

Making Sustainability Profitable



Jasper Steinhausen

Today, every company must consider its environmental impact and how to hard-wire sustainability into everything it does.

This book holds the secret to turn your sustainability drive into a superpower that will make your business a force for good and a magnet for clients, partners and talent. Addressing common questions and misconceptions about the cost of sustainability, *Making Sustainability Profitable* takes you through the five core principles of the Impact Blueprint that will boost your company's sustainability credentials *and* profitability. Find out how to:

- Adjust your mindset and realise that sustainability and profitability are compatible
- Discover the right steps for your company using the Impact Blueprint
- Deploy your principles and processes to attract and inspire clients, employees and fellow business leaders
- Communicate about sustainability without greenwashing
- Build sustainability into your business and thrive

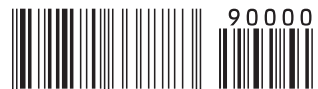


Jasper Steinhausen is a business consultant and specialist in making sustainability profitable for SMEs in the manufacturing space. He has helped more than a hundred companies create positive business results through sustainability, and has presented on business and sustainability to thousands of people, from board members and leadership teams to technical staff.

Read more at www.bwimpact.com.

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Praise

‘This is a very well-written book that delivers thorough understanding through a solid red thread.’

— **Michael Bayer Thomsen**, Senior Vice President, Zirk Solutions AS

‘It is an outstanding book that I am sure will be of great value to SMEs.’

— **Carsten Terp**, Founder and Chief Editor, Impact Insider

‘The circular industrial economy is a conscious choice. By contrast, Nature’s circularity progresses by evolution and the linear industrial economy by competition between producers. The French pilot-poet Antoine de Saint-Exupéry’s advice on this conscious choice in his book *The Little Prince* was, *when you want to build a ship, don’t start by gathering wood, cutting boards and organising work gangs, instead create the longing for the sea, awaken within men the desire for the vast and endless sea.* In this book, Jasper shows how he has motivated economic actors to make this conscious choice and succeed in the transition. It should interest anybody who wants to shift activities to the circular industrial economy.’

— **Walter R Stahl**, Founder-Director at The Product-Life Institute Geneva and full member of The Club of Rome

'It exceeded my expectations and I'm definitely going to use the tools when I help companies.'

— **Nicholas Mohr Krøyer**, Business Developer
and Circular Economy Specialist,
Copenhagen Business Hub

Making Sustainability Profitable

A leader's guide
to growing a
thriving business
that makes the
world a better
place

Jasper Steinhausen

R^ethink

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Cover illustration by Jeremy Duncan, Brooklane Creative Ltd

*To my three amazing kids, William, Vitus and Smilla,
who inspire me every day to make the world a better
place. Your love, energy and joy exemplify the importance
of regenerating the ecosystem to re-establish safe and
pleasant conditions for the children of the world. This book
is dedicated to you and to everybody that strives to make
the world a better place through business.*

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Foreword

How can businesses thrive in a rapidly changing world while addressing global sustainability challenges? This is a question that every business leader today should be asking themselves. Some of the answers lie in the pages of this book, *Making Sustainability Profitable: A leader's guide to growing a thriving business that makes the world a better place.*

I have spent decades working with businesses to help them navigate the complexities of sustainability and circular economy strategies. In my experience, one of the biggest challenges that organisations face is the misconception that sustainability is a cost centre, rather than a driver of innovation and profitability. In short, as a business leader you need to maintain

strategic relevance for the business by including sustainability throughout the whole value chain.

I first met Jasper Steinhausen during an international conference on sustainable business practices. From our very first conversation, it was clear that we shared the same vision: a world where businesses not only minimize their negative impact on the environment, but actively work to create a better future for all.

In this inspiring book, Jasper outlines a comprehensive approach to integrating sustainability into the core of any business. The central premise is that sustainability is not only the right thing to do, but also a powerful lever for growth and competitive advantage. From the insightful Impact Curve to the invaluable Circular Economy 101, this book provides leaders with the tools and knowledge needed to transform their organisations.

One of the many highlights of this book is the practical advice and real-world examples that Jasper provides. For instance, the Mapping section offers a step-by-step guide to identify and prioritize the most impactful sustainability initiatives for your business. Additionally, the Movement chapter delves into the essential leadership skills required to drive lasting change within your organisation. *Making Sustainability Profitable* goes beyond traditional 'green' practices and introduces the concept of the circular economy, which reimagines the way businesses create value by

designing waste out of the system. This approach has the potential to unlock new opportunities for innovation, cost reduction and customer loyalty.

