

INSIGHT · STRATEGY · TRANSFORMATION

BETTER BUSINESS

Decode the Good Practices
of Sustainability Trailblazers
and Transform Your
Corporate Business

BETTER FUTURE

ELISABET LAGERSTEDT

To my loving parents, my patient and supportive husband,
and my wonderfully amazing children Axel and Saga.

To the brave business leaders of the world
who are now stepping up to make a meaningful
difference for generations to come.

In love of life and for the future of humanity
and our planet.

CONTENTS

PREFACE

INTRODUCTION

WHAT IS BETTER BUSINESS?

THIS BOOK

DEFINITIONS

1. THE SUSTAINABILITY REVOLUTION

THE CONSEQUENCES OF THE GREAT ACCELERATION

WICKED PROBLEMS AND SOCIAL TIPPING POINTS

STUCK IN PARADIGM PARALYSIS?

2. IT'S TIME TO MOVE BEYOND BUSINESS AS USUAL

AT AN INFLECTION POINT

THE ROLE OF NEW AND EXPONENTIAL TECHNOLOGY

REIMAGINE THE FUTURE

THE BUSINESS OPPORTUNITY

3. LEARNING FROM THE FRONTLINES OF BETTER BUSINESS

SIX JOURNEYS

Patagonia

Interface

Ørsted

Unilever

IKEA

Oatly

REFLECTIONS ON THE JOURNEYS

4. THE PLAYING FIELDS OF BETTER BUSINESS

THE STEPUP FRAMEWORK FOR BETTER BUSINESS
TRANSFORMATION

STEP 1: LAY A SOLID FOUNDATION

STEP 2: EXPLORE AND INNOVATE

STEP 3: INTEGRATE INTO THE CORE

STEP 4: UPGRADE YOUR BUSINESS ECOSYSTEM

STEP 5: COLLABORATE TO CHANGE THE
WORLD

5. SUMMARY AND WAY FORWARD

WAY FORWARD

12 GUIDING PRINCIPLES

EPILOGUE

SELF-ASSESSMENT

Methodology

Appendix 1

Appendix 2

Appendix 3

Appendix 4

Endnotes

ABOUT THE AUTHOR

PREFACE

**“The future is unwritten.
It will be shaped by
who we choose to be now.”**

CHRISTIANA FIGUERES AND TOM RIVETT-CARNAC¹

As I write the final words of this preface, we have reached the very end of 2021. A year that together with 2020 will go to history due to the Covid-19 pandemic. We have however also experienced extreme weather across the globe—from alarming floods in central Europe and China to severe heat and fires in North America, Siberia and Southern Europe; from serious drought in Iran to monstrous monsoons in India. Scientists say that global warming is likeliest the culprit and that its consequences will not show up in a distant future. The consequences of climate change are already here and is having an impact on the world as we know it. ² After a few stumbling steps in the right direction during the UN Climate Change Conference in Glasgow in November (COP26), it is clear that some of the greatest challenges of humanity still remain, and that it will take an extraordinary effort to change from business as usual.

Events and insights like these do not reduce my inherent optimism for humanity or the planet. Rather, they call to my business strategist and inner change maker for answers and action. They also inspire me to continue to expand my perspectives, because we will not solve our problems with the same thinking we used when we created them. This

means that surfing will not only be of interest to companies like Patagonia going forward. Instead, we, as business leaders, will need to learn how to surf the monumental waves of the sustainability revolution to stay relevant and attractive in business. It will simply be a key to surviving and thriving, because we are all parts of the larger life-sustaining system that we call Earth. Patagonia has already realized that. Have you?

This endeavour will take courage to unlearn and relearn, go beyond business as usual, and inspire humanity to step up and move forward. We could certainly all use some of the expanded perspective and rebellious spirit of Steve Jobs and Apple from the early days of the digital revolution. Remember their iconic commercial from 1998, where they celebrated those who dare see things differently because those are the ones that can change the world? Their one-minute ad featured images of 17 inspirational personalities, such as Albert Einstein, Thomas Edison, Amelia Earhart, Richard Buckminster Fuller, Martin Luther King and Mahatma Gandhi—all indeed great change makers. It went like this: “Here’s to the crazy ones. The misfits. The rebels. The troublemakers. The round pegs in the square holes. The ones who see things differently. They’re not fond of rules. And they have no respect for the status quo. You can quote them, disagree with them, glorify or vilify them. About the only thing you can’t do is ignore them. Because they change things. They push the human race forward. And while some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world, are the ones who do.”

