

Sustainable Development and Management of Change

What is Happening to Our Planet?

Ecological divide (1.5)

Social---economic divide (2.5)

Inner cultural or spiritual divide (3)

Scharmer, C. O., & Kaufer, K. (2013). *Leading from the emerging future: From ego-system to eco-system economies*. Berrett-Koehler Publishers.

General Perception about Environmentally Sustainable Business Process

- Producing Green Products places us in disadvantageous position vis a vis our rivals in developing countries
- Suppliers cannot provide green inputs or transparency
- Sustainable manufacturing demands additional investment in technology and equipments
- Customers will not pay for ecofriendly products during recession

Sustainability is increasingly recognized as the key driver for innovation and future success.

Enterprises generally go through the five stages in this journey

- Nidumolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). Why sustainability is now the key driver of innovation. *Harvard business review*, 87(9), 56-64.

Stage 1: Viewing compliances as opportunity

- Voluntary codes at times precede regulatory requirements. Ex. Greenhouse Gas Protocol, Forest Stewardship Council Code, Electronic Products Environmental Assessment Tools
- Following highest standard in all markets instead of basic requirements of different requirement in more beneficial
- Ex. HP's research on environment friendly substitute of lead solder, Electronic Recycle joint platform of HP, Sony, Braun and Electrolux

Stage 2: Making Value Chain Sustainable

- At this stage organizations focus on reducing the consumption of non renewable resources. The drive to adopt environmental friendly processes move from manufacturing to supply chain. The organizations at this stage work with suppliers and retailer to supply and adopt eco friendly products and processes. Make their operations, workplace and product returns more eco friendly.
- Tools and heuristics useful in this journey is Enterprise Carbon Management, Carbon and Energy Footprint Analysis, Life cycle Assessment etc.
- Ex. Cargil and Unilever have invested in technological development and work with farmers in sustainable practices in cultivation of palm oil, soyabean cacao and so on. Unilever aimed at 100% sourcing from sustainable sources, Fuel Sense program of FedEx and replacement of old aircraft with Boeing 737. IBM, AT&T and McKesson policy of telecommuting, Cisco's policy and value recapturing process of product returns

Stage 3: Designing Sustainable Products and Services

- At this stage the organization aim at catering to the environmentally conscious customers with sustainable and eco friendly product and services.
- Ex. P&G's Tide Cold Water in USA and Cool Clean, a large percentage of customers switched to washing with cold water, Clorox launched the non synthetic cleaning products spending 20 million \$ to research to develop Green Works Line and partnering with Sierra Club, WalMart and Safeway, More than 80 percent of the company's sales are generated from brands that hold the No. 1 or No. 2 market share positions in their categories and 88 percent employee engagement,

Stage 4: Developing New Business Model

- Discovering novel way of capturing revenue and providing services at the level of other companies
- Ex. FedEx collaboration with Kinko Print Shop for electronically delivering the documents, Calera builds business model on Biomimicry and finds alternate source of revenue

