

INSEAD



**The Business School
for the World®**

Social Innovation Centre

**SUSTAINABILITY STRATEGIES
WHEN DOES IT PAY TO BE GREEN?**

www.sustainability-strategies.eu

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Confused?



Alternative Energy
 Alternative Powertrains
 Bio-mimicry
 Bio-fuels
 Bio-polymers
 Base of the Pyramid
 CERES



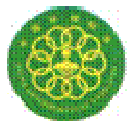
Clean Development Mechanism
 Cellulosic ethanol
 Climate Clubs
 Climate Labels



Down Jones Sustainability Index
 Design for Disassembling
 Design for the Environment



Environmental Management Systems



Eco-activism
 Eco-industrial Parks
 Eco-labels
 Eco-branding



Emission Trading Schemes
 End of Life Management
 Food Miles
 Forest Stewardship Council
 Green Clubs



Global Reporting Initiative
 Global Compact
 Industrial Ecology
 Industrial Symbiosis
 ISO 14001 certification
 Life-cycle Assessment
 Product Declarations
 Product Stewardship



Process Certification Clubs
 Product Service Systems
 Responsible Care
 Rainforest Action Network
 Reputational Value



Voluntary Environmental Initiatives



How can managers...

- Prioritize eco-investments?
- Align eco-investments with strategy?
- Create competitive advantages?
- Create new market spaces?

We need to know...

- How can firms link eco-efficiency to strategy?
- When and how *green clubs* create value for firms?
- What is necessary for a successful eco-branding strategy?
- How can corporations satisfy cost strategies while being environmental leaders?



Practice

- Reference-company programme at Lund University, Sweden. Six-months of work in a total of 35 companies (2000-2004);
- Global research (2004-2007).

Theory

Peer-reviewed articles in California Management Review, Journal of Industrial Ecology, among others.

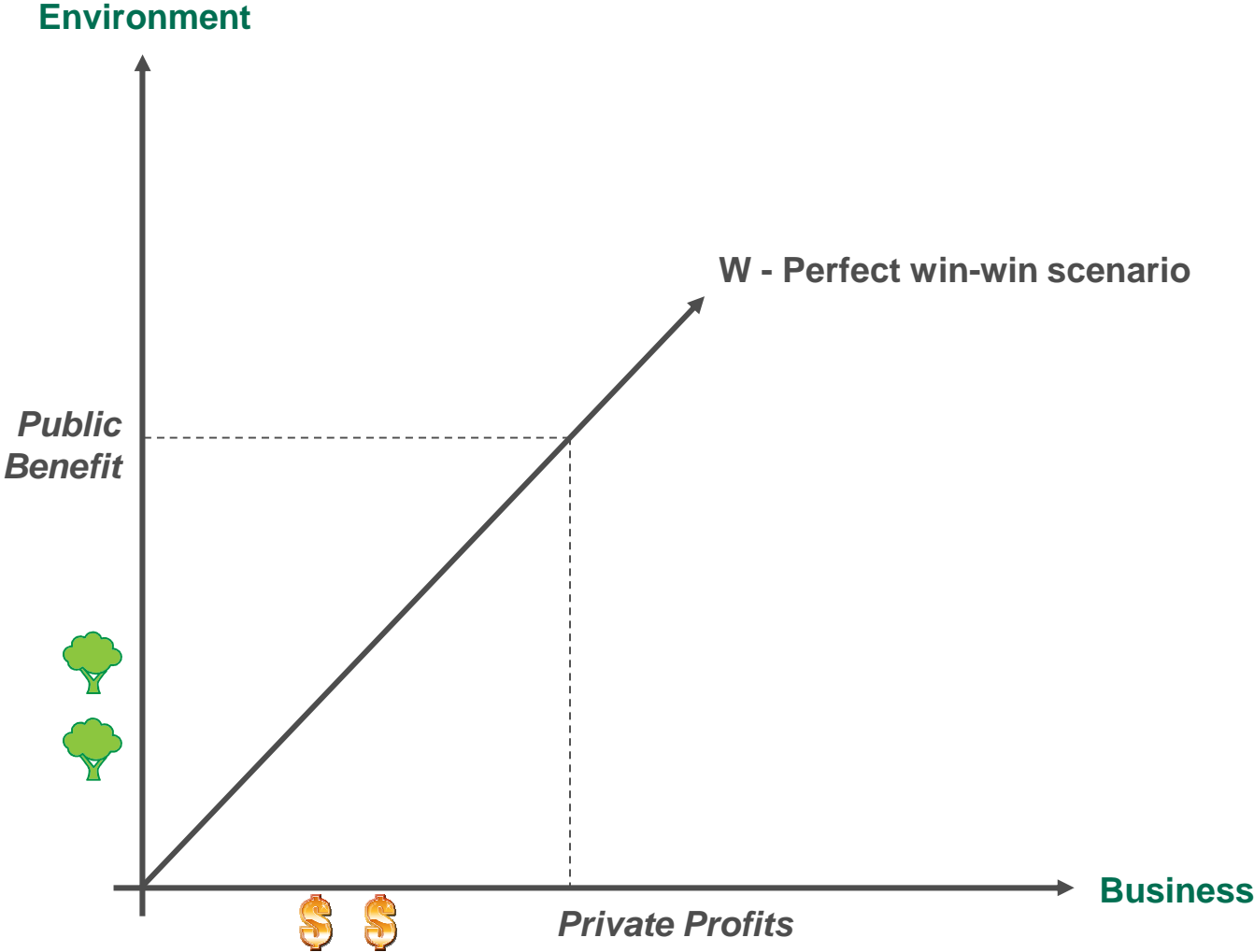
Method

Multi-case study and action-research.

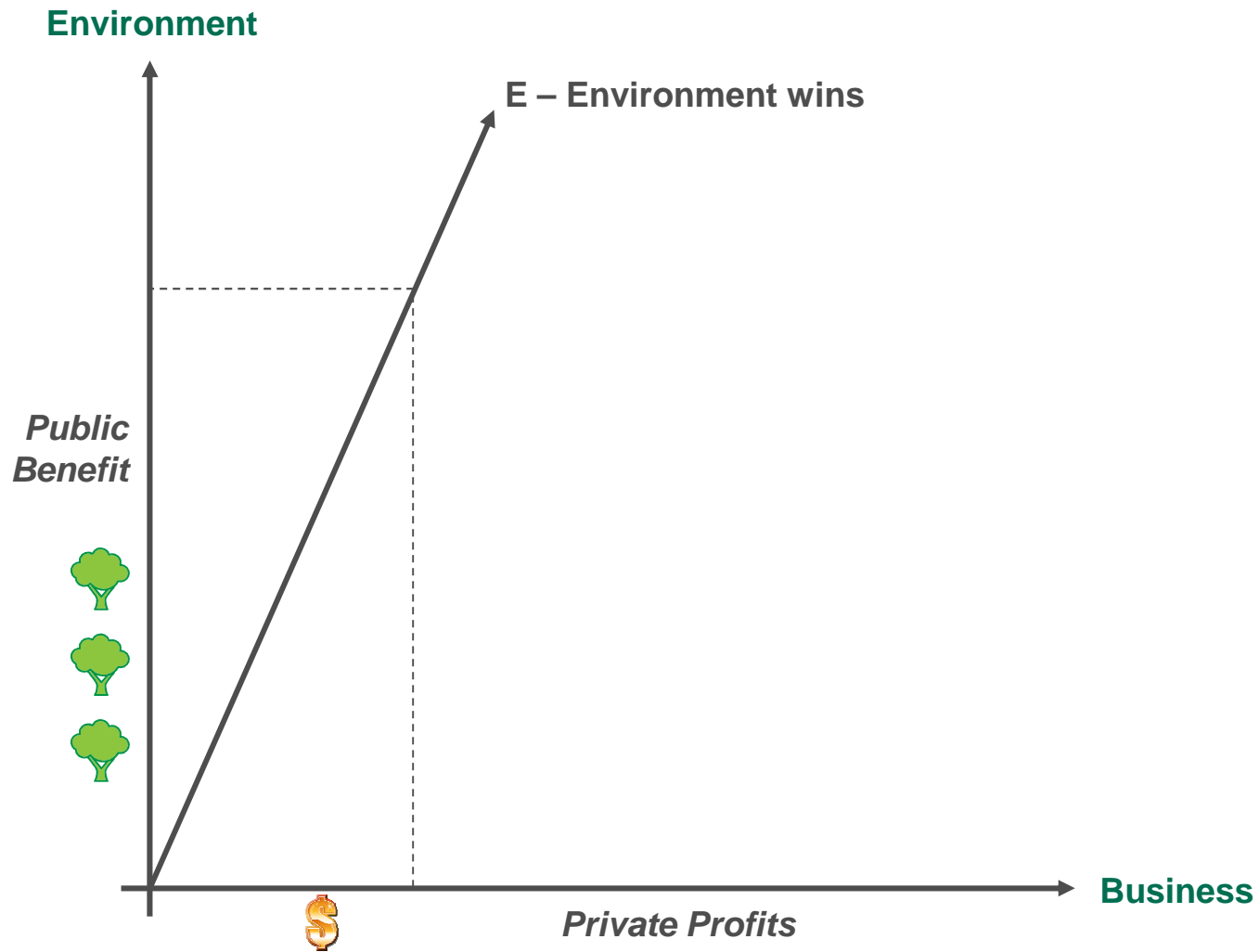
Sponsors

Marie Curie Programme (2004-2007)
INSEAD Social Innovation Centre (2007-2009).