As a leader in the field of sustainability, I have seen many organisations struggle with the challenge of implementing sustainability in their business model. At the same time, I have also seen many examples of how focus on green transition and sustainability goes hand in hand with increased profitability. Jasper's book addresses these issues head-on, providing a clear and compelling case for the financial benefits of embracing sustainability. He also offers practical guidance on how to build a compelling business case for sustainability and circular economy initiatives, ensuring that your organisation's leadership is fully on board with your vision.

The benefits of reading this book extend far beyond your balance sheet. As you work through the chapters, you will find yourself inspired by the potential for positive change that lies within your organisation.

Making Sustainability Profitable is an essential guide for any business leader looking to harness the power of sustainability to drive growth, innovation, and long-term value creation. Jasper's unique combination of deep expertise, practical guidance, and engaging storytelling make this book an invaluable resource for anyone seeking to make a positive impact on the world through their business.

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With this book in hand, you have the blueprint for success in building a thriving business that not only generates profits but also makes the world a better place. Now is the time to embrace the opportunity that lies before us, and I think that *Making Sustainability Profitable* is an important tool on this journey we all need to take.

Michael Zöllner, Chief Commercial Officer SME,
Denmark's Export and Investment Fund (EIFO),
www.eifo.dk/en

Introduction

A thriving business that you are proud of. One that creates the legacy that feels just right and that gives you and your employees a solid foundation for a great life.

That is what most business leaders dream of.

This book is for business executives in well-established smaller- or medium-sized companies in the manufacturing space. You will most likely be an owner or part of a group of owners. You have taken over the reins and feel that, to some extent, you represent a generational shift, or at least a shift in style, approach and ambition for the company.

One of the things you have a different view on is the role of business in creating a sustainable future. You would like to align your own values and beliefs with those of the company and to be part of the solution somehow. The million-dollar question is: 'How do I do that in a way that is also profitable?'

I have witnessed SMEs transform their businesses and made them flourish. I have witnessed their change in attitudes and the sense of fulfilment and joy that comes with knowing that they are doing something meaningful with their lives and that they are making a difference.

I am grateful for the opportunity to stimulate, support and witness the transformations first-hand. I am the founder of 'Business With Impact' and my speciality is to make sustainability profitable for SMEs in the manufacturing space. I have worked with more than 100 companies and I am the longest-running circular economy consultant in the Nordics – a high impact, result-oriented discipline within sustainability. I have spoken about how to utilise it to well beyond 10,000 people, ranging from board members and leadership teams to startups and technical staff.

Over the years, I have worked with smaller- and medium-sized companies on developing their green business, for example, the Swedish sign company, Accus, which is now known as a circular frontrunner in its industry and is delivering its best financial

results ever. I have also worked with global frontrunners like Grundfos, the largest pump manufacturer in the world; the giant utility company, Vattenfall; and the global sustainability champion, Ørsted. I have also been advisor to the Danish Government on how to speed up the transition for Danish industry.

My journey into the world of sustainability started at a young age. I remember the day that flipped the switch for me. I was sitting in a classroom at Helsingør Gymnasium in Denmark and the subject was climate change. My teacher told us that the rise in temperature caused by the increasing, man-made carbon emissions had the potential to disrupt the North Atlantic circulation pump that brings the warm waters to northern Europe and Scandinavia via the Gulf Stream. If this slows down or stops, ironically, the increasing global temperatures could lead to Arctic conditions spreading down across Scandinavia.

This lecture was life-changing for me. It sparked a mix of curiosity and the beginning of an understanding of the seriousness of the experiment that humans are conducting on our ecosystem. For many years, I saw governments and regulation as the main drivers of creating a sustainable future, until the climate COP 15 in Copenhagen in 2009. This was going to be the place where our political leaders would make a landmark agreement that would significantly alter the path we were on. As I sat there in the front row in my city watching my country host the summit, it soon

became clear that governments would not be able to fix the problem. It was a painful experience to witness it unfold – like a car crash in slow motion. I felt embarrassed to be from the host nation. But, through this disappointment, I realised that it is the companies that hold the key to the solutions and that business is the engine of the transition. I knew that I wanted to be a part of that change.

