
FOREWORD

By L. Hunter Lovins

In 2000, as part of rebranding itself as “Beyond Petroleum”, British Petroleum announced a corporate commitment to reduce its emissions of greenhouse gasses 10 percent over its 1990 levels by 2010. BP achieved the cuts in only two years and in the process, saved itself \$650 million. Rodney Chase, a senior executive at BP, subsequently reflected that even if the program had cost BP money, it would have been worth doing because it made them the kind of company that the best talent wants to work for.

This shouldn’t come as a surprise: people like to solve problems — it’s one of humanity’s most endearing features. Business, at its best, is a rewarding adventure in just such problem solving. It is a sure sign something’s wrong when so many talented people express distaste for tackling the typically narrow business agenda. While economists, politicians and business leaders believe that this bottom line mania brings wealth and opportunity, an increasing number of people, particularly those in the next generation of managerial talent, are asking whether there isn’t something more to life.

Most managers have not yet recognized that what they seek — greater employee productivity, retention of top talent, easier attraction of capital and profits — are all benefits of sustainability strategies. In fact, sustainable strategies can align an organization with the intrinsic values of its people. Bob Willard’s prior book *The Sustainability Advantage* outlined what these benefits are. With this book he describes how to achieve them.

The traditional capitalist approach requires a strange faith: that the system responsible for the decline of all global ecosystems will somehow use its remarkable engineering capacities to restore the systems on which life and thus prosperity depends. As Einstein said, it is folly to expect the same mindset that created the problem will foster its solution.

It is time then to find a new answer. Much of the world’s life support system is badly broken. According to a pioneering analysis of the world’s ecosystems prepared by the World Resources Institute, United Nations and The World Bank, “There are considerable signs that the capacity of ecosystems, the biological engines of the planet to produce many of the goods and services we depend on, is rapidly declining.” According to the

report, half the world's wetlands have been lost in the last century, half of the world's forests have been chopped down, 70 percent of the world's major marine fisheries have been depleted, and all of the world's coral reefs are at risk."

This is the context within which business is conducted today. The good news is that much of what is needed to solve the world's challenges represents an enormous business opportunity. Witness the four engineers at DuPont who recently figured out how to spend less than \$100,000 to save more than \$5 million per year in energy costs. Leading semiconductor maker STMicroelectronics is finding that its commitment to become carbon neutral by 2010 is not only driving its innovation as a company but will save it almost a billion dollars.

Traditional executives, especially in America, would be wise to pay attention. Even if they do not see much interest in sustainability among their peers, their competitors are well along with this strategy. The "European dream" of sustainability is now eclipsing the "Wall Street dream" of instant wealth around the world. Reluctant globalists throughout most of the last century, Americans have believed in an immature capitalism that has ignored the environmental and social realities of a fragile world where humans are altering all ecosystems without the knowledge to competently manage them.

But things are changing fast. The 150 largest companies in the world nearly all have a "sustainability officer" at the VP level or higher. In just the past two years, new MBA programs like Presidio World College that embed sustainability in business training rather than derisively as a single elective have been created — and are flourishing in the United States, Europe and Canada.

In 2003, ten leading banks (now 28, collectively representing over 90 percent of all developing country private finance) initiated the Equator Principles to infuse sustainability principles into such lending. Citibank now states that it sees sustainability as a distinct competitive advantage in the lending marketplace.

In December 2003, The Chicago Climate Exchange (CCX) began trading carbon in North America. When environmentalists bemoaned the failure of the U.S. Senate to ratify the Kyoto Protocol, Exchange founder Richard Sandor responded, "Governments don't make markets, traders do. I'm a trader, let's make a market." Seventy-five companies, state governments and other institutions are now using CCX, and its sister company the European Climate Exchange, to trade "carbon financial instruments" that further support the profitability of opportunities to reduce climate impacts.

Using the whole-system approach of Natural Capitalism, most sustainability challenges can be solved at a profit. Natural Capitalism rests on three principles:

- Using all resources dramatically more efficiently, not only because doing this is profitable, but because it buys time in which to implement more broad-based sustainability practices;
- Redesigning all products and services using innovation inspired by nature (i.e. Biomimicry); and
- Managing all systems to be restorative of human and natural capital.

Taken together, these principles can enable companies to achieve their stated goal of increasing shareholder value, but to do so in ways that are responsible to life on earth.

New tools are emerging to enable businesses to implement Natural Capitalism and other frameworks of sustainability. Natural Capitalism, Inc. recently joined with The Global Academy, and The Natural Edge Project of Australia to develop the Sustainability Helix system. The Helix provides a whole-system menu that enables a business to explore, experiment, implement, and eventually mainstream its choice of sustainability strategies. It offers a sequenced flow of sustainability activities that leads to continual improvement rather than the trial and error approach that necessarily characterized the efforts of the sustainability pioneers.

The Sustainability Helix is an example of the important insights Bob Willard offers into how to bring about the transition to sustainability. *The Next Sustainability Wave* shows business leaders how to use sustainability to bring greater profitability. It can help those in government balance the market's short-term competitive realities with long-term economic health for their community. Sit back and enjoy learning how you can become a partner in making all this happen.

L. Hunter Lovins is the founder and president of Natural Capitalism, Inc. and is a founding faculty member of Presidio World College's Sustainable Management MBA program. She is also co-author of 9 sustainability books including Natural Capitalism — Creating the Next Industrial Revolution and Factor Four: Doubling Wealth, Halving Resource Use.