

MARGA
HOEK

NEW

MORE THAN **50** BUSINESS CASES
FROM AROUND THE WORLD

ECONOMY

BUSINESS

SEVEN WINDOWS OF OPPORTUNITY

“A TIMELY AND INSPIRATIONAL BOOK” PAUL POLMAN CEO UNILEVER •
“COMPELLING, RELEVANT AND PROFOUND” DAN HENDRIX CHAIRMAN & CEO
INTERFACE • “A GROUND-BREAKING MANAGEMENT BOOK” PETER BAKKER
PRESIDENT WBCSD

NE[®]
NEW ECONOMY
PUBLICATIONS

Colophon



Recycled paper

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Editors: Felix de Fijter, Tekstbureau Vakmaten & Amie de Jeu, AdeJeu English Language Services

Translator: Amie de Jeu, AdeJeu English Language Services

Design, cover and illustrations: AnneMarie Adriaans, I AM creative

Infographics and figures: Dorus Galama

Printing: Ecodrukkers

Publisher: New Economy Publications, 2016

Website: www.neweconomybusiness.world

ISBN 978 90 8237 852 8 (folio)

ISBN 978 90 8237 853 5 (e-book)



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Icons

The content of this book is enhanced with illustrations, infographics, details, examples, and business cases. They are shown clearly using the following seven icons:



Case



**Facts &
Figures**



Infographic



**New
Framework**



Quote



Shortcut



Wrap up

- Case** More than 50 business cases are presented in this book to give practical examples of the content discussed in the different chapters.
- Facts & Figures** Relevant background information giving quantitative support to the content presented.
- Infographic** The infographics give informative, visual background information.
- New Framework** In each chapter, we introduce one or more new practical management models.
- Quote** Citations from CEOs, scientists or other experts enrich and clarify the information presented.
- Shortcut** The shortcuts concisely show contrasts and differences.
- Wrap up** Each chapter ends with a Wrap up. A succinct summary of the chapter.

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Forewords

Forewords: Paul Polman, Dan Hendrix,
Peter Bakker, Bertrand van Ee, Ton Büchner,
Dr Maurits van Rooijen, Jens Birgersson,
Frank Heemskerck, Gunter Pauli

Paul Polman

We all have a role to play

In this timely new book, a new form of business is advocated, i.e. one which serves the needs of the world and the population at large. As Marga Hoek succinctly puts it, “The economy is there for the world, the world is not here for the economy.” This is a principle I strongly believe in.

The necessity for transformation is supported by simply looking at the numbers: we are currently producing and consuming at rates which are not sustainable. This challenge needs to be addressed, and we all have a role to play.

My company has therefore adopted ‘The Unilever Sustainable Living Plan’ which forms the foundation for a new sustainable business model focused on creating long-term value. New and great business opportunities are presenting themselves as a consequence.

At the same time however, it is clear that the current group of frontrunners is still too small. We therefore need to form coalitions and partnerships with other businesses, governments and civil society to scale-up.

This book will provide ample inspiration to everyone willing to join this important journey.

Paul Polman
CEO Unilever, England

Dan Hendrix

So right and so smart

Twenty years ago, when Interface began its bold climb up what our founder and visionary pioneer called “Mount Sustainability,” we did so without a compass and without a map. Today, with tools like Marga Hoek’s book, businesses that wish to engage in the sustainable economy need only read this book.

New Economy Business contains a rich history and is written in an accessible style. Hoek makes a compelling case for not only pursuing sustainable goals in sync with the environment, but also aligned with our social, intellectual, and financial assets. She makes a relevant argument for the idea that the new economy revolves around value creation. Hoek also advocates for ‘glocalization’ which is focused localization in a context of global connectedness. Additionally, she makes a strong case for an increasing need for corporate transparency, an attunement to changing consumer values, and adaptation to the ever and quickly-evolving digital and mobile revolutions.

Looking at your company through the lens of a new paradigm –this new economy – will give you a new and profound way to view not only what you do, but how you do it, with whom you partner and employ, and where you invest your capital and R&D/innovation funds. If that is not the recipe for building a unique value proposition that will rapidly become a competitive advantage, I don’t know what is!

In memory of our late founder and chairman, Ray Anderson, I would propose to you that the ideas shared in *New Economy Business* are, in his words, “so right and so smart.”