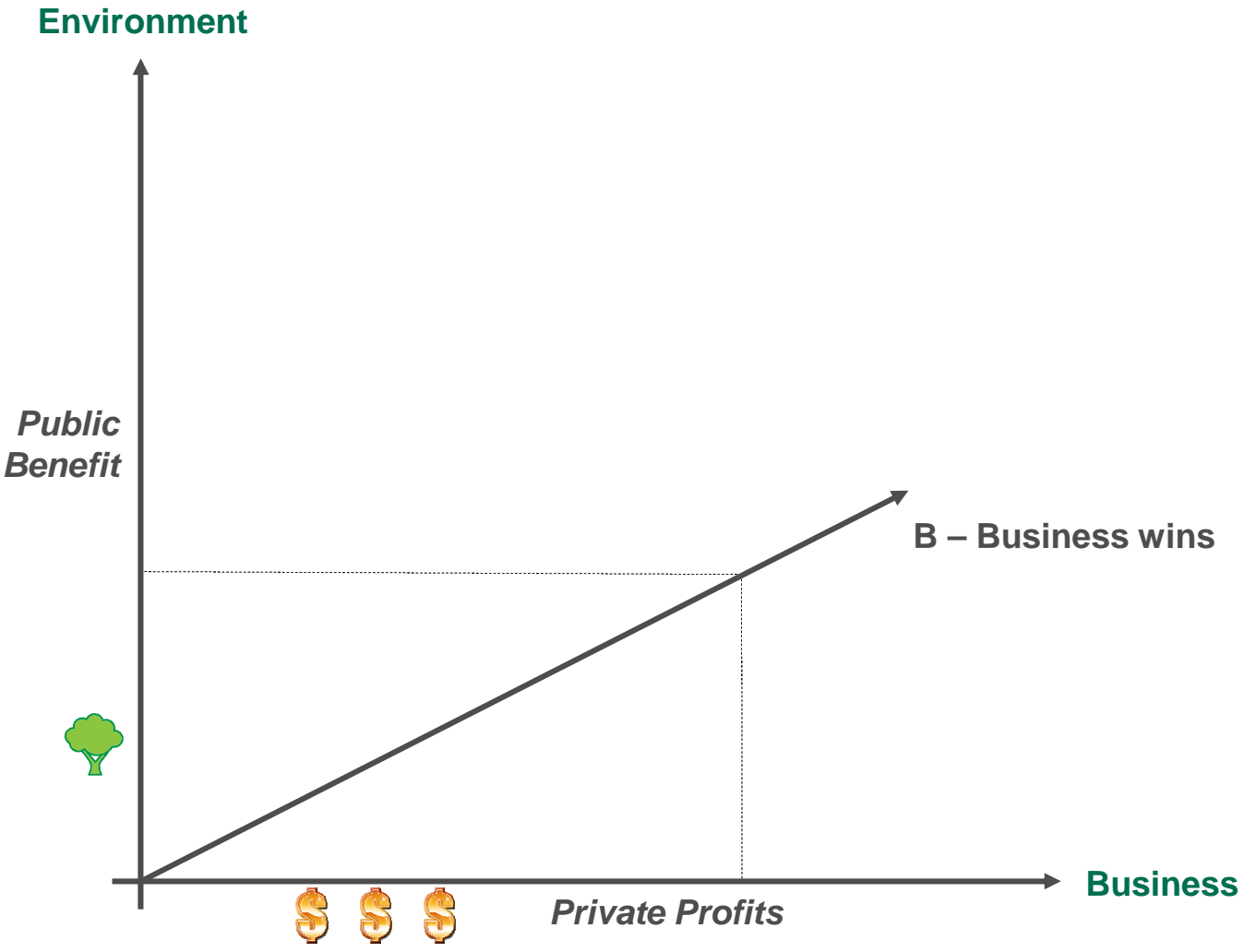
The 'Win-Win' Debate



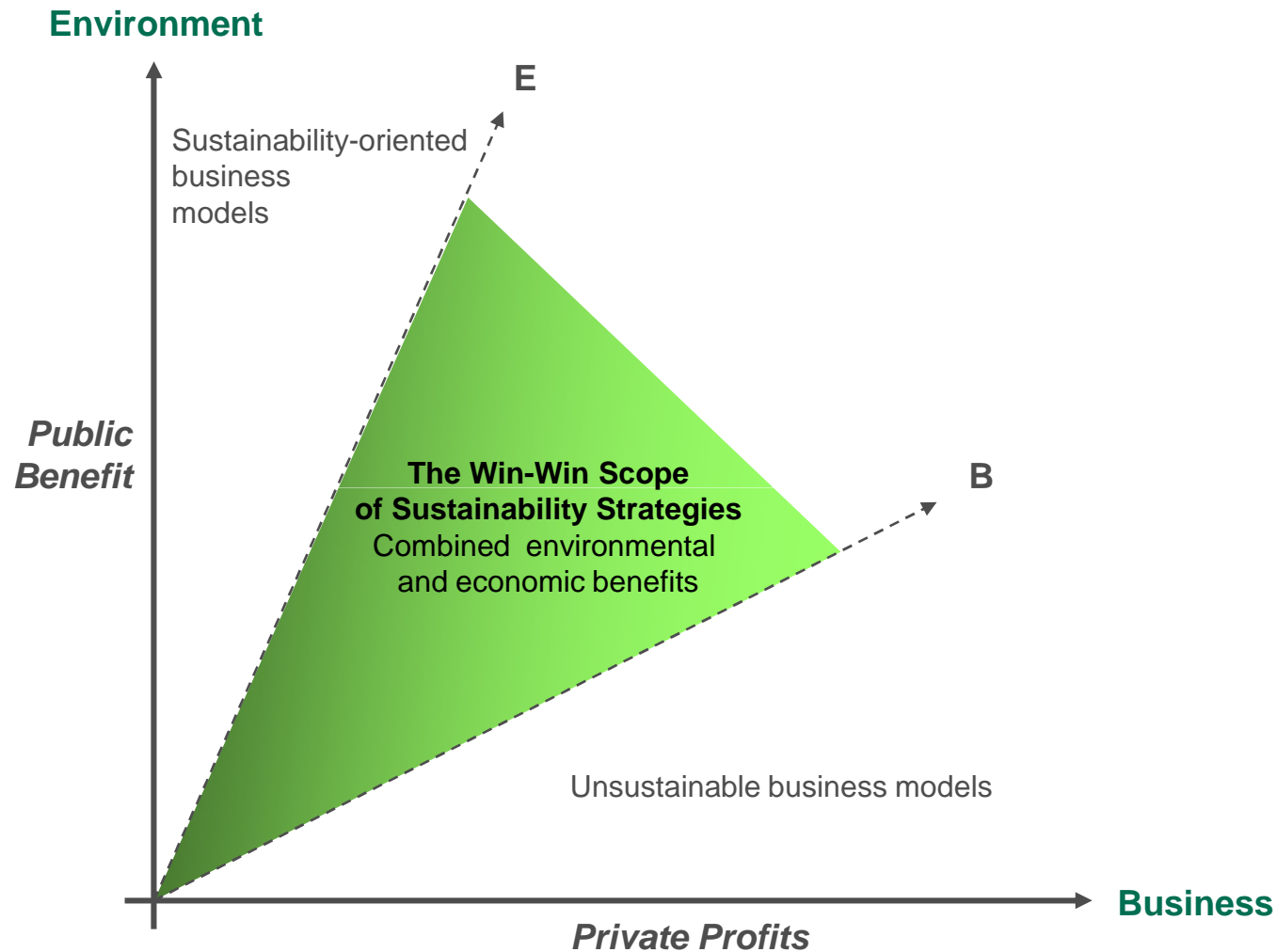
The 'Win-Win' Debate



The 'Win-Win' Debate



The Scope of Corporate Environmentalism



Eco-Investments



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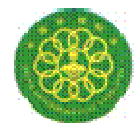
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Voluntary Environmental Initiatives



What Are Sustainability Strategies?

- *Sustainability Strategies* are **choices** available to managers to align environmental and social investments with the generic strategy of the company.