This time, however, it is the sustainability revolution that needs our full attention to mindfully design the future that we want rather than let the opportunity slip through our fingers. It will be our collective responsibility to move things

forward, inspired by activist business leaders like Yves Chouinard (Patagonia), Anita Roddick (BodyShop), Paul Poleman (Unilever) and Emmanuel Faber (Danone)-who have all dared to think different.

Why is this so important? Well, let us consider that the business case for sustainability has long been proven. Then reflect on the tremendous business risks in letting wicked problems like climate change and biodiversity loss accelerate even further. Large investors are already demanding that corporate leaders act to protect their assets long-term. And venture capitalists have long placed bets on the tremendous business opportunities that lie in this transformation, which is now only accelerating. Not to mention the implications that business as usual would have on the planet and humanity.

My mission with this book is to inspire you, as a corporate business leader, to get in touch with your inner change maker, elevate your perspective and move beyond business as usual to co-create Better Business and healthier futures. The time has come to step up, to re-envision the future of corporate business, transform your organization, and capture the vast business opportunity that the sustainability revolution presents.

**/ Good business is simply
good for business and
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the world's wicked problems /**

This requires us using a strategic and holistic, yet practical approach that includes not only our businesses but also our business ecosystem, as well as the larger world beyond it. It also requires for us as corporate business leaders to step

into our full human potential. Why is this so vital? Because good business is simply good for business and seriously needed in solving the world's wicked problems. And as a corporate business leader, you are crucial in this transformation. In understanding the challenges and providing purpose, direction, and resources, you can contribute to meaning, transformation and growth and help enhance the wellbeing of both people and our planet—all while futureproofing your corporate business to ensure that it stays relevant and attractive and can thrive going forward.

What feels truly promising is the growth of impact startups and impact investors who aim to solve some of the world's most urgent challenges and wicked problems. Among corporate businesses, there also seem to be a sense that the traditional measures of corporate social responsibility are no longer enough and that sustainability is not only crucial going forward, but a key business risk and opportunity that cannot afford to be overlooked. The Vision 2050 initiative driven by the World Business Council of Sustainable Development (WBCSD), for instance, shows promising proof of insight in their ambition to create a world where more than nine billion people are living well within planetary boundaries by mid-century.³ Still, studies show that while this is an area that big businesses today speak ambitiously about, their activities so far have been far more superficial than transforming. Losing the initiative, however, is not an option.

It will be far from enough to acknowledge the need for Better Business or to put a selected set of aspirational initiatives into action, such as the increasingly popular—and important—NetZero target for carbon emissions. First and foremost, we need to think and act holistically and strategically to capture the opportunity of Better Business

and integrate sustainability into the core of our businesses—that is, into purpose, mission, vision, values, strategy and offering, as well as into business models and operating models. We also need to embrace our business ecosystem to proactively support its evolution and aspire to change the world for the better.

In the late 1990s I was part of the pioneers in this transformation as I led one of Sweden's first sustainability brands. A journey that has always been with me although I spent the majority of my later career in what I now simply call business as usual. So, when I was asked a few years back to help Oatly facilitate the co-creation of their strategies for sustainability and innovation to help them change the world, I knew I had to step up to the challenge. Their transformational journey had already started in 2012, and by the time I got engaged, they were already well on their way and growing exponentially. This, of course, became truly interesting client projects, with additional time spent on their digital strategy and exploring exponential, agile, dynamic, adaptive, and teal organizations as platforms for human growth. And, as always, there were no easy answers. Instead, it became a search into building something new. This left me with the feeling that we were on to something important. So important that I continued to explore the area even more in depth after the projects closed to understand what companies and business leaders can do to integrate sustainability more systematically into their core and strategically transform their businesses into a force for good. I also explored what types of business leaders we need to become and what types of organizations we need to build to handle the increasing challenges and complexities of the world and co-create the future that we want for the generations to come. I looked high and low, wide and deep and slowly unfolded the riddle, one step at a time. This was also a natural extension of the work for my

last book, *Navigera in Framtiden* (*Navigate into the Future*, published in 2018), where I explored and identified some of the key business and leadership principles of coping with a VUCA world of accelerating change.

