The Transformational Company Guide
Quality #4 - Restorative

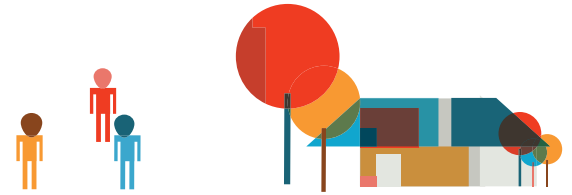**WHAT**
YOU DO

WHAT
YOU DO

Transformational Company Quality
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Transformational companies generate net positive benefits for society, the environment, the company and shareholders, advancing local and global resilience.

WHAT IS IT?

Global mega-forces are changing the operating context in which business can succeed and thrive. In spite of decades of corporate efforts to improve their social and environmental performance, climate change, biodiversity depletion and income inequality continue to move in the wrong direction. To address these issues, some businesses are investing in strategies that go beyond doing less harm to creating net positive benefits for society and the environment - to become "a force for good". They set and pursue ambitious long-term goals that exceed 'zero' impacts and instead target 'net–positive' impacts. In the broadest sense, net positive means putting more back into the environment or society than a company takes out, with a resulting positive corporate footprint. It involves combining the company's handprint (positive impact) with its footprint (negative impact) in ways that its net impact is positive and beneficial. It shifts the focus from protecting the environment to an emphasis on regeneration and replenishment of the planet's resources. It includes but goes beyond reducing social harms to investing in people and the health of communities. These companies look for ways to nurture rather than consume planetary and social resources.

Often the first step along the road to sustainability is for companies to learn to grow without increasing their negative impacts. Businesses pursuing this strategy are called "decouplers" as they decouple their impacts from their growth. The second step is to leave no damage at all behind them. These businesses are called **"zeronauts".** The third step is for business not only to do no harm, but to actively do good. These businesses leave the planet and society in better shape than they found it – net positive business.

The road to sustainability

From less harmful, to benign or net neutral, to beneficial and replenishing.

By adopting a restorative or net positive approach, companies demonstrate leadership and commitment to enhancing natural and social capital. They build net positive design thinking into business model, product and service innovation. This involves taking a systemic view and looking far into the future to open up space for innovation. It requires collaboration and partnership, even with competitors.

BT adopts Net Good goal

At BT our Net Good goal is to help customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business. We are building on the investments we have made in reducing our own energy consumption and are turning what we have learned into business opportunities for our customers.

Niall Dunne, BT

Source

WHY IS IT IMPORTANT?

Natural capital is being eroded at a rate faster than the planet can replenish and the rich-poor gap continues to grow. The current response to these and other social and environmental challenges is inadequate. By rebuilding social and environmental capital, business can help drive a restorative economy and become an overall force for good. Adopting a goal which demands radical change will foster a culture of experimentation and innovation internally. Taking a systemic view that looks into the future inspires innovation and sheds light on investments and products not fit for the future. Acting on these opportunities will create sustained social and shareholder value for the firm.

In addition to these competitive advantage benefits, becoming a restorative net positive business can drive bottom line returns such as:

• Help manage resource scarcity and price volatility
• Enhance social license to grow
• Positively improve the operating context of the business
• Open up new relationships with policymakers, customers, suppliers and non-profits
• Increase employee attraction, retention and engagement
• Unlock the ingenuity of staff to try new things

HOW TO DO IT?

Becoming restorative requires a big shift in approach and outcomes, and cannot be achieved by business-as-usual strategies. **Research** into net positive business models reveals that it involves a long-term vision and business transformation for it to become reality. For one business (Interface) it meant going beyond the boundaries of their business and using their influence on their customers and the supply chain to help them to reduce their impacts. For others (Kingfisher and O2 in the UK) it involves selling products that help their customers use less energy and live more sustainable lives. There is no common approach to developing restorative strategies. Some companies going this route review their entire business from supplier to customer and work to make their positive impacts outweigh their negative impacts along the chain, while others tackle their biggest direct impacts and aim to make a positive difference in the areas which matter most to their business.