Stage 5: Creating Next Practice platform

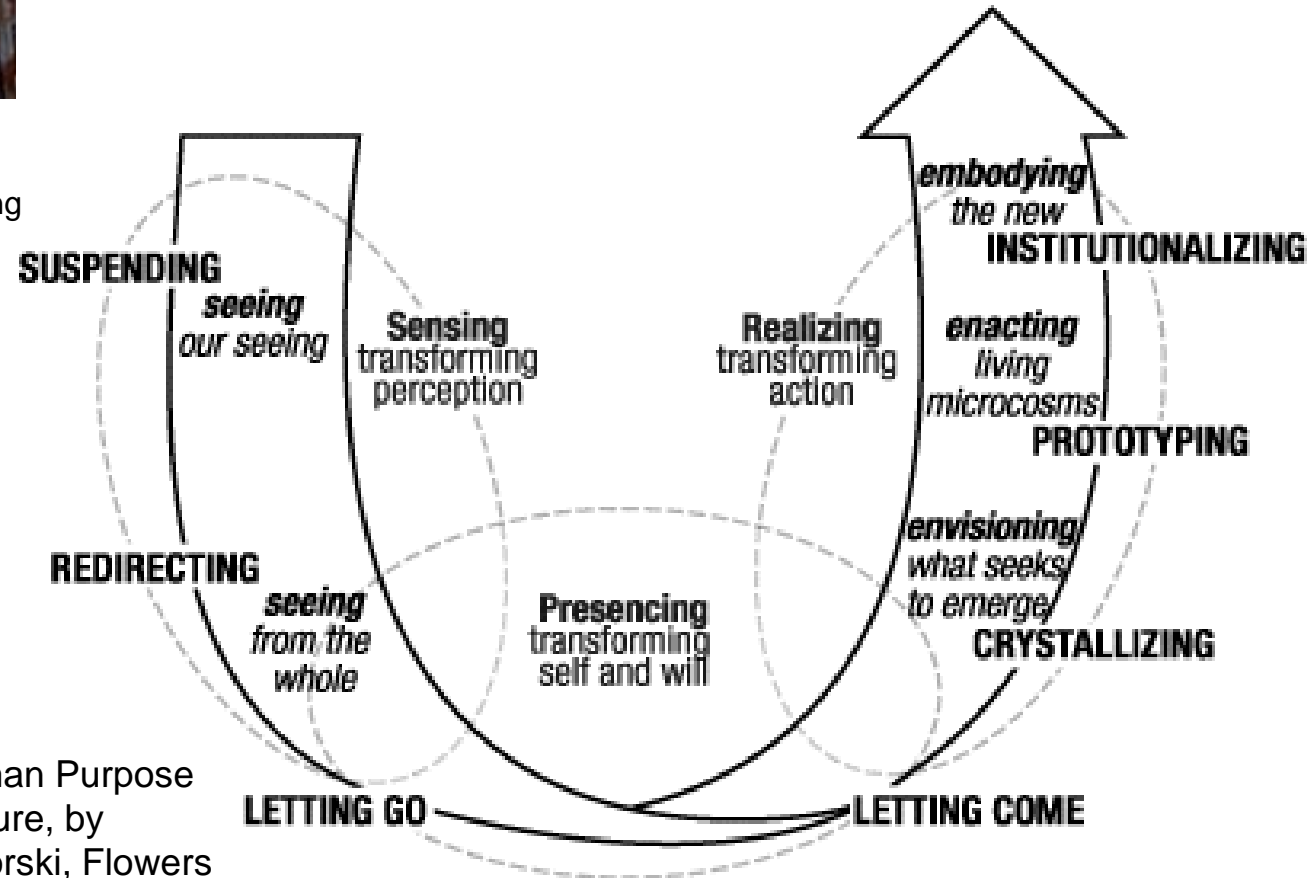
- Intellectual and financial investment in challenging the existing paradigm
- Ex. Smart Grid technology, and emerging field of social entrepreneurship

