

Toward “Sustainability 2.0”: Making the Perspective Shift

K.E.Y.
PLATFORM
2014 April 23 – 24, 2014
Conrad Seoul, Korea

Jisung Park
Founder and Co-Director, S&S
Economics PhD Candidate,
Harvard University



PERSPECTIVE SHIFT



A HOLISTIC VIEW

“SUSTAINABILITY 2.0”

HAVE TO DO



WANT TO DO



narrow, **check-the-box-and-move-on** mindset

creativity and innovation



“SUSTAINABILITY 2.0”

Conceptual Framework

Compliance Obligation

3

COMPANIES

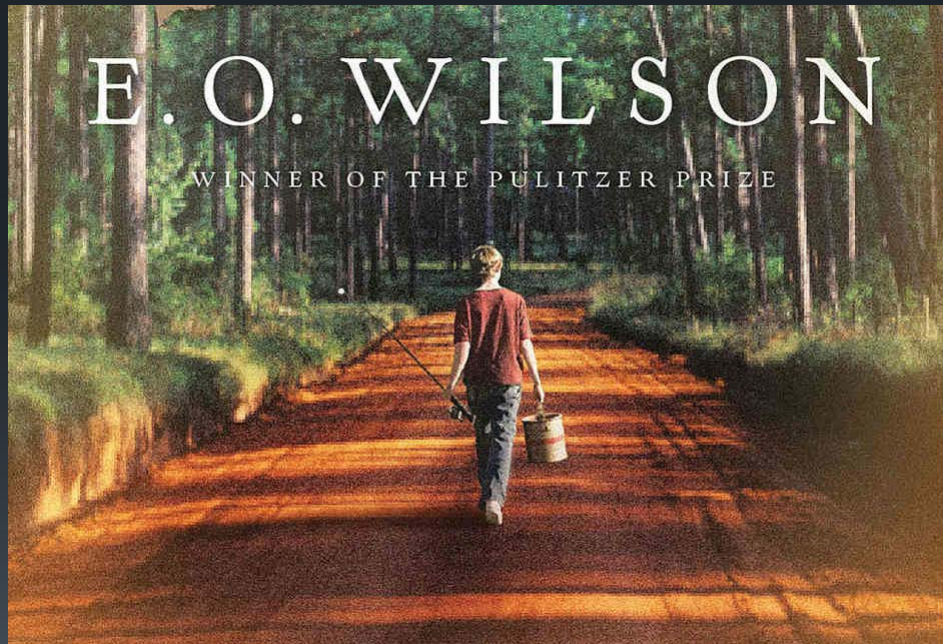
2

PIECES OF ECONOMICS

1

SHORT STORY

ECOLOGIST



ECONOMY



ENVIRONMENT

UNSUSTAINABLE

BIG **BAD** BUSINESS  



Sustainability and development were **NOT** at odds



taking a **holistic view**

sustainable & development
hand in hand.

SOCIAL VALUE CREATION

3 1 COMPANIES

Walmart
Save money. Live better.

