behind the behaviour so they do it **willingly**. This can be far harder – and far more important – than just changing technology.

Really successful deep green entrepreneurship is about working smarter instead of harder. Being a change-maker means learning to leave your superhero suit at home and developing the people skills to build yourself a great team instead.

New thinking for deep green profit

2

Before the 16th century, astronomers believed that the earth was the centre of the universe, and everything moved around it. Calculating planetary movements was extremely complicated. And the better their telescopes got, the more complicated their models got and the more difficult their calculations became.

Then a great step forward was taken – someone changed their thinking. Nicolaus Copernicus developed a revolutionary new proposition – that the Earth moved around the sun. The astronomers' calculations became much easier as they gave up their old thinking and made some different assumptions.

Our thinking about the environment is in a similar situation at the moment. As we become more and more aware of our impact on the planet, it seems harder and harder to deal with the problems.

It's time for a thinking change – and thanks to the big thinkers behind books like *Cradle to Cradle* and *Natural Capitalism* we have that thinking change.[1]

Fundamental to the thinking change is a shift in our underlying perspectives – particularly in the world of business. There are underlying assumptions we have been making that don't work any more. They're the assumptions that have led to today's world.

Once we take a new perspective, we can think differently. The key thinking changes to make are these:

1. To change our underlying assumptions about the environment and its potential impact on our business.
2. To look at the whole system we do business in, not just our own business.

Why Green Matters to Your Business

'The environment' shows up more and more under many names. Whether it's Greenhouse, Peak Oil, ***Low Carbon Economy***, ***Carbon Trading***, Global Warming, Species Loss, Biodiversity or Deforestation – more and more problems are raising their heads.

They started being raised in the 1960s and 1970s and they haven't gone away since then.[2] All that's really changing is that their projected impact dates are getting closer and closer.

Our 'Environmental' Issues are Largely Supply Chain Problems

Every business forms a link in the supply chain that takes resources from the earth, creates a product or service and delivers it on to a process that ends with an individual consumer.

For most people, the supply chain and how it works is a mystery. So it's actually hardly surprising that the supply chain we've inherited from the 20th century is less than 1% efficient in its use of natural resources.

If your accountant came to you and said your business was really inefficient, it would be both good news and bad news. It's bad news because it's inefficient. And it's good news – because if it's really inefficient then there are ways to get it running much more profitably.

Most Businesses Today Are Trapped in the Myth that 'Environment = Expense'

A large number of business people think that environment is about scarcity, cost and compliance. If we think of green products at all, we think about more expensive 'green-brand' products for rich consumers.

And while we think that way, we miss out – on new technologies, new products, new services and new business models that have moved beyond the realms of being costly, dangerous, risky 'bleeding edge' innovations. They've been proven in a variety of business contexts and become sound, 'leading edge' business practice

When we buy into the idea of 'environment = expense', we leave it out of core business strategy. It gets dumped in with compliance and reporting, and we miss out on profitable opportunities for business growth and development.

An Emerging Reality is 'Environment = Opportunity'

If we step back from 'business as usual' and start questioning what 'everybody knows' then what we find is that there is an alternative: 'environment = opportunity'. Not at some future ideal time, but here and now.

When we start to get strategic we find that there's a whole range of new products, new services and new processes emerging. The new products and services open up new business processes and new markets with new customers and fresh profits.

Here, Now, Today, Deep Green Entrepreneurs Are Building Great Green Businesses

This is current business reality. Hard-core entrepreneurs like Ray Anderson of Interface started exploring the world of great green profit in the 1990s. And as we move into the new century the movement is spreading.

More and more entrepreneurs are developing profitable business models for the 21st century. Smart green business is no longer dangerously bleeding edge – it's now leading edge. Approaches being practiced by Dell Computers, Toyota, Caterpillar, Ford and Ikea aren't 'alternative'.

The people changing these businesses' approaches are 'deep green' entrepreneurs because they're not interested in 'green-washing' –

they aren't just interested in making their business look 'green' to those outside it.

They're not doing a compliance program in order to be labelled 'green' – they're changing their whole business model. The game they're playing is 'environment for fun and profit', and the whole business is involved, not just technical compliance specialists.

The Essence of Deep Green Profit Is Simple

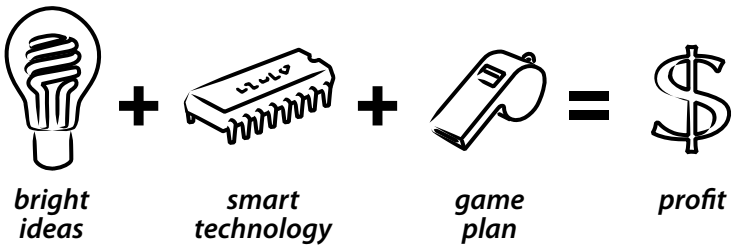
The good news is that great green business is based on simple core principles. These principles were identified in the 1990s and have been clarified and tested since then.

You can learn the core principles in a day and start practising them tomorrow. They're not complex technical ideas, they're mainly just new ways of thinking.

So business owners and managers don't have to spend years learning lots of complex new stuff – they can learn the basic principles in a day and start re-aligning their businesses to thrive in the 21st century. If they need experts, they can hire them or train them up.

There will always be compliance issues. Their reporting may be complicated and implementation may be expensive. But that's the nature of compliance programs that are enforced by bureaucracies. It could be better to be so clean you don't need to do compliance.

And at the level where productivity, innovation and business development meet business strategy, there are real opportunities that grow businesses, and more than offset compliance costs.



What Is the Supply Chain and Why Does It Matter?

A critical change to our thinking is to fully understand the supply chain we inherited from the 20th century. Our supply chain is the complex system that takes materials and resources from the planet and turns it into the products and services we use.

When we understand the whole system, then we can re-design it to support an abundant future. Since it's the supply chain that produces all our products and services, we can't afford not to understand its impact. When we do understand it, we get access to a range of new opportunities.

How Much Do We Use To Make Our Stuff?

From the hole in the ground where the first mineral is mined, to the finished consumer product in someone's hand, the supply chain that delivers our products is barely 1% resource efficient.

Let's look at a ream of office paper. There's the tree felled to make the fibre content, and the fuel used to truck the logs to the paper mill. Then there's the water used in the pulping process.

And there's the coal or oil burned to make the power to run the paper mill – not just the power for the machinery, but the lights in the factory, the computers in the office and the kettle in the tea-room.

Then there's the minerals used to create a smooth surface on the paper, the trucks used to mine the minerals, the pre-processing of the minerals and the fuel used to transport them to the paper mill. There's also the fuel used by the mill workers to drive to work.

The same sorts of resource chains also exist for the printed paper that binds your ream of paper, the cardboard carton used to package multiple reams into a box, and the plastic strap that closes the carton.

And that's a simple ream of paper, not a complex high-tech item like a computer or a mobile phone.

The end result of our current systems is that up to 99% of the natural resources used to create consumer goods and services are currently used up before the product reaches the consumer.[3]

Resource Efficiency – The Arithmetic of Waste

In a way, a 1% resource-efficient supply chain is great news – because it means that we've got a problem that's fixable. And the entrepreneurs who develop ways to fix it will make good money.

Understanding the impact of waste in the supply chain is critically important. The big problem with waste is that it multiplies. Waste at any one step in the process wastes part of every preceding process – it's like compound interest. And when you understand it, it can work for you instead of against you.[4]

To keep it simple, let's say that there are seven businesses in the supply chain between the forest and the ream of paper on your desk, starting with the loggers who cut down the trees and ending with the office supply store that sold you that single ream.

And let's assume for the moment that because the supply chain has never been designed for resource efficiency, each business is 50% efficient in its use of environmental resources – fuel, water, energy and materials. (We're talking about natural resource efficiency here, not business process.)

Overall natural resource efficiency =
.5 x .5 x .5 x .5 x .5 x .5 x .5 = .0078 = 0.8%

Yes, the overall resource efficiency of our simplified supply chain is less than 1%. And studies on real products in real supply chains bear this out. It's hardly surprising that as we've increased the range of products that make our life easier we've hugely increased our impact on the eco-system.

Let's say that each business in our supply chain increases its resource efficiency by 30% – from 50% to 80%. The overall resource efficiency of the supply chain increases enormously.

Overall resource efficiency =
.8 x .8 x .8 x .8 x .8 x .8 x .8 = .21 = 21%

An increase of over 20% resource efficiency! It's a significant improvement, and lifting efficiency from 50% to 80% is achievable. But it's not the whole answer.

The specific numbers aren't as important as the basic concept – any process with lots of steps and a bit of waste at each step ends up with a whole lot more waste than most people expect.

Changing Perspectives On Your Business

New working assumptions are emerging for developing more effective business models. These assumptions require us to step back from the ways we have traditionally done business, and the way we treat (or ignore) 'the environment' in our business strategy.

The great thing about these assumptions is that they're not about scarcity – they're about innovation and opportunity.

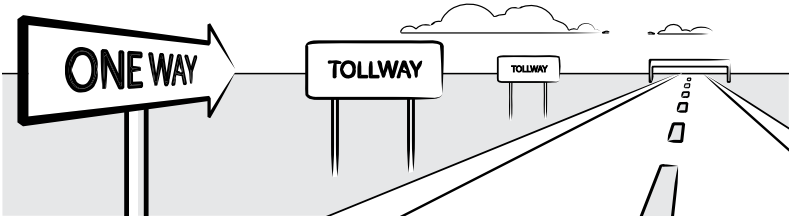
Our Planet is Finite

To the entrepreneurs of earlier centuries, the world was vast and resources were endless. There would always be more resources and endless space for dumping leftovers. So the production and distribution system we have inherited is essentially 'one-way'. Our supply chain concept evolved based on 'no limits' thinking.

We Can't Afford One-Way Systems

We dig stuff up, we make it into things, we ship it around to where we use it, and when we finish with it, we throw it away. From the mine to the rubbish dump – one way.

Even a lot of our so-called '***recycling***' only extends this process, it doesn't change it. So it's '***downcycling***', not real recycling.



From tree to office paper to cardboard to toilet paper is just a longer route from the forest to the sewer. Pulverising structural timber into mulch doesn't retain the initial value of the timber.

And on the occasions where we're starting to do 'real' recycling that retains the full value of the original materials (the new term is '***upcycling***'), we're doing it in systems that aren't designed for it with products that aren't always designed for it. If we don't design it well, it's expensive, difficult and frustrating.

Closed Loop Systems – Bypassing the Arithmetic of Waste

The big change we can make to our supply chain is to change it from being a one-way system to a closed loop. To get truly serious about recycling, a number of steps need to be taken:

- Design products to be totally safe with no nasty by-products.
- Design processes that have no wastes, only valuable by-products that go into other processes.
- Design products for efficient collection, disassembly and complete remanufacture.

No waste – ever!

A closed loop system makes the arithmetic of waste almost irrelevant. Everything that can't be safely composted gets used and re-used.

Once we recognise that we live in a finite environment, we can start designing closed-loop supply systems. We can design our products so they can be endlessly re-manufactured into more valuable products, and create value based on the services supplied, not the materials used.

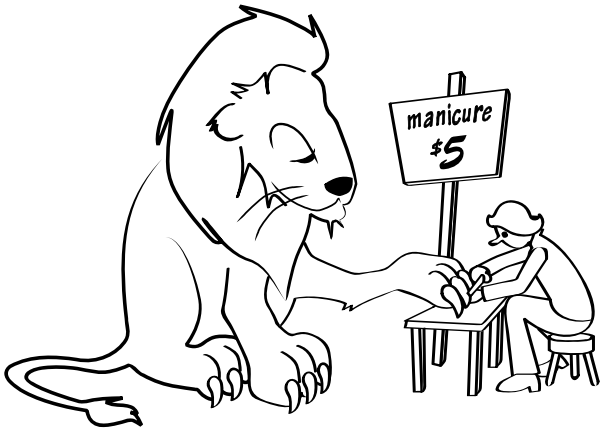
We can design our transport systems and even our ownership systems so that when our stuff wears out it goes back to be made into more valuable stuff.

And the good news is that doing it this way can be more profitable that the old one-way business model. Especially when we get lots of people doing it – then we get big economies of scale working for us.

This isn't an oddity on the edge of modern business. It's core strategy in some big, well known companies. Dell is doing it with computers, Google is doing it with design tools, Interface is making closed-loop commercial carpet, and Ikea is building healthy furniture.

Thinking differently: turning risks into opportunities

3



Ignoring risks is usually disastrous in the long term. To evaluate them and manage them, we need to understand them. And a risk is a great place to look for new business opportunities.

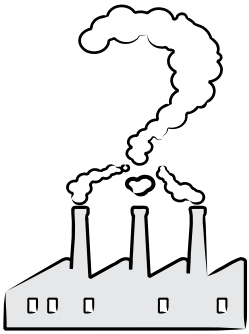
The good news is that, for all the issues that we have, we also have an enormous amount of knowledge about the solutions. More are emerging every day, and many of them have moved off the drawing board into business reality.

Whatever 'the scientific truth' of the issues, more and more people in the community, in government and in business are worried. They want things to change, and they don't necessarily believe that

it's up to them to pay for it with higher prices for 'green' products. There's increasing demand for new solutions.

Here's a brief sample of some of the risks – and the sorts of opportunities that are already emerging from them.

Risk #1: Greenhouse, Carbon and Climate Change



This is probably our biggest and most immediate challenge.

An increasing number of expert scientists believe that the eco-system won't continue to support plentiful human life if we keep living the way we're living. The planet will be OK; many species will survive, but others won't – and we'll be one of the ones that don't.

The majority of experts (starting with the Intergovernmental Panel on Climate Change) have concluded that a whole range of human activities are putting stuff into the atmosphere that will:

1. Make our climate much more extreme – much colder in winter and hotter in summer, with more droughts and floods; and –
2. Heat the planet so that icecaps and glaciers melt and sea levels rise significantly. Coastal cities and some small, low-lying countries will drown.

Many of those expert scientists believe that this is happening already, and things will become serious in the next 50 – 100 years. Some believe that we have less than 10 years to get our emissions going down instead of up.

Other dissenting scientists, reported to be a vocal minority, believe that:

1. it isn't happening;
2. if it is, it's not due to human activity; or
3. it won't be as bad as predicted.

You get to choose who you want to believe. The key question for your business isn't whether it's 'true'. The key questions for your business are these:

1. Can we make good money by being greener?
2. What do my customers and the larger market-place want?

Because if the market wants greener business practices and you can make good money being a greener business, then it doesn't matter which group of scientists is right – you can grow your business and green it at the same time.

You have a win for your business, a win for the environment and a win for your community.

Emerging Opportunities

If ***greenhouse gas*** emissions are the risk, there are a number of areas of opportunity:

1. In clean, green energy production.
2. In significantly reducing energy use, particularly where the energy comes from burning fossil fuels.
3. In products and processes that absorb carbon dioxide and other ***greenhouse gases.***

There are a range of carbon offset schemes already on the market. They generally involve planting trees, but there's also evidence emerging that carbon can be absorbed by increasing the organic content and fertility of soils.