Presence as Collective Leadership Technology



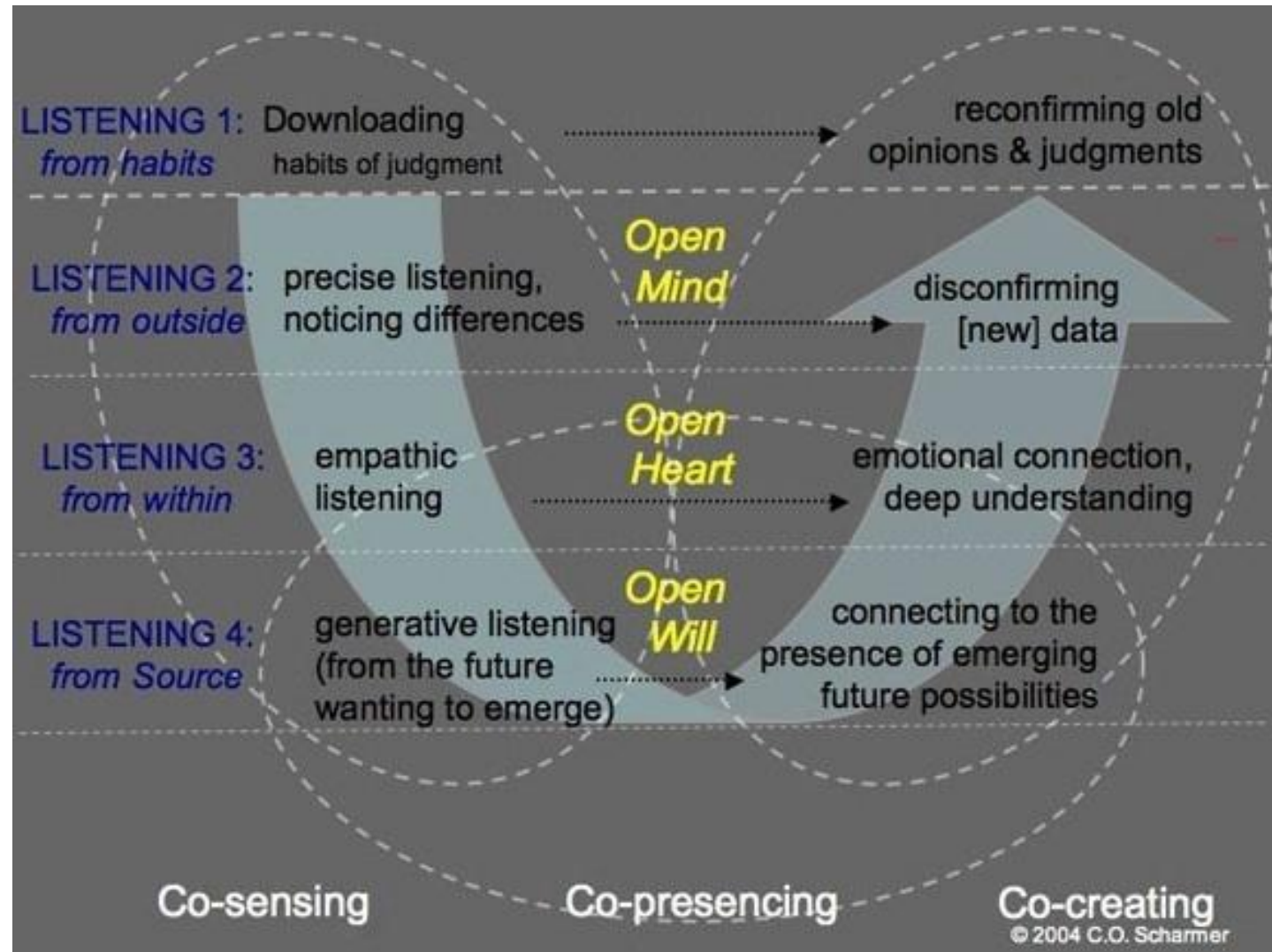
by Otto Scharmer, a professor at MIT. The U-process - a methodology for individual and collective leadership to unlock our creativity and achieve breakthrough results. It teaches us how to learn from the future. The next few slides will illustrate some of the core distinctions of Presence.

