

People 2 Planet

"If we do not create the future we want, we will have to endure the future we get"

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Business Unusual – business model for the 21st century

AS great shifts and tides shape a new global reality there are indications that this century is going to be an extraordinarily challenging one. Our task ahead is to rise to the challenges and in this respect business has a significant part to play as in the words of the late Dame Anita Roddick, founder of The Body Shop: "If business comes with no moral sympathy or honourable code of behaviour, God help us all, because it is the most empowered, wealthy and important institution on the planet".

To start with we are in the midst of a historically unprecedented demographic transition. Humankind's burgeoning numbers and our impact on the natural world is on a scale never before experienced in human history, the ramifications of which are going to affect each and every one of us.

Urban growth is expected to double the number of city dwellers by 2030 with most of the urban development taking place in Africa and Asia, and with two-thirds of the world's people expected to be living in urban areas by 2050, the number of mega-cities is expected to increase exponentially.

Growing wealth disparities are causing social tensions in parts of the world. Rising unemployment has put jobs at the top of the Rio +20 agenda. And with an estimated 8.2 billion people on the planet by 2030 there will be a greater demand for resources – water demand will have increased by 30%, food demand by 50% and energy demand by 50%.

By 2025 it is expected that gas will have overtaken oil as the world's most important energy source, a gas economy being transitional to a hydrogen economy.

We have entered a "Heat Age" and the IPCC (Intergovernmental Panel on Climate Change) AR5 (Fifth Assessment Report), which will be completed towards the end of 2014, is likely to upwardly revise AR4 temperature predictions and related scenarios of potential future anthropogenic climate change.

In an era of carbon constraint there could be a global price on carbon and fierce competition can be expected among the 40-odd countries that produce most of the world's greenhouse gas for the remaining carbon space.

In these and other respects the rulebook is changing. For now no definitive single future is presenting itself and instead there is a range of possible futures or envelopes of change that are defining this century. These volatile waves of change will likely intensify, dramatically reshaping the world as we know it especially in the geopolitical and macroeconomic landscapes.

A global century

In line with Asia's annual economic growth average of 5% over the past three decades, the Asian Development Bank expects Asia's GDP to increase nine-fold from \$16 trillion in 2010 to \$148 trillion in 2050. This could account for half of global GDP by mid-century, a rebalancing of global economic power which will see China and India overtake the United States to become the world's largest and second largest economies respectively in terms of GDP by 2050.

South Korea, which has built the world's 13th largest economy and Asia's most vibrant democracy, is intent on transforming itself into a green superpower through advanced green technologies and the aims of the 10 ASEAN (Association of Southeast Asian Nations) member states signal a new era of regional cooperation.

These and other economic and sociocultural trends indicate an emerging shift in power from the West to the East and with Asia's potentially historic rise among the global community of nations, the 21st century could well be an Asian Century dominated by Asian economic, political, governance and cultural institutions.

The Asian Century, however, is not yet set in stone and a number of variables such as burdens of population growth, sovereignty disputes, social tensions heightened by rising income disparities, increasing pressure on resources and environmental degradation, could derail the process.

These factors could mean that instead of the 21st century being dominated by Asian superpowers, it could be multipolar with no one country or continent having a prevailing concentration of influence. This would see the emergence of a Global Century – a century characterised by disruption rather than certainty and interdependence rather than insularity; with new thinking, collaborative effort and coalitions of interest to address rising challenges.

Certainly, in an era of mushrooming population growth, scarce resources and carbon constraint, it will be a century during which sustainable development becomes pivotal to survival.

Unpredictable and complex landscape

In the hypercompetitive environment of the 21st century organisations must navigate in an increasingly unpredictable and complex landscape that is being transformed by factors ranging from globalisation and technological development to social tool-enabled connectivity and the use of knowledge. How then do companies establish unique strategic advantages in inter-

national and local markets that are demanding ever higher-value-added goods and services?

A tough environment of economic contest favours only those resources that are rare, valuable and difficult to imitate to provide sustainable competitive advantages. As the nature of business and competition changes, the refore, intangible competitive advantages such as reputation, brand equity, human capital and social capital are becoming more important, especially as these resources are not easily replicable within sectors and markets where companies may otherwise share comparative advantages such as technology, raw materials, infrastructure, skill levels and cost advantages. Pressing global realities are also upping the game.