Now, this book has finally come to life through the contributions of an amazing network of business leaders and sustainability experts on the frontlines of Better Business. I have indeed learned a lot on the way.

As I share this, I would like to express thanks to my many teachers, some of which are considered the finest management thinkers in the world, such as Clayton Christensen, Rebecca Henderson, Linda Hill, Michael Tushman, Alexander Osterwalder and Yves Pigneur. I would also like to extend my deepest respect and gratitude to all who, over the past few years, have contributed to the book being brought to life in different ways. If someone is missing in the list of acknowledgment, my memory is the only one to blame. My deepest gratitude especially to Dr. Joyce Miller and Dr. Antoinette Braks, who have helped me expand my perspectives beyond what I ever could imagine on my own journey of adult development.

A big thank you also to you, who now aspire to read this book and are inspired to make a meaningful difference. I believe you will find the book worthwhile and helpful. What took us here is not what will take us there—into the future that we want. It is simply time for us to step up to the challenge.

More resources and downloads can be found on www.elisabetlagerstedt.com and www.future-navigators.com.

Warmly,

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Höllviken, Sweden

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INTRODUCTION

“The sustainability revolution has the magnitude of the agricultural and industrial revolutions but the speed of the digital revolution.”

AL GORE⁴

In *The Future We Choose*, authors Christiana Figueres and Tom Rivett-Carnac—who led the United Nations’ (UN) negotiations during the Paris Agreement of 2015—outline two futures for humanity in 2050. One describes a dark and gloomy world in which we fail to meet the Paris Agreement’s climate targets. The other paints a more positive picture of a regenerative world with net-zero emissions. They also show that the latter is possible if governments, corporations and each and every one of us work to fend off disaster and grow on the way. ⁵

In the face of this massive adversity, it is, of course, easy to feel too small to make a difference. But instead of seeing our potential contribution as limited, we need to realise that our zone of influence as corporate business leaders can be much larger than we tend to think. This is because the world of corporate business is particularly well equipped to help solve the problems of the world through the ingenuity, creativity, collaboration and resources that it can so often call forth more effectively and efficiently than other human organizations. And we, as corporate business leaders, can

go far beyond demonstrating in the streets. We can actually move capital, minds and action, and cooperate to nudge consumers into making choices that co-create the healthy future that we want and need for our business, humanity and the generations to come—our own children and grandchildren included.

Because the digital revolution is now being followed by a sustainable one, the message from the World Economic Forum is clear: “Like the digital revolution before it, the sustainability revolution promises to change everything. Yet, just as with digital, many companies are moving too slowly, taking an incremental approach to a challenge that demands a radical rethink.”⁶ The pandemic only seems to have accelerated the trend. In the wake of this development, some real and important change is happening, but we are also seeing a flood of seemingly empty promises and greenwashing from businesses across the globe.

What has been especially striking to me in the deep dive into relevant research and reports for this book is that the emergency that we are now experiencing in the field of climate change and biodiversity loss is far from new. The first conclusions from the ambitious undertakings of The Club of Rome, published in their 1972 report *The Limits of Growth*, Meadows and colleagues⁷, clearly outlined the challenges and predicaments of modern society. The same year, the world’s first global conference on the human environment was held in Stockholm, the capital of Sweden.⁸ There, the participants adopted principles for “sound management of the environment” based on the scientific findings and insights of their time. Already there was an understanding of the link between economic growth and the pollution of the air, water and oceans and the well-being of people across the globe. These insights, however, seem to

have taken far too long to trickle down to other members of society, including policymakers, entrepreneurs and corporate business leaders across the globe. And since the 1970s, growth has increased exponentially, lifting billions out of poverty, but at the same time accelerating the environmental damage to all life systems. Hence, we have not been able to decouple growth from its negative environmental impact.