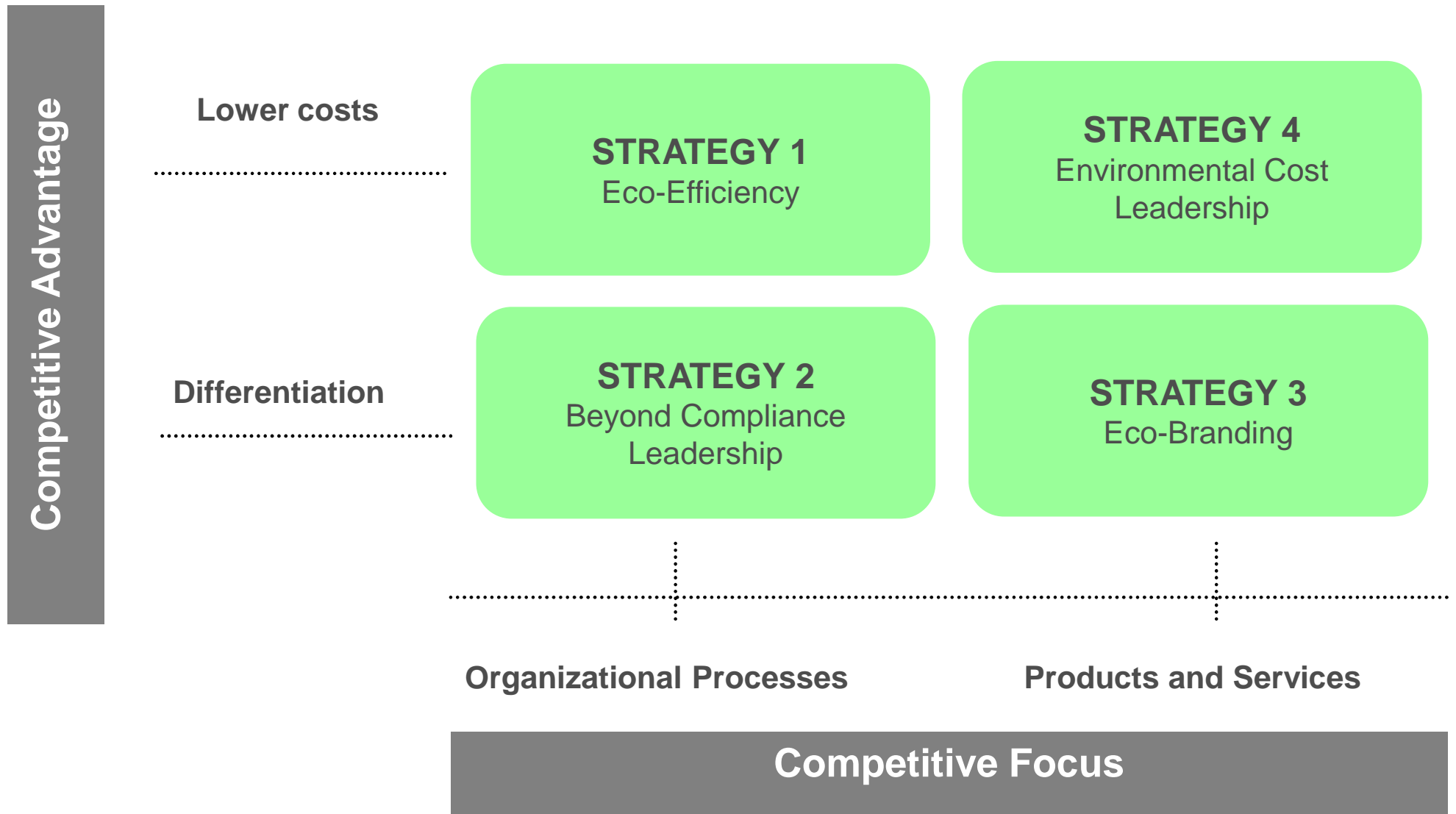
An example...

- What is an *environmental management system* (EMS)?
- What is a *certified* EMS?
- Can a certified EMS generate *competitive advantage*?
- Can it generate *new market spaces*?
- Why?
- **When?**