Research and Innovate: To start, do some structured thinking about what your business will be like in 20 years' time. Determine the big risks and opportunities sustainability trends create for your business and how it could respond. Engage people outside your business for their views, including suppliers, customers, competitors, governments, experts and thought leaders. Determine which of the top sustainability issues you could improve through your business model and value chain. Get employee views on three or four big issues where they think the company can have the most impact. Look for areas where the two intersect – where global and regional issues meet the opportunities and capabilities of the business.

Social Innovation Questions could include:

• How do I create habitat?
• What kind of soap does the river want?
• What will work in the future?

- What kind of world do we intend?
- How can our products and services help to create and sustain it, so that future generations are enriched by what we make?

Source

Test and Scale: Set net positive ambitions for product lines, customer segments or regions and challenge business leaders to find ways to advance net positive ideas within their departments. To turn theory into reality, conduct small-scale experiments to see how your business model or approach could be reconfigured. Test, retest and reshape your experiments as necessary and then scale the successful solutions, rolling them out across the whole company. Put net positive thinking in the hands of your customers and suppliers and jointly create demand and supply driven solutions together. To avoid greenwashing and truly generate net positive results, your company will need to address its most material impacts and ultimately take a net positive approach to the whole organization.

Leader Views on Becoming Net Positive

"Net positive simply means putting more back into the environment or society than you take out," says Forum for the Future's chief executive, Sally Uren.

Solitaire Townsend, co-founder of Futerra, explains that the ultimate benchmark for net positive strategies are planetary boundaries (the boundaries within which humanity can continue to develop and thrive) and that goals and targets should always be developed within that framework.

Uren adds: "If your biggest impacts are societal, than that's where you should focus. However, the principles that we have developed tell us that there should be no irreplaceable natural losses. A big positive societal impact then isn't justified at the expense of a large negative environmental one."

"[Net positive] aims to restore or regenerate ecological systems", explains Steve Downing, director of the Henley Centre for Sustainable Enterprise. This is different from eco-efficiency, which simply slows down the decline in ecological capital, and closed-loop systems, which only prevent further ecological decline.

Genuinely becoming net positive requires companies to focus on their main areas of impact. Dax Lovegrove, director of sustainability and innovation at home improvement retailer Kingfisher, says the company's main impact is forests, so it aims to create more forest than it uses. Its plan to become net positive includes sourcing timber responsibly, working with key suppliers and engaging governments in improving EU timber regulations.

Source

Becoming restorative and net positive will generate a number of technical and philosophical issues to be addressed including: what impacts to address, what should be included in the company's footprint, how much trade-off should be allowed between positive impacts in one sphere and negative impacts in another, and how positive and negative impacts should be measured and compared. This **research** into net positive business models outlines a number of "principles" to help address these choices. One top principle is that "no aspect of a net positive approach compensates for unacceptable or irreplaceable natural losses or ill treatment of individuals and communities" **(link)**. See also "Dell's Journey to Measure its 2020 Legacy of Good Goal" below for further insights into measurement complexities and how they are addressing them.

Dell's Journey to Measure its 2020 Legacy of Good Goal

By 2020, the good that will come from our technology will be 10x what it takes to create and use it (10X20 goal).

From the beginning, we recognized there was some ambiguity in how we would measure the good that comes from our technology. But Dell history shows setting long-term goals like this drives innovation.

The basic math of our goal looks like a fraction: On the bottom, or denominator, is our footprint—the "create and use" part of the equation. The science of measuring this type of full impact is evolving. If we look at our footprint exclusively in terms of greenhouse gas (GHG) emissions, we have a pretty good handle today on how to measure this. Of course, greenhouse gas emissions may not be the only item we measure. We are still investigating what other environmental and social factors we may or should consider.

On the top of our goal's fraction (the numerator) is the "good"— the social and environmental benefits our technologies can enable. One of the biggest challenges is understanding what units of measurement to use. Here, the science of measuring footprints offers some guidance.