Professor Scharmer teaching

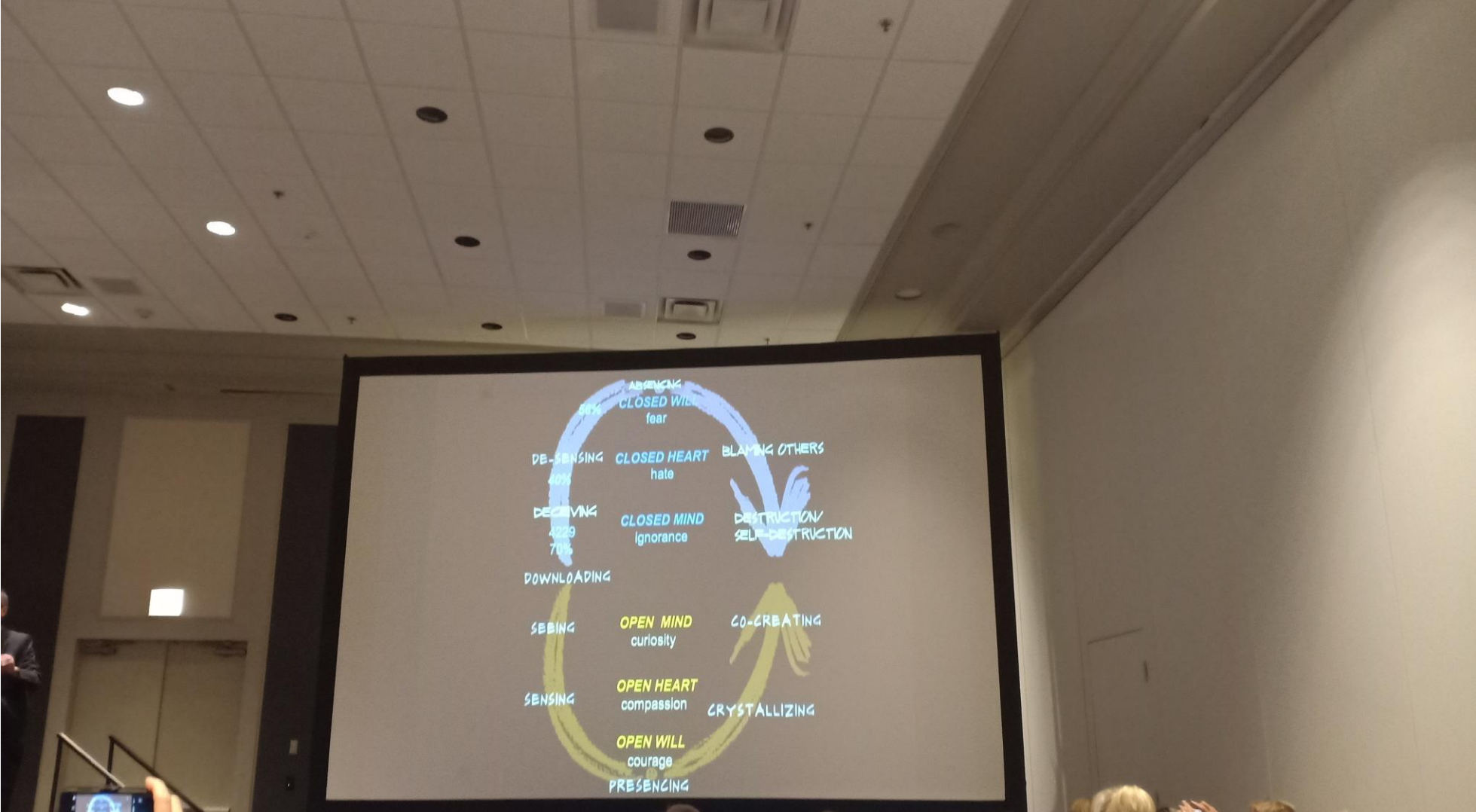


Source: Presence: Human Purpose and the Field of the Future, by Senge, Scharmer, Jaworski, Flowers

