



## Connecting Sustainability & Innovation for Future Growth

Deloitte Sustainability & Innovation

Berlin, February 9, 2012



# Scope of work based on Deloitte's international services – instigating sustainable innovation for future growth

## Deloitte approaches Sustainability & Innovation by...

- Delivering integrated core offerings
- Providing an international network of more than 750 sustainability experts (US, UK, Europe, Asia)
- Pooling insight and experience from our Consulting, Tax, Audit & Risk Services, and Financial Advisory functions
- Addressing the various components of the wholly sustainable enterprise, including a specific focus on innovation

...with the goal of assisting our clients with enhancing stakeholder value through improved environmental, operational and social performance.



### Sustainability & Climate Change Strategy

Developing a roadmap to help address sustainability issues in support of business objectives



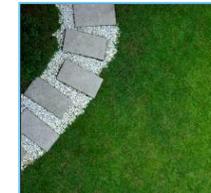
### Sustainability Governance & Risk Intelligence

Developing strategies and governance to address sustainability and climate related risks



### Energy & Natural Resource Management

Managing energy, natural resource consumption, and emissions within sustainable limits



### Human Capital & Stakeholder Engagement for Sustainability

Strategic communications and organizational design to engage employees in sustainability initiatives



### Sustainable Operations & Supply Chain

Integrating sustainability throughout supply chains, product lifecycles, and internal operations



### IT for Sustainability

Information management capabilities to enable sustainability strategies, programs, and reports



### Sustainability Reporting, Assurance, & Compliance

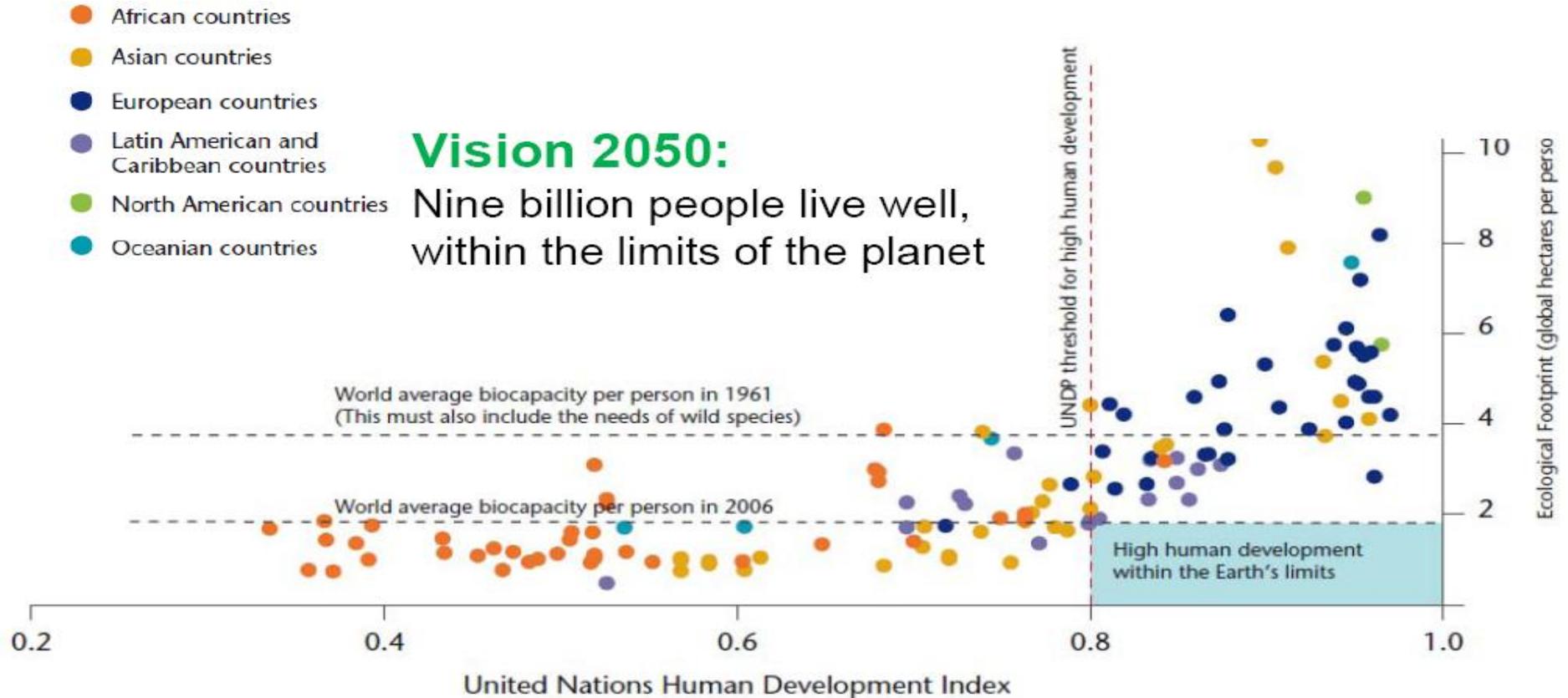
Collecting and reporting data in compliance with laws, regulations, and stakeholder expectations