I have spent most of my life on the forefront of the sustainability wave. It has taught me to find ways that make sustainability create value and to be able to articulate those ways, as the theme itself did not open any doors. It is this knowledge and experience that I now use to solve the primary pain that business leaders of SMEs in the manufacturing space have.

Today, most companies have a poor (or no) ROI from the resources they invest in their sustainability efforts and, likewise, very little impact. This is the sad truth. The consequence of this situation is a significant and growing pain-point for business leaders. We are all striving to build a legacy of some form. We all like to have good answers to what we do when the discussion turns to some of the massive problems and crises we are facing in the world, like the climate or the biodiversity crisis. You take action in your personal life, but it is obvious that the impact of the business you run is significantly bigger. The gap between what you do and believe as a private person and as a business

leader represents a pain-point: the bigger the gap, the bigger the pain.

The key to this situation is not necessarily the number of resources invested, but how they are used, who is involved, and where the focus lies. Imagine if your company clearly became part of the solution. Imagine that every day spent in your company was one that made you proud and gave you the confidence that you were participating in regenerating the conditions for your kids and future generations to unfolding their lives and dreams. Conditions like the ones you had, or perhaps even better.

But that is not the case today, and it is starting to hurt your business. The cost of getting new clients is going up and it is harder to attract and maintain talent. Job satisfaction (and, thus, productivity and innovation) is dropping. The most interesting partnership opportunities go to your competition and your regular clients are starting to test your products and prices in the marketplace.

The good news is that the method in this book can solve this increasing pain. If you are prepared to do the work necessary to implement it, I assure you that you will transform your business to a thriving one that you are proud of having and leading. This might sound immense, but this is a method I have seen work successfully time and again. The components

are proven – not only among my clients, but with other companies that have successfully worked with a circular economy and consciously taken similar steps. These were often at a higher cost and involved more trial and error, so more time was needed. Time we don't have, as our sustainability crises wait for nobody. But also time wasted generating a thriving business with all the great implications that has for you, your family and the lives of your employees and their families.

In this book I will give you the 'Impact Blueprint' that I have created based on all the experience and knowledge I have gained from being at the forefront of using circular economy as a tool for creating business value for almost 15 years. It is a condensed and very hands-on, specific method for how to work with sustainability in a way that will give you a competitive edge and deliver business value with embedded environmental impact.

I will give you the essentials to make it as simple and approachable as possible so that you can clearly see the way forwards and start to immediately take action for the benefit of your business and the world. I see a special need for this among SMEs across the EU that are all facing a radical shift and demand for 'going green', but don't have the resources to cover some of the extensive ground I have covered across disciplines such as business, strategy, innovation, leadership, communication, sustainability, climate and circular economy.

The model consists of five key principles that you must master to turn your company into a thriving business and a force for good. The first three principles make up the 'Learning phase' and the last two are what I call the 'Earning phase'. The five principles are:

1. **Mindset:** Getting the foundation in place for turning sustainability into a business driver. For most business leaders, this is a bit of a rewiring of their understanding of sustainability.
2. **Mission:** Here, you will develop a statement that is an answer to the central question, 'Why is the world a better place because we exist?'
3. **Mapping:** Discover the right steps going forwards that will move you towards your mission in a profitable way. Your end product is your roadmap for how to progress towards your mission.
4. **Movement:** Kickstart your implementation and start to create business value with embedded environmental impact while gaining credibility for the final step.
5. **Magnify:** Spreading the message about your results and journey to harvest the credit and inspire others to go down the same path.

The book will give you a step-by-step guide through the model and the tools you need to go through the exercise and achieve the results you desire. There are

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case studies along the way to underpin the key points. Its specific and easily digestible format will help you to get the maximum value each step of the way as you work towards making sustainability profitable in your business.

PART ONE

THE PROBLEM

After well over fifteen years of advising business leaders, giving countless presentations, answering questions and observing an endless number of companies, I noticed patterns started to emerge – patterns that cut across sectors, countries and company size. There are patterns in the situations and the problems that business leaders face in their businesses and with their efforts on sustainability in whatever shape or form they approach it, for example, climate, Sustainable Development Goals (SDGs), plastic or Environmental, Social and Governance (ESG).

The great thing about patterns in problems is that they become predictable. And with predictability, one

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can develop solutions that will work across sectors, countries and company size. In Part One of the book, I will unfold the situation companies are in and the problem that business leaders are facing. This will lay out the foundation for Part Two: the solution.