Dan Hendrix
Chairman & CEO Interface, USA

Peter Bakker

Fascinating frame of reference

This book’s title, *New Economy Business*, implies we are about to encounter economic changes leading to a truly new economy. Is it a correct prediction? There’s no doubt about it as far as I’m concerned. However, the road leading to this new economy is not an easy one. We have to work towards a new form of capitalism in which we secure, as Marga Hoek rightly states, financial, social and ecological assets.

Businesses, leading ones especially, have a huge impact on the transition to that new economy. An impact that, for the most part, is not being utilised. The fact that this book addresses doing business in this new economy is, of course, progress. Hoek presents a fascinating frame of reference for doing business that will inspire every entrepreneur. I also urge scholars, politicians and other interested parties to read this spectrum of new insights and, more importantly, to let it sink in.

The interpretation of an economy based on the creation of value for the three assets must be made on all system levels. This is elaborated on in the book. What fascinates me is the power of accounting. As I often argue: this is the ideal place to realize and secure the vision of the new economy. Marga Hoek introduces the concept of the Chief Financial Officer becoming the Chief Value Officer which is logical, yet innovative at the same time.

This ground-breaking management book translates a clear vision into solid management models, with over fifty specific cases. And all of that in a very readable book which I strongly recommend.

Peter Bakker
President World Business Council for Sustainable Development (WBCSD), Switzerland

Bertrand van Ee

It is vital to spread the word

The world is moving at a pace that's unprecedented. The internet has made the world more accessible, global and local at the same time. In her book, Hoek provides a razor-sharp analysis of classic theories that are no longer applicable in our present times.

The book offers a stimulating overview of current innovation and relates it to a paradigm shift in the global economy, giving illuminating examples of business models that are flourishing. The broad sector and geographic coverage is impressive and educational to executive thinking. But this book is not only for corporations, it is a must-read for a larger audience including NGOs, policymakers, academics and the public sector, as the solution to our global challenges is often in co-creation.

Climate-KIC, EU's initiative focused on climate change and largest public-private partnership, supports collaboration across countries and companies by providing ground-breaking ideas and technologies. We also work with graduates from top universities to create a legion of change agents, and invest in start-ups through our Acceleration Program, where Hoek chairs the jury of the best cleantech ventures from across Europe.

To meet our global challenges, leaders must think differently and creatively about risks and continuity, combined with a broader responsibility to build awareness of the challenges and the solutions. It is therefore vital to spread the word and engage more companies in order to achieve greater impact. This book will help set the wheels in motion. It is a feast for the mind and for the boardrooms and is bound to provoke some disruptive executive thinking.

Bertrand van Ee *CEO Climate-KIC, England*

Ton Büchner

Lead the change

At AkzoNobel we believe businesses can inspire and lead the change that's needed. But radical transformations are needed across a range of industry sectors if the planet is to be able to support the lives of nine billion people by 2050. Businesses need to be bold, think differently and act differently. Thanks to Marga Hoek's book, *New Economy Business*, companies now have a fascinating guide to do just that.

New Economy Business is written in an accessible way and contains the kind of practical examples that we at AkzoNobel believe are so powerful. Hoek makes a compelling case for a new economic model based on value creation. According to this model, businesses should not only pursue goals that are sympathetic to the environment, but should also take into account social, intellectual, and financial aims.

Perhaps more importantly though, Hoek takes readers back to the core element of business – the customer. And she reveals how companies can grasp the opportunities of the sustainable economy to create business success.

As we say as part of our Planet Possible strategy, just because the world's resources are limited doesn't mean businesses have to limit their ambition and limit their chances of future success.

Ton Büchner

CEO AkzoNobel, The Netherlands

Professor Dr Maurits van Rooijen

A new economy based on a new education

In this book Marga Hoek presents the reality of an emerging new economy, based on innovation and sustainability, and the need to challenge old paradigms. The old economy, by definition, is not fit for the future. We may not like it, but new challenges at macro level and new opportunities demand a new economy. This book provides the reader with valuable insights on how the new economy could – and should – look like.

As an educator, this is of crucial importance. The new economy is not a concept, it is an action plan, to be created by a new generation of leaders. This is where education plays an important role. We need to prepare new generations to function effectively and responsibly. The new economy is at the core of this challenge. But the education task is not just about teaching new generations. It is equally about implementing education as part of the ongoing transformation, also at organisational level. In addition to providing learners with work-integrated learning opportunities, our task as educators is to also supply working professionals with learning-integrated work. Sustainable innovation and organisational transformation cannot happen without learning.

