

Translating Natural Capitalism

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This e-book is a thought provoker designed to kick start your explorations into the regenerative economy. It explores some general principles and strategies. Being general in nature, it cannot replace any specific advice.

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Leigh Baker is a Regenerative Business catalyst, working with individuals and businesses to understand and leverage their opportunities for thriving through the shift to a Regenerative Economy. She is a skilled coach, consultant and trainer who teaches her clients how to change their thinking, build their skills and change their worlds.

Before joining the sustainability game after post graduate studies in 2002, Leigh spent many years working in Australian manufacturing and distribution, developing a deep understanding of the industrial and social systems that deliver our made and built environments.

During her years in supply chain systems innovation, she became increasingly convinced that delivering successful innovation required as much expertise in the 'soft skills' of influencing and the understanding of human systems as it did technical expertise. From this observation, Leigh trained and worked as an executive and business coach.

In 2004 Leigh established **Balance³** as a vehicle for exploring and accelerating the spread of the knowledge and skills required to successfully turn regenerative thinking into sustainable business innovation.



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Translating “Natural Capitalism”

Growing your business in the 21st century

Do you want to grow your business? Do you want it to prosper through the first half of the 21st century? Are you looking for ways to engage & motivate your team to innovate?

Then there's a book you could read. This book will challenge you and inspire you. To read it, you may need to look beyond some of the big words it uses. The simple, creative ideas behind the words will be well worth your time and effort. The concepts are simple and elegant once you get them - "business as though the environment matters" is going to be a fundamental profit strategy in this new century.

The name of the book is "*Natural Capitalism*". It's by Paul Hawken, Amory Lovins and L. Hunter Lovins. You don't even have to buy it, you can download it in chapters from www.natcap.org

To help you get started, here's our translation of the core principles, as introduced in Chapter 1 "The Next Industrial Revolution."

Natural Capitalism – the next industrial revolution?

(Translation: Business Strategies for the 21st Century)

The 20th century model of business assumed that natural resources were 1) infinite and 2) pretty much free. This led to our one-way business model:

- ✓ dig it up
- ✓ make stuff
- ✓ use the stuff
- ✓ throw the stuff away

.Towards the end of the 20th century, it was becoming increasingly obvious that:

- 1) Natural resources aren't infinite; and
- 2) There is a hidden and probably huge economic value in the services the environment has been providing.

Climate change, global warming, peak oil and other issues are becoming mainstream issues. Understanding & leveraging the associated opportunities will be a vital part of business for at least the next two decades.

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The core strategies of Natural Capitalism

(Translation: Principles for great green profit)

There are 4 central strategies of Natural Capitalism:

- 1) Radical resource productivity (Translation: use 10 times less, at least)
- 2) Biomimicry (Translation: Nature is smart, let's copy it)
- 3) Service and flow economy (Translation: Sell the ends, not the means)
- 4) Invest in natural capital (Translation: Treat the environment as a source of wealth).

Here's the background for them.

1. Radical resource productivity

(Translation: Use 10 times less - at least)

We've never seriously designed our production system based on the full cost of natural resources. There is huge waste (and lost profits) just waiting to be regained - enough to make a good way of life possible for 8 billion people if we get started NOW.

There are different ways to put this:

- ✓ Leverage the goal of zero waste (a Japanese manufacturing target for over 20 years).
- ✓ Use 1/10th of whatever you use now (Factor 10 resource usage reduction)

The key points to understand are:

1. We have the know-how to do this already (for example, kaizen, Lean Production)
2. Products & services designed to these principles end up more profitable, NOT more expensive.

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2. Biomimicry

(Translation: Nature is smart, let's copy it)

There are two different levels where we can copy what Nature does, at the supply chain level and also in product design:

1. Design the business supply chain (products, processes, services) like a forest.

No wastes - everything is food for something. Plants feed animals, animals die and fertilise plants. Everything recirculates; no rubbish dumps.

So how can we redesign our products & processes so everything can be remanufactured in to more quality products? How can we process our wastes so they are valuable products to someone?

2. Use ideas & processes from nature.

Many of the technical things we do are already done in nature and done without high temperatures and big machines. We've borrowed the design of a kingfisher's beak for the nose of a high speed train. The design that bees use for honey combs is great for creating light strong building materials. There's a library full of new ideas just waiting for us to look.

Explore the amazing world of Biomimicry at www.asknature.org/

3. Service & flow economy

(Translation: Sell the ends, not the means.)

Customers want what your products do for them, not what they're made of. Start thinking about your business as a life time service contract instead of units sold or hours billed, and the flow of cash into your business can also change. So will the flow of natural resources.

InterfaceFLOR leases floor covering instead of selling carpet. Dupont sells Ford the service "cars painted" instead of "paint litres" - waste paint is a cost, not a profit. What's the value behind your product?

4. Invest in natural capital

(Translation: The environment is a source of wealth.)

As we increasingly put \$ values on the services that the environment provides, the natural environment is becoming a business opportunity.

Eco-tourism profits from the value of beautiful places. Carbon trading will start to put a value on the air we breathe. Look out for the beginning of bio-banking and carbon farming to pay farmers for the environmental services they provide - water filtration, species diversity, oxygen renewal.

Regenerative thinking → thriving business strategy

Regenerative thinking is a growing source of profitable business strategy. Move your thinking about ‘this sustainability thing’ to the positive and you’ll start new opportunities for doing well by doing good.

Take some time to step back from your business as it is at the moment and redesign it for the 21st century. What would your current business look like if it was having a positive, regenerative effect on the environment?

You might also take a look at the supply chain you’re part of and even develop a whole new business. More and more innovators are doing just that.

Change your thinking, build your innovation delivery skills, then get out there and have some fun. **Be excited, be very excited...**

If you’re not sure where to get started, explore our online RESOURCES or get in touch at: www.balance3.com.au

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