Competitive Environmental Strategies

Existing Market Spaces

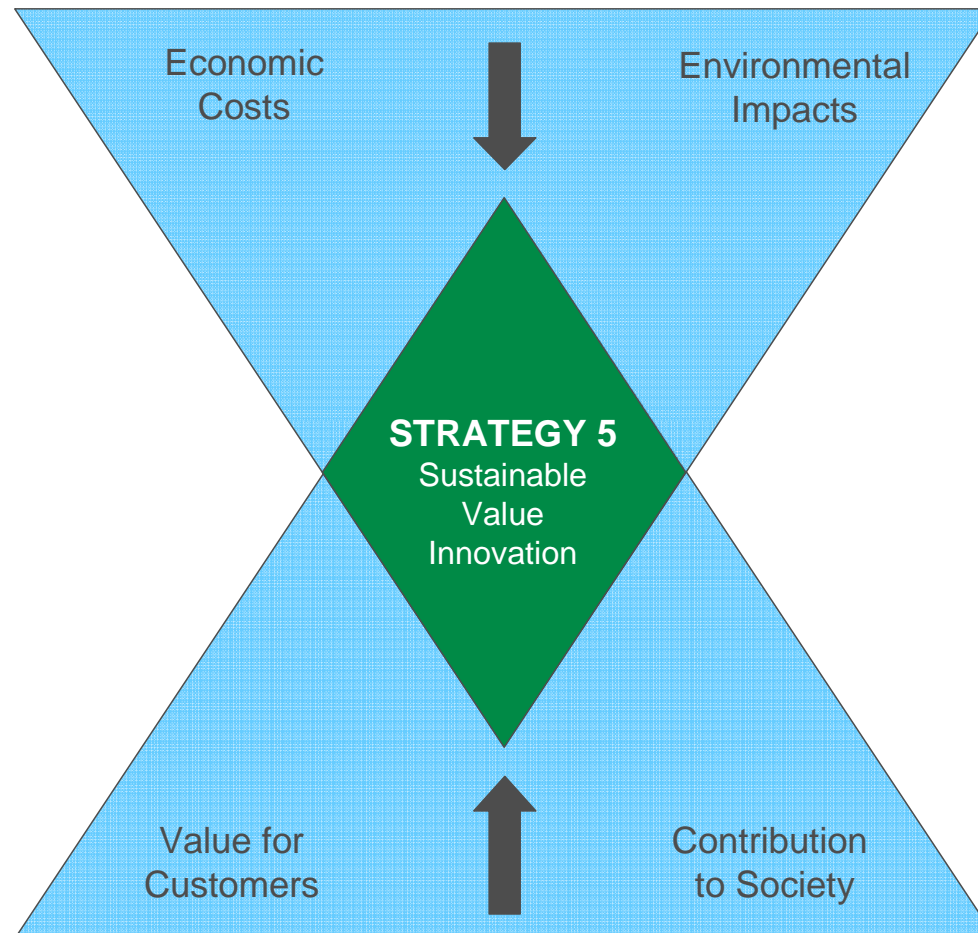
Competitive Environmental Strategies



Sustainable Value Innovation

New Market Spaces

Sustainable Value Innovation

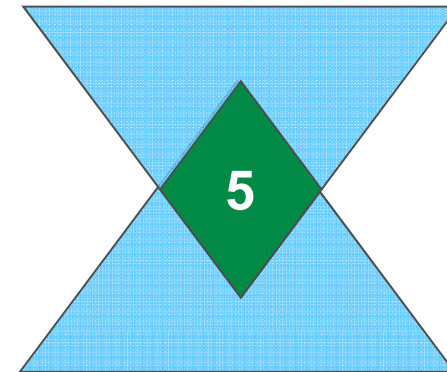


*Competitive Environmental
Strategies*



Existing Markets

*Sustainable Value Innovation
Strategy*



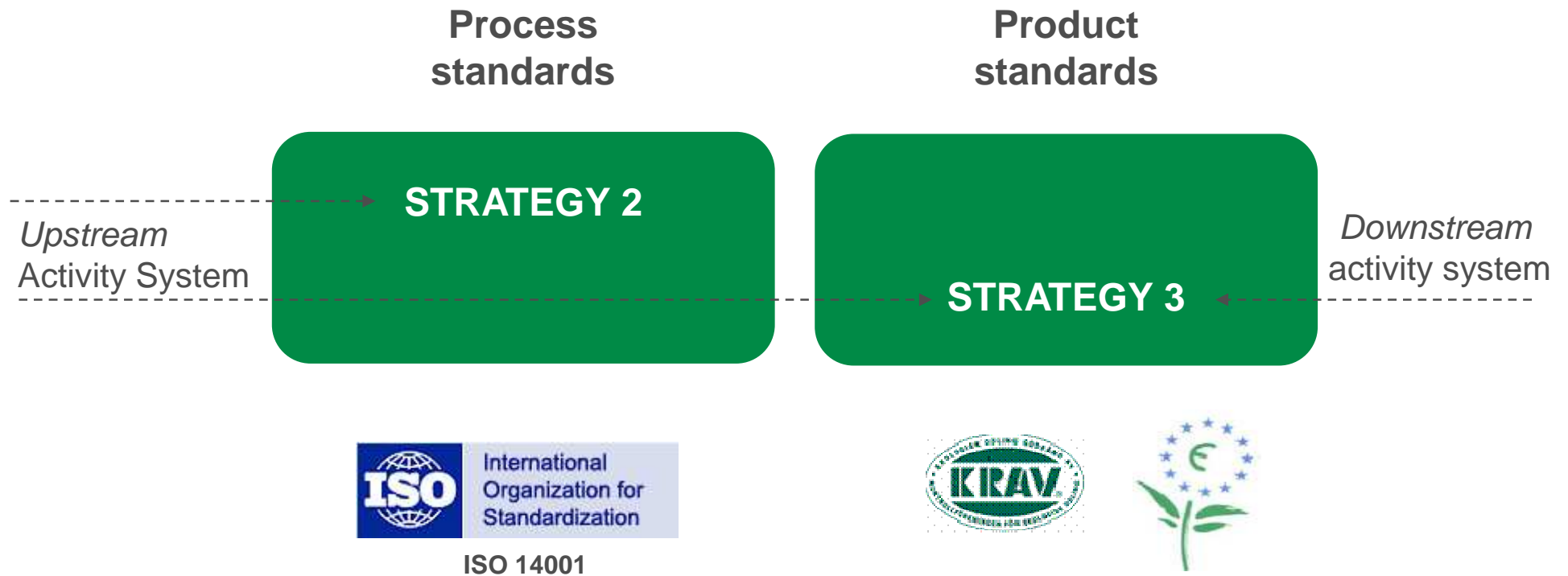
New Market Spaces

Sustainability Strategies

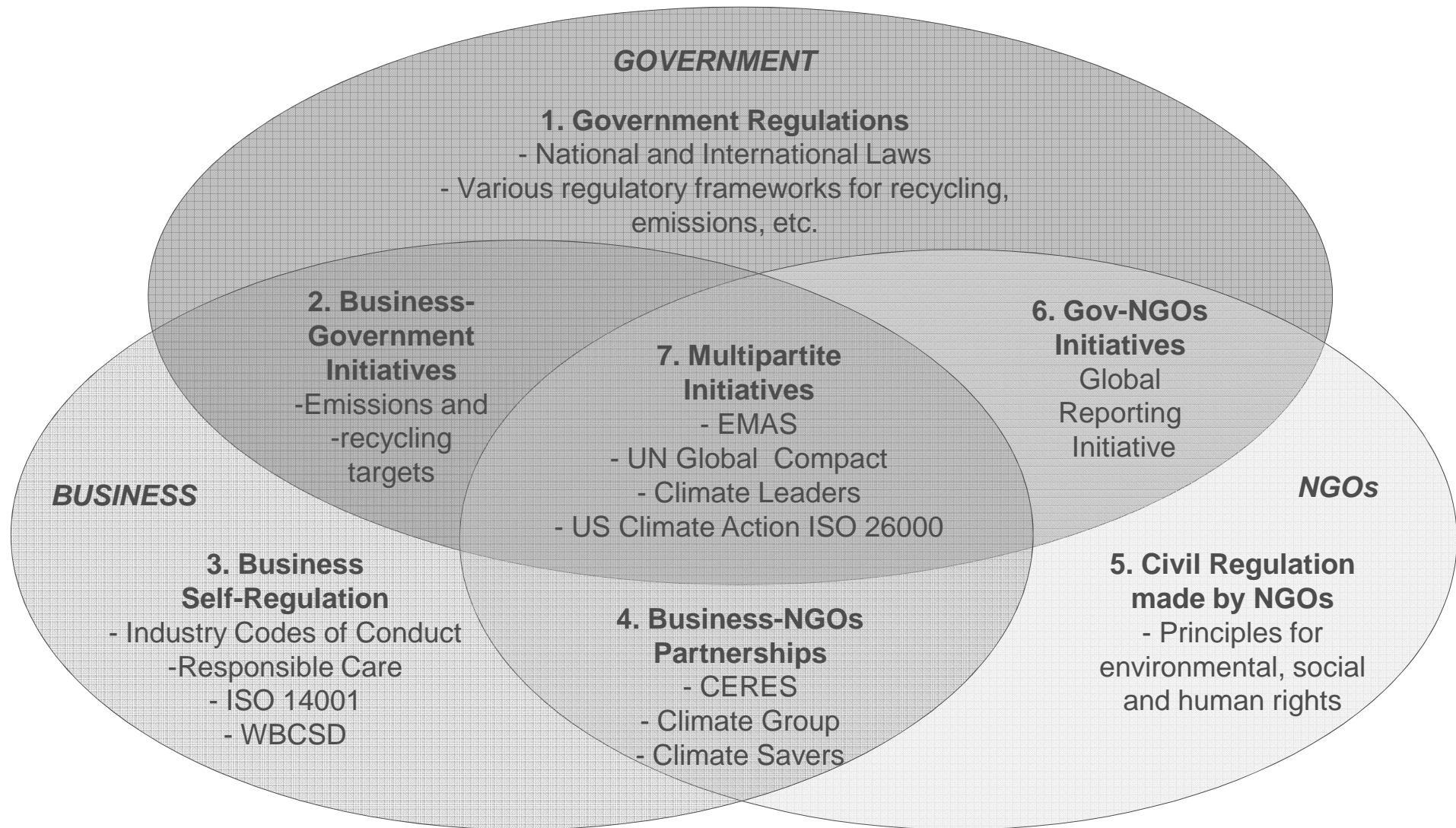
Competitive Environmental Strategies

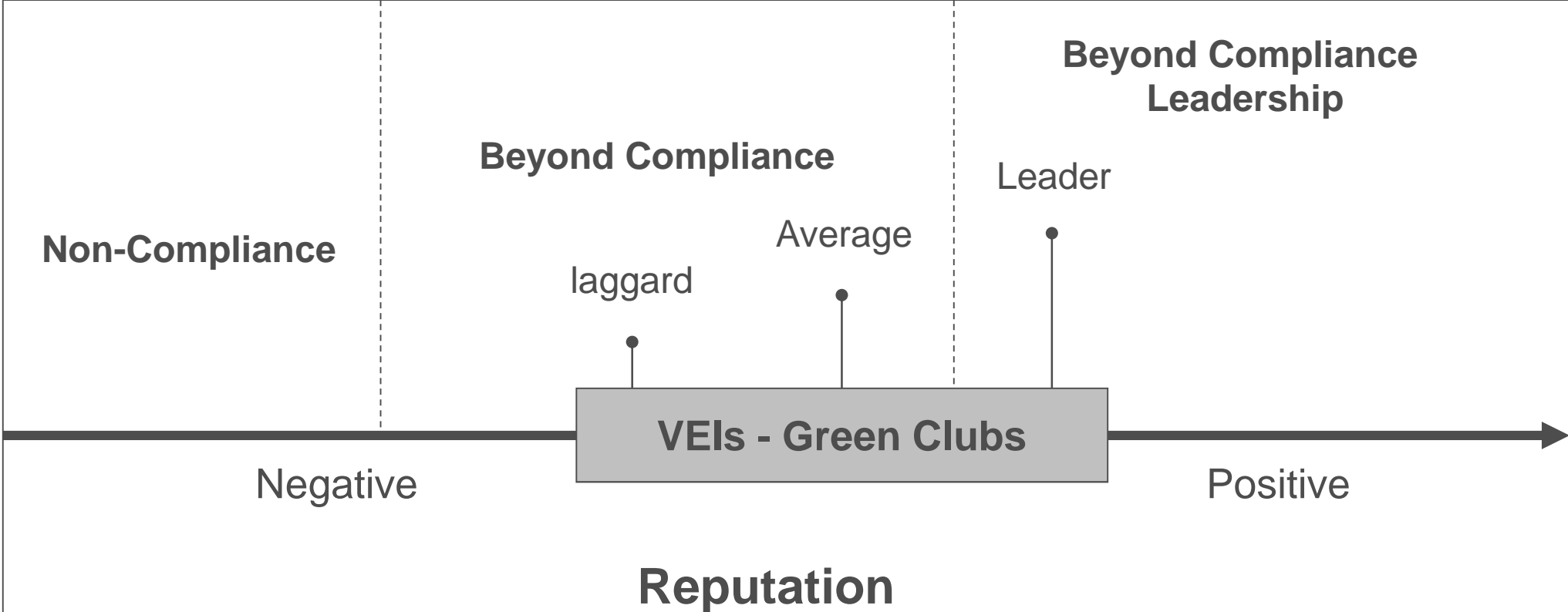


Eco-differentiation Strategies



Strategy 2: Beyond Compliance Leadership





From	To
Beyond Compliance	Sustainability leader in the industry
Avoiding <i>Negative</i> Reputation	Building <i>Positive</i> Reputation
Reactive and Defensive	Reflexive
Stakeholder opposition and confrontation	Stakeholder criticism, negotiation and dialogue
Consumer boycotts	Consumer engagement