All this needs to be approached with a truly global mindset. I am very pleased to be working with Marga Hoek on the development of a new academic programme completely based on the findings of this book. We not only applaud the author for such an insightful work, but we want to be an active part of the emerging global society and help graduates to be a force for good in that process.

Professor Dr. Maurits van Rooijen

Chief Academic Officer Global University Systems, England

Jens Birgersson

Social value requires a different mindset

The insulation industry has a clear and pressing target: significant improvement of energy efficiency. It is a high priority because of the environmental impact of using 40% of the world's energy to heat and cool buildings.

With her book *New Economy Business*, Marga Hoek sets the focus on another important opportunity: the social value. As she says, it is one of the most uncharted areas.

The World Green Building Council (in their 2014 report) explains that 90% of operating costs for an office building are related to staff; 9% are building related costs such as rent, and only 1% are energy costs. It goes without saying that every effort should be made to reduce energy consumption, but attention should also be given to the impact of the building's design on users. As an example, if more attention is paid to the acoustics, thus improving speech intelligibility, this could have a positive influence on stress levels and absenteeism.

This approach requires a different mindset when designing and renovating. It also requires the building industry to be able to justify the investment. It is, in other words, one of the epitomes of value creation, as illustrated by Hoek in this book.

The ambition of ROCKWOOL is not only to keep improving our own processes but also to support our stakeholders in order to create a sustainable society. We have at least one element to investigate further - the social impact, and we will certainly use this book as a source of inspiration to help us deliver the benefits of the triple bottom line.

Jens Birgersson

CEO ROCKWOOL Group, Denmark

Frank Heemskerk

We need to scale up

Marga Hoek has been dedicated to sustainable entrepreneurship for years. She consistently shows how sustainability can be profitable for business and society by conveying her vision and translating it into concrete examples.

In this highly accessible business book she clearly describes both analytical frameworks as well as many best practices. She gives examples of entrepreneurs and successful companies that are both driven by sustainable values as well as creating them.

Unfortunately, sustainable business is still not common. The number of progressive leaders is still too low. We all need to do more so we can remain sustainable. We need to scale up. It is therefore crucial for pioneers in this movement to share their insights with other business leaders, politicians, scientists and consumers.

I am convinced that entrepreneurs and all other readers will gain knowledge and inspiration from *New Economy Business*. If companies, investors, citizens and consumers take actions in the spirit of this book, we will be able to hand over a better and fairer world to future generations. Because that is what it is all about.

Frank Heemskerk
Dutch Executive Director World Bank, USA

Gunter Pauli

Back to the basis of the economy

There is no doubt about it, our current economic system cannot be sustained. More of the same, less of the bad, tightening the belts and hoping for a decrease in unemployment... this is not the way to sustain our society. This is not a plea for rebellion or the building of barricades, but a recognition that things could be a lot better. To answer the question, “How?” Marga Hoek offers a clear vision which is more than welcome – it is essential.

She brings us back to the basis of the economy: The customer. Philip Kotler argued that companies should sell what the client wants. This principle has been adopted by business studies, but not in the business world. In practice, companies sell what they make, what they invent and what they want to promote by large scale production and standardization. They are always looking for a better profit margin and cash flow. The sale of inventory – based on supply chain management – leaves little room to guarantee added value to the customer.

The idea of transforming the Chief Financial Officer into the Chief Value Officer is not only refreshing, it shows how bold the transition to the new economy would be when the customer is king once again.

Gunter Pauli
Author of *The Blue Economy* and Chairman Novamont, Japan.

Co-creation and Cooperation

This book was not created by me alone. It was in fact the result of a collaborative effort by many people. When the book won the Management Book of the Year award in the Netherlands, many people won, which was truly a great achievement.

The development of this global book has been a co-production with an international team. It has been enhanced from intensive crowdsourcing, numerous interviews with CEOs and input from leading scientists and opinion leaders. This process is in accordance with the integral vision of the new economy, and I am truly grateful for the time over 325 people have spent contributing to this publication, and for the trust given by sharing their insights, sources and knowledge.

Global businesses and knowledge networks were crucial in the development of the content and the identification of business cases throughout the world. They will be just as crucial in helping to spread the messages and knowledge provided here. Since this book is a

means to a higher end, I am thankful for their help in giving this book its impact and for their commitment towards realizing the higher goal of making ‘business for good’ the norm in today’s new economy.