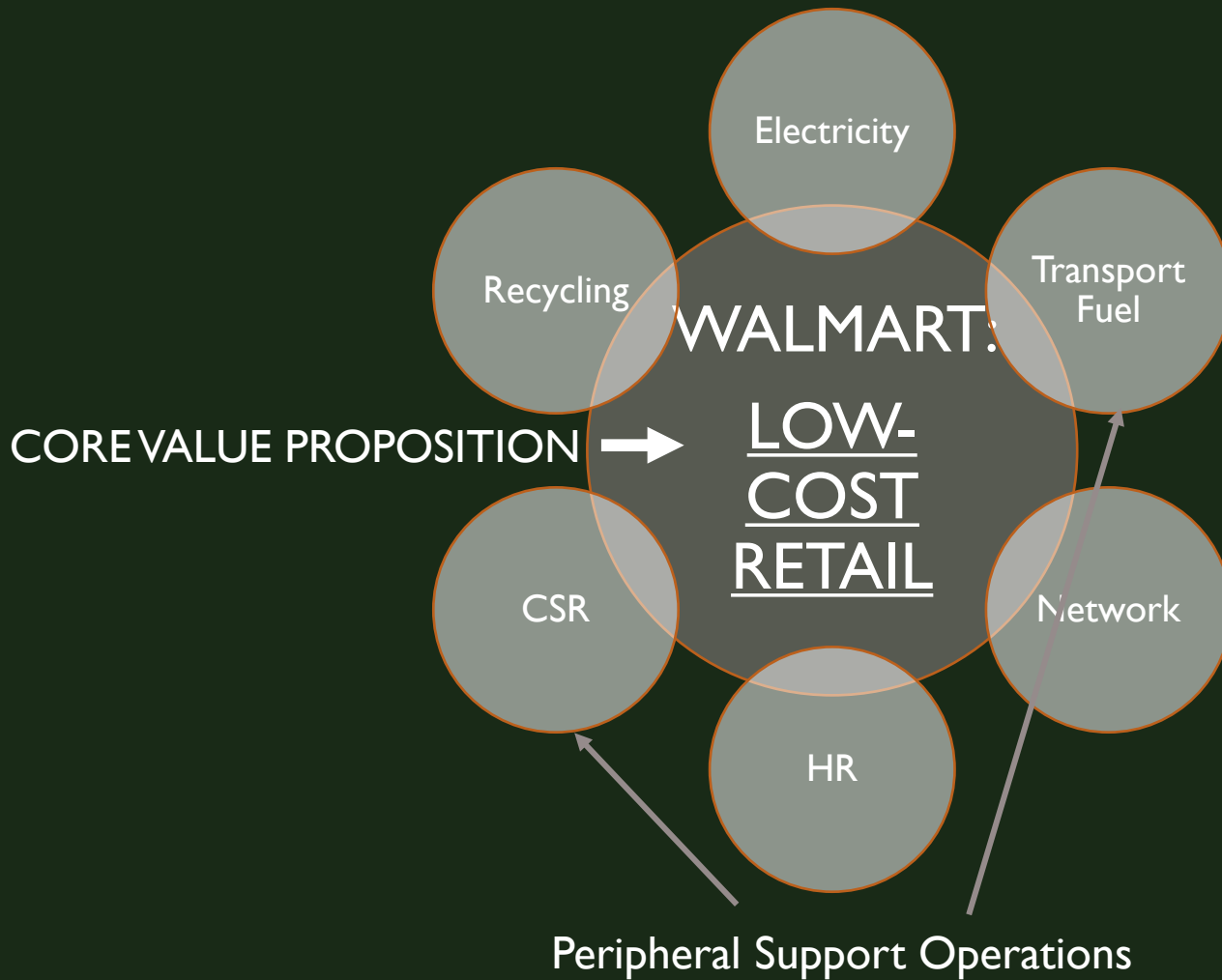


Hundreds of millions of dollars (\$130m in 2012)

BUT

Sustainability is still somewhat peripheral





“70% of all CEO’s responded that “*sustainability*” is an important issue for management.”
(BCG, 2013)

IN WHAT FORM?



PLEASE
GIVE

The leading edge,
The innovation frontier

DEEPER

WIDER VIEW OF SUSTAINABILITY



SOCIAL NEEDS



3 2 COMPANIES

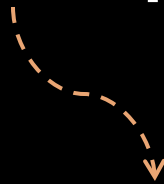
2013 US Car of the Year?