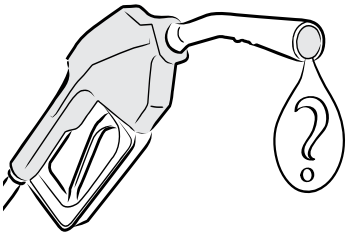
There are new products emerging. Sales of hybrid petrol/electric cars for Honda, Toyota and other manufacturers are increasing. Electric cars are starting to become mainstream, and hydrogen-powered cars that emit only water are off the drawing board and into production.

New infrastructure is on the way for the new transport solutions. One investment company is launching a joint venture to install battery swap stations in Australia and Israel so electric cars can travel long distances – re-charged by green energy from wind farms.[5]

Solar, wind, ***geo-thermal*** and tidal energy are just a few of the new technologies for producing energy without producing ***greenhouse gases***. Demand for domestic solar power and solar hot water is growing.

There is an increasing drive to increased energy efficiency. Power monitoring services and equipment are becoming increasingly important, as are smart systems that minimise power usage. Software and services that measure power usage and environmental impact are multiplying.

Risk #2: Peak Oil



There is a growing expert consensus (again, with dissenting voices) that we have reached the maximum flow of oils possible, and that it is only a matter of time before we begin to run out. At some point, we can probably expect to run out of oil and oil-based products.

The sting in the tail of this is 'oil-based products', because they include:

- the majority of plastics;
- the majority of man-made fibres; and
- the majority of artificial fertilisers.

Let's play what-if with Peak Oil. What if oil goes to US$500 per barrel?

1. How many of your employees will be able to afford to drive to work?
2. How many company cars will you be able to pay for?

3. How much more are your deliveries likely to cost?
4. A lot of food is produced using artificial fertilizers produced from oil. How will the increased price of business lunches affect your business?
5. Do you use any plastic or other man-made products (mainly derived from oil)? What about the equipment that you buy? Does it contain oil-based materials? How will price rises on these materials affect your business?

In 2008, oil moved to over $140US per barrel. It's retreated for the time being, but there are no guarantees it will stay at this level.

Emerging Opportunities

So if increasing oil prices are going to affect the materials we use and the food available to us then the opportunities will be in:

1. developing safe alternative energy sources;
2. developing new fuels to replace fossil fuels;
3. developing new materials to replace petrochemical plastics; and –
4. developing new farming methods to replace artificial fertilizers.

Non-petroleum bio-fuels are being produced from a variety of sources. First-generation bio-fuels include ethanol produced from sugar cane and corn, and bio-diesels from oil sources (everything from used cooking oil to slaughterhouse waste) are already on the market.

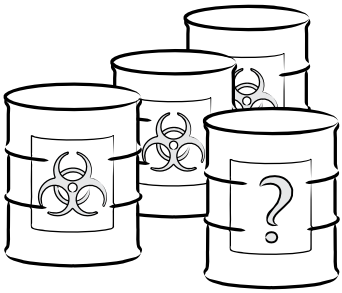
Turning food into fuel isn't a great option in the long term, but second-generation bio-fuels are being developed from more environmentally friendly sources, such as from algae grown on ponds at wastewater treatment plants.

Organic farming techniques are all about improving soil quality without using artificial fertilisers. The demand for organic produce is growing, and smart farming techniques that build soil productivity are emerging. In a lovely win/win twist, increasing the

organic content of our soils is a great way to take ***greenhouse gases*** out of the atmosphere and reduce water requirements.[6]

Smart entrepreneurs are developing replacement products such as plastics and paints from plants instead of petroleum. We can already make plastics from corn, and there is an increasing range of new alternative materials under development.[7]

Risk #3: Toxic Living, Toxic Products



As our technology gets smarter, we're getting much better at evaluating the by-products of our current environment. And the bad news is that lots of them are poisonous.

In the 18th century we stopped using white lead as makeup. In the 20th century we took lead out of house paint and petrol. In the middle of the 20th century we used DDT for controlling insects in the tropics and we now know that it's polluting the Arctic environment.

Dieldrin contaminated good farming land from the 1950s to 1970. Asbestos was used for all sorts of things before we found out it caused cancer. Many common products today are being recognised as being highly toxic, either to make or to use.

House paint, PVC and particle board; detergents, deodorants and cleaning products – most people live in a fog of volatile organic compounds (VOCs) without being aware of it. Those sensitive individuals suffering allergies and multiple chemical sensitivity are the canaries warning us about the potential poisons.

Emerging Opportunities

Part of doing good business in the 21st century is going to be about finding ways to make our products and their production processes totally safe.

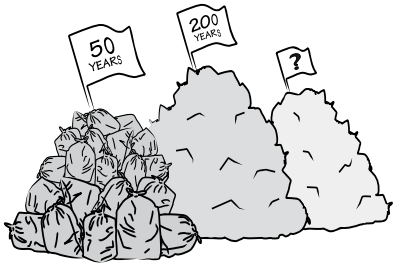
Businesses that focus on totally safe products are finding that when they design a better, safer product with a cleaner production process, they remove lots of costs for handling dangerous materials. Their cleaner, safer product ends up being cheaper to make than the poisonous original. The key seems to be designing safety in from the ground up, rather than trying to make an existing product 'less bad'.

The field of '***green chemistry***' is expanding rapidly, with researchers working on how to make safe materials.

More and more businesses and government departments are including environmental performance in supplier selection criteria. Qualified products are gaining a market advantage.

At the retail level, more consumers are looking for greener products and services, and the number of niche retailers specialising in selling safe products is increasing rapidly.

Risk #4: Non-Degradable Waste



One of the unconscious mindsets behind the evolution of our supply chain has been that "the planet has no limits". It will continue to supply us with endless raw materials, and will continue to provide rubbish dumps for the stuff we don't want, regardless of how toxic it is.

So we use nuclear power and create wastes that will be toxic for thousands of years. Plastic bags proliferate, and we make them

so well that they'll be around for hundreds of years, and create pollutants when they do eventually break down.

The electronics in our computers, TVs and telephones are full of non-degradable toxic materials too – known poisons like lead and mercury.

Emerging Opportunities

So if the risk is non-degradable materials, the opportunities are

1. Designing new products and materials that are fully, safely bio-degradable, and –
2. Designing new 'closed-loop' systems that re-circulate non-degradable resources while retaining their value.

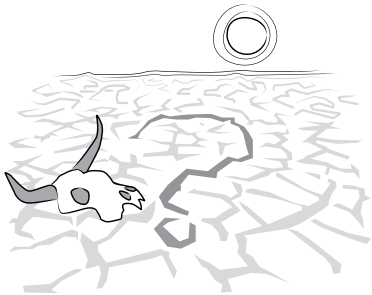
Designers of all sorts will have new opportunities – from packaging to houses to consumer products – and those who can develop a smarter, safer, cleaner product will profit.

Packaging companies that can produce compostable packaging will have major strategic advantages. Water-soluble inners for biscuit packets have been designed that will dissolve to harmless components.

Manufacturers of computer printer cartridges have established remanufacturing plants to reprocess their products into more printer cartridges. They can design for the long term to meet their needs as well as their consumers.[8]

Smart researchers have isolated existing bacteria that can consume old, poisonous plastics and harvest the material to make new, safer plastics. Our old rubbish dumps are likely to be our future mines. And rubbish dumps are not just sources of plastic – the methane being produced from some rubbish dumps is being collected and used to generate electricity.

Risk #5: Water Scarcity



Rainfall patterns around the planet are changing. Some countries won't have a direct water problem, but many already do, and others are developing problems with having enough water in the right places. War over water could be part of our future – it's already causing tribal conflict in Africa.

One cause of future environmental refugees will be drought, as previously fertile areas turn to desert. Water is going to be one of the top, non-renewable scarce resources.

Business Opportunities

If the risk is about water availability, then some of our opportunities are going to be about making the most of the water we have:

1. Capturing and storing water, particularly in small local settings rather than relying on huge remote catchments.
2. Purifying what water there is, and doing it without wasting other resources.
3. Minimising water use, so that we don't use it if we don't need to.

Smart, integrated water storage solutions are being developed, so that rainwater can be collected in ways that don't take up valuable space. Water tanks are being designed to be installed in all sorts of places including under driveways and beneath concrete slabs.

Sustainable houses have moved off the drawing board into real life – houses that are fully self-sufficient for power, water and sewage treatment. And not just in country locations, but inner city developments.[9]

New models for rainwater collection are emerging – encompassing residential roofing, commercial buildings, roads and car parks.

Services for moving water around at the local level will be increasingly in demand – hydraulics expertise is one area of expertise likely to radically increase in value.

There are new products and services emerging for filtering and purifying water. Smart, local solutions are in the marketplace now for purifying storm water and processing sewage. Some are being designed for western world situations, but others are being designed to provide cost-effective solutions to the huge demand for clean water in the developing world.

Some processes have traditionally used water when it isn't technically necessary. Process innovation can radically reduce or remove the need for water use in industry. In the printing industry, waterless printing not only reduces water usage, but improves worker safety.[10]

How to do good business on a finite planet

4

Once we change our assumptions, we can see new opportunities. We can start to develop new strategies and practices based on a different business model.

The core principles have been in development since the 1990s. We've pulled them together and presented them here in simple business language. They're new ways to think about your business. And as you step back and take a supply chain perspective, these principles offer radical new ways to grow your business and generate 'deep green' profits.

The principles presented here aren't pipe dreams. There are already smart entrepreneurs in both major international corporations and innovative small businesses putting them into practice now. They're showing that the environment can be a profit for business rather than a cost.

Playing the Strategic Sustainability Game

The strategic sustainability game is much more exciting than compliance or ***carbon trading***. It's not about being "a bit less bad". It's about radically redesigning the way we do business and developing new processes, products and services that may actively regenerate the environment instead of damaging it

It's not a lose/lose game of less profit and reduced (but still negative) environmental impact. It's a win/win game about making good money and actually turning things around. It's a game for the

long term, with a big vision. It's not fully developed but it is on the way. Its goals include the following:

- consuming ***greenhouse gases*** and removing them, not just reducing them;
- designing products that are totally safe, made from materials and processes that are totally safe;
- delivering products that are either totally compostable or fully recoverable;
- designing delivery and recovery systems so that valuable resources can be recovered and reused without losing value.

These new business principles have been developed by big thinkers, and they're explained in lots of detail in books like these:

Natural Capitalism by Paul Hawken, Amory Lovins, and L. Hunter Lovins.

Cradle to Cradle by William McDonough and Michael Braungart.

The Natural Step for Business by Brian Nattrass and Mary Altomare.

These and other key references are listed in Appendix 2 and contain huge amounts of detail. But the core principles embedded in these great books are simple and straight forward, and can be quickly learned by anyone.

The Core Principles of Deep Green Profit

Once you understand the basic principles of deep green business, then you'll be able to identify your own specific opportunities. You'll be able to choose the strategic and profitable options that make sense in your business and your marketplace.

And if everyone in your business understands them, your opportunities will multiply. The great news is that the principles aren't particularly complicated. Once you get used to the thinking shifts they involve, they turn out to be just another form of common sense.

Principle #1: Everything is a Service

This is a classic marketing concept, with a whole new application when we start looking at deep green business. Marketers have known for years that people buy products for the value they provide, not the materials they contain.

Deep green profit takes this to a whole new level: "There are no products, only services."

If we focus on our product, then we're not focusing on our ultimate source of income – our customer. Cars aren't valued for the steel and plastic they're made from, they're valued for transport, style, and comfort. Mobile telephones are valued for communication and entertainment.

If we focus too closely on our product, we lose sight of the main game and limit ourselves to what we currently know how to do. If we understand the value our product provides to our customer, then we can start to explore what our business development opportunities are.

We can re-design the underlying services to be delivered in ways that are positive for the environment and good for our bottom line. And this applies as much to service-based products as to consumer goods. An accountancy practice that produces tax returns delivers the safety of compliance as well as the tax documentation. Medical practitioners and pharmaceutical companies deliver good health, not just prescriptions and medicines.

If every product is actually an embodied service, then we can start asking questions like these:

- What are our products (or the services we sell as a commodity)?
- What is their value to our customers?
- How can we deliver our service **by** regenerating the environment?
- What new 'products of service' might our customers value?

Example: A major air-conditioning manufacturer has started delivering 'coolth' (coolness and comfort) as a service instead of air-conditioning equipment products. It gets paid for delivering a particular temperature range. What equipment gets installed is up to the air-conditioning company, and if it comes up with a better, more energy efficient design, it becomes more profitable.

This business is no longer limited to selling and installing air conditioning – it can deliver other smart, low-tech solutions like air circulation fans or window shades if they're a better solution.[11]

Example: An Australian plant and equipment hire company is providing mobile green power as a service. Instead of just hiring out generators that run happily on bio-diesel, it also delivers the bio-diesel to the generator. The customers get the service 'mobile green power', instead of the product 'diesel generator'. The company is making sustainability easy for its customers.

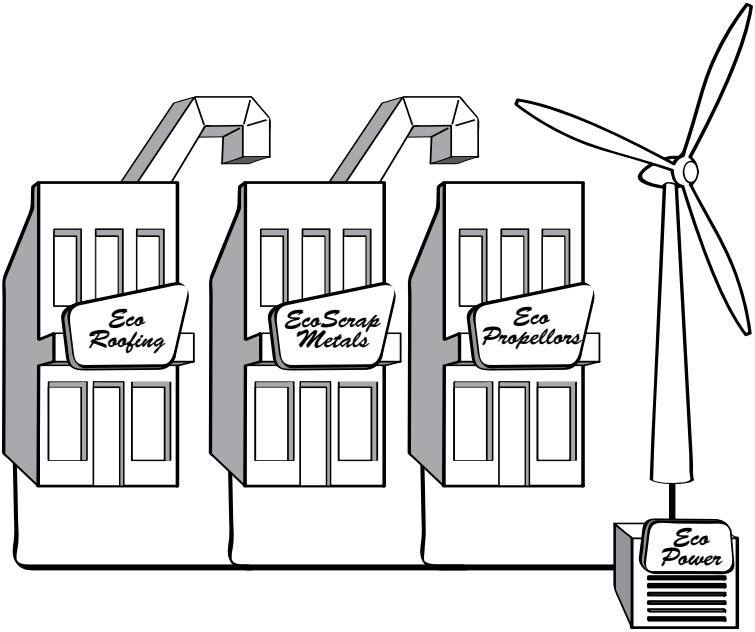
Example: A number of transport businesses around the world have identified that owning a car was particularly expensive to low-mileage inner city dwellers, so they started to provide a new form of 'car as service' to customers in a service called car-sharing.

An Australian company is doing this in Melbourne and Sydney. It provided its members with online car bookings with around-the-clock access to cars, down to a minimum period of 1 hour.[12]

The company's value proposition is "You pay one low hourly rate. And we cover all your costs. (Yes, including petrol.) You just drive." Its service even includes council-approved free parking spaces.

And it's interesting to notice that this business isn't trying to convince its customers to buy a more expensive 'green' product; it's offering cost-effective, convenient occasional transport – the exact service their customers want.

Principle #2: There Are NO Wastes



Traditionally, we have seen wastes as garbage to be sent off in a rubbish bin for someone else to deal with. Waste is expected, planned for, and the disposal costs are included in product overheads. We've rarely been directly charged the true environmental costs for disposing of our waste.