Strategy 3: Eco-branding

- Forest Stewardship Council
- Eco-labels
- Anglamark in Sweden
- Lend Lease Australia

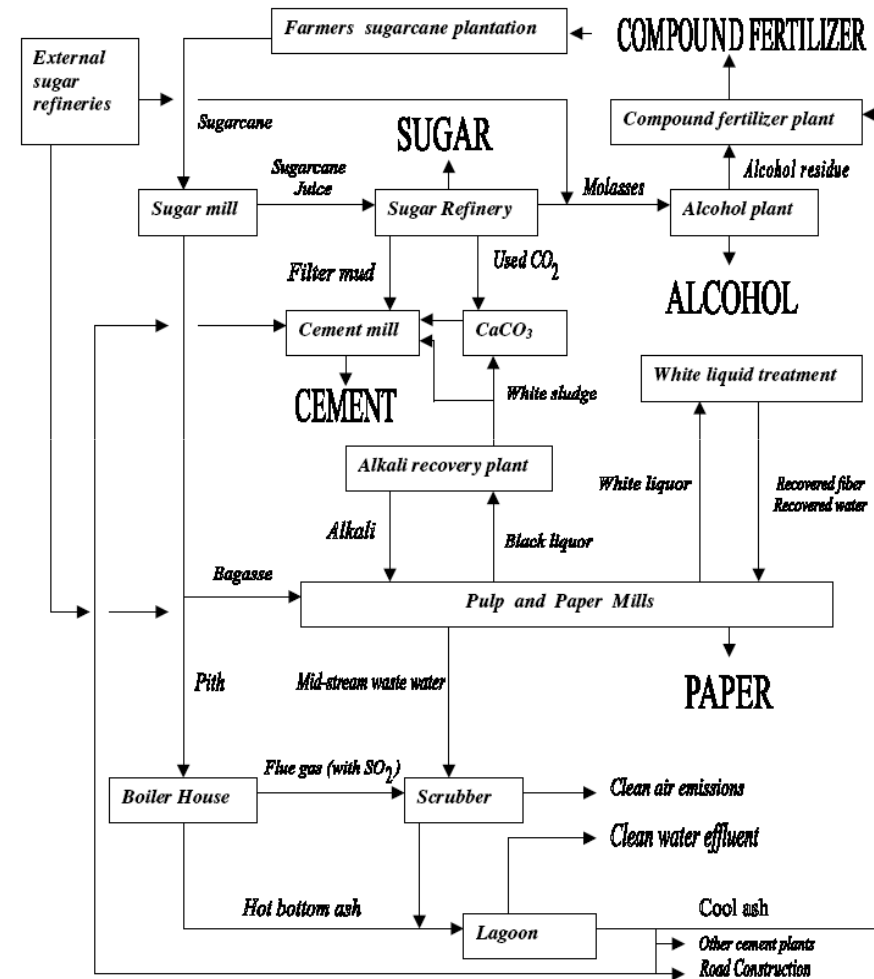


Cost strategies



Strategy 1: Eco-efficiency

- Lean Thinking
- Industrial Symbiosis
- Carbon markets



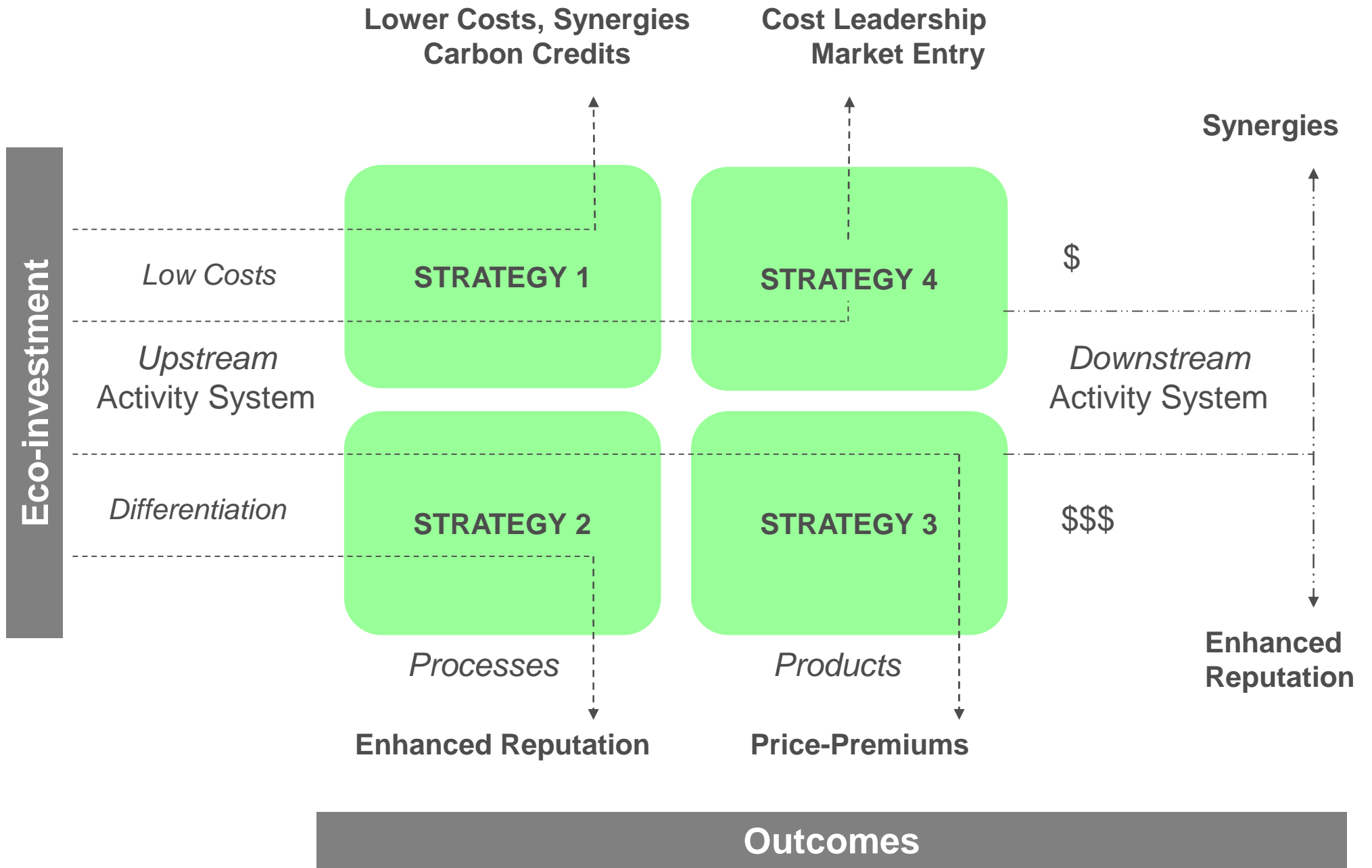
Strategy 4: E-cost

- End-of-life Vehicles in Europe
- Bio-fuels in Brazil
- Chemical management Services in the US and Europe
- Bio-polymers (global)
- Eco-n in New Zealand
- Product service Systems (global)



When does it Pay to be Green?

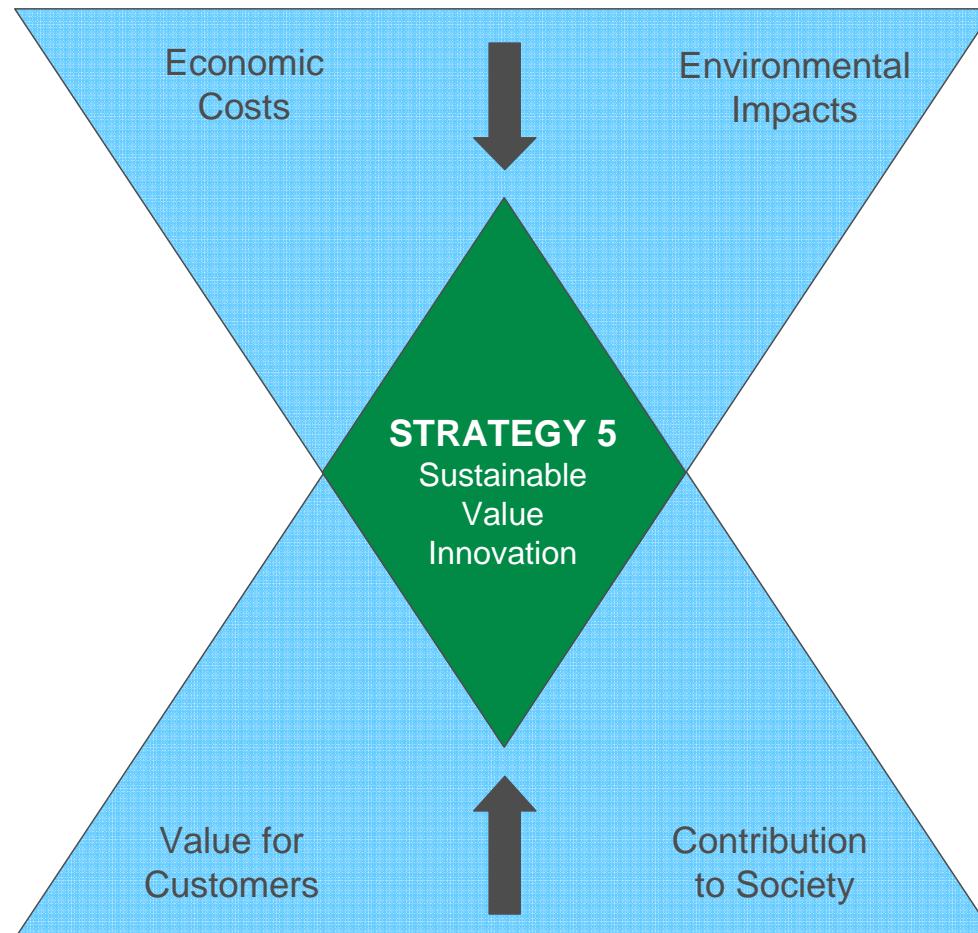
- **When:** a clear *time frame*, and the *context* in which the company operates
- **Pays:** *quantitative* and *qualitative* data, as well as the *tangible* and *intangible* value created by the eco-investment
- **Green:** a *clear definition* of the type eco-investment