ONE

ROI On Sustainability

Most companies earn little or no ROI on their sustainability efforts. And likewise, they have a small environmental impact. That is the sad truth, and a key reason why business leaders shy away from stepping up their sustainability game, even once they're aware that they need to. But it does not have to be like that. Do it right, and there will be a goldmine waiting for you.

When it comes to working with 'green initiatives', businesses are doing all kinds of things, but only a small proportion end with a successful operation and significant impact. In this chapter, I will share an insight that has been 10+ years in the making. This is experienced-based insight, so don't expect mathematical precision or an extensive dataset. It is an insight

that has already made many business leaders start to reshape their thinking around how to work with sustainability.

First, I will back up my claim that sustainability can actually deliver business value. Then I will go back and unfold the claim that most companies earn a low ROI on their sustainability efforts.

The business case for sustainability and circular economy

You might still be thinking, 'Is there really a business case for sustainability?' I have seen that the answer is yes, but to ensure that it was not just in the projects I have been involved in or studied, I set out to research what other people's studies have found. These are the results from a range of research projects of a combination of more than 30,000 smaller and medium-sized companies (SMEs) in Europe.

- **Implementing circularity in processes leads to reduction in production costs.** This was the conclusion based on more than 13,117¹ SMEs in the twenty-eight EU countries (including the UK). Another study of more

1 Darmandieu, A, et al, 'How does it pay to be circular in production processes? Eco-innovativeness and green jobs as moderators of a cost-efficiency advantage in European small and medium enterprises', *Business Strategy and the Environment* (20 November 2021), <https://doi.org/10.1002/bse.2949>, accessed 3 March 2023

than 4,237² companies in the twenty-eight EU countries (including the UK) found that circularity also leads to increased productivity. The further along the initiative scale (ie, planning, during implementation or fully implemented), the higher the productivity gains.

- **Sustainable measures lead to an increase in sales.** This is a conclusion after looking at more than 11,336³ SMEs in the twenty-eight EU countries. And these were just simple initiatives like using renewable energies or recycling or designing products that are easier to maintain, repair or reuse.
- **Investing in ESG measures increases the client base.** It also expands the business and raises the productivity of employees, leading to them becoming more creditworthy. This was the conclusion reached by a study of 350⁴ Belgium SMEs.
- **54% of those who have started introducing sustainability practices have seen improvements**

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- 2 Moric, I, et al, 'The effect of phases of the adoption of the circular economy on firm performance: Evidence from 28 EU countries', SSOAR (4 February 2020), <https://doi.org/10.3390/su12062557>, accessed 3 March 2023
 - 3 Jové-Llopis, E, and Segarra-Blasco, A, 'Eco-efficiency actions and firm growth in European SMEs', *Sustainability* (22 January 2018), www.mdpi.com/2071-1050/10/1/281/htm, accessed 3 March 2023
 - 4 Kolokas, D, and Veredas, D, 'Are Sustainability-driven SMEs more resilient? A lending perspective', Vlerick Business School (November 2021), <https://dam.vlerick.com/m/357579a67cb90fe8/original/Are-sustainability-driven-SMEs-more-resilient-A-lending-perspective.pdf>, accessed 3 March 2023

to their reputation with customers. And 36% of those have already seen greater sales revenues as a result. This comes out of a study of 500⁵ UK companies with 10-500 employees.

- **Sustainability positively affects competitive advantage, driven by increased corporate reputation, higher customer satisfaction and bigger organisational commitment.** This leads to a competitive advantage that positively contributes to financial performance. This is according to research done on 348 Italian manufacturing SMEs.⁶

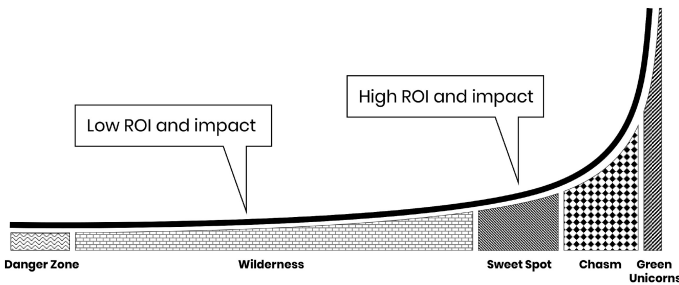
We also looked outside Europe and to larger companies and found studies with similar conclusions. The bottom line is that sustainability and circular economy is profitable for your business. But, as I point out and will dive into now, most of the examples mentioned are only scratching the surface and are nowhere near exhausting the potentials.