Tips and rubbish dumps aren't free – each hole in the ground costs millions of dollars to protect our environment from ground water contamination. We don't see the full waste costs directly, and we pay them in environmental degradation. Carbon taxes or charges for greenhouse gas emissions may help change our attitude to the by-products of our processes.

It's time for a new perspective. If something can be easily, quickly and safely composted, then it is a 'product' of value to the environment as a compost or a mulch.

If not, it's a potential 'technical nutrient' – a material that can go back into the production cycle to be reused or remanufactured. Ultimately, there's a potential business opportunity in turning it back into a valuable material.[13]

If the material can't be re-processed, then how can the production process be re-engineered so it's not produced?

So, our starting point is the assumption that every 'waste' is actually a product to be '***upcycled***'. From this starting point you can ask some useful questions:

- What do we see as a waste?
- What do our customers see as a waste?
- What to our suppliers see as a waste?
- How can we turn these wastes into profitable products?

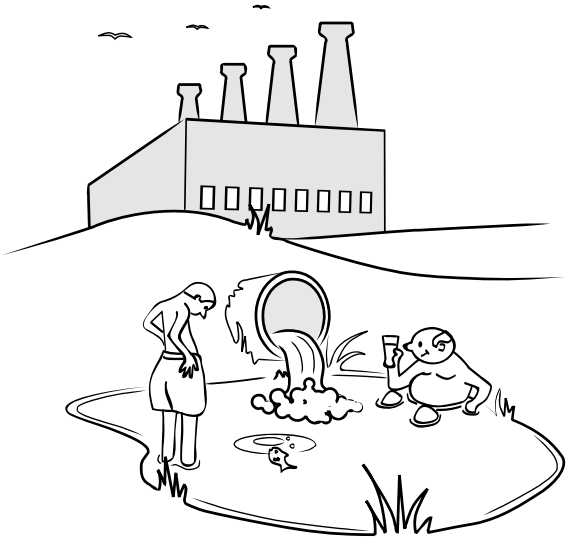
Example: A Californian materials exchange is based on the idea that "One business's trash is another business's treasure." It provides an online service for registering unwanted materials for other businesses to use.

Example: An Australian business is implementing bio-digester technology that enables them to turn a wide range of organic wastes into fertilizer. Along the way, it generates power and clean water as by-products of its process, which can also be sold to new customers.

This business is taking other people's difficult organic wastes, from chicken carcasses to sewage, and turning them into valuable outputs.[14]

Example: An Indian sugar mill uses post-crushing cane waste to generate steam. The steam is used to generate power and which is returned to process further sugar cane.

Principle #3: Design For Total Safety



Product design in the 20th century put human and environmental safety second to other requirements. In a new deep green economy, total safety is likely to be a key requirement. Every product will need to meet these standards:

- safe to manufacture;
- safe to use;
- safe to dispose of.

We now know that designing **in** safety at all levels actually designs **out** huge overheads in the production process:

- Health and safety and other overhead costs plummet;
- Waste disposal costs go down;
- Motivated, valued employees reduce both direct labour costs and indirect costs like staff turnover.

This doesn't apply just to products and services – one of the side benefits of green office buildings has been found to be increased worker health and productivity. Not only do the buildings cost less to run, but the people who work in them produce better results.

If your process, your product or your service is hazardous, scan for smarter safer ways to make it, and see what you find. (You may need to step back and look at the big picture to find the saving.) And the new definition of totally safe isn't just "Does it have a warning label?" – it's "Has it been proven safe?"

If you're sure that your business is as safe as it can be, think about your supply chain. What opportunities are there in your customers' operations? Or those of businesses that aren't currently your customers?

Where could you (or your customers) be paying the costs of danger?

What can you redesign so that it is totally safe?

Example: In the early 1990s, a textile mill set out to produce a fabric safe enough to eat. The fabric was designed to be safe from the raw materials onwards, not just safe when it was finished.

The business found that by selecting materials and processes **for** positive qualities like safety and colour-fastness, the need for further toxic additives and corrective processes was removed. It ended up creating an entire fabric range from safe materials and produced a higher-quality product that was ultimately more economical.

When the fabric went into production and the environmental authorities tested the effluent water from the plant, it was so clean they thought that their equipment was broken!

Regulatory costs became minimal, because no unsafe materials were being used. Safety equipment like gloves and masks were no longer required, further reducing expenses. Rooms that had previously been used for storing hazardous materials were available for use as extra work space and for recreation.

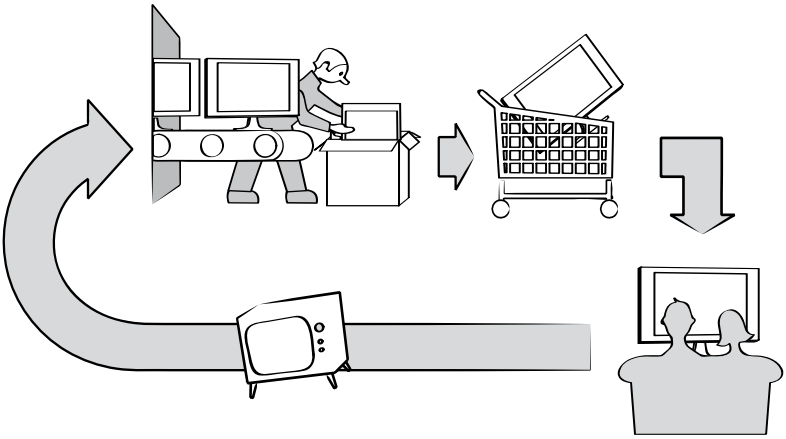
And at the end of its lifecycle, when the fabric was worn out, it could be stripped off the furniture and composted.[15]

Example: An offset printer in Australia switched to waterless printing. Removing the water baths removed the need for the dangerous chemical isopropyl alcohol, used as a solvent in those baths. There were a whole range of benefits:

- better employee performance, as solvents impacted on concentration and health;
- reduced water usage;
- reduced paper wastage in setup, as waterless printing requires less test-printing;
- reduced discharge costs – contaminated water discharge went to zero, so no waste water license was required;
- reduced insurance costs, as highly flammable drums of solvent no longer needed to be stored;
- reduced hazardous materials procedures increased efficiency.

Example: A major US sports shoe manufacturer ran a program to reduce its use of petrochemical-based solvents. It replaced them with nature's great solvent – water. The project resulted in millions of dollars in savings on raw material purchases, as well as reduced environmental impact and creating safer working conditions for employees.

Principle #4: Design for Re-Manufacture



Most products in the past have been designed for a one-way, no-limits system. The makers haven't been held accountable for their impact on the environment, either in the factory, or at the end of their useful life.

One of the new principles of deep green profit is based on rethinking this. It proposes that everything is designed to be easily pulled apart. All components are designed to be reused, or remanufactured into valuable materials.

Remanufacturing conserves the original energy, materials, labour, and manufacturing equipment inherent in every product, so it's overall cost and environmental impact is far less than starting from scratch.

How close can you come to creating a closed-loop manufacturing process? One where you wouldn't have to buy raw materials because your products always came back to you to be made into more products of equal or higher value?

Can your product be easily and profitably re-processed into more products of equal or higher value?

If you answer this question with a "**no**" then you may have identified a business opportunity.

And don't stop with your products – take a look up and down your supply chain to see where there could be opportunities.

Example: A major manufacturer of cartridges for computer printers has established re-manufacturing plants in a number of countries. Besides directly reducing materials costs, it has had the added benefit of improving existing manufacturing systems after studying faults in the disassembled components.

The company also found that their re-manufactured products are often a higher quality than when first engineered.[16]

Example: A major manufacturer of big construction and farming machinery has discovered that, for all the dirty work involved, the costs of creating a remanufactured product are often less than 70-percent of creating a product from scratch.

The manufacturer also found that by designing and producing higher quality parts in advance, it could re-use them two or three times over the life of their end products.[17]

Example: A Scandanavian hotel chain set the goal of creating a 97% recyclable hotel room. (Hotel rooms are regularly maintained and upgraded as part of normal business practice.) Making the room 'recyclable' meant the following:

- using furniture and fixtures that could be easily disassembled and re-manufactured,
- using soft furnishings that could be either recycled or safely composted,
- using timber floors rather than carpet.[18]

Instead of costing more money over time, the use of natural fabrics, timber floors, and well-designed furniture mean the room has a longer lifespan and overall costs are actually going down.

Principle #5: Use or Copy Natural Processes

Production processes in the 20th century took the approach of whiz-bang, technologically-intensive, high-cost techniques. Good enough when we thought our resources and our planet's ability to process the by-products were endless.

Yet Nature has some wonderful techniques for designing products and materials. There's no high energy required to produce a pearl, or a structure the size of Australia's Great Barrier Reef. There are two key questions here:

1. How can we achieve our results with low-energy natural solutions instead of major engineering works?
2. How can we improve product designs by looking to nature for smart solutions?

Returning to natural processes and traditional solutions and combining them with 21st-century know-how is producing fascinating solutions. The nose of a Japanese bullet train was designed on the shape of a kingfisher's beak. The super-fast train

was creating loud sonic booms every time it came out of a tunnel into open air. The train's designer asked himself "Is there something in Nature that travels quickly and smoothly between two very different mediums?" Not only was the new train quieter, but it used 15% less electricity AND travelled 10% faster.[19]

The design of termite mounds has been copied by architects to produce office buildings that use 90% less energy for air conditioning than conventional designs. Building operation uses 40% of all the energy used by humanity, so smart new solutions are particularly important.[20]

So asking "Is there somewhere in the natural world that this problem has been solved?" is a powerful way to leverage the smart answers produced by millions of years of evolution.

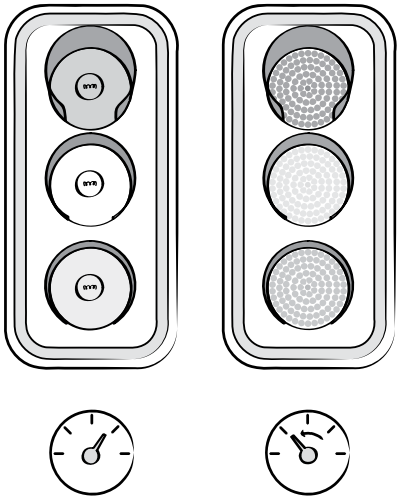
Where in your business are there high-energy, whiz-bang technological processes? Where in the natural world does something similar happen?

Example: In treating contaminated soil at an old manufacturing site, a major car manufacturer used specially chosen plant species to clean up contaminated soils. These plants are able to contain, degrade or eliminate contaminants and are a clean, efficient, inexpensive and non-disruptive, as opposed to processes that require excavation of soil.

Example: A US city installed a 'green roof' of soil and plants on its town hall in 2001. The plants on the roof make it much cooler than a traditional office building roof, creating substantial energy savings. The soil and plants soak up as much as 60% of dirty rain water runoff, saving storm water costs. It also creates pleasant recreational space and cleaner air.[21]

Example: The smart natural design that ensures dirt and water roll off a lotus flower has been used to design a fabric finish that achieves the same water and stain repellency as conventional fabric finishers while using eight times less harmful fluorinated chemicals.[22]

Principle #6: Use Much, Much Less



When we take a close look at what we've always done, we often find that it's evolved over time. What started out being a good idea gets distorted into something very inefficient.

If we only look for small improvements, we often stay inside our current assumptions about 'business as usual'. A 5% reduction in energy usage can probably be achieved within existing systems. Trying to reduce energy usage to one quarter of current levels can spark new, creative ideas.

So start searching for opportunities to make really big reductions in your resource usage. Asking "How could we do this with 1/10th the power/materials/time/cost?" is a good way of challenging your assumptions.

Take a critical look at procedures and processes. Where is your environmental impact biggest? Where would a strategic process re-design create better business?

Consider – what is waste, anyway? In business terms, waste is "anything that doesn't add value for my customer".

This means any step in your business process that doesn't take your product or service closer to providing value to your customer is waste. Disciplined process improvement programs that are rigorous about customer value find that they can reduce costs by 50%. Same value to the customer – less cost to the business. The savings end up on the bottom line.

Often it's about simplification of a product design, or a range of supplies – reviewing and restraining our love of complexity in favour of simple, effective design or material selection.

What un-inspected processes in your business could be wasting time, money and natural resources?

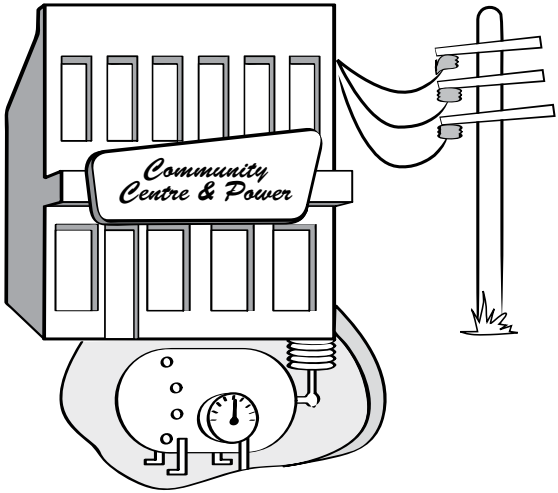
Example: A small Australian accounting firm started to look at its paper usage from the point of view of business process. It started by reviewing its filing processes, and identified unnecessary copying and filing. Then it implemented document imaging technology. The business not only reduced its paper usage by 50% (and hence their printing consumables), it substantially reduced the administrative time needed for filing as well.

Example: A Scandinavian hotel company reviewed its purchase and use of cleaning products. It found that they could reduce the number of different cleaning compounds in each hotel from 15 different formulas to four. The company now has the cleaning solutions delivered in concentrated form, saving transportation costs, and also benefit from bulk purchase of the remaining solutions they use.[23]

Example: A small private hospital implemented a waste recycling program. By separating wastes and improved sorting, the hospital reduced the number of industrial dumpsters needed on site. Improved staff education and convenient waste containers meant that far less general waste was put into hazardous medical waste bins for high cost disposal.

Not only were waste disposal costs were dramatically reduced, but the smaller number of industrial bins on site created more valuable parking spaces – at a premium in their urban location.

Principle #7: Think Small, Local and Smart



One of the old ways of thinking is that big problems require big infrastructure solutions, like building dams, bridges or huge sewerage systems. But often big isn't the best way forward. We've proved that with computers; the majority of computing these days is done on networks with lots of small processors. The internet isn't driven by one big central computer – it's lots of little computers.

Home solar power systems and rain water tanks were just the beginning of a shift from big supply networks and systems to local, independent living. Whole neighbourhoods are collaborating to achieve resource self-sufficiency. And smart businesses are doing it too.

Big systems tend have problems with efficiency and waste. A big water supply network that serves a whole city requires a lot of energy for pumping, to maintain the water pressure. And when it breaks down, it can have big losses. A burst water main can fountain water for hours. Smaller leaks often don't get noticed, so they don't get traced or repaired.

Big power distribution grids come with substantial transmission losses, and when the power fails, it impacts businesses, consumers and essential services over a wide area.

A shift to smaller, localised services reduces the waste in each system. It also reduces the impacts of system failures. And by designing for specific local needs, it can achieve multiple wins.

