

WORKSHOP-DOCUMENTATION

Sustainability Management Beyond Growth

held at the 15th ERSCP in Bregenz, 3rd of May, 2012, 9:00 – 12:30
(www.erscp2012.eu)

The workshop has been prepared and facilitated by
European Center for Sustainability Research | ECS, Zeppelin Universität

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Workshop Outline

Workshop Coordinator:

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Inputs:

Presentation 1: "Business Beyond Growth" (André Reichel)

Presentation 2: "Sufficiency as a Business Case" (Alexandra Palzkill, Wuppertal Institute)

Workshop outline as announced in the program:

The impacts of current human activities exceed the limits of our finite planet on multiple levels. Evidently the related consumption and production processes require an unsustainable amount of resources, resulting in serious challenges for humanity.

Substantial improvements in resource efficiency and the use of renewable resources (consistency) are a commonly echoed fix to these problems. However, efforts to decouple the use of natural resources from the escalating scale of consumption and production in affluent societies have yet failed, as improvements in terms of resource efficiency and consistency have been outweighed by rebound effects and economic growth. As a result the absolute impacts (carbon dioxide emissions, materials extraction, and energy consumption) are permanently increasing, not decreasing. The blind spot in the sustainability mainstream focusing on concepts such as "green growth" or its political counterpart of a "green new deal" blocks every truly sustainable view on management and the future of business in a long-term maintainable economy.

While consuming and producing "more but greener" has not been successful so far, strategies of sufficiency, including to do less, to do things slower and more locally, move to the center of attention.

Apart of sufficiency or degrowth scenarios on an aggregate economic level, growth may be challenged for specific industries or even single companies, as they are facing significant changes in lifestyles and consumption patterns, transformations in the global organization of production, disrupted supply chains (e.g. due to climate change impacts) or scarcities of specific resources (such as rare earth metals). No matter whether scenarios of degrowth and sufficiency are desired or imposed, they may become real in the near future on all scales from global economy to national industries or single companies.

Not much has been done yet to translate degrowth scenarios to a firm or industry level, to develop business models, strategies and management approaches that allow dealing with upcoming challenges and are capable of meeting the requirements of consumers, stake- and shareholders and employees in a degrowth context.

This workshop will address this gap. Practitioners and researchers from various disciplines will work on 4 major topics:

1. Business Models for Doing Degrowth Business
2. Strategies for the Degrowth Landscape
3. Management Approaches (incl. Absolute Measures of Environmental Firm Performance)
4. Ways of Organizing Businesses for Degrowth

Workshop Program:

Duration: 9:00 – 12:30 am

1. Introduction and Welcome (Martin Schweighofer)
2. Presentation 1 "Business Beyond Growth" (André Reichel)
3. Presentation 2 "Sufficiency as a Business Case" (Alexandra Palzkill, Wuppertal Institute)
4. First reflections (plenary)

Coffe Break

5. World Café

a. Topic1: "Focus 1: Alternative Management Approaches - Performance Indicators beyond Growth"

b. Topic2: "Focus 2: Sufficiency as a Business Case"

For each topic the following questions are to be discussed:

- relevance
- barriers
- challenges - main research questions
- recent developments: best practices, concepts, achievements, discourses

6. Reporting out

7. Conclusion of Workshop – Outlook

Participants

Participant List¹:

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¹ * indicates expressed interest in further activities on the topic

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Results

First Conclusions (as summarized on the flipchart for the marketplace):

- important aspects has been discussed under this topic
- not easy to develop business strategies that work/do not create growth (rebounds?) under given circumstances
- **cultural change** is essential (different mind-set on all levels) as both an enabler for change and a barrier to change
- alternative performance indicators are important (and needed); other than selling more stuff – growth needs to be reformulated beyond a monetary meaning
- as soon as alternative indicators and goals are defined, the business models, strategies, products, etc. will follow
- long term perspective and the notion of existing limits to be applied => would result in new business cases
- common involvement of society (consumers), company and politics required for change process (question of primacy – who is in charge of taking action first)
- bottom-up initiatives are important (to test, learn and later scale up)

Results from Table A1 (sufficiency as a business case – reported by Martin Schweighofer)

- the concept of sufficiency has been subject to discussion and remained unclear: What is sufficiency – mainly it has to do with dematerialization
- at the table the question has been reformulated into: How resilient/exposed are current business models to less growth/no growth/ degrowth?
- Consumers need to be attracted for new approaches (how to attract consumers with new products?) – new ways of partnership is needed
- To introduce new business models is easier in B2B relations
- Long term perspective to be applied, i.e. product life time should be increased – short term planning is a major problem
- Who has the primacy to induce change:
 - Politics to set new frameworks via regulations
 - Consumers to request or at least accept new business and products
 - Companies as they are at the center of designing business
 - => all together – it has to be a process with cultural change at the core
- Everything that can't be measured will not happen => a starting point would be new performance indicators: strategic objectives (KPIs) need to be reformulated (not only to sell more), than business cases will follow.

Results from Table A2 (sufficiency as a business case – reported by Oihana Hernaez)

- Much confusion about what sufficiency really means. A common understanding is needed.
- Sufficiency as a business case?