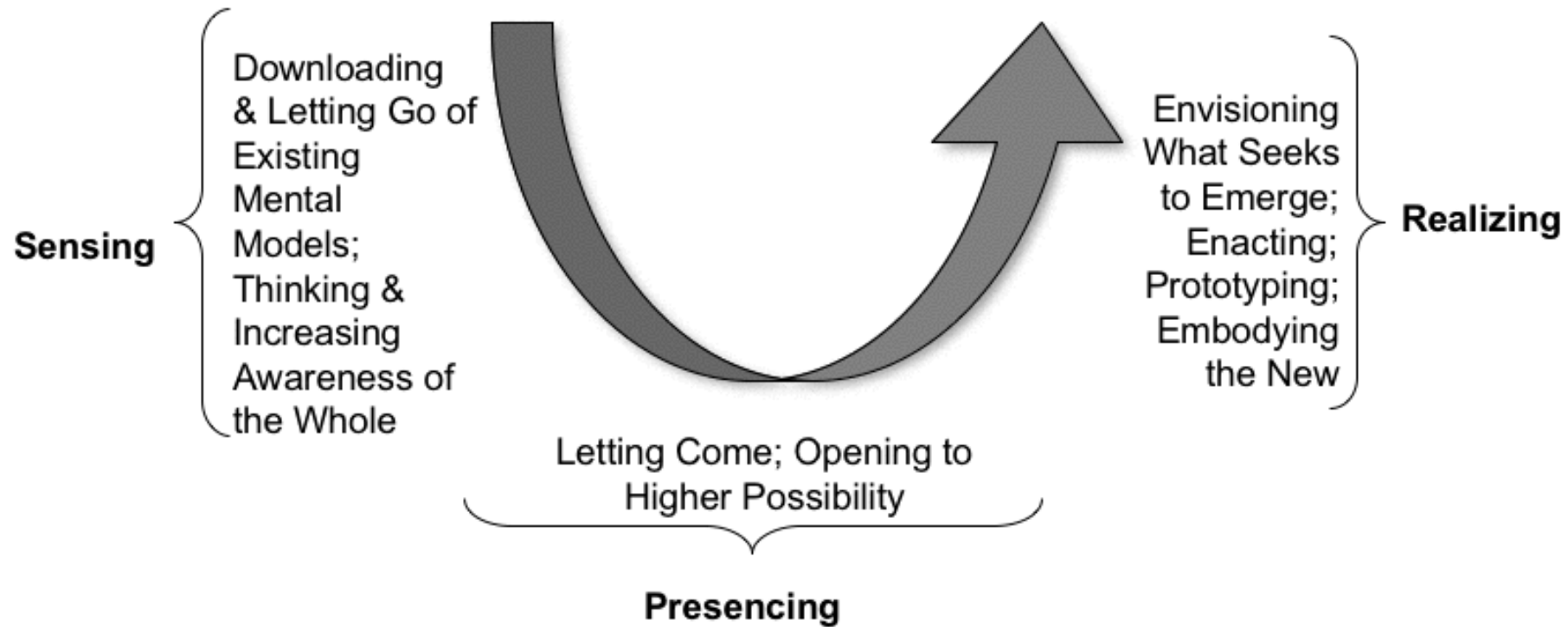
4 Levels of Listening



Source:
Otto Scharmer



Sensing - Presencing - Realizing: Three Movements of Theory U



Challenging Some Basic Assumptions

- Efficiency is not only operational in nature
- Growth in business is not the only success parameter
- CSR and implicit 'left-over' hypothesis
- Sustainable Development efforts are is for protecting the nature
- Individual success may be leading us towards collective failure
- For-profit organizations may not be only for the profits

Social Enterprises: Introduction

- All innovation involves the application of new ideas – or the reapplication of old ideas in new ways – to devise better solutions to our needs
- Social innovation applies this thinking to social issues: education and health, issues of inequality and inclusion.
- Growing interest from policymakers, young people, entrepreneurs, funders and established businesses is testimony to the way that social enterprise addresses weaknesses in the operation of both markets and government.

Markets

- SE's are led by a sense of social purpose and aim to show that businesses and markets can deliver social benefits and tackle intractable social problems
- Solutions to many problems – poverty and employment, environment and fair trade development – depend on changing the way markets work
- Markets often take more account of obvious and short-term costs and benefits and are less effective in accounting for long-term factors, such as climate change
- Social enterprises are one vital source of new business approaches to fair trade, social inclusion, community regeneration, creating jobs for those most marginalised in labour markets and environmental sustainability.

Government

- The way SE's operate is often, at least implicitly, a critique of the limitations of public service provision
- State finds it difficult to cope with diversity of needs of users, especially niche and specialist need
- Public services is that they can be paternalistic, encouraging a dependency culture in which people are treated and come to see themselves as recipients of solutions delivered to them by professionals rather than participants in creating solutions
- Social enterprise approaches to public services often claim to be more personalised, engaging, joined-up, adaptable—providing better outcomes and value for money.

Position of Social Enterprise in the Economy

	Mainstream business	Socially responsible business	Social enterprise	Public services	Voluntarism
Inputs, finance and resources	Financial and commodity markets	Financial and commodity markets	Ethical investment and fair trade sources	Tax and borrowing, public employment	Donations, charity, giving
Processes and work	Value chain, lean production, just-in-time	Greater attention to supply chain management for ethical and environmental issues	Heavily biased towards social inclusion and environmental objectives	Public service value chains combined with contracting out	Volunteering into social projects
Outputs, consumer markets	Consumer markets selling on price, quality and brand	Some green and fair trade branding	Green, fair trade and social inclusion central to brands	Access to public services, politically determined nontraded, Limited co. payment	Gift, given away, no charge
Social value claim	Business generates jobs and profits, pays taxes	Business meeting social goals builds a better business	Social goals are primary	provides nonmarket Public goods at scale	Giving culture

Few Exemplars



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