

Kingfisher Imagining a new sustainable capitalism

Sustainable Business Blog – Guardian.co.uk

Posted by

Ian Cheshire for the [Guardian Professional Network](#) Thursday 24

March 2011 10.16 GMT

guardian.co.uk

We need to radically redesign our business models with less emphasis on growth and more on wellbeing, says **Ian Cheshire**, CEO of DIY retail chain, Kingfisher/B&Q.

In the middle of the most protracted downturn for a generation, many businesses could be forgiven for just concentrating on surviving, rather than re-imagining their future. However, I believe that we are now faced with the need for real reinvention of our high resource-impact business models, and that those leadership businesses that rethink their future will benefit in the next wave of change.

Starting with need for change, in a world of \$100 a barrel oil, business models assuming an implicit abundance of free resources cannot by definition be sustainable. The stress on the natural capital in our world, the impacts on ecosystems such as forests, reefs and fisheries are producing major changes in costs and supply of materials for all businesses.

Infinite high resource intensity growth is simply not possible, and we are already living off our future capital. It may be gradual but most businesses will have to adjust to a very different reality.

That reality will still be a version of capitalism, and needs to be a positive vision rather than a doom-laden return to the stone age, but it needs to rethink the point of the system.

Instead of the goal of maximum linear growth in GDP, we should be thinking of maximum wellbeing for minimal planetary input. That starts to challenge business to go beyond efficiency gains, useful though they are, and really redesign their business models.

So, for example, we as retailers are examining how we might shift from selling items such as a power drill to selling the use of it, perhaps through leasing or fractional ownership. The other possibility is for us to redesign products in a cradle to cradle context, so that we run the whole recycling loop, making our value-

add from controlling the component materials in the product rather than a one-time fire and forget sale.

The wellbeing challenge also forces us to think about our total impact as a business rather than the narrow shareholder value lens, since businesses that do not create broader social value will again not survive the longer term.

This is easy to say, but extremely difficult to make real, for two reasons. Firstly, it is very hard when you are inside one paradigm, to really visualise a different one. For example, asking someone in an agrarian society to imagine a mass industrialised world, or another extreme, asking the slave owners of the 18th century to imagine a world of free labour being better for economy and society in the long run. So we will have to work at this, with initiatives such as Business in the Community's vision for a sustainable future offering practical tool kits to get started.

The second challenge is that businesses get comfortable with success and tend to treat new developments with suspicion, creating a sort of tissue rejection. Because of this, we need to work with the commercial grain of the organisation to make change happen, rather than leave it to a specialist CSR department. Unless the commercial teams embrace this change and see it as creating opportunity, it will not succeed.

The unlock is to see this crisis as creating opportunity for the leaders of change, and harnessing all our human ingenuity. For us at Kingfisher/B&Q, the sustainability challenge started back in the late 80s when we started thinking about the sources of wood in our garden furniture. That question led to our founding involvement in the [Forestry Stewardship Council](#), and then took us on similar journeys on topics as diverse as peat-free compost, cleaner paint and now into helping our customers "ecovate" their homes. Along the way we are proud to have developed some key partnerships to drive our thinking, notably with WWF/Bioregional on [One Planet Living](#) as well as the [Cambridge Programme for Sustainability Leadership](#).

All these initiatives and links came from us facing into a future challenge and working out what opportunities it created. I remain an optimist since I believe we have not really started the task of reimagining our future and not yet really harnessed the talent in the organisation.

One last suggestion is that each organisation needs to find its own distinctive contribution to this revolution. Whilst everyone will look at cutting emissions, reducing waste, etc, what are the real priorities where you uniquely can make a difference?

For our part we will be focusing on four big themes as well as doing the day job of improving our business models resource impacts.

Firstly, timber, where we have become the first UK retailer to have 100% responsibly sourced wood products, but where globally more needs to be done, notably on illegal timber.

Secondly, energy efficiency - both in our business but also to help our customers create more energy efficient homes.

Thirdly, community - as we operate over 800 stores in neighbourhoods around the world, we are in many communities with 80% of our customers coming from less than 20 minutes away. Along with the wellbeing of our customers and colleagues, communities will be central to our future.

Finally, cradle to cradle product design - radically rethinking our ranges to create a different lifecycle of product use and different business models for creating value. The challenges in our future are enormous but the opportunities for the leaders are even greater.

Ian Cheshire is CEO of Kingfisher