What opportunities are so close to home that you just haven't seen them? Where could you be assuming 'costly high-tech' when it just isn't so? Where could you mine the interest and expertise of the people in your business instead of paying consultants?

Example: A UK local government authority decided it wanted to get serious about its environmental impact. It started a range of projects to reduce its greenhouse gas production. It installed small gas-fired co-generation plants that provided power **and** heating to office buildings during the day and local residences at night.

It now provides nearly all its own power and heating from its own local grid. (And the key project leader has since moved on to work for the City of Greater London.)

Supplying to a small area minimised the loss of power in transit from remote power stations, reducing the total amount of power required. Supplying heat as well as power meant that separate fossil fuel heaters weren't required, radically reducing greenhouse output. [24]

Example: A small Australian power tool wholesaler built a new office/warehouse complex. It used smart thinking about passive solar design to orient the offices on the site so they got maximum natural light and energy efficiency. It took a full year to find out how efficient the high-tech new light bulbs actually were because for the first few months they didn't need to switch the lights on at all![25]

Example: An Australian regional manufacturing company reduced its cooling costs by piping hot water from their production process through a second-hand car radiator installed on the factory roof. This smart idea came off the factory floor, not from an executive policy.

Deep Green Profit Applied: Interface in Action

Consider Interface at the start of their internal green revolution. It was a manufacturer of commercial carpet tiles from petro-chemicals. It wasn't exactly a likely candidate for sustainability, but it did it anyway, because it was led by entrepreneurs who loved a challenge. Interface has used all of these strategies over the years since their 'Mid-Course Correction'.[26]

Principle #1: Carpet as Service

Interface started to offer its customers the option to lease their carpet – carpet as service. The service included moving carpet tiles around to decrease wear. As tiles wore out, the company would replace them and take the old tiles away. So the longer the carpet lasted, the better for Interface.

Principle #2: Old Carpet Into New Carpet

Interface developed new processes for taking other manufacturers' worn out carpet and salvaging the materials to make new carpet – taking someone else's waste and upcycling it into a product of value. Some people call turning carpet into mulch recycling; Interface is playing a different game.

Principle #3: Design for the Environment

Interface started to develop new products, materials and processes based on safe, renewable materials, instead of on environmentally expensive petro-chemicals.

Principle #4: Design for Remanufacturing

Interface started to design their carpet tiles so that the materials could easily be recovered and re-manufactured into new, high-value carpet.

Principle #5: Copy Natural Processes

The designs on their carpet tiles were patterned on natural textures, so that the tiles could be shifted around and look good wherever they were put. This made the tiles easier to move in and out of high-traffic areas, and for individual tiles to be replaced if they were damaged, so that the overall area of carpet would look better for longer. Very smart business when combined with Principle #1 – carpet as service.

Principle #6: Using Much Less

Interface built resource efficiency and environmental performance into its ongoing quest for business improvements. Resource usage reduction and process efficiency are ongoing quests.

Principle #7: Using Local Resources

Interface people think locally and laterally. In one location, the company is powering a carpet factory using methane from the local landfill.

Re-thinking your business strategies

5

So now that you know about the core principles of deep green profit, it's time to think about your business. Take some time now to re-read the principles and jot down the ideas that come to you. They may be about opportunities inside your own business, or you might have some ideas about your industry sector and the supply chain you're a part of.

Treat this as a brainstorming exercise, not a final plan. Don't worry about any questions that you can't answer properly. Write down **everything** you think of. Use any creative thinking tools you know to generate more ideas.

If you're not the boss, pretend you are – if you're serious about your job, it will be valuable for you to think about your organisation as a whole, and it's role in the supply chain.

Principle #1: Everything is a Service

If every product is actually an embodied service, then:

What are the services you sell as a commodity? What do you physically deliver to your customers?

What are the environmental resources you use to produce your products and services? Think broadly about everything you pay a bill for, or you physically use. Remember to include not just the physical stuff, like manufacturing materials and stationery, but also

power usage (including lighting and air-conditioning) and water usage (including for bathroom and kitchen).

What is the value of your products and/or services to your customers? What are they **really** buying? If you don't know, how could you find out?

How many different ways can you think of to deliver your service **and** reduce your impact on the environment? Can you think of any ways you could deliver your service with a **positive** impact on the environment?

What new 'products of service' might your customers value?

Principle #2: There Are NO Wastes

If there are no wastes, only products you haven't found a use for, how could that create opportunities for your business?

What's seen as a waste in your business?

What do your customers and your suppliers see as 'waste'?

How could these 'wastes' be valuable products? Who would they be valuable to? How might they need to be re-processed?

What about energy and water – where are they coming from or going to in terms of one-way, high-overhead systems?

Think about how heat or electricity could be used to perform more than one function. Could you turn waste heat from a necessary production process into electricity?

Principle #3: Design for TOTAL Safety

This principle proposes that every 'product' you produce should be safe. No hazardous materials would be used in any process, and no wastes would be produced that couldn't be composted or up-cycled.

In what parts of your business are costs incurred for hazardous materials storage and handling?

There are many substances that we use every day that we used to consider 'safe' that are becoming increasingly suspect. In which parts of your business are you using materials that you haven't checked for safety?

What sorts of productivity costs do you pay for workplace injuries? What are your workplace insurance costs like?

What productivity overheads could you be carrying from poor working conditions? (Think about not just the big things, but also the little things – such as glare from too much lighting.)

What do you buy from your suppliers that may be having safety impacts?

What opportunities might exist further up your supply chain to help your customers find cleaner, safer, more profitable solutions?

Principle #4: Design for Re-Manufacture

Think about your supply chain – where does it look like it's 'one-way'? Where do your products end up at the end of their useful life? What do you put into a rubbish bin? Are you making a component that goes into a product that goes into a rubbish dump at the end of its life?

How could your products be re-designed so they can be easily and profitably re-manufactured into more products of equal or higher value?

Which of your products or their components take a lot of environmental resources to produce? Think about the energy and hidden ***greenhouse gases*** used in their production, not just materials. (For example, glass is essentially melted sand, but it takes huge amounts of energy to produce.)

What opportunities might you have to make your product components more durable, so that could you re-use them again and again instead of buying or making new ones from scratch? What would need to happen in order to accomplish this?

Think up your supply chain. In terms of the things your business buys, which of your suppliers could you collaborate with to start closing a loop and reducing costs so that you both benefit?

Imagine a closed-loop supply chain – what would be the implications it would have for the things you buy and the things you sell?

Principle #5: Use or Copy Natural Processes

High energy, big engineering products and processes increasingly have low-energy solutions.

Have a close look at where energy is used in your business. Are there particular areas that are energy intensive? How could you find out more about alternatives?

How could you engage everybody in your business in finding smart solutions? How could you find out which people in your business would enjoy being involved?

What good ideas do you have on your to-do list that you haven't gotten around to yet? Who could you involve in making them happen?

Think about your most costly processes in terms of the systems around them. How efficient is the overall system? What are the different ways that the whole system could operate that might be more effective?

If you were to look to nature for designs or processes, what questions might you ask? How can you state your challenge in general terms that might give you new insight?

Check down your supply chain to see what your customers are doing. Where might they have costly processes that might provide new opportunities for you to provide products or services?

Think about your purchases – where could there be more natural, cost-effective solutions on the market?

Principle #6: Use Much, Much Less

What would happen if you started setting stretch goals for resource usage? Challenging your business to reduce resource use to 1/10th of current levels could spark some really creative ideas.

What opportunities might you create if you set goals for major improvements rather than gradual efficiency increases?

Which processes in your business haven't been reviewed for a while?

What new technologies could add process improvements as well as environmental savings?

How strategic is your approach to purchasing, especially to key consumables? How tightly do you manage the ordering process?

What potential might there be for duplication or overlap? What are the systems like that support your buying choices?

Where might you create opportunities by taking an approach that encompasses the whole business?

Are you buying just enough for your needs, or is there stuff on the shelves or in the warehouse that hasn't been used for ages? What resources are sitting there unused?

Principle #7: Think Small, Local and Smart

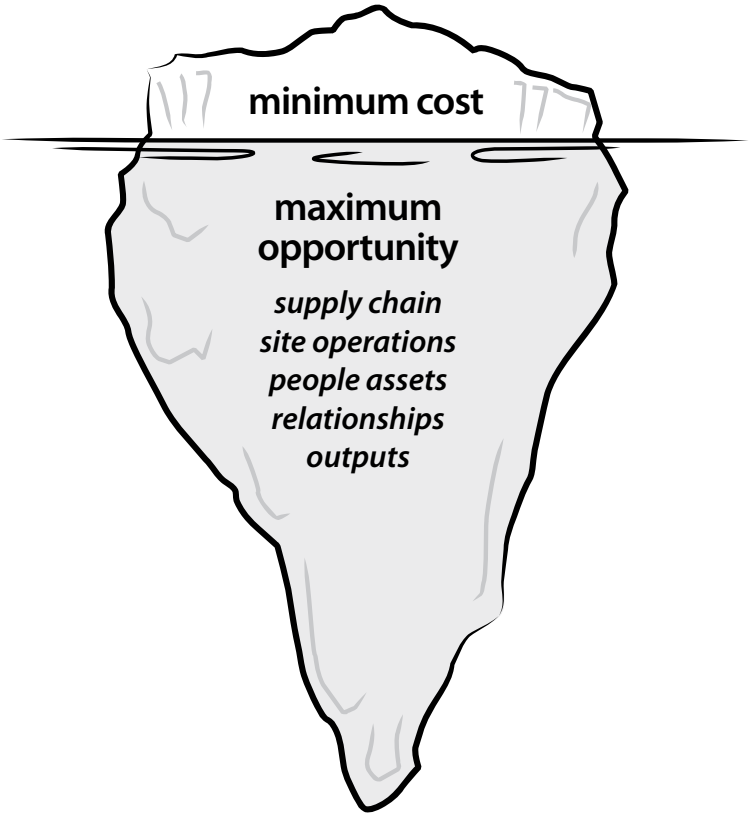
A small, local, smart solution will generally out-perform a big central system. What parts of your business interact with a 'big system'?

Basic central services that traditionally come from big networks include power, water and sewage. What new, smarter options might exist in each of these areas?

Are you generating heat in any processes that you could scavenge electricity from?

What smarter solutions could you be offering to your customers to help them replace big centralised systems or services with smarter local alternatives?

Where might there be alternative suppliers that could serve your business more effectively than your traditional sources?



From intention to reality 6

Having a great idea is one thing. Turning it into a reality that shifts the performance of an international business is something else.

The principles implemented at Interface, while revolutionary in one sense, are straightforward. How they went about changing their direction is a great achievement in its own right, and a great example to learn from. While it's a very environmentally focused business development program, its still all about business improvement and business development.

The 'How' of the Interface Mid-Course Correction

When Ray Anderson found out about his business's environmental impact, he took the sort of action that really entrepreneurial business leaders take. Instead of backing off, he took it on as a challenge and an opportunity. The process of how he did it is as interesting as the specific process strategies he implemented.

This process isn't something unique to Interface, it's a reflection of a recognised process that shifts middle of the range 'good' businesses into long-term, outstanding performers.

This process was identified by a researcher named Jim Collins, who set out to find out what it was that turned "good businesses into great businesses". The results of his research are documented in the book *Good to Great*.[27]

From Good Business to Great Business

Jim Collins has documented the sort of leadership that creates great business results. He defines the cyclic process by which good organisations create ongoing great performance:

1. A smart leader emerges – one who combines minimum personal ego with maximum professional will. This sort of leader acts as 'coach in the box', not as 'star player', so they have time for a great life as well as a great business.
2. The smart leader focuses on building a great team. They know that if they build a champion team, then the team will create winning strategies. So they make sure they have the right sort of team on and off the field.
3. The leadership team confronts the brutal facts of their business and its environment and takes real action. If the business is threatened by a major change, they face it and work out how to respond to it.
4. They make sure that they really know what is at the core of their business – they know what they're good at, what their customers want, and what they're prepared to pay for it. This awareness keeps their focus on the main game and makes sure everyone understands it.
5. The business develops a culture of discipline and entrepreneurship. People know the rules of the game, and are encouraged to do their best within the rules. Failure is not failure, it's a chance to learn.
6. The business implements relevant, appropriate technology. It doesn't jump on the latest band wagon, it chooses smart strategies based on delivering real value efficiently and effectively.

Great Green Business at Interface

There are a lot of *Good to Great*'s principles embodied in Intercept's shift to deep green business. So there's no mystery – just the application of sound business principles that we know create great business performance.

Below are the steps Ray Anderson took.

Facing the Brutal Facts

Having accepted the brutal reality of his company's impact and the potential for environmental catastrophe, Ray set new goals for the business – to become a regenerative business.

What Skills Does The Team Need?

He brought in a small group of consultants to assist him and his in-house working group to set new, big-picture goals. He brought in strategic expertise to understand the big issues, not to "fix" things.

Then he shared the issues and new goals with his people. He used Interface's 25th birthday celebration to launch the new direction. Representatives of the company from around the world were coming together to celebrate their achievements and develop a more integrated strategy.

Ray and his lead team used the celebratory gathering to announce the new way forward. And they used the content to leverage their strategic developmental goal of integration.

It so happened that the conference had already been booked on a highly unsustainable venue on a tropical island. Rather than cancel the venue, they used the week-long conference as a study project.

They quantified the environmental impact of the conference on the island. With the active cooperation of the venue management and staff, they investigated all the changes that could be made. And they finished with a sense of power about how much difference could be made in just one week.

Alongside investigating and measuring the real impacts their business conference was having on that island, they ran training on the principles of deep green business.

At the end of the week, the resource usage was:

- Water – down 48%
- Electricity – down 21%

- Propane – down 48%
- Solid waste – down 34%

One conference group in one hotel in one week. And just think what they learned from the experience to take back to their individual workplaces!

At the end of the conference, Ray sent his teams back out into the world, saying "Here are the principles – you have the knowledge and you have our objectives. Go out and start working out how we can actually do this."

Short Term, Long Term, Internal, External

Ray didn't try to do anything specific, instead he leveraged the business teams to create new opportunities. They had overall discipline from their vision and their existing systems, and they used an entrepreneurial mindset to mine for opportunities.

They developed three separate areas of action within the business:

1. Improving their existing operational processes with an internal efficiency program called QUEST.
2. Looking outside their business as a major materials consumer, they set out to quantify how to choose 'the best' materials for business and the environment with a process called EcoSense®.
3. Taking a strategic view of the business and developing new products and practices with a strategic process called PLETSUS.

Internal Disciplines – Quality and Efficiency

The QUEST program (Quality Using Employee Suggestions and Teamwork). This program was focused on improving existing technologies and processes, embedding environment into their existing total quality management.

They refocused their existing disciplines of quality and efficiency to include environmental issues. It was internally focused on doing the best they could with their existing processes.

Understanding Their Upstream Impacts

Interface's EcoSense® program was focused on measuring the full environmental impacts of materials before they reached the business. Knowing "which is better?" isn't always simple when you need to go back to the first extraction from the eco-system and account for the full impact of the refinement, transport and processing up to your factory door.

Strategic Entrepreneurship

The PLETSUS program (Practices Leading Towards SUStainability) looked at business practices. The people, product, plant, production and transport practices that Interface believed led to a truly sustainable and profitable business.