5 'Empowering SME sustainability', Eight Versa (August 2022), <https://eightversa.com/wp-content/uploads/2022/08/Empowering-SME-logoupdate.pdf>, accessed 3 March 2023

6 Cantele, S, and Zardini, A, 'Is sustainability a competitive advantage for small businesses? An empirical analysis of possible mediators in the sustainability-financial performance relationship', *Journal of Cleaner Production* (1 May 2018), www.sciencedirect.com/science/article/abs/pii/S0959652618303202, accessed 3 March 2023

The Impact Curve

If you plot the environmental efforts of companies in terms of their business value and environmental impact, you will see something resembling an exponential curve. I call it the Impact Curve as it shows both the business and environmental impact.



The Impact Curve

The problem is that the vast majority of companies are in what I call the 'Wilderness'. This is where your efforts only deliver a marginally positive impact on your business and the world. Do you recognise this situation? Don't worry, you are not alone.

The interesting spot to be is right where the exponential curve really takes off. This is the 'bang for the buck' area, to put it another way. Applying slightly more effort differently to how you have previously will generate a disproportionately higher return.

The divider between the Wilderness and the ‘Sweet Spot’ marks a shift in approach and mindset rather than a massive increase in investment. There are five different areas or zones that companies fall into:

1. The Danger Zone
2. The Wilderness
3. The Sweet Spot
4. The Chasm
5. Green Unicorns

1. The Danger Zone

This is the first zone. These are companies that are hardly doing anything when it comes to sustainability. It can be a startup that is just getting its act together, not yet sure where to focus or it’s one of those companies that still think that sustainability is not a significant pursuit. They’re doing the absolute minimum or nothing. It might even be a strategic decision to stay away from sustainability because they are targeting the shrinking group in the marketplace that shares that conviction that you’re not supposed to do anything about it. Leaving it to somebody else to take care of the problems. That’s the danger zone. If you are reading this, then you are probably not here. This group of companies is getting smaller and smaller. Those still in the Danger Zone need to move on or risk being rendered obsolete.

2. The Wilderness

This is where the vast proportion of companies can be found. In other words, it is the typical company that will be found here. They are carrying out different initiatives when it comes to sustainability, but very often this has a limited impact both in terms of business results and in terms of environmental results. Sustainability is not a strategic business issue in line with other essential areas like product development and sales. This observation is well in line with different studies of SMEs. One study found that only 13% of the EU27 SMEs actually indicate that they have already adopted a sustainability strategy, while 21% seem to be in the process of implementing one.⁷ Another found that only 51% have sustainability as part of their business strategy, but only 46% had been reviewed by the board and only 41% had dedicated staff.⁸ This signals that most of them are not really integrating it into the business strategy in a way that will have profound impact on the business strategy. Similar conclusions show up in studies of larger companies.⁹

7 'Fostering sustainability in small and medium-sized enterprises, Generali, SME EnterPRIZE White Paper', SME EnterPRIZE (no date), www.sme-enterprize.com/wp-content/uploads/2021/09/SME-EnterPRIZE-White-Paper.pdf, accessed 3 March 2023

8 World Economic Forum, 'How harnessing the power of SMEs and mid-sized companies can shape the future of sustainability', WEF (22 April 2022), www.weforum.org/agenda/2022/04/smes-future-of-sustainability, accessed 3 March 2023

9 George, S, 'Corporate executives still don't believe sustainable business is profitable, survey reveals', edie (10 November 2022), www.edie.net/corporate-executives-still-dont-believe-sustainable-business-is-profitable-survey-reveals, accessed 3 March 2023

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Most business leaders that are in the Wilderness find it really difficult to find a route out of it that is attractive, or even doable. They are lost in the Wilderness. The main reason for being stuck here is due to their approach to working with sustainability. A few characteristics are:

- Sustainability is detached from the core strategy. It is something that a few people (or more, depending on the size of the company) have as their responsibility and part of their job description, but it has no direct implications for the core business.
- The leadership team has little contact and engagement with the agenda.
- Sustainability is a reductionist paradigm (ie, it is about being 'less bad').
- Goals are intrinsic in focus and at a limited level of ambition (ie, can be reached by 'just' implementing best practices).

This is life in the Wilderness. Companies are struggling with their sustainability effort and it is not helping the business. It is actually increasingly the opposite.

