

A better way of winning

Government ministers and environmental pressure groups are becoming worried that the developed world's new-found passion for sustainability may be waning in the face of financial pressures and an economic downturn.

In other words, concern for the planet and the pressure we put on it was fine while profit levels were high. A few tricky quarters later, and some commentators fear that this stuff may, once again, become just for idealistic tree-huggers.

According to L. Hunter Lovins, founder of Natural Capitalism—an organisation that aims to help companies improve profitability while becoming more sustainable at the same time—any company taking this approach would be committing a grave error. In her opinion, a continued commitment to sustainability and to having sustainability at the heart of innovation are the key to survival.

"Business as usual will not endure," she says. "We live in a carbon-constrained world, with 10,000 more people arriving on earth every hour. We face rising energy prices and rising



Sustainability campaigner, L. Hunter Lovins, speaking at the Volvo Sports Design Forum 2008.
ispo/FloHagena



Organic baby clothing in a Wal-Mart store. The retail giant launched its sustainability programme in 2005.

Wal-Mart Stores

energy demand, especially from China and India. So sustainability is an imperative. Climate change is for real—the science is becoming more and more certain—and we have already overexploited two-thirds of the eco-systems on which life depends."

If there are still doubts about the constraints on carbon, they must be dwindling with each new record-high that crude registers in the current economic climate. For L. Hunter Lovins it's a simple case of increasing demand for a finite resource. She says the world has consumed 90% of its oil resource since 1958. She claims that if the growth of China's economy continues, it will, by 2030, need more oil than the energy industry can lift.

But this, too, is a challenge that the world must approach "from a sustainable point of view". Ethanol and biodiesel can be produced from renewable sources, although using food crops for this is also controversial. Photovoltaic energy is the fastest growing source of power globally, and wind is the second-fastest.

With this tenet at the heart of innovation, she believes humanity will, as a result, reinvent how companies, governments and social interaction work.

High ambitions

To focus first on the corporate world, she says there are plenty of companies setting ambitious goals, and that it's the effort involved in figuring out how to meet these goals that is driving innovation now, and saving these companies money.

The first examples she offers include DuPont, which is aiming to cut its gas emissions to 65% of its 1990 levels by 2010, and Wal-Mart. "Last year, Wal-Mart started asking its Chinese suppliers what their carbon footprint was," Ms Lovins explains. "This shows that the US does care. You can legitimately blame the US for being the hold-out on climate change, but people, cities, big companies and entire states do care."

The home initiatives Wal-Mart has announced include doubling the efficiency of its transportation fleet and moving towards 100% renewable energy in its buildings. Chief executive, Lee Scott, famously asked Al Gore to corporate headquarters in Bentonville, Arkansas, in 2006 for a private showing to the Wal-Mart management team and key suppliers of 'An Inconvenient Truth', just after the documentary had won acclaim at that year's Cannes Film Festival. And even earlier, in 2005, Mr Scott set up a sustainability programme for the company. L. Hunter Lovins wonders out loud what a truly sustainable Wal-Mart would do to the retail landscape.

One of the reasons why all companies ought to care is that if they burn less energy their bills will be smaller, and there is no reason for supposing that this would affect business. She points out that the oil-price hike in 1979 led to a reduction in the US in the use of oil by 15% over the following five years. Over the same period of time, the US economy grew by 16%.

We can de-carbonise the economy, she insists. There are visionary cities out there,

including Berkeley, California, which is in the process of becoming a solar city and the remarkable Osage, Iowa. It's a town of only 3,500 people, but it has managed to save $1 million a year on power usage, cutting its electricity bills to half the Iowa average. These lower bills, in turn, have brought more businesses to the town and unemployment has halved.

A hard sell

L. Hunter Lovins has a name for the employment boost a focus on sustainability can bring: she calls the new opportunities "green-collar jobs". And she admits that changing people's thinking on this subject is sometimes "a hard sell", but this has done nothing to dent her conviction that "behaving responsibly is a better way of winning".

Many top companies did appear to be signing up for this notion before the current wave of renewed pessimism. At the start of 2008, at the World Economic Forum in Davos, consultants from PriceWaterhouseCoopers carried out a survey on the subject among the chief executives in attendance and 90% of them were of the view that sustainability made more business sense.

As Ms Lovins puts it: "Companies that are into this are coming out like mushrooms after a rainstorm."

For everyone, from municipal authorities to individual companies, the built environment is a great place to start looking for improvements. She talks about a theatre with a powerful air-conditioning system "blowing money out of the roof", while the air quality inside is poor. Making buildings greener will mean making them better, she concludes, which leads to more productive workers, higher achieving students and so on.

Buildings aside, she believes we must redesign every product and process we have, using biomimicry wherever possible. This includes using solar power, on which most of the natural world runs, she points out. But the textile industry has plenty to learn from nature too. She says: "Spiders spin a fibre that is tougher than Kevlar, but we can only make Kevlar by boiling vats of sulphuric acid. How does the spider do it?"

Competitive advantage

The general point is that nature creates conditions that are conducive to life and companies and countries ought to work harder at imitating it. This is the main reason she put the term Natural Capitalism into her company's name.

Natural capitalism is all about enabling organisations to increase profitability and efficiency while becoming more environmentally and socially responsible. Those that succeed will boost what she refers to as their "integrated bottom line", which combines the now familiar triple bottom line (profitability, environmental awareness, and social responsibility) into a single bottom line, making the organisation more efficient, more effective and more successful.

She calls these principles of natural capitalism the basis of ongoing competitive advantage, but it is her firm belief that, while it delivers this competitive advantage, this is thinking that can change the world.

"We have an opportunity here to unleash a new economy," she concludes, "and a new way of living. But to do that, we need a new form of leadership, real leadership, which I believe shows itself as extraordinary courage in ordinary people."