This program was about developing whole new ways to do business – it was long term and strategic, with an entrepreneurial focus on opportunity across the business.

Where's the Ownership?

Ray was the top-level owner of the business goals, but he didn't apply lots of external expertise, he leveraged the organisation's own strong disciplines and culture.

QUEST and PLETSUS are about both a culture of discipline and an ethic of entrepreneurship. The programs were their own – they belong to the company and the people that work there. They weren't grafted on from outside. Their programs, their solutions, their future – for them, their business and for their children's future.

Focus on Value

The strategies that Interface put into practice were strategies that made good commercial sense. They weren't "green for green's sake" – they were good for the planet **and** good for business.

Implementing the process

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The Interface story told by Ray Anderson[28] includes the processes you can use to get started. It begins with deciding to engage strategically, then it continues with building teams, educating the organisation and engaging at different levels. So you can take their process and leverage it for your own business.

Decide Your End Game

Begin with your end result in mind. Start with the basics. Having an abundant natural environment that supplies your business with clean water, reliable energy and fresh air will be important to the future success of your business.

Sustainability gets the best business results when it's a core part of the business strategy. To truly play the regeneration game, the fundamental goal is:

> **A deep green business – one that has an overall positive impact on the environment.**

This is a great goal – a total shift from doing harm to doing good. And this is also where the big opportunities will come from – doing well **by** doing good.

You may not yet be ready to play this new game, but at least you can be watching for opportunities.

You can start small, even though you're thinking big – the good thing about really big goals is their potential to foster new thinking. They help you to make better decisions about where to focus your attention.

Identify the changes **worth** making in your business. Where could you make or save significant amounts?

Start the Learning Process

Find out enough information to get started. Do some reading. Get out and network and find out what's happening in your industry. Do some Internet research.

At this early stage, it's about developing your understanding enough to decide whether this is a game you want to play. Most current businesses operate in a supply chain that is still based on a one-way, no-limits mindset. Once you start looking, it's almost certain there are opportunities for smart entrepreneurs, although they may involve thinking very differently.

Read back over the principles of deep green profit – where are you starting to see some possibilities?

Take 'environment' out of the compliance category and start treating it as a competitive advantage.

Externally, what's your industry about? Behind the products and services, what's the value to the customer that your product delivers?

Which steps in your process would the customer actually be happy to pay for because they add to the value of your product? When you fully understand the value chain, you can more easily look beyond "how we've always done it".

Put a Business Green Team Together

The key to regenerative business is to build a team that can create a more sustainable business. Get the right players on your team and make sure they have the right skills. Fundamental business change needs more than one person.

Movies and news stories can seduce us into believing that leaders have to be heroic. Leaders often have heroic visions, but the smart ones are the ones that put together a great team to turn the vision into reality.

Who are the key players in your business? How can you engage them? Avoid the temptation of believing that **you** have to find the answer. Work out with your team where the goal posts are and what constitutes a great score. Focus on building the team's ability to achieve your goals.

Leverage Existing Skills and Interests

You may well have great environmental expertise inside your business – leverage that knowledge and keep strategic control.

While the detailed technical mind that has managed your compliance requirements may not have your strategic vision or entrepreneurial mindset, their skills will be invaluable.

And you may find that there are passionate people in unexpected areas of your business. So ask for input from everyone at every level.

Build Some Generic Green Business Skills

It can be really tempting to find a new detailed area and start getting specific early. But deep green profit is about new business models. It's an innovation challenge that needs new thinking. The emerging generic thinking skills include:

Life Cycle Assessment

Learn to understand the whole life cycle of a product (or a service), from the original raw materials, through all the manufacturing steps, all the way to its disposal at the end of its effective life.

It's when we understand the product and material flows in our organisations that we can design more efficient, cost effective products and services.

Example: Life cycle assessments were performed in selecting materials for a new local government civic centre. They asked these questions:

1. What are the impacts of the materials and the construction methods used?
2. What are the impacts of the decision on building performance during use?
3. What are the implications regarding the impact at the end of life of the building?

The result was a building that was easy to heat and cool; provided high air quality and comfort levels; and used considerably less energy and water. The majority of materials used to construct it could be reused and recycled when the building was no longer required.[29]

Systems Thinking

Learn to think of problem-solving in terms of a whole system, not just the component of it closest to you. Understanding the links and interactions between all the components in a system is a great way of finding new efficiencies and opportunities.[30]

Example: Research tells us that 20% of computer printer output is never collected. So if we only focus on the environmental impact of the printer, we still have a problem. Smart new printer/copiers designed with the full system in mind now wait until the output is

actually requested at the printer before starting to use paper and toner.

Value Chain Mapping

Every process that a product passes through in a business is intended to add value to it, though it doesn't always work out that way. Value chain mapping is a process of examining your processes to find out just how much customer value they actually add. This is a general business improvement technique, but it take on a whole new meaning in the context of green business.[31]

Example: A Portuguese car dealer applied value chain analysis in a crash repairs workshop. They mapped out the current processes and set out to optimise the whole process rather than individual steps.

They ended up with a specialised diagnosis bay at the start of the repair process, and found they could deliver repairs with a minimum wait time for the customer and minimum work time for the business.

Faster processes meant repairs could often be done "while you wait", removing unnecessary trips to drop off and pick up vehicles. Customers loved it because their cars were off the road for a minimum time.[32]

Start Cleaning Your Own House First

Start with implementing or enhancing environmental or quality improvement programs within your business first. This is a realignment of business strategy – no one will buy it if you don't live it!

For your colleagues, your customers and your suppliers to believe you, you need to be walking the talk in the way your business operates.

Set a big goal, like reducing your own use of non-renewable resources by a factor of 10, to 1/10th of your current level. What would the result look like? Work out the actions you can take now, plan strategically for the long term, and you'll find great opportunities to build an innovative culture in your business.

Understand Your Environmental Footprint

All your business inputs have an impact on the environment – the total is called your ***environmental footprint***. Start to understand what yours is. Most environmental regulators and sustainability groups have online tools for you to use as a basic calculator.

Look At Waste Reduction and Recycling

The full cost of waste to your business is between 10 and 30 times the disposal costs you pay. Investigate waste-reduction and recycling – these are great projects for learning about the issues.

Investigate Accreditation Options

Some form of environmental accreditation is a great step in the service of education and long-term strategy. Check your industry sector and local environmental organisations to find out which programs have a good reputation. Make sure the program has opportunities for you and your people to learn about the big issues, not just the compliance requirements.

Find an accreditation program that adds value for your business and your people. If a program is going to soak up lots of resources doing measurement for the sake of measurement, or give you a green brand without requiring significant improvements, it may not serve you. Choose carefully.

As you're looking, keep your long-term goals in mind:

- Will the program teach us more about the big picture issues?
- Will the program help us deal with barriers to change?
- Is the program focused on big improvements, or is it only concerned with measurement for measurement's sake?
- Is the program about ongoing real improvements, or just selling us a 'green credential'?

Remember that reduce and reuse are just starting points – the real opportunities lie beyond them. Regulators won't always be switched on to entrepreneurial opportunities.

Start to Prefer Green Purchasing

You already have opportunities to learn and influence – just start going through your accounts to understand the products and services you purchase.

You can practice the skills of Life Cycle Assessment and start reducing your impact very quickly – and you will probably find you can reduce your costs as well.

Step Back and Scan for Opportunity

If we're too close to a problem, often we can't see the solution. The biggest breakthroughs are often made from the edges of a field, not from the mainstream.

Work with your team to take a step back from your existing products and services, your existing customers and suppliers, and take a look at your place in the whole supply chain.

The overall process is straightforward:

- Step back and look at your business in the context of the supply chain.
- Find out the impacts and issues of your business and your industry.

- Set the ultimate 'stretch' goal – having a business that has a net regenerative impact. Make this part of the core business strategy.
- Apply the principles of deep green business to identify your opportunities. (If you can't see any, you may still be too close.)
- Start acting and learning. Make this a team effort, so it's not just "the boss's weird idea".

Think down-stream about your customers and their customers. Who are your customers? What value do they take from the products and services you sell them?

Think upstream about your suppliers and their suppliers. What is the value you take from the products and services they sell you? What are your risks? What are the likely future compliance issues?

Think about your marketplace. What's going on at the moment? What's your industry already doing? What resources are there for getting the knowledge you need? How can industry associations, employer groups, regulators and independent interest groups help you?

Think about your people resources, starting with yourself. Personally, what are you good at? What are your skills and your strengths? And importantly, what do you like doing? Where do you get excitement and satisfaction? What skills could you transfer to new areas?

Think about the people who work for you and with you. Do you know who on your team is interested in business innovation? Are there people working in your business who are already interested in environmental sustainability? Who are the potential players who could be ready and waiting for a challenging, meaningful project?

You might conduct a SWOT (Strengths, Weaknesses, Opportunities, Threats) business analysis based on environmental issues. What are your internal business strengths and weaknesses? What are the opportunities and threats of your business environment?[33]

Take a detailed look at your market environment with a PEST (Political, Economic, Social, Technological) market analysis. What

are the political and social requirements and expectations of your business? What are the potential economic and technological trends that may create new opportunities for you?[34]

Rethinking Your Business

Deep green profit has the potential to be applied in any business. What about yours? Take some time and use the questions in this section to start you thinking.

This is a game for everybody in the business, so have a try at it even if you're not 'the boss' – you might find a project that will really help develop your career.

What's Your Endgame?

Can you imagine what your business would look like if it was truly regenerative?

What might your buildings look like?

What might be different about your products and services?

What might be different about your customers?

What might be different about your suppliers?

What About Your Team?

What might be different about the people working for you?

What new skills might they have?

What new jobs might your business involve?

What would your team structures be?

What skills could you start building right now?

Who might be interested and inspired by a new way of doing business?

Internal Quality and Environmental Programs

What internal programs do you currently have?

What's your current process around quality management? What happens when something goes wrong?

How do you catch problems and improve things so they don't keep going wrong?

Do you have an existing process you could build on?

What level of knowledge does your organisation have about business quality management programs? Are there new skill sets you might need?

How much do you know about ideas like value chain mapping, life cycle assessment and systems thinking? Where could you find out more?

Do you have environmental programs in place? How would their focus need to shift from compliance to something different?

What sorts of accreditation programs are offered in your area by your industry group, or by local or regional government?

Understand Your Downstream Impact

How much do you know about your downstream impacts? What is the full life cycle of the products that leave your door?

How are your products disposed of at the end of their useful life? Do they end up in landfill? Could they be creating a long-term litter problem?

Understand Your Upstream Impact

What do you know about your upstream impacts? Where do the things you buy come from? What does it take to make them? What does it take to get them to your door?

How clean and green is your power supply?

Where does your water come from (and where does it go)?

What's the indirect impact of your company being in business? Does everyone drive to work?

What materials does your production process consume? How much do you know about how they're produced?

What are the impacts of your business administration?

What **don't** you know about your environmental impact? Where could you go to start learning?

Getting Strategic

Step back from your business and have a look at your industry sector and your supply chain.

Where are your opportunities?

What sorts of research can you conduct?

Where can you get advice? Professional groups? Industry associations? Regulators? Education institutions?

What are your customers doing? What about the customers you want to have but don't at the moment?

What are your suppliers doing? What can you learn from them?

Soft skills for growing deep green profit

8

Ultimately, any business is about getting a group of people together to deliver a result – generally something that probably wasn't their idea in the first place. The core skills every business owner or manager (or any sustainability influencer) needs are the 'soft skills' – the people skills that enable you to get groups of people to deliver great results.

If you're considering whether you'd like to be a player in the game of deep green profit then it's important to know that it's your people skills that will make the difference. Building your soft skills will far outlast the immediate challenges of growing a deep green business, so you'll be better prepared for whatever challenges life throws at you.

When they hear the 'L' word, a lot of people get scared. Our culture tends to portray leaders as heroes – star players and brave captains who step in to save the day. The good news is that there have been major developments in our understanding of leadership, communication and management in recent years. We now know that the best leaders aren't heroes – they're more like coaches. They build a great team and let their team play the game.

Many leadership abilities are turning out to be skills that just about anyone can choose to learn. And when you learn the skills, you get to have a life as well as be a great leader, whatever your chosen field.

Great Leadership at Interface

When Ray Anderson understood the environmental issues facing his business, he decided to take action. He faced the brutal truth, educated himself and his lead team, and did what really smart leaders do.

Ray set big objectives and then coached his people towards achieving them. He educated them and then he formed teams to do the work. He let them own their solutions and make them work or learn from their failures.

Truly sustainable business success (green or any other colour) happens when a motivated team gets together to achieve a goal that inspires them.

It doesn't matter whether you're the CEO, a middle manager, or a key professional – being able to foster innovation is the skill that will make the difference to your career results, your personal results, and the business bottom line. And that's before you begin your first sustainable business project.

Great leaders are those who get out of the way of their ego, and focus on creating a champion team to deliver their results. Empowering, inspiring and enabling a team are the key skills – this takes integrity, discipline and passion – it doesn't need 'personality'.

The Easy Way Forward

New ways of doing business are about change. The sort of big mind-set changes we're talking about are particularly challenging. Not everybody in the human race likes change. We're creatures of habit and we get comfortable doing what we're doing. About 85% of the human race treats change with deep suspicion.

So implementing the principles of deep green profit is a major leadership challenge. It's about engaging, educating and motivating people to make changes now to influence an uncertain future. It's about 'small-L' leadership – getting people to **want** to do what needs to be done.

Smart leadership is the first critical requirement for great business that Jim Collins identified in the book *Good to Great*. Leaders who played superhero didn't create long-term sustainable success. Leaders who acted as coaches rather than playing captains got real results.

And the really smart leaders he identified had a life as well as a business. They could be met in the hardware store on Saturday morning buying gardening supplies.

For business people who want a more sustainable future, it's important to focus on strategic business issues and basic leadership skills, rather than fancy technological 'solutions'.

If you're a manager, skill up your team with operational capabilities while you work on the bigger picture. Develop an idea of your business as a deep green business. What would it look like?

Skilled leaders define objectives and results – they avoid detailing tactics until everybody understands the desired results. As much as possible, they leave tactics to the team playing the game and do their job as 'coach in the box'.[35]

If you use your green business initiatives as an exercise to apply the principles of *Good to Great*, your business will prosper and so will the eco-system.

And as you develop your small-L leadership skills as 'coach in the box' you could even improve your own life. You'll get time for yourself, your health and your family. And you'll be ready for the next challenge the future throws at us, whatever it may be.

Are You 'The Boss'?

Before you leap into a new adventure, do a quick stocktake:

- Can you delegate effectively? Does the work come back done right or do you find yourself doing it over?

- Are you the star player in your business doing all the hard work, or the coach on the bench sitting back and watching your team score goals?
- How busy are you? Can you take on a big new strategic project without major stress?

How much time do you have for family, rest, exercise and recreation. (Do you remember having **fun** recently?)

Are you working **on** your business, or just **in** it? Do you make time to stop and think and plan for the future, or are you always busy dealing with today's issues?

Too many people in senior business roles have been good accountants, good engineers, good at **doing** something themselves. Often, they have created their current level of success by working hard – very, very hard. Sometimes the real challenge is to work smarter, not harder.[36]

If you're already working too hard, starting a new environmental project will most likely make that worse. Your project could get minimum instead of maximum returns.

