

# 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 socio-cultural 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.

Exact 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.



We're different because of our values

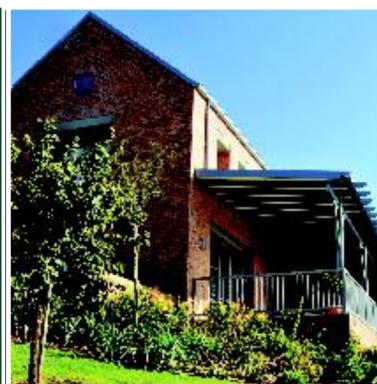
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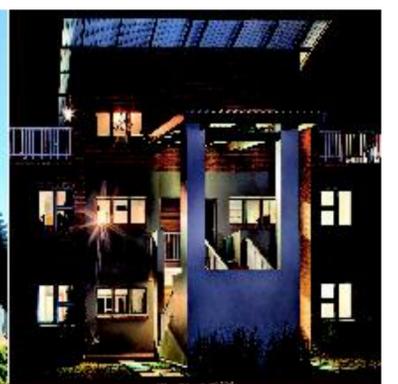
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