There is a significant span in the level of activity among companies in the Wilderness. On the left side of this curve, you can find companies that are doing very little. Compliance is the name of the game. As you move

to the right of the curve, you'll find companies that are realising some of the low-hanging fruits. These are some of the companies that show up in the studies referred to above. We also find businesses that have introduced environmental management systems, and some are even certified (eg, ISO 14001). Again, these are not taken in and used as part of the strategy, but run separately as a technical system to manage sustainability initiatives and to be able to tell the world that, 'We have systemised our efforts and they are of a consistent quality.' Often, they already have other certification schemes like ISO 9001, so obtaining it has only been a matter of creating that extra layer on the existing management system. Since the initiatives are detached from the core strategy, this can be done and maintained by whoever has the responsibility for sustainability. Typically, such a person does not have a seat at the table in the leadership group.

A consequence of the sustainability effort being detached from the core business is that the impact, from an environmental perspective, is relatively low, and the feedback from the market is the same. It simply impacts a smaller fraction of the business activities and thus leaves a smaller mark. Even once a good idea emerges and is implemented, it still has a limited effect. Companies in this zone do spend money on sustainability (in some cases, even a significant amount of money), but the poor ROI just reinforces to the business leaders that there isn't really a strong business case for it. It's mainly 'a branding thing' and a 'compliance thing'.

CASE STUDY: The wilderness zone

I recently had a conversation with a CEO of an older Danish company that was clearly in the Wilderness category. The consequences were starting to show, hence the interest in having the conversation. They manufacture products for the building environment and, as such, they are met by an increasing number of requests for Environmental Product Declarations (EPD) on their products. Sustainability has not really been a theme beyond compliance with laws and regulations, and the effort has not been linked to their business development and strategy. This has to change as the market begins to request it more. They are currently reacting to market demands and, with the support of consultants, working their way through the lifecycle of an assessment-based criteria for an EPD.

An EPD does not in itself result in any environmental improvements. It is a documentation tool. With that in hand, they can show the world that they have clarity on their impact, and it can also be used to compare products as it builds on certain standards. In today's world, it will not earn them a lot of credits as a stand-alone effort, but it still requires a lot of work and investments to gather the data.

3. The Sweet Spot

This is where it becomes really interesting. As I said, this is the 'bang for the buck' area. When you position yourself in the Sweet Spot, you come from a different approach and it becomes easier, more fun and more rewarding.

The big picture idea here is that people like to be part of something good and meaningful. When faced with a choice between a product that leaves the world a slightly better place and one that leaves the world slightly worse, then they are naturally drawn towards the first. When evaluating the quality, design, price, delivery conditions, etc, they are already leaning towards that better solution from the get-go. If your product stands the test against your competitors, then you will win. The same logic is at work when people are considering joining your team or doing partnership deals with you. A few characteristics for companies that are in the Sweet Spot are:

- They are working with sustainability strategically and with a focus on changing the way they operate and altering their core offering somehow.
- The leadership team is fully engaged and actively leads the way.
- They have a clear mission, are clear and consistent in their messaging and they take it to the marketplace. Consequently, they get rewarded for it.

I call it the Sweet Spot because here, you do enough to really make a difference and reap the benefits, but things are still relatively easy to manage. The complexity of the solutions is in the same ballpark as you are used to handling in other parts of your business. Your effort stands out from the crowd, so you attract

more attention and deliver greater results. *The difference lies in the approach.*

As you can see there is a significant difference in the two zones and moving from the Wilderness to the Sweet Spot marks a shift in several parameters:

- From being 'less bad' to being 'more good'.
- From intrinsic focus to focus on something bigger.
- From sustainability being a technical issue to a strategic business issue.
- From talk and perhaps a few lighthouse initiatives to action and genuine integration into the core business.
- From slightly invisible to becoming a magnet for attention.

Companies to the right side of the divider line on the Impact Curve are seen as part of the solution instead of part of the problem, so they start to get that 'sustainability tailwind' that is actualised when you are doing it properly. People around you – customers, potential employees and partners – can see where you want to go and find it appealing and meaningful, so they want to join in and be part of it. They want to be seen with you. They want to relate to you. They want to connect with you. You get a disproportionately high ROI from your effort. *This is where the effort/reward ratio peaks.*

The Sweet Spot is what I recommend most of the well-established SMEs aim for. As I said earlier, the Wilderness is populated by the majority of companies, so there is huge potential in making the upgrade, both in terms of creating some of the environmental changes (which need to happen soon) and in creating lots of new, meaningful jobs and prosperity. If you want to go even further up on the curve, everything gets a lot more complex and requires significantly more investments on all levels.