The good news is that leadership is now recognised as a set of learned skills. It's not a natural gift that you either have or don't have. You can **learn** to run a business or a department and have a life at the same time.

You can learn the principles from the books if you have time.[37] Or evaluate the types of leadership training available in your area based on the smart leadership style described in *Good to Great*.

Many business people are finding that, like serious athletes, a professional coach can make a real difference. Athletes don't have a coach because they can't perform – they have a coach because they want gold-medal results!

If you're looking for a coach, make sure you choose one who can help you develop the emotional intelligence needed to **be** a leader, rather than one who focuses on your 'to-do' list.[38] It's our self-awareness and preparedness to act in new ways that makes the difference, not how fast we can answer emails.

Are You 'Just An Employee'?

You don't have to be the boss to make a real difference. Anyone can make a difference if they learn the smart skills of small-L leadership:

- A recycling program in a small Australian hospital significantly reduced waste disposal costs and increased recycling (and even restored some scarce car parking spaces). The driving force behind the project was … the gardener!
- A big Australian brewery implemented major water savings across all its Australian plants, saving the business enormous amounts of money. Who made it happen? A couple of middle managers who just knew "this has to happen."

Regardless of your industry or your career specialisation, leadership and communication skills will be your critical success factor. Work on yourself and develop your skills as an internal leader. Get a reputation for being business smart and getting things done.

Become An Influencer

If you're working for someone else, become an influencer. Study the skills of the cubicle commando. In some businesses where the

environment is considered an expense, you may be more effective if you work behind the scenes to create wins for the environment as well as the business. If you have to, become a sustainability subversive.

Work on yourself and develop your skills as an internal leader. Get a reputation for being business smart and getting things done.

Examine your own attitude. If you are telling yourself that "They won't listen to me," **that is what you will create**! It will show in your body language that you expect to be rejected. Instead, aim to grow your communication skills. Study public speaking, motivation and communication. Start asking "How can I communicate so they **do** listen?"

If you've read this far, you know that there's more to sustainability than whether the end consumer is being wasteful – this is about **every** business in the whole supply chain. It's about the 99% of natural resources wasted in producing consumer products.

Once you take the wider supply chain, you can start looking for a space you can influence – one that will build your career at the same time.

Give up saying "the boss should…" Your boss is probably already working too hard; don't take him or her a problem – take in an opportunity! Go in with a well-organised project proposal with bottom-line benefits – show that you understand the strategic issues and want to create wins for both your careers.

Build your communication skills and your sales skills. This is the best investment you can make in your own career anyway – learning to sell your ideas and your abilities. And a deep green profit program is a great place to practice.

Get busy observing within your business:

- Who will I need to influence?
- What's important to them?
- What will motivate them?
- How can I learn about what convinces them?

- What's the overall business strategy?
- What projects could I put forward that align with the strategy?

Think Like an Entrepreneur

You don't have to be the boss to think like an entrepreneur. Get busy learning about the supply chain in your industry, so you can start to spot the opportunities:

- Who in my industry is already doing well by doing good? These people are enormously generous with their time and ideas.
- What's the 'low hanging fruit' – the easy, profitable projects that will get you known and trusted?

Get busy observing your business environment:

- What are the threats?
- What are the opportunities?
- What are your customers doing?
- What are your suppliers doing?
- What is our product? In what ways is it a service?
- How else could our service be delivered?

Don't wait for direction and permission – start developing the case for your employer's business. While you're working, you can be watching for the opportunities in your workplace. Start putting together project proposals for improvements. Demonstrate your initiative and commitment.

Do you know the business, or just work in it?

Connect!

Connect with like-minded people within your business – there could be more than you think. These days, most people are concerned but overwhelmed. Start myth-busting and create some positive momentum.

Also, connect with industry associations and the environmental bureaucracy. Yes, they will contain their share of clock-watchers, rule-makers and game-players **and** there are also concerned, knowledgeable and passionate individuals.

Find your local 'business and the environment' group and start networking.

Research shows that a key factor in success, happiness and health is connection to a strong, supportive community. Do your whole life – professional and otherwise – a favour and focus on building a great personal network.

What support do you need to be your best? Who can you connect with?

Persist

This is a critical life skill, whatever your personal, career or business goals are. Learn what it is that stops you being in communication and taking action.

Persist, persist, persist, persist. Learn how to talk meaningfully about profit, brand and productivity. Talk politely and assertively, be business focused and practical. And persist.

Be careful to be persistent about the end results you want, not how you think they can be achieved. Keep getting feedback and trying new approaches. Aim to make your project fun, exciting and straightforward.

Experience shows that the first environmental project takes lots of convincing. The fifth project (or the seventh or the tenth) are likely to get first-time acceptance.

If you have the power to demand (e.g. buying power), use it. If you want waterless printing or recycled paper or chemical-free cleaning then go to the supplier that will give it to you. You can still be polite while being totally clear and absolutely firm about your requirements.

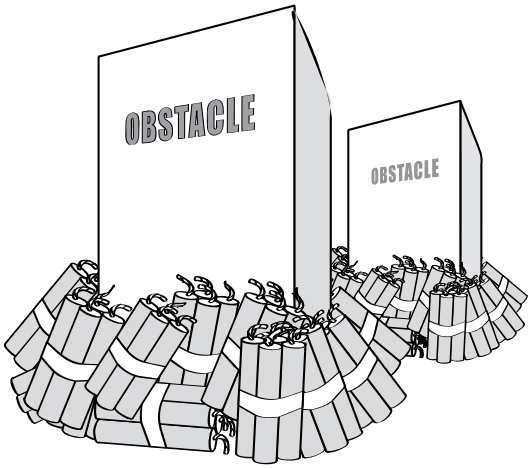
Learn to be unstoppable (nicely). Become the squeaky wheel – get them to say "yes" just so you'll stop bothering them. Persist, persist, persist.

This great life skill is learnable, and will help you do lots of other amazing things too.

Is an abundant future worth persisting for?

Overcoming obstacles

9



The human race doesn't have a good record with change. iI's well-documented that in technology innovation projects, what's **really** hard is 'the soft stuff' – getting the people affected by a project to engage in the success of the project.

Changing attitudes and beliefs, dealing with fear and uncertainty, managing complexity, providing good training and education and effective leadership are all far more important to a project's success than the quality of the system being implemented.

So while the principles of deep green profit are simple, implementing them isn't always easy. One thing you'll be going up against is resistance to change, and what 'everybody knows'.

You also need to be aware of some specific risks associated with green business programs. They're not major risks as long as you know about them – and you can benefit from what the early

entrepreneurs have learned the hard way. You can avoid getting burned by being aware of some of traps for new players

So you here are some skills to help you debate the myths of 'business as usual', and a heads up on the some of the traps that can catch new players out.

Busting the Myths of 'Business as Usual'

As you consider the potential for deep green profit in your business, it will help if you're ready to deal with what 'everybody knows'. Here is a starter pack on how to identify and counter the rationalisations for avoiding taking action.

If your industry is operating on the old assumptions, being able to move beyond them and think differently will give you a major strategic advantage. So here's what to watch out for…

Myth #1: It's All About Consumers Paying More for 'Green' Products

There's a lot of focus on the consumer at the end of the production process. There's an implicit assumption in many businesses that green profit is about a niche market for richer consumers to buy 'greener' products that cost more because they're better for the planet.

There are niche green products – and some of them are more expensive than their competition. Chemically sensitive consumers will buy low-chemical cleaners and paints. Demand for organic foods is increasing, despite its higher cost.

The danger here is to think that that's all that green business is about – that there's nothing for business to gain in its own strategic interests. The reality is that there are lots of business opportunities to make good money by being greener that have nothing to do with consumers.

If we think about the indirect costs involved in doing business, question all 'overheads' and take the supply chain perspective, we can start looking for opportunities.

Who picks up the front line costs for waste, damage, fuel, energy, quality, safety and labour? These costs are environmental costs that are often counted as fixed overheads in doing business. Business may recover them as part of the product price, but they may not need to be paid at all.

Competitive advantage is about who can avoid these costs through smarter design of their products and services. Your business may not be a manufacturer in its own right, but step back and survey your supply chain. If you look at the big picture, are there suppliers you can influence? Services you could provide?

Think about who designs the products consumers buy. Who chooses what they are made of? Who chooses how and where to sell them and what quantities to keep in stock? How can you contribute to a more efficient supply chain?

Myth #2: It's a Government Problem

Government has a role to play, at all levels from national to local. At the end of the day, what they do is regulate in response to the issues that confront them.

But governments don't design products, they don't manufacture products, and they don't transport, store or deliver products.

Sure, the Government can influence cost structures, **and** smart business people do good business in the framework of the regulations, taxes, laws and tariffs around them.

The other side of this issue is that where business ignores the demands of the society around it, government eventually regulates. Often what government regulates isn't business-friendly, and it increases compliance costs.

Is it in the interests of your business to close your eyes and hope? Do you **want** an environmental solution designed like your tax system or your current compliance regulations?

What are the risks to your business in sitting back and waiting for a government-designed environmental solution? What if you looked for opportunities to make a product or service so safe that there was nothing to regulate?

Business hasn't dealt strategically with the issue of ***greenhouse gases*** and carbon emissions, so now we're heading for a future of complex carbon reporting and trading systems.

What if we started to look for real opportunities to avoid carbon altogether, or to actively develop products and services to absorb ***greenhouse gases***?

Hydrogen fuel-cell cars and electric cars have been successfully trialled, and some are in production. Link in solar, wind and other clean energy sources and we have the potential for a very different future.

You don't have to wait for the government – they'll follow when their polls tell them it's an election issue, or a major immediate cost. And they may be running late. Waiting for "the government to fix it" is probably a good way of missing out on the business opportunities.

Myth #3: It's All Up To Big Business

Re-inventing the supply chain is about entrepreneurship and creativity. Some smart, large businesses are taking the deep green approach (and proving that it's profitable). Other large businesses are slow, cumbersome and reactive.

If we are limited to what big business can do, that's a big problem, because the majority of businesses are SMEs – small to medium enterprises.

- In the USA, SMEs make up 99.7 percent of all employers, generate half the non-farm output of the economy, and employ about half of all Americans not working for government.

- In Australia, SMEs make up 96 percent of all enterprises in the private, non-agriculture sector, and account for more than 56 percent of private sector employment.

Smaller businesses – those run by entrepreneurs, anyway – have the flexibility and potential to adapt and profit from the deep green economy.

A key principle of the new economy will be the application of small, local, smart solutions – what better place for smaller business to play?

When you decide to tune in to the entrepreneurial opportunities, you'll start to see smart, small green businesses everywhere.

What current opportunities **aren't** you seeing?

Myth #4: It's All About Waste Reduction and Recycling

The overall design of our supply chain has been:

Dig it up > use it > throw it away

What we currently call recycling is often actually **downcycling** – the materials get less valuable as they are re-processed. Aluminium gets contaminated with magnesium; office paper gets turned into cardboard.

All we're really doing is putting more steps in the process of throwing stuff away.

Real innovators are finding ways to invent closed loop manufacturing. They're designing processes so that materials cycle endlessly through the production and distribution process, so the consumer always has the latest product, and the producer keeps the benefits of innovation.

For example, Interface is taking its competitors' old carpet and developing processes to turn it into new carpet. It's giving a whole new meaning to the recycling game.

What's really being invented is manufacturing with no raw materials. Does that sound profitable?

There are huge amounts of un-inspected waste in most businesses – that's why disciplined business efficiency programs typically create 50% cost reductions.

If waste reduction and 'recycling' will strategically help your bottom line, get started – you'll learn a lot. **Don't** get trapped into thinking they're the end game. Use what you learn as input to your next round of strategic planning.

How you can redesign your business to close a loop, permanently reusing materials?

Myth #5: We'll All Have to Work Harder

Most business people are already very busy. Put this together with the common view in the business world that environment = expense, compliance and obligation, and it's easy to turn "being green" into "we'll have to do more work".

There's an old saying "work smarter, not harder". It's so trite **because** it's so true. While you think about the environment only in terms of cost and compliance, it will be hard work.

As you generate smarter products and services, you'll end up with safer products and processes, happier people and less overheads.

If your leadership abilities are under-developed, what is hard is creating a culture of innovation in your business. Fortunately, in the 21st century we know that leadership is a learned skill – one that creates breakthrough business performance.

How can you grow your business and improve the environment by working **smarter**?

Myth #6: If It Was Profitable Business Would Have Done It Already – It Must Be Expensive

Businesses are run by human beings. Look inside any business and what do you see? People. People who have lots of habits, including

their fair share of bad ones: smoking, drinking, over-eating and under-exercising.

There are no supermen. The people who run businesses are just like the rest of us – they do what they're comfortable doing, and can sometimes keep on doing it long after they know it's not working.

In businesses big and small, way too many managers and CEOs are working crazy hours doing business as usual. What they haven't learned to do is step back and work **on** their business. When they say "It's too expensive," they actually mean "I don't have time for anything **more**!"

"If it ain't broke, don't fix it," is one of the fundamental habits of human behaviour. Often it translates to: "I've always done it this way, I'm comfortable doing it this way and I don't want to change."

What assumptions and habits are lurking in your business or your industry that limit its performance?

Myth #7: It's All About Compliance, Expense and Overhead

Business people often automatically link 'environment' with compliance and expense and more overheads. It's a habitual way of thinking.

The leading edge implementers of great green business have found that if you design a product that is totally safe – to manufacture; to use; to dispose of – you will find it's **cheaper** in the long run.

If it contains no poisons you don't need to manage hazardous goods and there are fewer safety issues. Overheads go down and morale goes up.

What happens when we start to think about 'environment' as a product design and supply opportunity?

It used to be said that solar energy was too expensive, and that it could never provide base load power because it couldn't be provided 24/7. That was disproved in California in 2008, when they decided to use water to store solar energy as heat to cover overnight power demand.

Mobile phones were considered too expensive for personal use in 1980 – they were extremely bulky and awkward. Then more and more began to sell, technology developed, volumes increased, manufacturers got economies of scale. New service models developed – phone plans that meant the end user didn't have to pay the full cost up front. Now everyone has one.

As human beings, we have a really strong tendency to see what we are expect to see. To prove a new medicine really works, we have to do randomised, double blind clinical trials – otherwise the researchers get the results that they want to see.

What this means is that as long as you believe "it's an expense and an overhead," that's all you'll find. You won't be able to see past your own expectations.

To discover your opportunities, start asking yourself a new question:

"Where are **our** opportunities to profit from re-designing part of your supply chain?"

Myth #8: We Need To Wait For Proof It's Happening

From the business perspective, there is a level at which "is it really happening?" is an irrelevant question.

A more relevant set of questions for business entrepreneurs to ask are:

- "Where are there signs of increasing demand?" and
- "Where are our opportunities?"

The Al Gore movie *An Inconvenient Truth*, Britain's *Stern Report* in 2006 and the *Intergovernmental Panel on Climate Change Report* in 2007 are out there generating demand in the marketplace for better environmental solutions.

In Australia, those of us living with major water restrictions and huge bushfire costs are pretty much convinced.