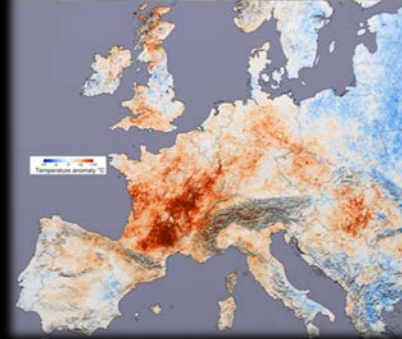
TESLA MOTORS

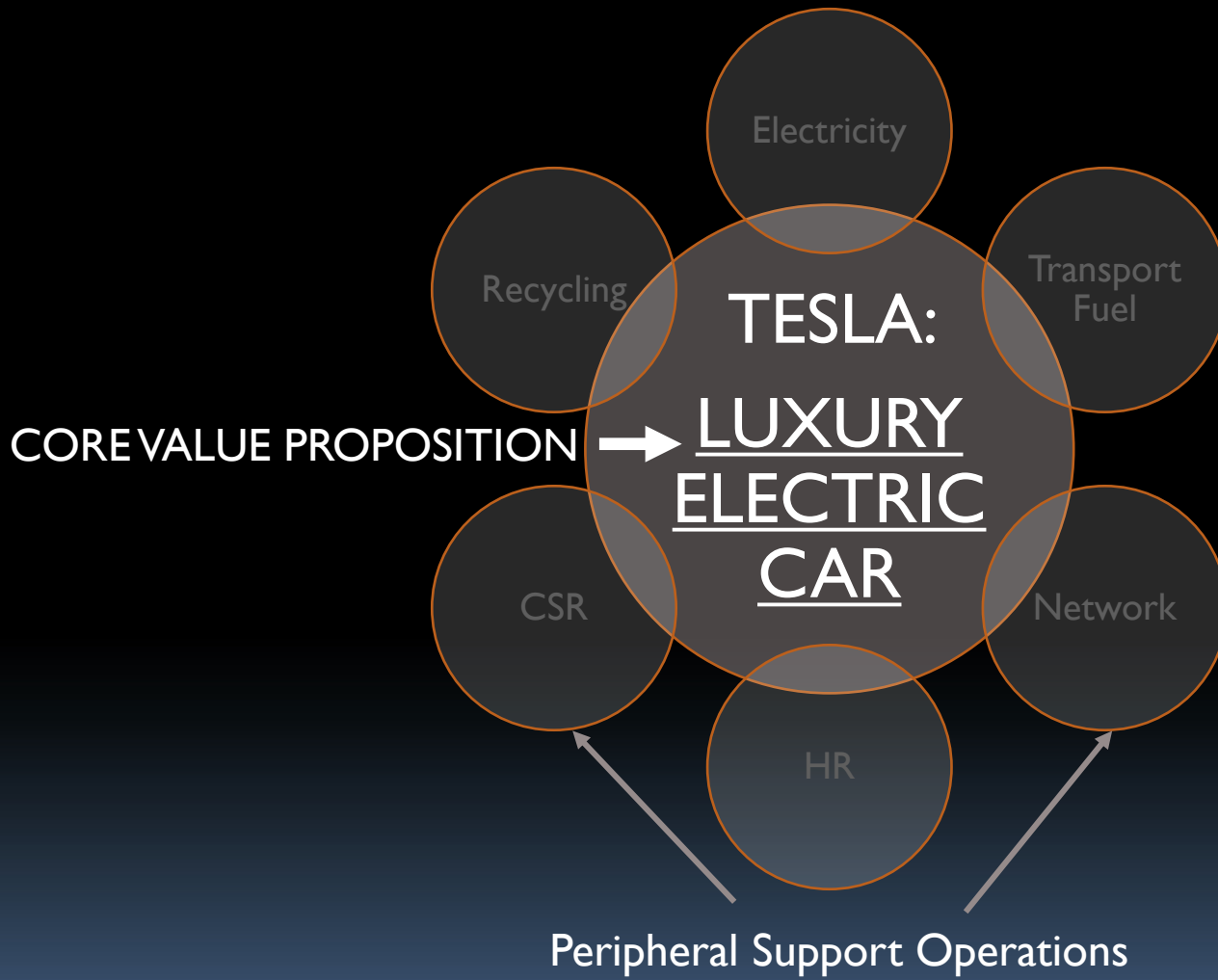


social problem



the problem of climate change





Enter name(s) or symbol(s)