I need only look at my own business career and personal development to see this being mirrored in the work that I have done over the past 25 years. Even though I came early on to study economic history, sociology and management, and built a well-rounded understanding of the evolution of the world and society as we know it, it took me a very long time to truly realise and internalise this major challenge for humanity. And even though in the late 1990s I became responsible for one of the first environmentally friendly and commercially successful brands in Sweden targeting environmentally conscious consumers—and especially the parents of future generations—I at the time still lacked the insights needed to truly make a difference from a broader perspective. Interestingly, what I came to know as environmental best practices in business back then—more than 20 years ago—is still far from common practice. In this VUCA (Volatile, Uncertain, Complex and Ambiguous) world of accelerating change, global warming and biodiversity loss, a transformation beyond business as usual is, however, both urgent and important. Sustainability is no longer something for conscious consumers and brands in some of the most developed countries in the world but something that concerns us *all*. Across the world. Across industries. It should have been since the beginning of the industrial revolution. As corporate business leaders (and consumers), we have seriously contributed to the dire situation that our planet is currently in. We have far too long left it to others to

solve the problems that we have created. But what got us here will not get us into the future. We must realise that the challenges ahead are bigger than what we could have ever imagined and rethink how we do business so we can hand over a thriving planet and society to the coming generations.

We also need to realise that this is not only about climate change (as if that was not enough). Consumers are already taking social and environmental issues more seriously and rewarding businesses and brands that do good, even though they still have major challenges in adjusting their own behaviours and consumption, and need our help in doing so. This will increasingly be embraced by purpose-driven companies and brands that aim to 'build back better' in the post-pandemic era. The companies that aim to rebuild a more equitable and greener world will not only unlock new business opportunities but also gain competitive advantages and be rewarded with renewed trust and a social licence to operate.

Today, even investors have come to understand that the values they have built up over the past century may be at risk if corporate leaders fail to act and ESG (Environment, Social and Governance) investment is gaining ground. BlackRock, one of the world's leading investment firms with a focus on sustainability, can testify that the investor community is waking up: "[They are] driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values, and financial markets as a whole".⁹ BlackRock have also stated that they will proactively challenge companies that are not pursuing this agenda. Already today, there are no contradictions between sustainable returns and sustainable investments. On the contrary. As the CEO of Credit Suisse told CNBC, "In many cases, sustainable investments are actually higher returning

than non-sustainable investments.” He added, “I think companies that are behind the curve in terms of sustainability, they are already forced to pay higher cost of capital.”¹⁰

Many companies are facing not only increasingly demanding investors but now also nimbler and more adaptive startups and new competitors that are less wasteful and damaging to the environment – and not afraid to say so to challenge the establishment. Others have their own customers asking for more sustainable solutions, or employees and future talent requiring transparency and action. Many have realised that sustainability will need to be an integrated part of their core business as they strive to stay relevant and fit for the future. Some have completely transformed and changed their business models already. A few even aim to become fully regenerative and planet positive. Most companies have at least found that applying some of these principles to their own businesses has helped them reduce risk, become more effective and efficient, and at the same time attract both customers and talent. Also, many have realised that the sustainability revolution is opening vast new business opportunities. Amazingly though, far too few are really on the ball. Several studies have shown that we are still seeing more talk than action.

Interestingly, no single industry seems to have risen above the masses and taken the lead in this transformation - at least if you study aggregated ESG measures going back a decade, which have not improved substantially over time and are surprisingly even across industries.¹¹ It is, however, clear that some industries now experience stronger transformational forces than others, with the energy industry being in the middle of this vortex. In the research for this book, I have also seen indications that the energy industry is closely followed by the automotive and

transportation sectors; fashion; agriculture, food and beverages; mining and heavy manufacturing; and construction. This is illustrated in [Figure 1](#) as a schematic Sustainability Vortex, where the industries currently experiencing the strongest disruptive and transformational forces are found in the very centre of the vortex.¹²

Leading companies from industries close to the centre of this vortex have indeed been a key inspiration for this book. What has become increasingly clear to me, however, is that sustainability is not “only” a matter of transformation. It is rather a multi-dimensional journey that changes as our world changes and evolves over time. The transition to a low-carbon economy will take decades, but the future starts now. Only if we dare to listen to our hearts and visualize the future that we want, play our cards right, change our consumption patterns and utilize the progress in technology and innovation for good, will we be able to co-create a better world and companies fit for the future. This will, however, not happen by itself. As business leaders, we will simply need to embrace this unique situation with all its opportunities and threats, roll up our sleeves, and step up to the challenge on both strategic and operational levels going forward.



FIGURE 1

The Sustainability Vortex illustrates industries experiencing a high level of disruption and transformational forces in the middle of the sustainability revolution.

As a first step, we will need to build Better Business.

WHAT IS BETTER BUSINESS?

What are then the characteristics of Better Business? To define this, we first need to understand ‘business as usual’.