If you're strategically looking for your profitable opportunities, does it matter if the environmental crisis turns out not to be true?

Business people who spot an emerging trend don't wait for the scientific proof – they get into action and test the market for themselves.

Ask yourself these questions:

- How many worried people do I have in my customer base?
- How many worried people are there in my work force?
- How many worried people are there amongst my investors?

If there were opportunities for you, where might they be? Whose demand for a more abundant future could you fill?

Myth #9: The Scientists Have To Invent a Solution

It's tempting to believe that we need more technical know-how before we can start taking action. But our one-way supply chain is primarily a business system, run by business people.

Get out your mobile phone and have a look at it. If yours doesn't take pictures and connect to the internet, have a look at one that does. Think back to the days of the first 'mobile' phones – all you could do was talk on them. The earliest ones were the size of briefcases. The next generation were the size of house bricks. We have amazing technological capabilities – more than enough to design a regenerative economy.

We already have the capacity to do what needs to be done. Sure, some of it needs to be refined and some of it needs to be used more to get the economies of scale. And we have lots of technology solutions ready to go.

The economic and business models for a deep green economy are already in development (and production). They **do** use a lot of smart thinking – they **don't** always use a lot of expensive technology.

We know more than enough about innovation, technology and leadership to create highly profitable deep green businesses.

We know that one of the key problems we face is our old one-way supply chain. This is a business challenge – don't let what 'everybody knows' blind you to the opportunities.

How to Avoid Getting Burnt on the Road to Deep Green Profit

In any game, there are traps for new players – things that catch them unawares and take them away from the main game. There are some things that early players have learned along the way about what **not** to do, and you can benefit from their experience.

Trap #1: It Looks Too Expensive

So you think you've found a starting point. You want to get into action, but it looks too expensive. Sometimes we have to step way back to find the value being saved in a process and the person or business who is unwittingly paying the cost.

This is where some new skills can be really valuable. ***Life cycle analysis*** is the ability to look at the full background of a product or service, not just the bit that has traditionally happened inside your business. Systems thinking is another new skill – it develops your ability to think about the long-term ramifications of our choices.

These skills enable you to take a different perspective. If you can't find a profit in your business, try the assumption that you're looking too closely. Look outside the square and see what you find. Where could there be inefficiencies or expensive consequences? Find out who IS paying for the inefficiency, and negotiate the value of the service.

Trap #2: Falling for Whiz-Bang 'Magic' Technology

One of the mindsets of the industrial era was a preference for big technical solutions. Yet one of the findings about great, sustained business performance is that technology only produces benefits if it's carefully aligned with business strategy and no more complicated than absolutely necessary.

Technology needs to be fit for a purpose – it can be the coolest thing in the world, and still not be of value to your business. If your first choice of a green opportunity is a big-ticket technology item you've never worked with before, you're taking a big risk.

Remember: No technology has **ever** solved a people problem.

If you don't have:

- a clear statement of requirements aligned with a clear business strategy;
- an onside, committed, involved senior sponsor; and –
- a skilled, motivated team committed to making it work;

then you're risking an expensive white elephant that may not serve your business in the long term.

Trap #3: Searching Too Hard for the 'Right' Answer

As people start to understand the issues around sustainability, they can be overwhelmed about whether their solution is 'right'. There are a lot of long-term, complicated questions that sometimes need to be answered.

We need to be careful to avoid doing nothing until we have the perfect solution. There is no one right answer. Take action to start moving towards your goals, learn from your mistakes and take more action. Find out what works and what doesn't and keep moving.

If you find yourself continually asking "is it right?" look for a limiting assumption behind the question. Waiting for the 'right' answer can be an excuse for not acting.

Quantify the worst that could happen if things went wrong. What might you do to manage the risks? And consider the consequences of **not** acting – what might it cost you if you do nothing? Is your proposed action 'good enough' to move your forward?

Trap #4: Greenwashing

Greenwashing happens when the market perceives that an organisation claims it has special environmental performance when it doesn't. For example, some plastic bags have been marketed as 'bio-degradable' – they will degrade, but it will take centuries to happen.

There are big reputation risks around ***greenwashing*** – and you don't necessarily have to be guilty of doing it deliberately, because the core risk is about public perception of your actions and intent.

If you market 'green' products, be sure you can prove it. Make sure you've done a full ***life cycle analysis***. That way you'll know that the whole product is truly safe. And make sure you're 'walking the talk' consistently. If you're pushing a green product and haven't done anything to manage your greenhouse gas emissions, it will damage your reputation.

Aim to get well-educated and fully compliant before you start publicly marketing yourself as green, and make sure you're managing your internal reputation well. If your actions aren't consistent with your policy then your people won't believe you and your credibility will suffer.

Make sure you're checking up on the 'green business' process that's important to your long-term future, not just next month's cash flow.

Building your plan

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This book is about the profitable business opportunities emerging from our potential environmental crisis. It's about reinventing how we do business in the face of increasing evidence that the planet we live on is finite.

It helps to have a basic plan for moving forward. In this chapter we'll look at a simple process for constructing a plan for your business or your life.

Where > Now > How

A great creative sequence for planning is WHERE>NOW>HOW.

This simple planning approach is based on thinking firstly about WHERE you want to be, then what the situation is NOW, and lastly HOW you're going to close the gap between the two.

WHERE: Setting Objectives

A plan starts with objectives. It's not about your starting point – it's about where you want to end up.

Your WHERE describes the results you want to achieve (your **objectives**) without describing HOW they can be achieved (your high level **strategies** and detailed **tactics**).

Objectives describe a result; they're about what success will look like. If you start writing about 'how' then stop, back up and go back to WHERE you want to be, and what it will look like and feel like when you get there.

For example, a modest objective could be to "Attend the XYZ conference in Adelaide in August".

NOW: What Is Our Starting Point?

Once you have a set of objectives, then you can spend a bit of time on NOW – describing where you are now, in relation to where you're planning to end up. You should spend just enough time on this to enable you to do an analysis of the gap between your WHERE and your NOW.

Keep this section short and edit out any emotions and all blame. You want the facts about where you are now, so you can analyse the gap between NOW and your future WHERE. The 'whys' are about the past, not the future – make a note for your possible strategies if it's useful, then get back to the facts.

Using our example, a possible NOW could be: "I live in Melbourne, and it's around 800 kilometres from Adelaide. The conference is in six weeks time."

HOW: Broad Strategies then Detailed Tactics

Now you can think about HOW, as in, how are you going to get to where you're going? Focus first on the broad strategies, then on the detailed tactics.

The secret of doing HOW is to have multiple **broad strategies** – a minimum of three strategies is a great start. Treat this as a brainstorming activity – write down everything you think of, regardless of how silly. If you only have one possible strategy, you're stuck if it doesn't work. Having two strategies is better, but could leave you with a dilemma.

Having three strategies starts to give you some real choice, and will also start to push you beyond 'business as usual'. Make sure you keep to general strategies – doing detailed tactics before you've made a strategic decision is often a waste of time.

When you have at least three strategies, then it's time to get into **detailed tactics**. Find a starting step in each of your top three

strategies that you can do today (or no later than tomorrow). If your first step can't be done tomorrow, it's probably too big. Keep getting more and more detailed until you have a small, can-do task.

For our example, alternative strategies exist to make my trip – I can drive over (so I have my own transport) or I can fly there (the trip takes less time but I may need to hire a car).

Once I've decided on my strategy – let's say I'm going to fly – then I can work out my tactics (bookings, accommodation, and so on).

Commit to the Plan

Commit to action. Tell someone and get them to check up on you. Put a due date in your diary and work out now how you'll celebrate your achievement.

This is the start of your new adventure – to be your most creative and strategic, you need to stay positive. To engage people to join you, you'll be most effective if you can make them feel positive too. So make sure that you find ways to make the journey fun!

What's your plan?

What are your objectives?

In your business or in your career, what new reality would you like to see? How would you feel if you knew this new reality existed? What would people be saying to you? What results would be happening around you?

Imagine that a miracle is going to happen tonight. What will you see when you open your eyes tomorrow that will make your heart sing? This isn't a space for being reasonable – make up the biggest, most outrageous story you can think of.

Put your pen down for a minute and close your eyes. Stop thinking and listen to your breathing for a moment. Then pick up your pen, and go for it!

Double-check from time to time that you're still writing about WHERE at the moment; HOW comes later in the process. Jot notes about HOW on a spare sheet of paper, then come back to WHERE.

What is the situation now?

Describe your starting point. Keep this section short and edit out all emotions and all blame.

Describe the facts of your current reality. This is purely a starting point so you can analyse the gap between NOW and the WHERE you want to be a part of.

Double check from time to time that you're not writing explanations of ***why*** your NOW is what it is. If you have insight about past actions or events that could be relevant to strategy or tactics then jot them down on a separate sheet. If there's no useful knowledge then re-focus – get back to the facts of NOW.

Identify multiple strategies

Pick one of your objectives. How many different ways can you imagine for reaching it? What would you need to learn? Who would you need to know?

Keep fairly strategic here – develop a minimum of three possible ways forward (more if you can; five is probably enough for now).

Find a starting point

Pick your favourite strategy – the one that looks good for you, good for your business and good for the planet.

What are the first steps for this strategy? Keep them small enough to be easily do-able – enough to know that you are moving forward.

List the first two or three steps for this strategy. Make sure they're nice small chunks, and that they have an identifiable finish point.

Make sure that you can find some fun in each step – if not in doing it, then in the result you'll get from doing it.

Commit to action

Which actions are you prepared to commit to taking?

For each action, write down when you can have it done by. Put it in your diary.

Who will you tell about what you're doing?

How will you celebrate that you've done it? (Chose your celebration now – don't leave it till later.)

What will the next step be in your strategy?

Success is an ongoing cycle of acting, celebrating your action, and learning from your actions. Master the practice and you'll be ready to accomplish just about anything.

Enjoying the journey

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Whether you're the boss or employed at a lower level in an organisation, keep yourself in balance. The worst-case consequences of the environmental issues we're facing are huge.

The good news is that now, today, we have enough knowledge and technology to deal with the issues once we get over the myth of 'environment = expense'. Customers have been paying for good value since the human race started out in business – trading in flint axes.

Being overwhelmed is our biggest danger – whether we call it cynicism, depression, hopelessness or despair doesn't matter. What matters is that when we lose our optimism, we lose our creative strategic thinking skills, and we lose our motivation to act.[39]

Applying the Cycle of Positive Pragmatism

We need to be at our creative best to make a difference, and yet negative emotions like stress and fear physiologically shut down our capabilities to get strategic.[40] There are billions of people on the planet – you can choose the part you want play and find your own ways of doing well by doing good. Where could you find a way to make a contribution with enthusiasm and enjoyment?

Over time, these are the rules I've developed for the game I'm playing:

The Cycle of Positive Pragmatism

This isn't a big one-off decision; it's a cyclic process. It's one to revisit regularly to keep in balance.

<START>

1. Decide at what level you'd like to play.

   We didn't design the system we're living in, but you and your business (and your family) could be living with the environmental consequences in a couple of short decades.

   Remember that you don't have to solve all of the world's problems – and you can still get strategic about your big impacts and start looking for your opportunities.

2. Focus on designing solutions that work with how human nature is now.

   We don't have time to evolve the billions of individuals in the human race into developing perfect behaviour. Let's design smart buildings that turn the lights out when nobody's home, instead of expecting that a human will always remember to turn the lights off 100% of the time.

3. Design for abundance, not scarcity.

   We don't have time to change human nature to stop wanting 'stuff'. And the western world doesn't have the right to refuse the growing billions of people in the developing world access to the basic creature comforts we take for granted.

   If the only solution was "have less, do less, be less", we'd have a problem. With smart, closed-loop systems that deliver valuable services, upgrading to the latest design will be upgrading to a smarter, more efficient solution.

4. Choose your place in the game and stick to it. Find your strengths and enjoy using them.

   Not everybody in a baseball team is a great pitcher and a great batter. Play your strengths and focus your efforts. Pick the piece of the puzzle you're interested in and don't try

to solve everything. There are over 6 billion people on the planet, so take some time to find out what gets you excited. Where could you have some fun?

5. Learn about your chosen place in the game.

   Find out about the key challenges that are specific to the area you have chosen. What are they? If we turned them around, what would the big wins look like?

6. Create a vision of what things will look like when your game is won.

   Planning is a sequence WHERE>NOW>HOW. If you don't have your WHERE clear, you **can't** know HOW, and NOW is just something to complain about.[41]

   So put aside 'today' and what 'everybody knows'. What would it look like to be having a regenerative impact instead of doing damage? What would a really big step forward look like in five years time?

7. Learn how keep the big picture in view.

   When we lose sight of the forest and get fixated on the individual trees, we can get stuck. Learn how to step back and check your direction. It's important to know the difference between the objectives we want to reach and our strategies for getting there.

   Take regular time out to check in that your objective is clear. Sit down every six months and take inventory on your progress. Check that you have more than one strategy for reaching your objective – that way you can't get stuck.

8. Beware perfection paralysis – the idea that if it's not 'right', I can't do it. Take action, see what works and what doesn't work, learn and move forward.

   There is no failure, only feedback. Not everything will work. The only real failures are:

   - failure to learn from experience;
   - failure to start.

9. Practice "the magic of AND". Get good at finding the possibilities for "green AND …"
   - profitable
   - good for my career
   - fun

10. Start building your skills as a communicator and motivator. After all, it's the soft stuff that's **really** hard.

    Get used to the fact that you're going to need to sell yourself and your ideas and start learning how to do it. You're going to be asking people to change what they do or how they do it – it will be much easier if you can get them to **want** to.

11. Build a team or a community to support your efforts.

    Sustained great results need a champion team, not a team of champions. There may be a group of like thinkers in your workplace, or you may want to find mentors and resources from a broader community. You'll work more effectively if you can connect with fellow-travellers on a regular basis.

12. Make sure you're having fun. If you're stressed, depressed and heading for burnout – **stop** and re-charge.

    This is physiological necessity, not just a nice idea. To be creative you must be **well**. If you're under the pump, the creative, strategic part of your brain stops working – that's the physiological reality.

    The challenges in front of us are way too big to 'take seriously' – we need innovation and creativity, and that needs 'play'.

<REPEAT AS REQUIRED>

Getting On With It

So now you know how smart entrepreneurs putting the principles of deep green profit into practice. There is no dilemma – you're free of the need to make a choice between 'profit' **or** 'environment'.

Not only do you have the new mindsets required and the new principles – you also have a summary of how to integrate the new principles with great business development practices. You know that learning the skills to implement deep green profits is going to be great for your business and will strengthen it to face any future challenge.

You know that you don't have to be a martyr to make a difference – because communication and leadership skills create great personal success at all levels in our lives, at work and at play.

You know how to recognise and debate common myths about green issues, and how to avoid the traps for new players.

So now you know all you need to know. Now you can join the increasing number of smart business people using the simple principles of deep green profit for better business, a better environmental future and a better life now.

How are you going to apply what you've learned? What space can you find to have fun and make a difference? Enjoy the journey!

Appendix 1 – a green business phrasebook

It helps to know some basics of a new language to start any new journey. Here is my translation of some key terms that are important in developing your new business strategy.