### Sustainable Innovation

Create business opportunities focused on sustainable value. Using Fast, Innovator or Growth Track methodologies.

# The scale of the sustainability challenge – No ‘business as usual’



© Global Footprint Network (2009). Data from Global Footprint Network National Footprint Accounts, 2009 Edition; UNDP Human Development Report, 2009

1. Buy into the vision: accept the constraints and opportunities of a world in which 9 billion people live well and within the limits of the planet
2. Redefine success and progress at national, corporate and individual levels
3. Get more out of the planet by increasing bioproductivity
4. Develop solutions to lower ecological impacts while maintaining quality of life in countries that have high human development but are overusing ecological capacity
5. Improve levels of human development in countries below the threshold for high human development without increasing their ecological impact beyond acceptable limits.

# Dimensions for a sustainability & innovation framework

## Input:

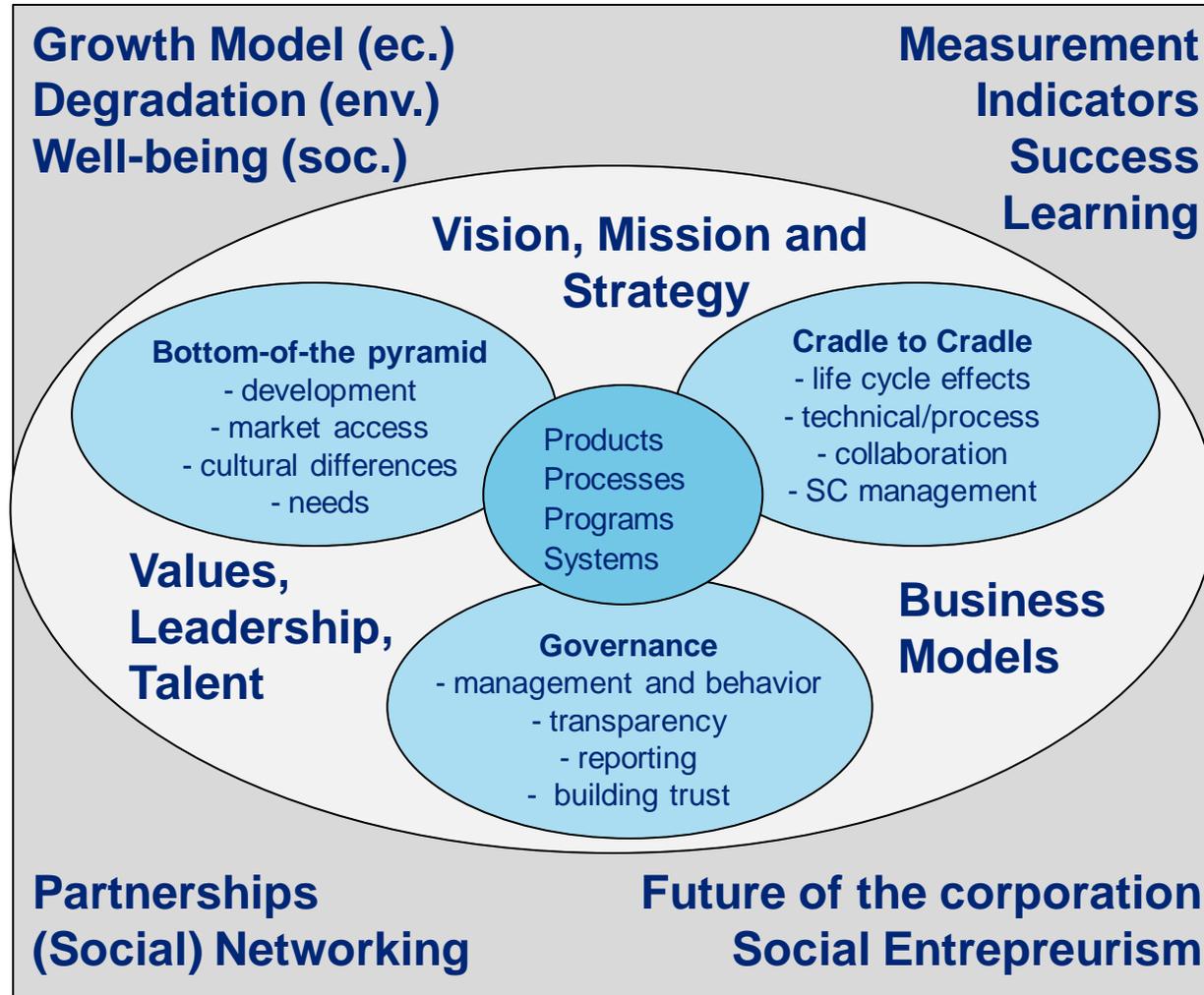
- macro trends
- academic world
- global governance
- global activism