Sustainable Value Innovation

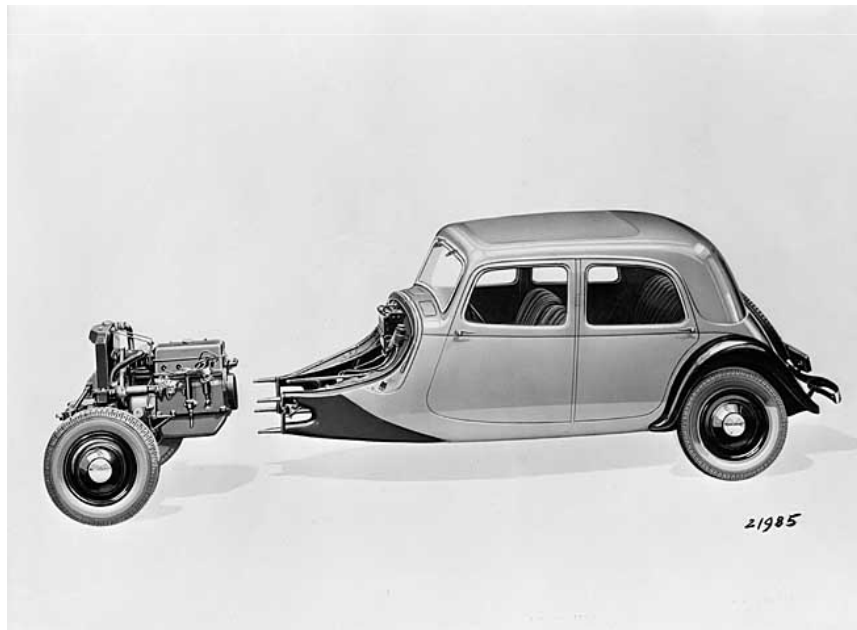
New Market Spaces

Sustainable Value Innovation



Question

- Will the auto industry get out of current crisis by developing and commercializing high numbers of vehicles powered by alternative powertrains?
- How can the auto industry create *Sustainable Value Innovation* (SVI)?



TOOLS OF PRODUCTION One of the principal reasons for this country's unique ability to produce, lies in the mobility available to men and materials through transportation.

Automobiles, trucks, buses, highway trailers and railroad trains are just as essential tools of production as lathes and presses.

They take workmen where jobs are. They deliver materials that keep machines humming.

The transportation feats of the railroads are justly famous; feats in which The Budd Company has had an important part.

Equally significant are the accomplishments of the automobile industry, which has made universal ownership of cars possible in this country alone.

The all-steel automobile body, originated by The Budd Company, has been a major contribution to this development. So are Budd steel wheels for highway vehicles of all kinds. And the tools, processes and methods which bring them into being. The Budd Company, Philadelphia, Detroit, Gary.



PIONEERS IN BETTER TRANSPORTATION

Toyota Prius (HV)

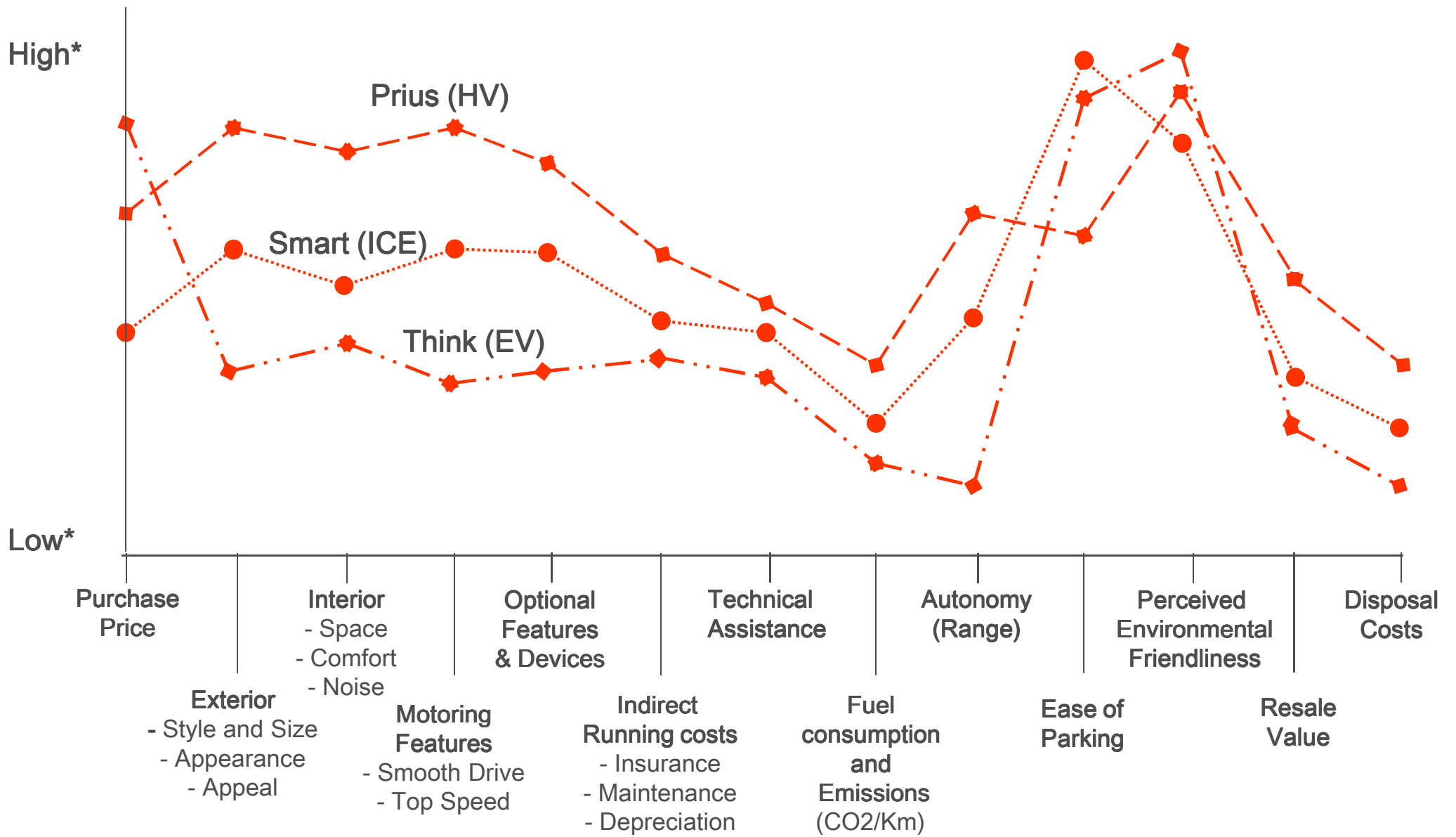


The Smart (ICE)