In 1970, economist Milton Friedman wrote a New York Times article titled *“The Social Responsibility of Business Is to Increase Its Profits.”*¹³ In the article, Friedman argued that business leaders have no other responsibility than to increase the profits of the firm, and that anything other than a pure focus on profits is to be considered theft from shareholders, and socialism. This 51-year-old article has been attributed to the origin of the short-sighted shareholder capitalism that we have seen far too much of during past decades and is a key characteristic of ‘business as usual’ today. Consequently, short-term value extraction over time became the norm rather than a focus on the total value that the business creates or gives back to society. Calls for more ethical, stakeholder-oriented, sustainable and even regenerative business practices have, however, been brought forward by many, even from business leaders themselves, and from The Business Roundtable—a non-profit association whose members are chief executive officers of major US companies.¹⁴ Some are now wisely suggesting that the role of business is to advance human prosperity within the boundaries set by nature. Better Business will, however, not get us there. Regenerative Business will.

But what does regeneration mean? [SustainableBrands.com](https://www.sustainablebrands.com) suggests that it means: (1) “restoring, renewing and/or healing systems we all depend on, while also (2) improving the ability of said systems to restore, renew and/or heal themselves more effectively.”¹⁵ A carbon-capture machine can, for instance, help us restore climate stability by withdrawing carbon out of the Earth’s atmosphere. A carbon capture machine is, however, not regenerative, as it does not directly improve the Earth’s own ability to restore climate stability. Compare this with a tree. A tree accomplishes both withdrawing carbon and restoring climate stability—and is hence regenerative.

A *Regenerative Business* has regenerative practices, cultures and leadership and truly goes beyond what we today see as ‘business as usual’. It has already been described by visionaries such as Carol Sanford (2017), Daniel Wahl (2016), Ethan Roland et al. (2013) and others. As a simplified concept, it is similar to Net Positive Business, as described by Forum of the Future, and Paul Polman.¹⁶

So, what is it?

Plainly said a Regenerative Business is a for-profit organization that return more to society, the environment and the global economy than it extracts or takes out. It is focused on all stakeholders for the good of society and our planet. It respects the rights of all other living beings; has robust circular flows; is innovative, adaptive and responsive; contributes to the health and well-being of the whole; works collaboratively across ecosystems; and balances collaboration and competition. It values all ‘rightsholders’, including natural, social and living capital, as well as financial capital. As explained by Harvard professor Greg Norris, it is inspired by nature and “boldly seeks to increase its socio-ecological *handprint*”. As such, it aims to restore

the health of individuals and communities as well as the planet, and not only to reduce its footprint, but to give back more than it takes from both the planet and society.¹⁷

**/ Regenerative Business models
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for all of us who have grown up
in the corporate world of
business as usual /**

Even though interest in Regenerative Business is currently on the rise, it is still in its inception, and there seem to be no peer-reviewed academic studies from which to learn. [SustainableBrands.com](https://www.sustainablebrands.com) has put together a report with a few short cases that can give you a hint of what this could mean in practice.¹⁸ One of those cases is about Guayakí, an organic energy beverage company founded in 1996, based in California, US, with 600 employees and a current revenue estimated at \$210 million USD.¹⁹ Guayakí drinks are based on yerba mate, a plant known for its energizing properties (it contains caffeine) that was first cultivated and used by indigenous communities in South America. Around their beverage offering, the company has created what they call a *market-driven regeneration business model*. In that, they explicitly seek to regenerate life on land. They do that by sourcing from and promoting regenerative agriculture while they support, empower and partner with smallholder farmers in parts of South America. Even though Guayakí aspires to be regenerative, their reporting reveals that after 25 years in business, they still have a negative footprint and are not fully regenerative yet. They are however a Certified BCorp and seek to achieve net-zero by 2030, and as such, apply the highest standards of sustainability today.