Biomimicry

Biomimicry is about emulating Nature's best biological ideas (refined by millions of years of evolution) to solve human problems. Non-toxic adhesives inspired by geckos, energy efficient buildings inspired by termite mounds, and resistance-free antibiotics inspired by red seaweed are examples of biomimicry happening today.

Carbon Sequestration

Carbon sequestration is a general term for ways of storing carbon dioxide from the atmosphere to reduce its impact on global warming. Often this term is used to refer to big technology techniques for capturing carbon when it is produced by fossil fuel power plants and pumping it deep underground to store it.

Carbon Trading

A trading system that allows organisations to offset carbon emissions which they produce from one activity (such as burning fossil fuel to create electricity, driving, or flying) against reductions they have made in other areas. Clean businesses can also sell carbon credits to dirty businesses.

Co-Generation / Tri-Generation

Smart strategies for generating power and heat (and sometimes cooling) at the same time. Much of our current electricity is created by burning fossil fuels, using the heat to boil water, using the water

to turn a turbine to create electricity. Often they make no other use of the hot water they produce – it's a waste in the process.

Co-generation means using one process to produce two outputs. Most usually, making use of the hot water produced as a by-product of electricity generation to provide heating.

Where we have heat, we can often use the temperature differential to produce cooling. **Tri-generation** is using a local power plant to produce power, heating and cooling to service one local area.

Downcycling

Taking a valuable material and processing it to become something that is inherently less valuable. Turning trees into paper and then paper into cardboard is downcycling. Many processes called 'recycling' are in fact downcycling. Most aluminium is downcycled into lower grade products as other metals such as magnesium contaminate the original metal.

Embodied Energy

The amount of energy used to make a product or material – not just the final step, but all steps leading up to it. Aluminium embodies not only the energy used to smelt it, but the energy used to mine the bauxite ore, the fuel used to transport it to various processing plants, and the energy required to turn the pure metal ingot into a drink can.

Environmental Footprint

This is a way of measuring your environmental impact by converting it into an area of land. Your total usage (direct and indirect) of natural resources is converted into the area of productive land required to provide those resources.

How much energy and water you use, what products you buy and the way you choose to live determines your footprint. The bigger and more damaging your resource use is, the bigger your footprint will be.

Geo-Thermal Energy

Generating energy from the heat of the earth's core. In the past, this only usually feasible in areas of volcanic activity where hot water is pushed to the surface. New sources are being developed by drilling deep wells into the earth's crust to access the heat at lower levels and turn it into electricity.

Green Chemistry

Green chemistry is about ensuring that the chemicals we use are safe for us and for the environment. The field is concerned with developing products and processes that use no toxins (or the absolute minimum).

Green Purchasing

The deliberate selection of products and services on the basis of their impact on the environment as well as their effectiveness in performing their function. Increasingly, businesses and especially governments are including environmental impact in deciding what to buy.

Greenwashing

Business approaches to environment that are concerned with appearances rather than real change are often perceived by consumers as 'greenwashing'. Greenwashing can be a real risk to businesses' reputations, so much so that many good environmental performers have avoided publicising their efforts.

Greenhouse Gas

Gases (and other particles such as soot) that prevent the earth from radiating excess heat into space. Because excess heat is trapped in the atmosphere, overall global temperatures are believed to be gradually rising.

Rising temperatures are expected to lead to substantial changes in weather patterns and significantly higher sea levels.

Life Cycle Analysis

An assessment of the full range of social and environmental impacts involved in the production of a product – from the initial raw materials through all processing and manufacturing steps, to the end of it's life cycle and the way it is disposed of. The aim of life cycle analysis is to determine the least damaging way of designing a product's manufacture and disposal.

Low Carbon Economy

An economy that has a low level of greenhouse gas emissions, reducing the impact of global warming.

Product Stewardship

An increasing requirement on business to take responsibility for the full impact of their products, particularly after the end of their useful life. The packaging and electrical goods industries are examples of industries whose products stay in the environment many, many years after their effective life is complete.

Recycling

A general term for collecting products after their effective life in the supply chain is finished with the intent to reprocess them. See also **upcycling** and **downcycling**.

Remanufacturing

Rebuilding, repairing or restoring a product so that it continues to serve its purpose.

Solar Battery Energy

Electricity generated from the sun and stored in chemical batteries. The challenge here is that batteries have their own significant environmental impacts, which is why other solutions (such as solar thermal energy – see the next entry) are being developed.

Solar Thermal Energy

Solar energy can also be stored as heat in hot water and other substances. This principle is used in solar hot water systems, but also in new designs for base-load solar power systems that can supply electricity 24/7.

Supply Chain

The web of interacting organisations that take natural resources – wood, minerals, fossil fuels – from the environment and turn in into the stuff we use, including

- the manufacturers and miners;
- the warehouses that store the stuff;
- the transport systems that move it around;
- the wholesalers and retailers that get it to our shops;
- the finance and services businesses that manage the money and information flows;
- the infrastructure companies that supply power, water and communication; and –
- the regulators who oversee various processes.

Tidal Energy

Tidal energy is produced by using equipment such as propellers or turbines in high-current areas to harness tidal flows to drive compressors or generators to capture power. It produces no greenhouse gases.

Upcycling

Doing 'recycling' in ways that retain real value in the materials that are recycled. Most of our so-called recycling is actually downcycling – such as the turning of valuable carbon sinks (trees) into office paper then toilet paper.

Volatile Organic Compounds (VOCs)

Volatile Organic Compounds are chemicals that evaporate readily at room temperature. Typically, they are industrial solvents often found in petroleum fuels, paints, paint thinners, and dry cleaning agents. They are increasingly being identified as dangerous chemicals with significant health risks.

Appendix 2 – core knowledge resources

This book is the result of reading, discussion and experience over many years. It combines what I know as a leadership coach and technology innovator about business development, motivation and success with my ongoing research into positive sustainability.

If you want to go back to the key idea sources, this is where to start reading.

Deep Green Economics

These were my starting points for exploring deep green business thinking. Mine them for great new ideas, but skim over the 'bad news'.

Cradle to Cradle: Remaking the Way We Make Things by William McDonough and Michael Braungart, 2002. (Printed on a waterproof polymer instead of paper!)

Mid-Course Correction: Toward a Sustainable Enterprise: The Interface Model by Ray Anderson, 1999. (The story of how the Interface journey began, written by the smart entrepreneur that led it.)

Natural Capitalism: Creating the Next Industrial Revolution by Paul Hawken, Amory Lovins, and L. Hunter Lovins, 1999.

Leadership and Business Breakthrough

Deep green entrepreneurs need to be skilled leaders and managers. You can find out more from these resources about the core skill sets that generate great business performance.

Bigger Isn't Always Better: The New Mindset for Real Business Growth by Robert M. Tomasko, 2006.

The eMyth Revisited: Why Most Small Businesses Don't Work and What to Do About It by Michael Gerber, 1995.

First Things First by Stephen R. Covey, A. Roger Merrill and Rebecca R. Merrill, 1996.

Good to Great. Why Some Companies Make the Leap… and Others Don't by Jim Collins, 2001.

Appendix 3 – more targeted resources

Here are some of the huge range of resources you can use to find out more about the practice of deep green profit principles.

Books

Believing Cassandra: An Optimist Looks at a Pessimist's World by Alan AtKisson, 1999.

Skills for change agents and a sustainable future.

On soft skills for sustainability advocates.

Lean Solutions: How Companies and Customers Can Create Value and Wealth Together by James P Womack and Daniel T. Jones, 2005.

Earlier books focused on manufacturing businesses, but *Lean Solutions* covers services businesses as well as manufacturers. It contains detailed strategies for radically reducing waste while increasing customer value.

Learned Optimism: How to Change Your Mind and Your Life by Martin Seligman, 1991.

The learned skill of optimistic thinking.

Silent Spring by Rachel Carson, 1962

One of the classic books on the damage we've been doing to our planet.

Sustainable House by Michael Mobbs, 1999.

The story of how an ageing inner city terrace house was turning into a self-sufficient sustainable home.

The Better World Handbook: From Good Intentions to Everyday Actions by Ellis Jones, Ross Haenfler, Brett Johnson, and Brian Klocke, 2001.

Choices for consumer action, and an inspiring introduction.

The Fifth Discipline. The Art and Practice of the Learning Organisation by Peter M. Senge, 1990.

One of the early books on the skill of systems thinking.

The Limits to Growth by Donella H. Meadows, Dennis L. Meadows, Jørgen Randers, and William W. Behrens III, 1972

A book modelling the consequences of the impact of finite resources on a rapidly growing population. Thirty years on many experts believe their predictions are proving accurate in broad terms, and still point to economic collapse some time this century.

The Natural Step for Business: Wealth, Ecology & the Evolutionary Corporation by Brian Nattrass and Mary Altomare, 1999.

A framework for ecological, social and economic sustainability that proposes four system conditions for sustainability.

The Simplicity Survival Handbook: 32 Ways To Do Less And Accomplish More by Bill Jensen, 2003.

Communicate better to get more done – simple, usable techniques.

Films

An Inconvenient Truth (2006)

Directed by Davis Guggenheim

This is also available in book form, but the Oscar-winning movie based on Al Gore's book is the most well known version.

Waste = Food (2007)

Directed by Chris Shaw

A fascinating documentary on one of the key *Cradle to Cradle* principles for remaking the way we make things.

Addicted to Plastic (2008)

Directed by Ian Connacher

A documentary that reveals the history and worldwide scope of plastics pollution, investigates its toxicity and explores solutions.

Stick with this one to the end – there are some great new business ideas to learn about.

Web Resources

These links were accurate at time of writing, but could change. A web search on their titles will probably get you to the right place anyway.

Better Place Electric Transport Infrastructure

www.betterplace.com

An entrepreneurial business developing the support services needed to make electric cars practical. And they also have an exciting forward vision; they're planning for the day when you will be able to plug your car into your house – and power your house.

Cradle to Cradle Case Studies

www.mcdonough.com www.mbdc.com

In addition to the book *Cradle to Cradle*, there are lots of web sites with case studies on remaking the way we make things.

EPA Case Studies

[Web search: epa case studies]

Different Environmental Protection Authority web sites around the world carry case studies on a range of solutions. Either search globally, or for those relevant to your country or industry.

Ford Rouge Redevelopment

www.ford.com/about-ford/heritage/places/rouge/665-rouge

Even in the 'worst' industries, there's great stuff happening. Look at the story of how Ford Motor Company reclaimed a badly contaminated industrial site with a range of innovative strategies that resulted in savings of millions of dollars for the business.

InterfaceFLOR

www.interfaceglobal.com

InterfaceFLOR has its own sustainability web site that tells their story about the journey towards sustainability.

Our Soils Our Future

www.amazingcarbon.com

'Meeting in the Middle: Our Soils, Our Future' by Christine Jones, PhD. A paper about one of the win/win solutions to greenhouse and soil degradation.

Regenerative soil building practices not only improve soil fertility and provide carbon sinks, they also improve water retention in the soil, making farming more water-efficient.

Appendix 4 – references

1 Some basic deep green economics references are listed in Appendix 2.

2 The issues started being raised in the mass media with books and articles like *Silent Spring* in 1962 and *The Limits to Growth* in 1972 (although global warming was first predicted in 1896). And more recently we have the movie version in Al Gore's 2006 documentary *An Inconvenient Truth*.

3 Find out more in the book *Natural Capitalism* – details in Appendix 2.

4 American Production and Inventory Control Society education materials for the international Certificate of Production and Inventory Management qualification.

5 Better Place is an electrical vehicle service provider with startup activities across Australia, Canada, Denmark, Israel, Japan and the US.

6 *Our Soils, Our Future* by Christine Jones.

7 The documentary *Addicted to Plastic* detailed in Appendix 3 has some great examples.

8 Fuji-Xerox has remanufacturing plants in a number of countries, including Australia.

9 A Sydney family converted their two-story terrace house to be self-sufficient in the 1990s. See the book *Sustainable House* in Appendix 3.

10 Australian printer FishPrint is one example. www.fishprint.com.au

11 Carrier is one major company doing business to this model.

12 Melbourne-based car-share company Flexicar is one of the early players in this area in Australia.

13 More detail about this concept can be found in the books *Cradle to Cradle* and *The Natural Step* – details in Appendix 2.

14 www.szencorp.net

15 This case study is summarized from Chapter 4 of the book *Cradle to Cradle* – details in Appendix 2.

16 www.fujixerox.com.au/about/media/articles/549

17 www.product-life.org and search for Caterpillar.

18 See Chapter 5 of *The Natural Step for Business* – details in Appendix 1.

19 www.biomimicryinstitute.org/case-studies

20 www.biomimicryinstitute.org/case-studies

21 www.citymayors.com/cityhalls/chicago_cityhall.html

22 Greenshield fabric finish by G3i.

23 See Chapter 5 of *The Natural Step for Business* – details in Appendix 1.

24 The UK Borough of Woking. www.woking.gov.uk/council/planning/publications/climateneutral2/energy.pdf

25 Bordo International Pty Ltd warehouse office development 2003-4.

26 These examples are sumarised from (a) Ray Anderson's book *Mid-Course Correction*, (b) the documentary *Waste = Food* detailed in Appendix 3, and (c) Interface's sustainability web site detailed in Appendix 3.

27 See Appendix 2 for details of the Jim Collins book *Good to Great*.

28 See details of the book *Mid-Course Correction* in Appendix 2.

29 Reservoir Civic Centre building. http://buildlca.rmit.edu.au/CaseStud/RCC/RCC.html

30 Read more about systems thinking in *The Fifth Discipline* – details in Appendix 3.

31 *Lean Solutions* is one of a series of books on improving business efficiency – details in Appendix 3.

32 Read the story in the Chapter 4 of the book *Lean Solutions* – details in Appendix 3.

33 You can find out more about the SWOT tool by doing a web search on: swot analysis tools.

34 You can find out more about the PEST tool by doing a web search on: pest analysis tools.

35 The book *The Simplicity Survival Handbook* is a great source of communications strategies – see Appendix 3 for details.

36 The book *The eMyth Revisited* discusses this source of small business failure – details in Appendix 2.

37 Time management and direction setting are covered in the book *First Things First* – see Appendix 2.

38 Ontological Coaching is an example of organisational coaching that focuses on the whole person, not just their task lists.

39 The book *Learned Optimism* has important information about the epidemic of depression in the Western world, and the skills for recovering from it – details in Appendix 3.

40 The book *Bigger Isn't Always Better* – details in Appendix 2 – contains more information about this, as does *Learned Optimism* – details in Appendix 3.

41 See Chapter 10 for an outline of WHERE/NOW/HOW planning.

Don't decide between "green OR profitable". Now you can play the new game of "green AND profitable".

Carbon, compliance and consumers are just the tip of the sustainability iceberg. Beneath the surface there is much more to explore.

The good news? There are great business opportunities in sustainability—plenty of them!

The Deep Green Profit Handbook reveals the exciting news about what's already happening, and how you can get a piece of the action.

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It's all here, written to suit the busy business person and with a focus on positive, big picture strategy.

Leigh Baker

A business coach and supply chain consultant with 30 years experience, Leigh enables business improvement at all levels – from building capability with smart strategies and systems, to the soft skills needed for innovation.

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