Sharing the knowledge

The content of this book is meant to be shared with as many as possible. For this reason *New Economy Business* is licensed by the innovative American licensing organization Creative Commons under the license: Name registration – Non-commercial. This particular license was purposefully chosen in order to permit and encourage readers to share the visions, thoughts, knowledge and examples presented in this book. This also applies to the written text, figures and infographics. High resolution images may be obtained by writing to: info@neweconomypublications.world. Readers are requested to consider the intellectual integrity of the author. For further information on the license terms and conditions, please visit: www.creativecommons.org.

Global business & knowledge networks



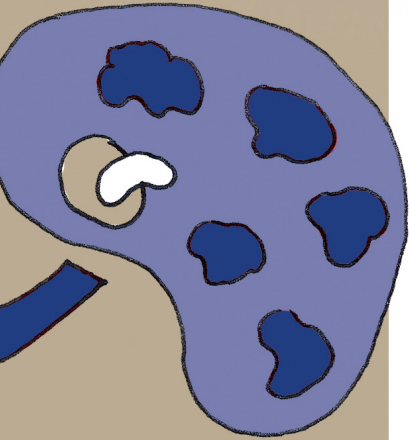
**“The economy is
there for the
world, the world
is not here for
the economy.”**

Marga Hoek

Chapter 0

The New Economy





In the new economy our primary assets and transformative trends interact, creating significant opportunities for sustainability.

Value is created for all our assets: ecological, social, and financial.

Transformative trends including disruptive innovative technology, glocalization, and changing consumer values are shaping and accelerating the new economy.

Introduction

The global challenges of our time require a radical shift in our economic perspective. The linear take-make-waste paradigm is no longer valid. We must bid farewell to the traditional economy built on exploitation and short-term perspectives. A new economic design must emerge if we are to build a sustainable future. It is not enough to strive towards minimizing the 'bad', the new economic model must boldly aim towards achieving good.

The new economy is a broadly defined economy, including all assets, in order to create maximum value and growth. Our assets are utilized in the new economy but without permanently exhausting them. Instead, they are cherished, and value is added when possible. This new course is changing the face of the economy in a way that cohesively corresponds with the current transformative trends and the new economic order.

Transformative trends including disruptive technological advances, glocalization, and changing social values have a huge effect on our world and our economy. Societies are utilizing innovative technology and new socio-economic movements are emerging. It is the integration of these transformative trends, together with the creation of value for our three primary assets, that form the essence of the new economy.

The current socio-economic developments present opportunities to integrate sustainability in daily practice. While civic society and the scientific community play pivotal roles in moving our world towards a sustainable future, it is business explorers that will lead the way towards the new economy. Businesses are, after all, unique in their ubiquitous nature; they can transcend borders; they can be local and global at the same time; and they have far-reaching networks and enormous power. Therefore, in *New Economy Business*, we zoom in on this group and explore how businesses are engaged in the new economy.

Businesses are working towards creating a positive impact on the world in the new economy. They recognize that the economic transformation creates great opportunities. There are new markets and customer propositions to explore and greater continuity can be achieved.

Seven windows of opportunity

To demonstrate where these opportunities can be found and give example cases depicting successful business endeavors, the chapters in this book are divided into seven management themes that are as old as business itself: Customers, Scale, Innovation, Business Case, Financing, and Leadership. Although the chapter on Value Cycle may seem unknown, this is the new economy approach to what has been known as the supply chain. While these themes are familiar, the approach may not be. This book will guide you through the familiar terrain and show you how the landscape is changing.