As the idea gains ground that the value generated by a company is not only financial, but also social and environmental, these three constituents of value being indivisible from one another, reputational benefits that accrue through responsible economic, social and environmental practice may no longer be enough to constitute a competitive advantage as instead of being regarded as best practice, they are increasingly being regarded as business as usual. This is an excellent development for both people and the planet as it is driving a new vision of the company.

In the Global Century becoming a best leader means going beyond compliance with international codes, standards and guidelines such as the UN Global Compact to the innovation of outstandingly creative initiatives that address global and local realities such as climate change and changing social imperatives.

As the new vision of the company with its wider impact on society gains momentum we will see the evolution of new business models and increasingly active stewardship. We will see different sets of core values, more

rigorous self-governance, more transparent operating procedures and more enlightened leadership – leadership that institutes real and positive change through business leaders who are holistic or integral thinkers; people not invested in only one paradigm but those who see a range of possibilities and who seek opportunities among the challenges and risks that their companies face.

The emergence of the "new normal" is coinciding with interesting developments such as a greater emphasis on "earned" income derived from economic and environmental sustainability, accountability, efficiency, market discipline, measurable impact and self-sufficiency. An increasing number of investment vehicles and strategies are pursuing policies such as the Blended Value Proposition and companies are working towards integrating natural capital criteria in products and services.

Exactng market forces are undoubtedly driving a demanding but exciting new business era, one in which a combination of sustainability and business success is generating very different flows and in this regard, South Africa is privileged to have companies of the calibre of The Body Shop and Corobrik, as part of its cohort of best leaders.

Leading the way

In the international cosmetic arena where competitors strive to differentiate themselves through prestigious endorsements by movie stars, glossy advertising campaigns, glamorous packaging and the properties of sophisticated products, one global company stands out from the rest through its social conscience, human rights activism, environmental commitment and ethical considerations. That company is The Body Shop and it has been making waves since its first store opened in Brighton in

1976, when founder, Anita Roddick, used the shop's window to campaign about issues that passionately concerned her.

From the start, by campaigning, collecting signatures, presenting petitions and raising funds, The Body Shop endeavoured to be an agent for positive social and environmental change and a force for good, pushing the envelope with values that reflected the strongly-held belief of Anita Roddick that business should be about "more than just making money, but about responsibility and public good".

These cornerstone values, once considered "Cinderella" principles by the business establishment, set The Body Shop apart from mainstream business; however, they were the catalyst for policies that are rewriting the language of business today.

Long before it was fashionable, in line with its commitment to responsibly and ethically source the best natural ingredients from wherever in the world they were found, The Body Shop pioneered the concept of fair trade and was the first beauty brand to bring the benefits of fair trade to communities of suppliers through its unique Community Fair Trade programme.

The benefits that have accrued to one of The Body Shop's remotest suppliers, CADO (Consorcio Agro-Artisanal Dulce Organico), a cooperative of over 150 families from Moraspungo in Cotopaxi province, Ecuador, who farm sugarcane high in the foothills of the Andes, is testimony to the value of partnerships forged between the global company and rural communities of suppliers around the world.

One of the conditions of trade with The Body Shop is an improvement in work safety and the Moraspungo sugarcane farmers who produce organic alcohol for The Body Shop's range of fragrances, has fitted safety guards to potentially dangerous machinery. The fair price that the farmers get has also enabled an investment in new stainless steel stills and the repair of older stills, the purchase of snake-bite kits (snakes being a serious problem in the remote location) and the chance of a university education for some of the community's children.

In line with The Body Shop's policy of reducing environmental impact no pesticides or chemicals are used in the growing of the sugarcane and weeding is done by hand. Cane leaves are harvested and used as organic mulch on the fields or as fuel for the small distilleries so nothing goes to waste. The sugarcane plants are also spaced further apart which results in larger, healthier



SUGARCANE HARVEST: Ecuadorian farmers harvesting sugarcane to make organic alcohol for The Body Shop's fragrance range.



SUSTAINABLE FARMING: Sugarcane farmers grow beans and corn and raise chickens between the sugarcane plants



COMBINED EFFORT: University of Johannesburg students constructing a house for a homeless family in Orange Farm, Gauteng, in a Corobrik/University of Johannesburg partnership.