- It is not possible at current economic context. It is a total contradiction with current economic models. Utopia.
- It is necessary but financial system would fall.
- How to define the limits? Who should do that? Companies? Consumers? Society? Government?
 - A common agreement is needed.
 - An integrated approach is needed (including all society). Need of cooperation among different stakeholders.
- Main challenges:
 - A mentality/cultural change is needed. Consumers & Producers. Importance of reeducation and changing values. Cooperation. High potentiality of new generations. Consumers should act as a pressure for companies.
 - A commonly agreed measurement is needed; a new global indicator, as GDP is not a valid indicator any more (not for sustainability, and not for quality of life).
 - Currently monitoring systems boost the consumption and production (i.e. European Central Bank). How to change it?
 - In the case of companies, how to define challenges?: A lifecycle assessment is needed along all the value chain, in order to transform identified challenges into opportunities.
- Main barriers for companies: financial gain is more important – They need to increase benefits, in order to... :
 - Fight against competition from low cost countries.
 - To cover the following costs:
 - Investments in innovation and technology.
 - Investments in talent, being creative.
- Farmers' experience – Agriculture pioneers: Promotion of green enterprises, to try to have a positive balance of resources; to export more energy, materials, resources... than to import. It is a challenge to have a positive resources balance.
- Regulation from governments? Establishment of limits? But how to do it within a democratic context?
- Specific proposals:
 - Research of materials for buildings; find other ways to do things; use and reuse materials all the time (efficiency + sufficiency).
 - Stimulation measures: subsidies for keeping the same cars for longer.
 - Taxation: i.e: for people with more than 5 cars?
 - Benefit good behaviors.
 - Exchange of old and new products (as in Germany). Free markets, second hand markets.
 - "Resource justice": much of the resources as from nature, not manmade. If we would have to pay for them, we could achieve sufficiency.

Results from Table B1 (Alternative Management Approaches - Performance Indicators beyond Growth – reported by André Reichel)

- Need for redefining growth beyond its economic/monetary meaning from GDP: What are new measures/new KPI for success? E.g. Triple-bottom accounting, ecological allowances, social aspects
- Culture plays a pivotal role in being both a barrier for change as well as an enabler for change. Within a company you have to work on employees and their out-of-business behavior. But: mindset is so fixed on growth, so how to communicate differently? E.g. success variables that are independent of monetary growth figures.
- Introducing the notion of limits (ecological, social, economical) in order to foster innovation and entrepreneurial spirit within companies and across society.
- Open question: who initiates change, where is primacy: within consumers or producers or both? —> Suggestion: where both meet = product (design, use).
- Wild idea: if growth is like heroin, how can different products/services act as methadone? E.g. if cars are heroin, carsharing can be methadone (to get us off the hook of increased individual mobility).
- How is change connected: from the individual to company to society level?
- Heresy: Do we need sustainable companies (that are able to exist in the long-term within ecological and social boundaries) or do we need a sustainable economy — and let established companies die and new ones emerge?
- Are established companies willing to change their business logic towards beyond growth or do we need more entrepreneurs going beyond growth? —> Allow for experiments within companies (“skunk works”) and within new businesses (local experiments).
- In general: allow for more social experiments with new business ideas beyond growth (new role for economic policy).
- Reform management education towards entrepreneurship beyond growth (from Business Administration to Business Creation).

Results from Table B2 (Alternative Management Approaches - Performance Indicators beyond Growth – reported from flipchart)

- Current management approaches focus on success in sales (=growth), important are:
 - Economic growth (Turn Over, Earnings/Profits, Number of Employees)
 - Continuous improvement
 - Triple Bottom Line (social, environment, business)
 - Q/Y/...targets/action plans
- Sustainability indicators should be broad and consider all dimensions of progress and its interactions
- Triple bottom line today: finance (80%), social (5%), environment (15%), move to 33% each => to get there cultural change is needed

- Indicators to cover sustainability in economic dimension => without compromising the social => without compromising the environment
- Other weights for the dimensions of triple bottom line – finance not dominant but steady income without compromise
- Performance on company level to be linked with national targets (for growth, employment, etc.)
- New definition of growth = happiness index
- Define a positive type of economic impact? (good for society, use of local raw material, production-services, renewable energy, organic products) – local sale products
- Family owned businesses as a chance (for new management approaches)
- Alternative Management Approach (Back to Earth) with aspects:
 - Assessment indicators that include sustainable development
 - Process along indicators: status evaluation, action plan, progress evaluation
 - Participation of partners, experts, employees
 - Resource justice (local, regional, global)
 - Allowances for ecological footprint (coupons for services and consumer goods)
 - Small and beautiful: not only large scale (historic trend is to grow, limits need to be clear), Local Agenda 21, Organic Farming
 - Consumer/Citizen Driven
 - Local and regional approaches
 - Management approaches should be needs driven:
 - Basic needs (dwelling, food, clothes, family, etc.)
 - Other needs (social life, sports, etc.)
 - Quality of life (reducing working hours?) – directly related to employment
- Consumption shall be reuse competitive, raw materials based on fossils recycling competitive and fossil fuel (energy) competitive renewable energy
- PPP at the local/regional level
- Product Services (such as Chemical Leasing)
- Dialogue tool for further development
- Limits need to be discussed for international corporations