CASE STUDY: The sweet spot

In Malmö in southern Sweden there is a small sign company called Accus that I worked with a couple of years back. They have transitioned from being in the Wilderness to being a profitable business in the Sweet Spot. Every time I check in with their CEO and owner, André, he reports on his new financial records. The latest was in 2022 and has been the best year ever. They also enjoy a lot more attention now than back when we started to work together. Visiting their website at the end of 2022, I could see that their news section includes two awards they have won and two new, important clients.¹⁰

They were already on a circular economy, but the link to the business was not as strong as it should have been. Together we upgraded their mission, focused their offering and trimmed their client base and target market to match it, as well as creating actionable steps

10 Accus, www.accus.se, accessed 3 March 2023

to implement. Today, they have a concept called re:sign where signs are made based on their circular economy thinking, with a strong emphasis on choice of materials, design for disassembly, long durability and being easy to upgrade and repair. It means a longer service life for their clients and a new level of flexibility to alter products without having to start over again. Recently, they have started to go outside their industry and buy up used materials that they reuse in their production.

They offer a product where 98% of the materials in a sign will be used again in a new sign. This makes it cheaper, as well as having a significantly smaller negative impact on the world to create signs with a relatively short lifetime.

Altogether, Accus currently has a stronger business than ever and André and the team are proud of the company and the contributions they make. They are also more sought after, resulting in easier acquisition of clients, partners and talent.

Let's have a brief look at what is on the other side of the Sweet Spot. Here you will find the Chasm and the Green Unicorns.

4. The Chasm

This zone defines that significant stretch of effort you must go through if you strive to become part of those few top-percenters that are the 'Green Unicorns'. Bear in mind that most of the attempts to become a unicorn fail. Very few reach unicorn status.

5. Green Unicorns

In this zone are the companies that you will find as invited speakers for all the biggest events affecting the industry. They are the companies that governments ask to join or lead their advisory boards. They are the ones you will find leading the conversation at Davos and similar places. They get to speak at the biggest events like UN, World Economic Forum, G7, etc. For smaller companies, the events can be national, although they sometimes get invited to the international ones as well. They are on the list of most sustainable companies in the country, in the region or in the world. They are the ones that are always celebrated and that a lot of people use to name-drop. It is the small percentage at the very top. You can find a list of the top 100 most sustainable companies in the world at www.corporateknights.com.

Go for the Sweet Spot

When you are in the Sweet Spot, things are still relatively simple. You might work with your supply chain to some extent, and you are solving difficult and meaningful problems, but finding a way through them and creating a positive impact. Striving for Green Unicorn status is a different game. That is why I call the zone between the Sweet Spot and the Green Unicorns the Chasm. Everything scales up in complexity. You need to have a complete overview of *all* materials in your

products throughout the supply chain. You have to integrate it into all aspects of your organisation and all products. You cannot have misalignments anywhere. It requires investments and more people with a broader set of competencies. That all needs to be managed as well, so bigger management teams are required. It requires a lot of effort to get there, combined with the right product at the right time.

Becoming a Green Unicorn is an intense piece of work, and it takes a long time, whereas getting yourself into the Sweet Spot is significantly easier. Once you are in the Sweet Spot, you can make the decision on whether to go for the Green Unicorn status and set out to cross the Chasm, but for most of you reading this book, the main takeaway should be that you can elevate yourself from the Wilderness to the Sweet Spot – and you should strive to complete this journey and start reaping the rewards. Are you ready to discover how? In Part Two, you will get a thorough walk-through of the method I have designed to get you there. It is like a recipe that will give you predictable results and will take you through the five principles that you need to master.

Summary

In this chapter I have introduced the Impact Curve. The zones in the curve represent the distribution of companies based on their ability to generate ROI and the environmental impact of their sustainability efforts. The key takeaways are:

- Most companies are lost in the Wilderness, with little or no ROI on their sustainability effort and an equally small environmental impact.
- You should strive to get your business to the Sweet Spot. This is where you will start to create lots of business value with embedded environmental impact. For most this will not require a lot more, rather, it will require something different and involve other people in the organisation.
- There are five principles to master and following these will provide you with predictable results.