SAFE ENVIRONMENT: The Jabulani Day Care Centre in Tembisa, Gauteng, which Corobrik constructed.

plants and the extra space means that the farmers of Moraspungo can grow beans and corn and raise chickens between the sugarcane in a more sustainable form of agriculture.

The Body Shop's Community Fair Trade team members traverse the globe, sometimes travelling under difficult and dangerous conditions to maintain personal contact with communities of suppliers, listening to the producers and working with them to identify ways in which their trade can continue to benefit their communities.

The Body Shop's activism continues to make waves. After collecting over seven million signatures from all over the world, on September 29 last year The Body Shop and ECPAT (End Child Prostitution, Child Pornography and Trafficking in Children for sexual purpose) presented one of the largest petitions in the history of the United Nations to the President of the Human Rights Council, HE Ms Dupuy Lasserre. The petition called on governments across the world to take urgent action to stop the sex trafficking of children and young people, a campaign that has led to 14 countries committing themselves to adopting new legislation in response to the petition.

By sourcing responsibly, reducing environmental impact, saying no to animal testing, promoting well-being and affecting social change, The Body Shop continues to lead the way to an exciting new business era.

Meeting pressing needs

With roots that reach back 110 years to its small beginnings in KwaZulu-Natal, Corobrik is a company that has evolved with the times. Not only in terms of its well-developed infrastructure of 15 factories which distribute in excess of four million products per working day and its enhanced BBBEE status as a Level Four Contributor, but also in its commitment to supporting the environmental and social imperatives of a transitional South Africa within a framework of sustainable development.

In this regard Corobrik has committed itself to reducing its energy use and lowering its carbon footprint, thereby earning the certificates of "Certified Emissions Reduction" awarded by the UN Clean Development Mechanism Committee, which has made it the first company in South Africa and Sub-Saharan Africa to be awarded such certificates. Social and labour plans for all quarrying and manufacturing operations are formulated within the framework of the New Order Mining Rights and it has achieved SANS 14001 accreditation at Corobrik SANS 9001:2008 certified factories during the first quarter of this year.

In a spirit of Business Unusual Corobrik has also wholeheartedly embraced the many pressing needs of disadvantaged individuals and communities around the country with social responsibility programmes that are as diverse and interesting as the people of South Africa. These range from the setting up of employment opportunities in strawberry farming to the building of the Jabulani Day Care Centre in Tembisa, Gauteng, which has given 120 toddlers between the ages of one and six a safe daytime environment and opportunities for stimulation and learning.

In line with Corobrik's belief in empowerment through education, training and skills development, the Corobrik Building Training Centres located in Durban and Stellenbosch, which are accredited in terms of the Construction Education and Training Authority (CETA), equip unskilled people with building and bricklaying skills so that they can be gainfully employed. On-site training is also conducted on building sites throughout South Africa.

It is in meeting the government's call for quality, inexpensive and maintenance-free houses, however, that Corobrik's greatest contribution to South Africa's social development may yet be made. For against the backdrop of a demand for housing that Human Settlements Minister Tokyo Sexwale has acknowledged "remains very high", Corobrik has developed Coromaxi and Corolem face bricks as innovative solutions for South Africa's urgent housing needs.

Clay bricks with their attractive earthy natural hues and organic textures, structural strength, low maintenance and thermal properties address the aspirations of people to live in "proper" houses. Both the Coromaxi and Corolem more than meet this criterion. They are also extremely viable in terms of affordability, flexibility in design and application, natural sound proofing qualities and incombustibility; offering best fit solutions for different climatic zones across a wide spectrum of applications, from low-cost subsidized housing (at 40m²) into gap housing (80m²) and affordable housing (80m²) arenas.

To date more than 11 000 affordable, solidly-built, secure and aesthetically pleasing homes have been built from Corobrik's Corolem face bricks in the Free State and Northern Cape, an example of what can be achieved when world-class innovation meets the spirit of Business Unusual.

At a time when need has never been greater, the spirit and principles of Business Unusual offer the basis for business models that have the potential for great good to be done in the world. It is indeed heartening that more and more companies are heeding the call as what a good day it will be when Business Unusual becomes Business As Usual.



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ACTIVATE
SELF
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