## Applicability:

- local
- regional
- international

## Players:

- companies (chains)
- politics
- academics
- citizens/community
- consumers



## Ambitions:

- systemic change
- choice
- quality of life
- qualitative growth
- keep biodiversity
- holistic success measurement
- peace and stability
- balanced and fair development
- ...

# The 26 likely objections towards sustainable innovation

## 1. Other priorities

Too busy... Not strategic... No pressure from important people... Too hard to change... Tired of this stuff... Personal credibility issue... Sounds like business as usual

## 2. Fear of backlash

Don't want to blow own horn... Green-washing risk... Would open the floodgates... Guilt-by-association... Skeletons in our closet... Lose competitive advantage

## 3. Weak business case

Doing enough already... What's in it for me?... Too long-term... Perverse subsidies... Payback criteria... Insulting to suggest we missed it... Too good to be true

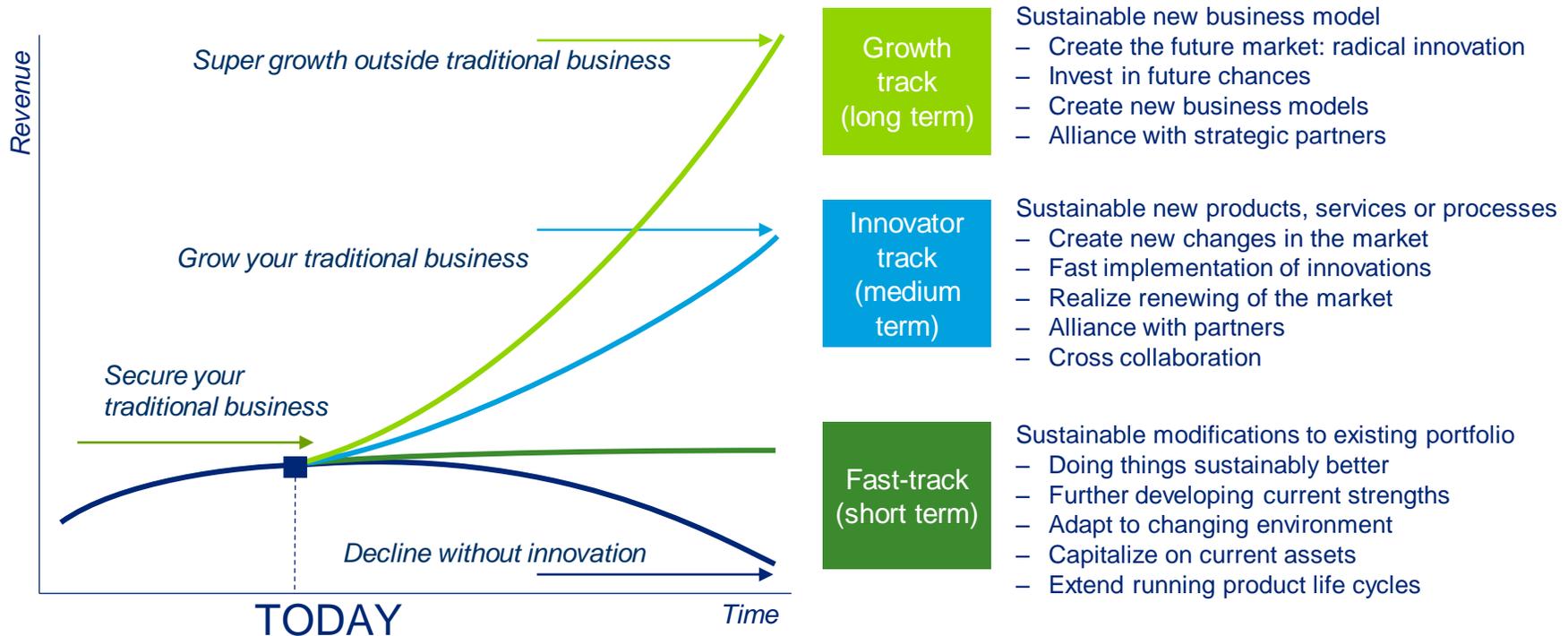
## 4. Mindset

What problems?... Anti-capitalistic... Government's problem... Compliance mentality/Negative baggage... Not hearing anything about it ... No MBA legitimacy

Source: Bob Willard

# Sustainability Fast Tracks, Innovator Tracks and Growth Tracks are the basic designs to prepare for a sustainable future

The level of innovation should match an organization's strategic goals, objectives and available resources



We distinguish three levels of innovation. A balanced mix of these levels is vital to ensure today and future growth

- What is your growth ambition?
- What will you achieve with your current organization?
- Where is your biggest need?
- What's your risk appetite ?
- What is your innovation challenge?