An interesting sidenote is that Guayakí's new CEO, Stefan Kozak, was recently recruited from a position as CEO for Red Bull North America, with earlier experience as managing director of Coca-Cola bottling operations in Brazil.²⁰ On his LinkedIn profile, he describes himself as any other successful business leader would do: "20 plus years of leadership roles with proven ability to create visions, develop strategies, and build organizations and systems/processes that deliver top and bottom-line growth."²¹ So why did he take on this position? In a press release sent out by Guayakí, Stefan Kozak said, "I am thrilled to be joining Guayakí Yerba Mate, a product I love and a company that aligns with my experience, skills and most importantly, values. Given the state of the planet and Guayakí's longstanding commitment to sustainability and social good, I can't imagine a better and more meaningful place to work. I look forward to building on the great work the founders and their teams have established over the past 25 years, and lead Guayakí Yerba Mate - its business, ideas, and ideals - into the future. 'Come to Life' is not only Guayakí's mantra, but perfectly describes my feelings while embarking on this new journey."²²

To me, this means that Regenerative Business models are open to exploration not only for startups but also for all of us who have grown up in the corporate world of business as usual. My own 25 plus years of business experience, however, tells me that Regenerative Business models probably feel rather unfamiliar—and far away—for most business leaders, having led their whole professional lives and careers in 'business as usual' and having been successful in that arena. Changing the game always feels risky, but in the long run, regenerative business models will be the only way forward.

Could there potentially be a first step on the way that does not feel as radical, but that could help us get started on this important journey—and even act as a bridge between today and tomorrow? There is. I simply call it ‘Better Business’. See [Figure 2](#).

Some of the distinctive characteristics of ‘business as usual’, Better Business and Regenerative Business are highlighted in [Table 1](#). As you can see, these organizations are all for-profit. Other than that, much differs, especially on the parameters of time, value creation, operation logic, choice of arena, business integration and the interpretation of corporate responsibility.

**/ Better Business can be
described as a company
that has a long-term
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a higher purpose /**

In this context, a Better Business can be described as a company that has a long-term perspective and is guided and inspired by a higher purpose that helps the organization create, deliver and capture value to stakeholders, while minimizing ecological and social costs, engaging its business ecosystem and reducing its footprint. It could be a Certified B Corporation or a Benefit Corporation, but it does not have to be. Better Business also opens a whole new field of opportunities that are more sustainable and circular—from new value propositions to new business models and new customer segments.

**/ Regenerative Business
will ultimately need
to evolve into
the new normal /**

Even though Better Business still may sound rather far away for some, I believe that it is only a stage of development—or a bridge to what is emerging—rather than a new state or status quo. It is definitely better for people and the environment than business as usual, but it is still not fully regenerative. Regenerative Business will ultimately need to evolve into the new normal in order for humanity to thrive within the natural boundaries of this planet over generations to come. We are already seeing more and more companies developing into Better Businesses, and like Interface—one of the world’s leading and most recognized companies in this field—some companies have already raised the bar and aim to become fully regenerative.

Interestingly, Better Business is a conceptual area that was pioneered in the mid-1970s (even though the term Better Business was not used) and is already inhabited not only by its pioneers but also by early adaptors and an early majority. It is now going mainstream as more and more companies strive to use business as a force for good. Hence, there are several companies to learn from, and even ‘only’ Better Business can be considered far beyond business as usual for anyone with a more traditional business mindset and skillset.

But how do you transform your corporate business from business as usual into Better Business? And what can we learn from those already in the frontlines of Better Business? Those are the key questions that will be addressed in this book.

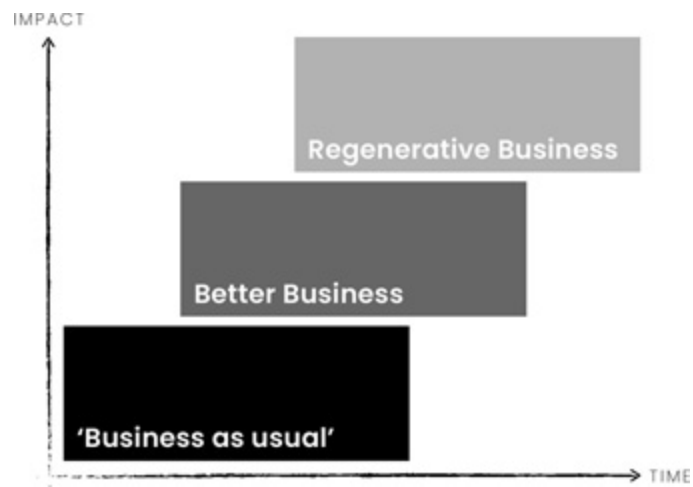


FIGURE 2

The development of 'business as usual', Better Business and Regenerative Business over time.