

Sustainable Innovation 2010

Transitionizing Businesses: towards Sustainable Markets

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Businesses are becoming increasingly aware of the advantages sustainability has to offer. This has led to a growing number of companies that have radically reshifted their central mission, organizational structure and production practices. Often driven by ambitious CEO's and executives, these companies have moved beyond CSR and environmental reporting to shape and transform the markets they operate in along with their company. This paper uses the perspective of transition management to develop a framework which makes explicit the way in which the front runner examples in the business community (such as ENVIU, Interface and the Dutch Roofing sector) have achieved a radical transformation towards sustainability. This framework is then translated into a management model for business in general with the ambition to achieve a fundamental transformation towards sustainability within their company and respective market.

The broader perspective is that in a number of areas, such as construction, energy, health-care or mobility, society is facing major transitions: fundamental changes in structure, culture and practices (Rotmans et al, 2001). While these transitions are inevitable because of drivers such as resource scarcity, negative ecological impacts, demographic changes and economic tensions, the major challenge is to influence these transitions towards sustainability. Such transitions can greatly affect business success, regardless of whether a businessperson or corporation shares environmental or social concerns, but can also be seen as major business opportunity in that we will see the emergence of new markets and the transformation of existing ones. Today's corporate managers must understand the dynamics of transitions and shift their mindset to developing a new business model where sustainability is incorporated in the core of the business. The challenges of today represent unprecedented opportunities for corporations that are implementing integral strategies for sustainability (Werbach, 2009).

Sustainability issues at the level of societal sectors or domains cannot be addressed by single organizations but require co-evolutionary changes in technology, economy, culture and organizational forms (Loorbach, et al, 2009). Coping with complex sustainability problems requires inter-organizational collaboration: "the increasing interdependence of public and private organizations and the interweaving of local, national and global interest has reduced the capacity of any organization to act unilaterally" (Gray, 1989, p.232), the response capability to clear up a mess is inter- and multi-organizational (Trist, 1983). In light of emerging transitions, these uncertainties and complexities in dealing with the societal environment of companies is even more complicated. However, successful examples of sustainable business show that a key to success lies in reframing the societal context and the challenges herein of a company and from there redefining the core business in an interactive process including both employees as well as external stakeholders.

This paper brings together two prime examples of sustainable business communities with the principles underlying Transition Management (Loorbach, 2007) to develop a new way to think about sustainable business. Transition management is an integrated governance strategy to orient and organize transformation within companies and build partnerships to achieve sustainable systems as a whole. Transition thinking allows for front runners to create their own new markets and re-design the principles of business (routine) on how to organize (structure) themselves, defining a new purpose (culture). In doing so, individual business can, by interacting with their stakeholders and societal context, reshape the markets in which they operate along with their own company. In doing so, they are able to create added value for business as well as society.