# Connecting Sustainability and Innovation for Future Growth



# Embedding Sustainability – Serious Gaming

## Deloitte Business Simulation Game

The game is developed around dilemmas and scenarios with a variety of business themes. It includes various features:

- Innovative Look 'n Feel
- Interactive state-of-the-art interface

### Strategic setup

- Selection of business model (B2B, B2C)
- Definition of company strategy & risk profile
- Allocation of company budget

### Challenging Gameplay

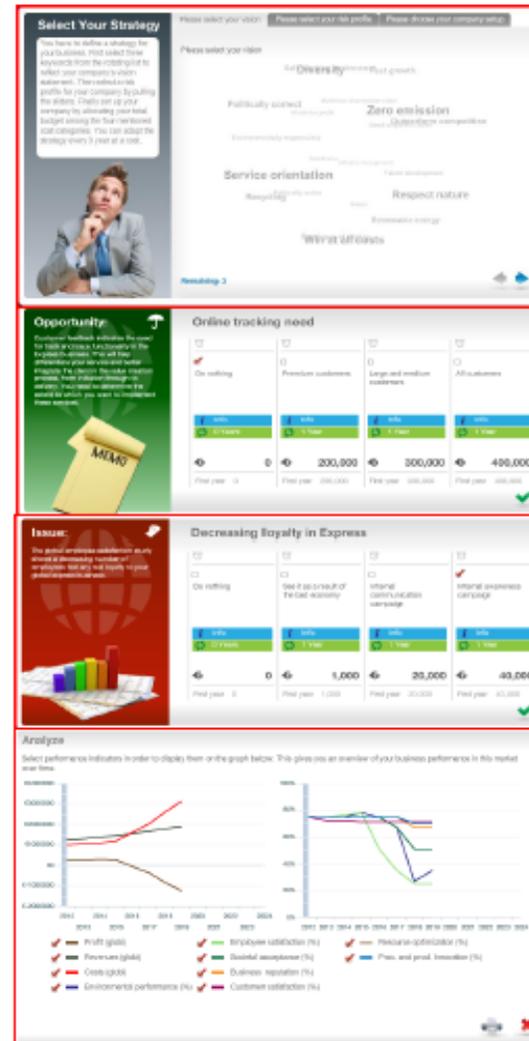
- Balancing performance by addressing issues & opportunities
- KPIs on triple bottom-line (People, Planet, Profit)
- Dynamic scenarios based on decisions made in the game

### Flexible Technology

- Fully web-based access
- Multi-player facility
- Option to drill down into game performance
- Configurable economic climate
- Customizable content to meet specific needs

### Flexible Use

- Awareness-building
- Leadership development
- Stakeholder inclusiveness
- Recruitment and retention



# Embedding Sustainability – Sustainability Fast Track

## Sustainable modifications to existing portfolio

- Doing things sustainably better
- Further developing current strengths
- Adapt to changing environment
- Capitalize on current assets
- Extend running product life cycles



**Deloitte.**

Consulting – Strategy & Operations

## Sustainable Growth Challenger From Vision to Value

Today's leading organisations recognise the importance of environmental and social sustainability for protecting and increasing their enterprise value. These companies are faced with questions like: "how will sustainability trends affect our business?", "how can we achieve competitive advantage by incorporating sustainability into our strategy?" and "what should we do first?..." Deloitte offers a proven approach to address these challenging questions, by aligning your company vision with sustainability trends and developments and developing a pragmatic plan to capture value.