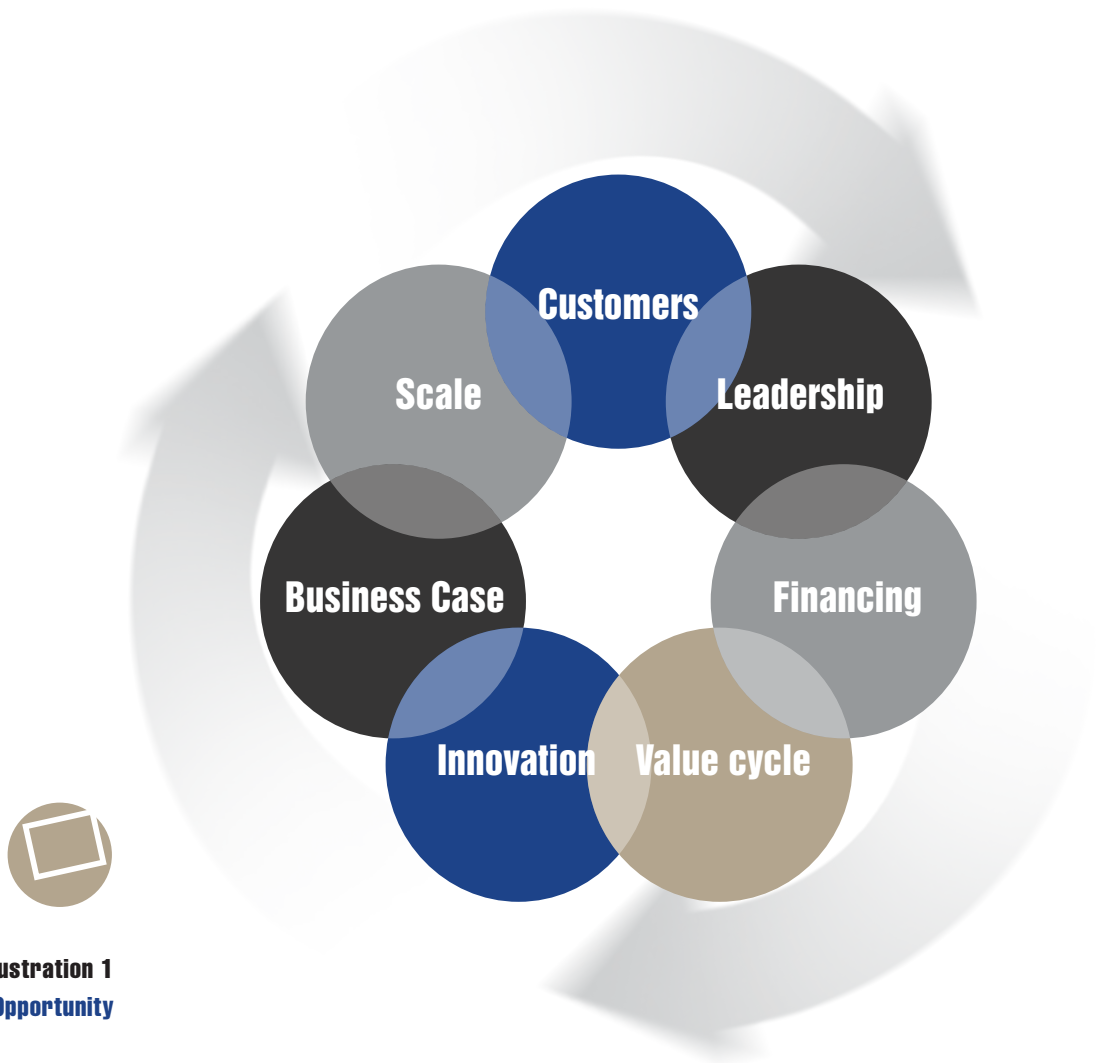


Illustration 1

Seven Windows of Opportunity

Business can be profitable and sustainable at the same time. We do not need to exploit people and the environment in order to succeed. We can learn lessons from the economic models that are outlined in this chapter and incorporate the positive motives with practical methods to achieve sustainability for our environment, population, and economy. As Robert F. Kennedy Jr. recently said in a presentation, “The premise that you need to choose between economic prosperity on the one hand and environmental protection on the other is a false choice.” With innovation, appropriate leadership and the drive to promote a value-adding perspective, we most certainly can achieve both.

This chapter sheds light on the foundations of the new economy and the way the various players within it operate. The following points will be discussed:

1. The new economy revolution

The new economy is the culmination of the evolution of economic revolutions and sustainability revolutions.

2. The new economy; all assets count

The new economy is comprehensive and focuses on all our assets: ecological, social, and financial. At its core, the new economy is value driven, sustainable, and circular.

3. Interacting transformative trends shape the new economy

Current transformative trends, including digitalization and global internet use, as well as changing consumer values, harmoniously interact with the principles of the new economy.

4. Pioneers

Today’s trailblazers are shaping tomorrow’s economy. Visionary business owners, politicians, scientists, and consumers are preparing the frontlines for the rest to follow.

5. New economy business

The title gives it away; this book zooms in on one group at the forefront of the new economy – entrepreneurs. Why? Because it is the business world that is at the heart of the new economy revolution. In a revolution for a sustainable economy, it can be no other way.

6. Seven windows of opportunity

New economy business is more entrepreneurial than ever before. The following chapters will expand on this and show how opportunities in the new economy relate to seven classic management areas. These management themes are undergoing a completely new and disruptive makeover. The seven chapters describe seven windows of opportunity that give a whole new outlook on business and the economy. It is a view to success.

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