Through 2014, our measurement-related efforts centred on identifying possibilities, understanding better what should comprise the "good" side of the equation, and investigating the way others have tried to measure as part of similar net positive goals. We studied an industry program on the benefits of IT and BT's net good program for insights (see other text box for reference to BT's net good goal).

We began looking for partners from the moment we envisioned this goal, as we cannot accomplish it alone. One of the first things we did in 2014 was to help Business for Social Responsibility (a global non-profit dedicated to working with business to create a just and sustainable world) establish the Center for Technology and Sustainability (CTS). This new centre will help us engage with our peers on issues related to technology's role in driving sustainability. In particular, we will work with the centre to study various technology solutions across their value chains, model the solutions' footprint and benefits, and then develop case studies.

In 2015 some of our methodologies for measuring the technological benefits of Dell solutions should start to take shape. By working with the CTS and other partners, we expect to be able to identify a core list of solutions with which we can pilot and test these methodologies. The pilot subjects should be part of a larger set of solutions (Dell-developed, co-developed with customers/partners, and customer-driven solutions) that we can identify as the core categories for measurement of our numerator. With this in place, we will be in a stronger position to start looking at how to measure solutions' social benefits. In parallel, we will continue our work to identify and catalogue our own footprint (the denominator). While we may not be in a position to identify a number at the end of 2015, we should be well on our way to entering the measurement phase of this goal.

Source

WHO IS DOING IT?

In 2009 **Coca-Cola Enterprises** adopted a recycling commitment to "recycle more packaging than we use" by 2020. They are working to promote recycling in the industry, ensuring their packaging is recyclable, investing in recycling infrastructure and using their brands to inspire and encourage consumers to recycle more. This strategy has three pillars: 1) consumer behaviour and disposal:

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they are collaborating with customers, consumers, suppliers, local authorities and communities to use their assets and brand marketing to influence consumer behaviour and inspire people to recycle more; 2) collecting and sorting: they are working to improve collection programs in countries with the lowest national recovery rates; and 3) re-use and reprocessing: they are investing in recycling and reprocessing infrastructure for packaging waste. **Source**

For **Kingfisher,** net positive means not just preventing deforestation but working towards net reforestations. It includes helping create homes that go beyond zero carbon to become generators of their own energy and working in communities to equip people with the fundamental practical skills of making and mending. Click **here** for more on Kingfisher, a global leader in net positive business strategy.

Marks and Spencer is researching the social benefits of their stores, and by 2016 plan to complete a study into the health, well-being and commercial benefits of sustainable retail buildings, warehouses and offices. They will then apply the lessons learned to existing and new buildings where possible. **Source.**

IKEA plans to become forest positive by 2020, despite the company's continuing high demand for timber. They intend their business to have an overall positive effect on the world's forests by growing as many trees as they use to make products within this timeframe. **Source.**

Here is a **link** to a case study on BT's approach.

WHERE CAN I GO FOR MORE INFORMATION?

- Net Positive Mindsets, BT
  http://betterfutureforum.bt.com/res/BFF_NetPositive.pdf

- Net Positive, A New Way of Doing Business, WWF, Forum for the Future, The Climate Group
  http://www.btplc.com/Betterfuture/NetGood/OurNetGoodgoal/NetPositive.pdf

- The Net Positive Strategy: Where Environmental Stewardship Meets Business Innovation, MIT
  http://sloanreview.mit.edu/article/the-net-positive-strategy-where-environmental-stewardship-meets-business-innovation/

- Forum for the Future: Net Positive Group: This is a network of businesses working together to define net positive methodologies, identify opportunities and address challenges.
  http://www.forumforthefuture.org/project/net-positive-group/overview

- Seven Step Guide to Becoming Net Positive, Guardian Sustainable Business
  http://www.theguardian.com/sustainable-business/2015/jun/29/a-seven-step-guide-to-net-positive