### EXAMPLES

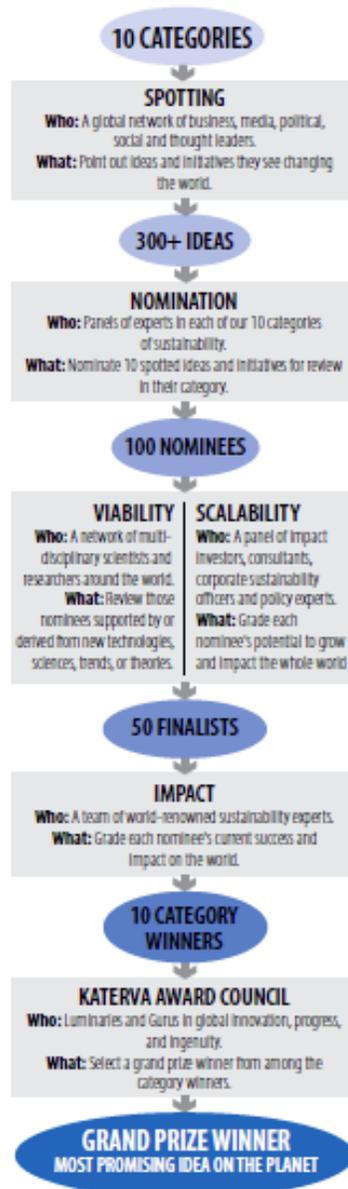
**Deloitte.**

Public Sector  
November 2011

## Aid Accelerator The formula for maximized impact

Aid Accelerator unleashes the potential of the project portfolio by optimizing your project management capabilities. This enables full focus on your core competence.

# Connecting – The Katerva Challenge



## Our Categories at a Glance

*Our categories are based on the end goal of the ideas and initiatives within them.*

**Food Security:** Safe, supportable supply of food to the global population.

**Behavioral Change:** Changing the consumption and living habits of the masses.

**Economy:** Creating more stable and fair systems of value and currency.

**Ecosystems:** Conserving and revitalizing critical environments and space.

**Gender Equality:** Equalizing power, freedoms, and opportunities between the sexes.

**Materials & Resources:** Clean, efficient use of new materials and renewable resources.

**Human Development:** Improving the overall quality of life for the global population.

**Energy & Power:** Invention and implementation of clean, efficient energy technologies.

**Transportation:** Creating clean, safe vehicles for personal, mass, and cargo transit.

**Urban Design:** Improving the quality and impact of high-density populations.

*Our Timetable at a Glance  
The Katerva Awards are a year long endeavor.*

**1st Quarter:**  
Discovery & Nomination

**2nd Quarter:**  
Research & Review

**3rd Quarter:**  
Filtering & Finalist Selection

**4th Quarter:**  
Winners Selection & Award

## What makes the Katerva Awards unique?

- The Katerva Awards encompass all aspects of the sustainability agenda.
- The Katerva Awards employ the most rigorous awards review process in sustainability.
- The Katerva Awards span the entire globe in both nomination and expertise.

The Katerva Awards accelerate and amplify the world's most promising new ideas and initiatives.