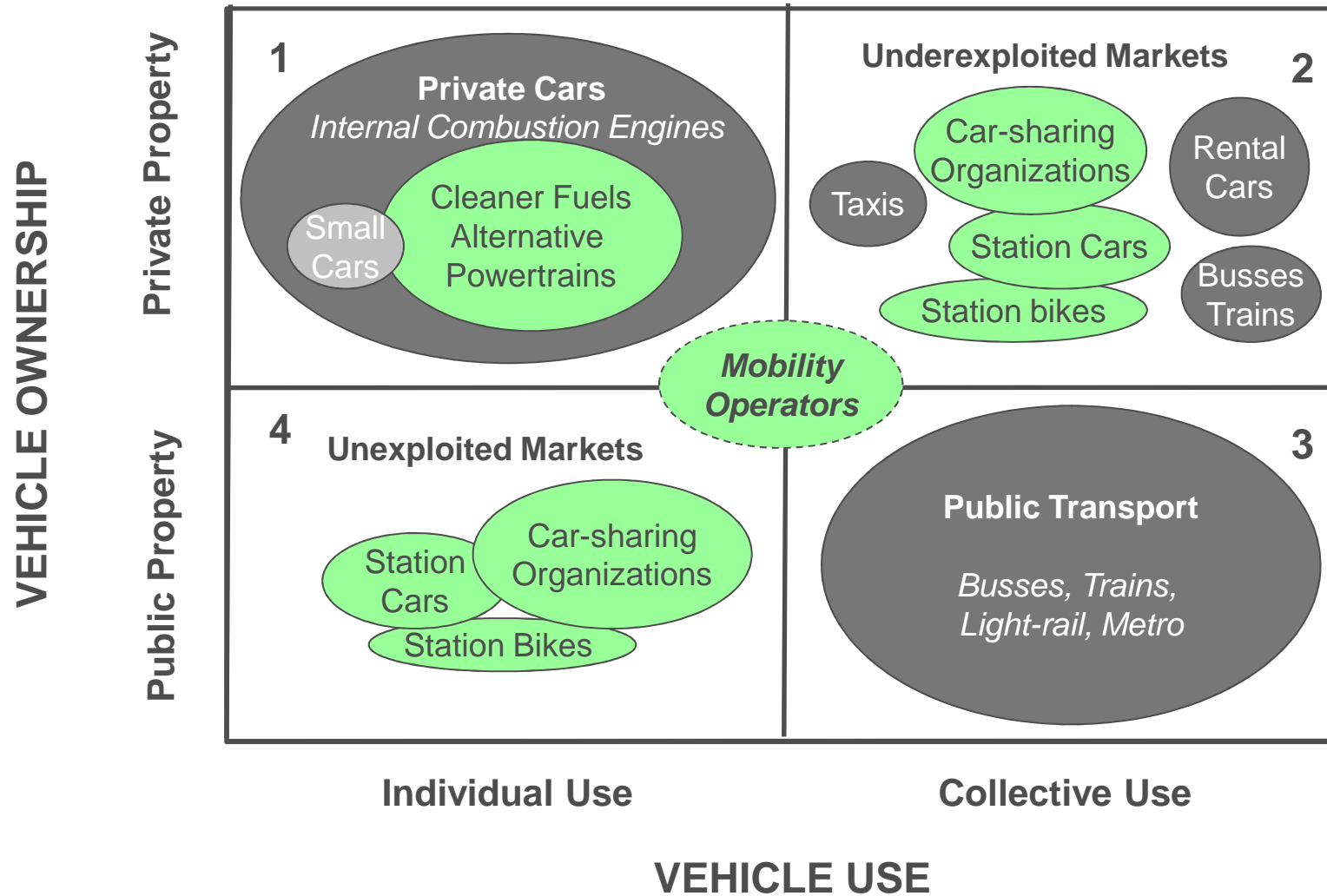


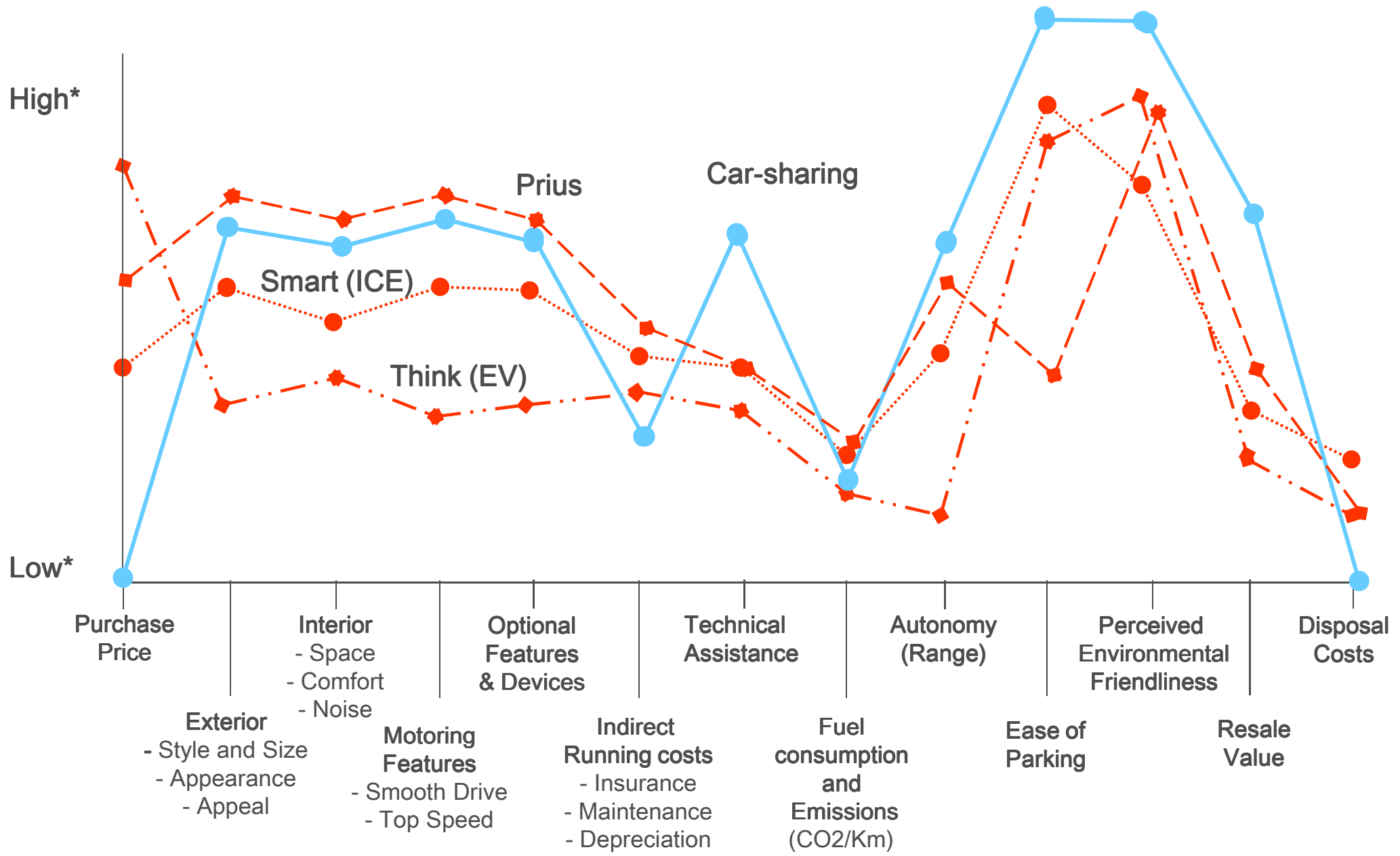
The TH!NK (EV)