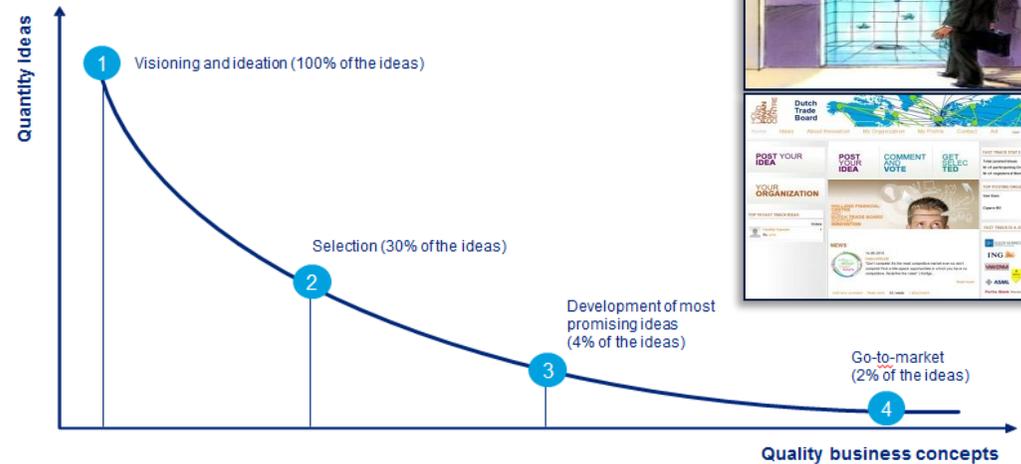
- Deloitte evaluates the business models and viability of the 100 best solutions every year. Those models have already passed environmental, social and technical assessments.
- Those ideas that are carrying the potential of being 'game changers' will be put forward to the Katerva winner's panel.
- Deloitte can match the potential of these solutions with its know-how of industries and facilitate, explore and develop innovative new co-creations.



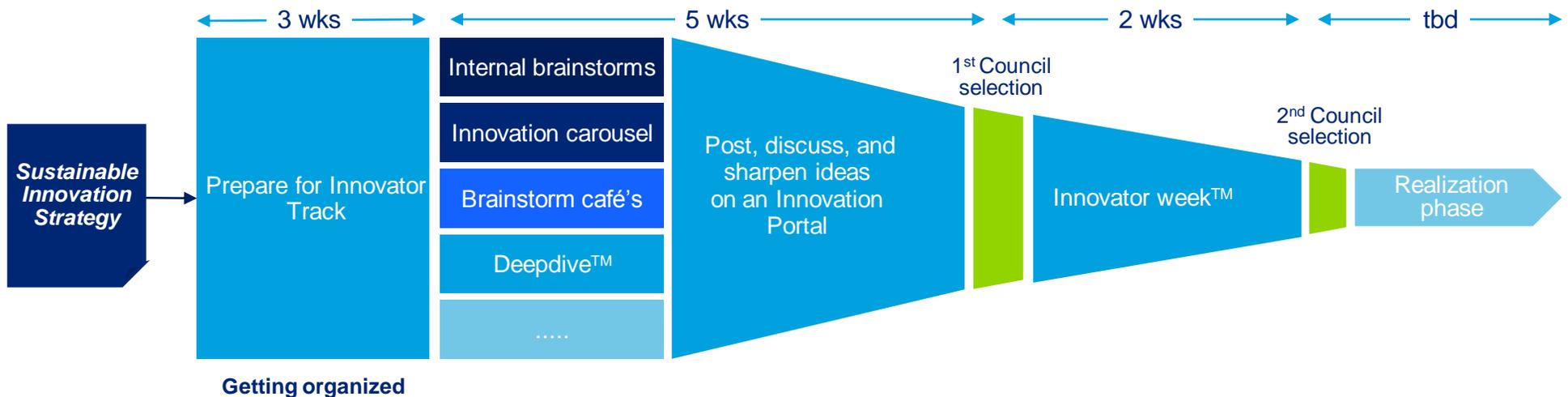
# Exploring – Sustainability Innovator Track

Sustainable new products, services or processes

- Create new changes in the market
- Fast implementation of innovations
- Realize renewing of the market
- Alliance with partners
- Cross collaboration



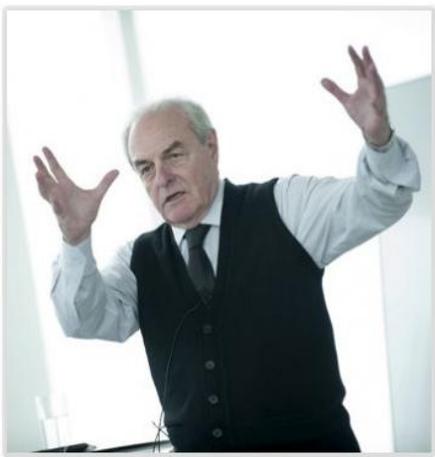
Turning ideas into new business:  
10% creativity, 10% leadership, 80% relentlessness



# Visioning – Sustainability Growth Track

## Sustainable new business models

- Create the future markets: radical innovation
- Invest in future chances
- Create new business models
- Alliance with strategic partners



### Mervyn King

Mervyn King consults and advises on corporate legal issues. He is recognised internationally as an expert on corporate governance and sustainability. He sits as an arbitrator and as a mediator. He is a founding member of the Arbitration Foundation of Southern Africa and for some eight years was the South African judge at the ICC International Court of Arbitration in Paris. He has acted as an Inspector of Companies and a Commissioner of Inquiries into the affairs of companies.

He has chaired many meetings for the compromise of creditors of companies and the rearrangement of shareholders' interests. He has spoken at conferences and lectured on corporate issues in 38 countries. He is a regular speaker on radio and television talk shows and ran his own television series, "King on Governance".



## Growth track inspirators



**Sudhanshu Palsule**  
Leadership educator and CEO advisor



**Don Tapscott**  
Coauthor  
MacroWikinomics



**Steve Rayner**  
Professor Science & Civilization



**Nassim Taleb**  
Author of the Black Swan



**Erik Brynjolfsson**  
Director MIT Centre for Digital Business



**Mervyn King**  
Corporate Governance, King Reports



**John Stopford**  
Prof. Emiratut London Business School



**Lisa Moretti**  
Online and social media guru



**Juan Enriquez**  
Expert on bio- & nano tech



**Thomas Malone**  
Founding Director MIT Centre for Collect



February 21, 2012

HBR's daily scouting report on provocative ideas for business

By [Paul Michelman](#)



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Available

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## The Dilbertarian Dilemma of Corporate Sustainability

OK, sustainability advocates, first the good news: in a recent [survey of business executives by BCG and MIT Sloan Management Review](#), more than two-thirds of respondents agreed that sustainability is essential to competitiveness. And nearly three-quarters said that their commitment will increase in the year ahead. The bad news? They may not actually be able to define sustainability.

The lack of a common understanding of what sustainability — or any number of other terms used to define the relationship between business and society at large (say, "shared value" or "license to operate") — means is not an idle problem, according to researchers. Without clarity on these principles, executives can't legitimately incorporate them into strategy and they certainly can't measure progress or make smart decisions about tradeoffs. A challenging issue to tackle. The BCG-SMR study offers a good place to start.

Keeping on theme...