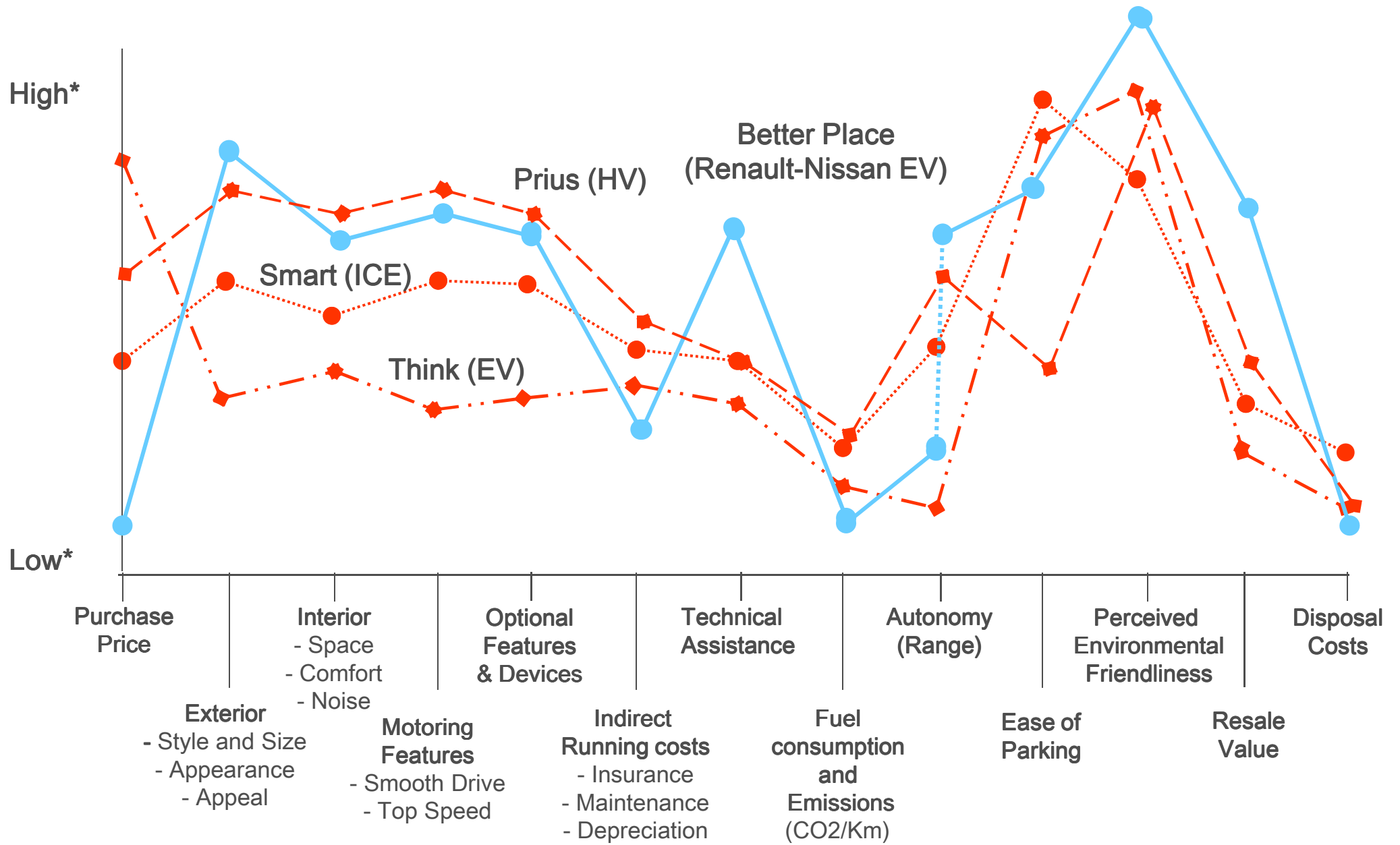


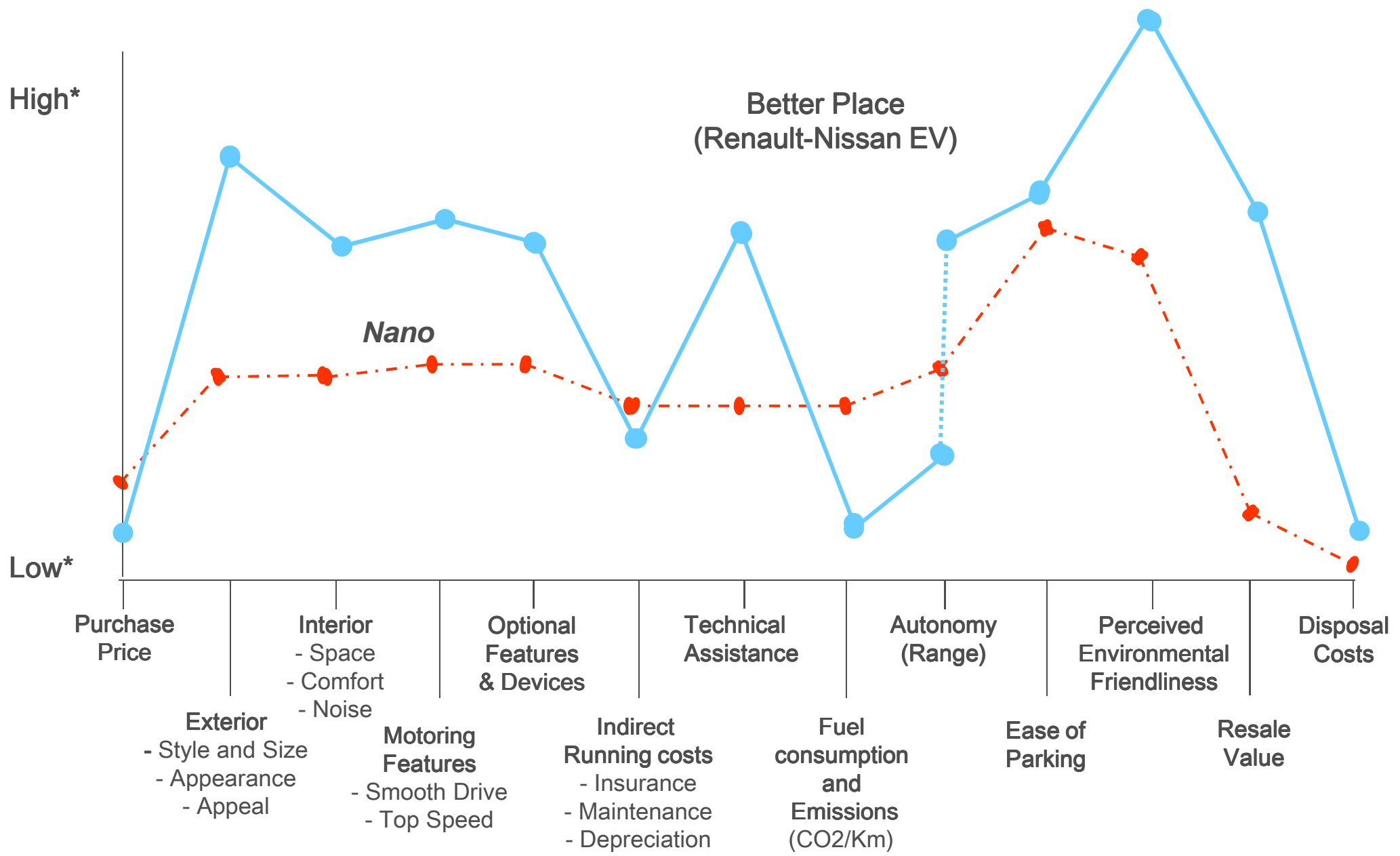
Market Spaces in Terrestrial Mobility





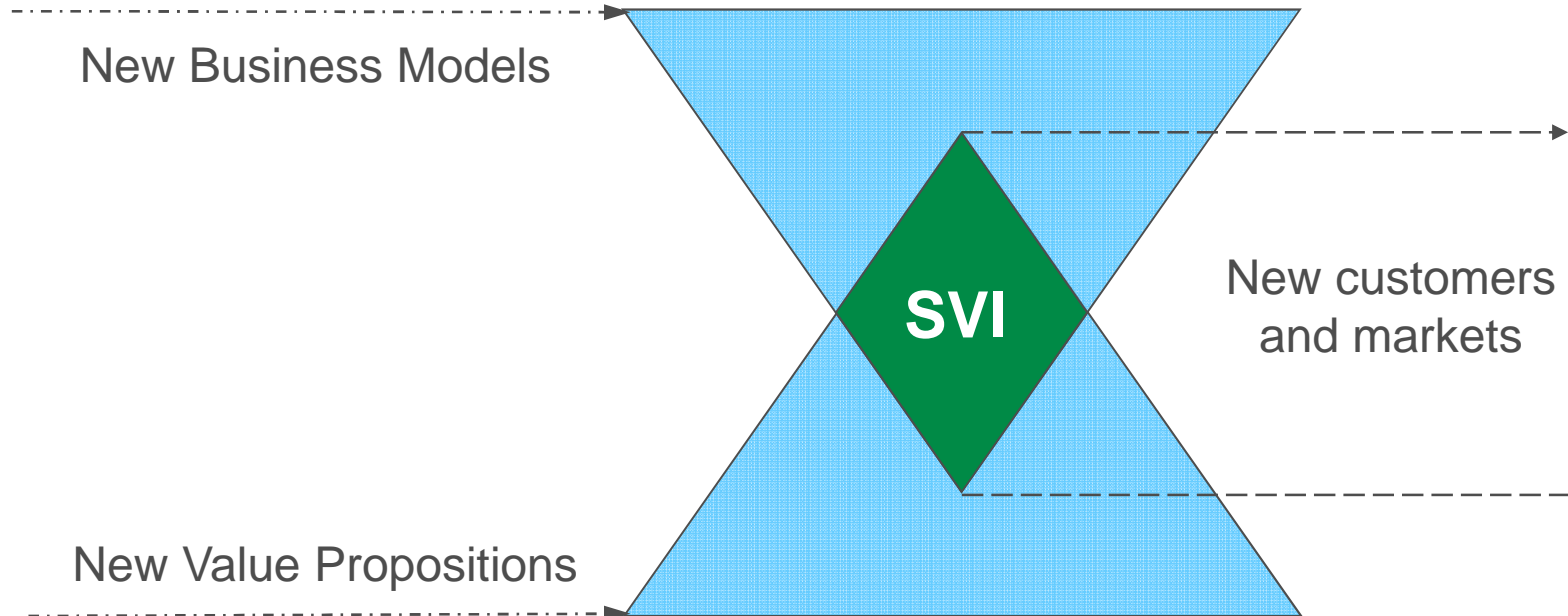






Lower economic costs and
Environmental impacts

Costs



New Business Models

New customers
and markets

New Value Propositions

Value

Higher value for customers and
contribution to society

Thank you!

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