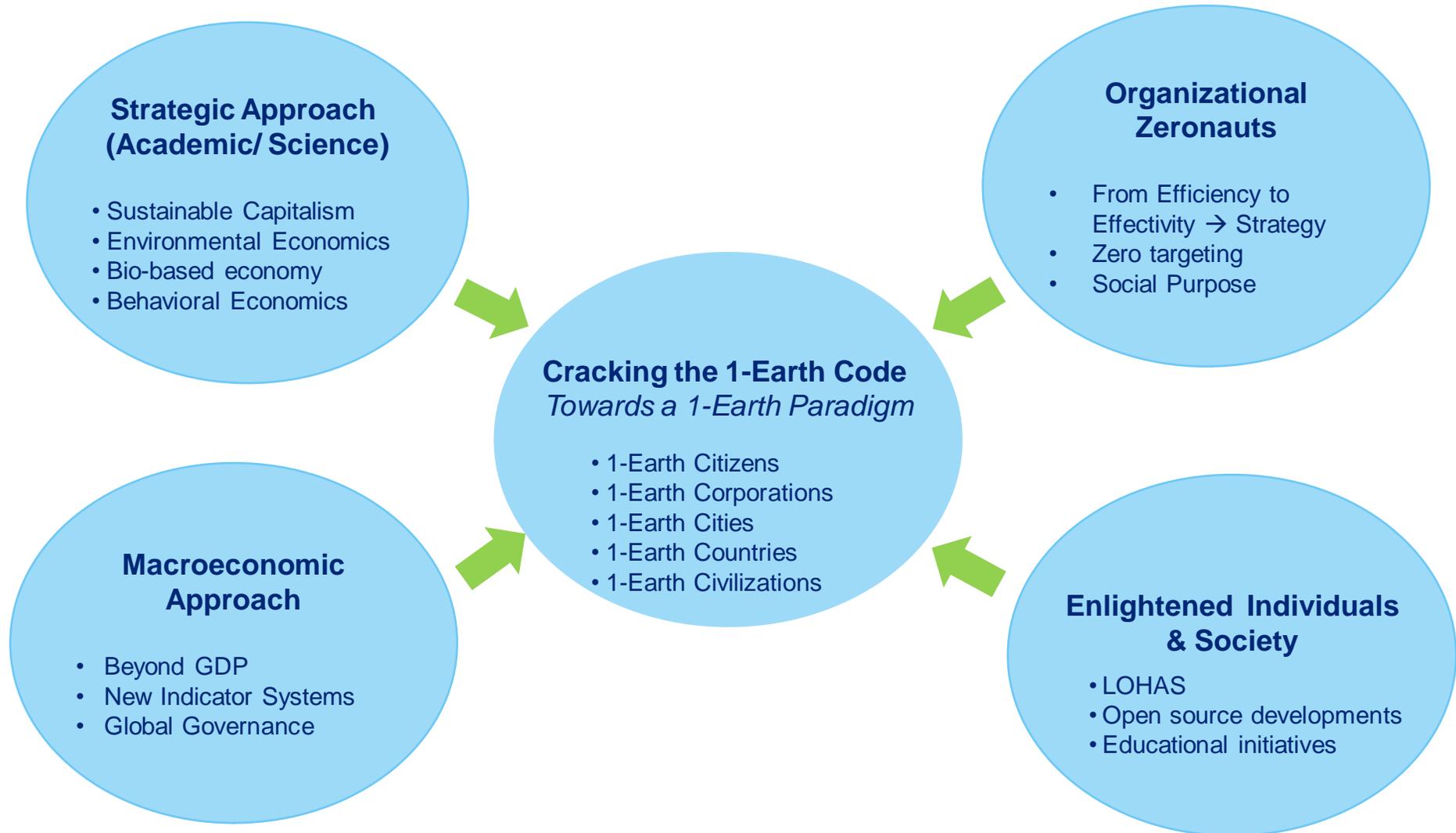
# Visioning – The Zeronauts Agenda

- We live in a resource-constrained world. Our natural system's ability to serve and absorb is reaching its limits. This in consequence leads to increasing social risks and even more volatile political climates. The corridor for corporate action is becoming smaller. However, opportunities do exist for co-created business models ensuring the creation of shared value.
- Volans and Deloitte believe that there is a need to create a baseline of what industries need to achieve all together, namely zero impact growth. This vision asks for coordinated approaches between industries and an understanding of their roles and responsibilities, while opening up new corridors for business development and new markets.
- We are NOT advocating for 'no growth' (as that too would not be sustainable), we are asking for a change of perspective: we need a new paradigm, underpinning new mindsets and tools to survive and thrive in the twenty-first century. We need to move from a fundamentally unsustainable path to a fundamentally more sustainable one.
- The ZERONAUTS agenda, to explore solutions towards a zero-impact growth process, targets a new world of almost infinite possibility, and is facilitated by Deloitte Innovation and John Elkington, a world authority on corporate responsibility and sustainable development.

**As a summary: the Zeronauts agenda is one answer to the appetite of more and more companies to work in multi-industry-, paradigm- and outcome-focused platforms that can really deliver transformative action. It will be built step-by-step and can scale up over time. Participating companies are invited to inspire many others and together become the advocates for systemic change.**



# The necessity of a common journey towards zero impact growth



# The Zeronauts Symposium, June 5, 2012, Rotterdam

*powered by Deloitte and Volans*

Walk-in lunch (12.00 – 13.00)

**How Zeronauts break the sustainability barrier (Keynote speech) | *Plenum* | 13.00 – 14.00**

Introduction by Deloitte CEO

Book launch and introduction with John Elkington

**Examples of arising Zeronauts (moderated panel discussion) | *Plenum* | 14.00 – 15.15**

Measuring towards zero impact

Business modeling towards zero impact growth

Innovation towards zero impact growth by co-creation

Societal purpose of the financial market

**Break | 15.15 – 15.45**

**Breakouts | Workshop session | 4 Groups | 16.00 – 17.15**

Innovative measurement methodologies for Zeronauts

Innovative products and services for Zeronauts

Collaborative and participative approaches for Zeronauts

Leadership innovation for becoming a Zeronaut

**Plenary summaries | *Plenum* (17.15 – 18.30)**

Key findings of each group in response | Next steps. → How are we going to work together from here on? | Echo by John Elkington | Wrap-up (Moderator) | Dinner (18.30 -20.00)

# Contact

For further information  
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‘Sustainability is the primary moral and economic imperative for the 21st Century and it is one of the most important sources of both opportunities and risks for businesses’

(King III report, 2009)

‘Over the long haul of life on this planet, it is the ecologists, and not the bookkeepers of business, who are the ultimate accountants’

(Stewart Udall)

‘We are treating this planet like a company in liquidation’

(Al Gore)