GET CHART

COMPARE

EVENTS ▾

TECHNICAL INDICATORS ▾

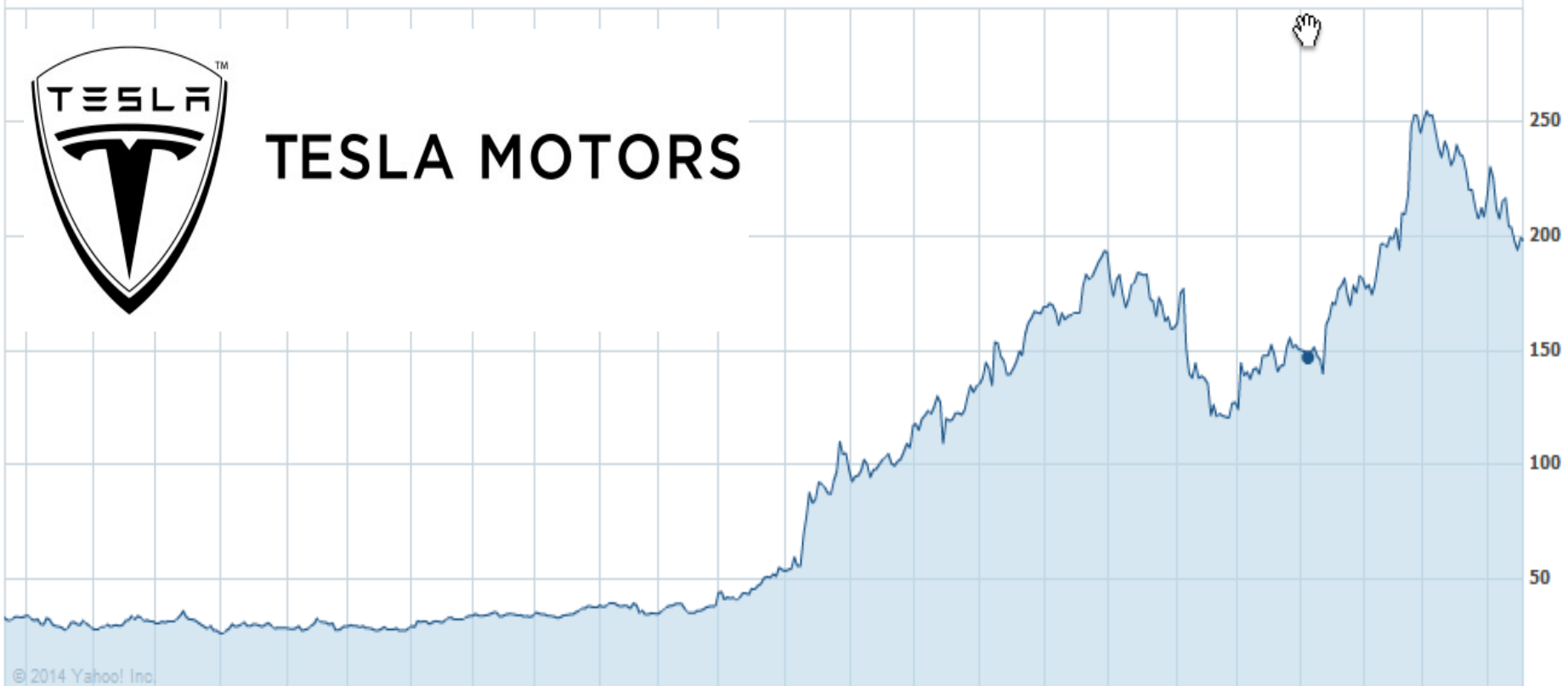
CHART SETTINGS ▾

RESET

Jan 6, 2014: ■ TSLA 147.00



TESLA MOTORS



2012 Jun Jul Aug Sep Oct Nov Dec 2013 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014 Feb Mar Apr

■ Volume: 5,361,100



1D 5D 1M 3M YTD 6M 1Y 2Y 5Y

FROM: Apr 20 2012

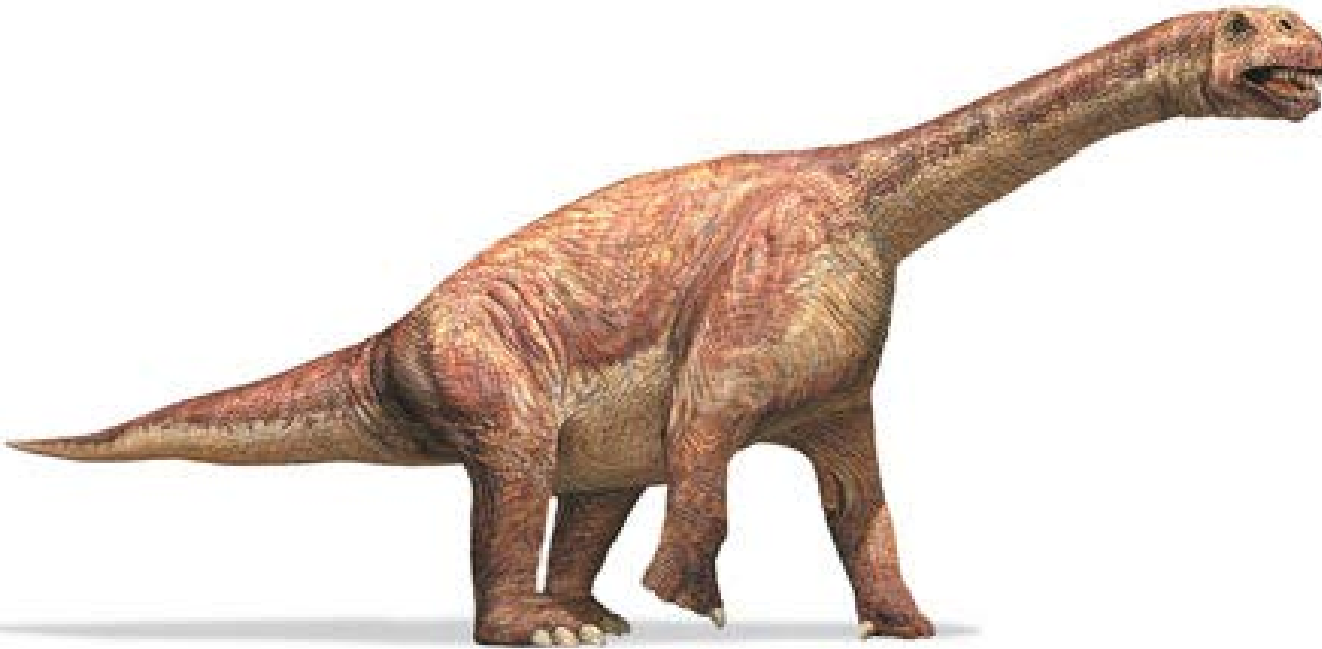
TO: Apr 17 2014

+497.47%



3 COMPANIES

Old
Unwieldy
Increasingly Outdated



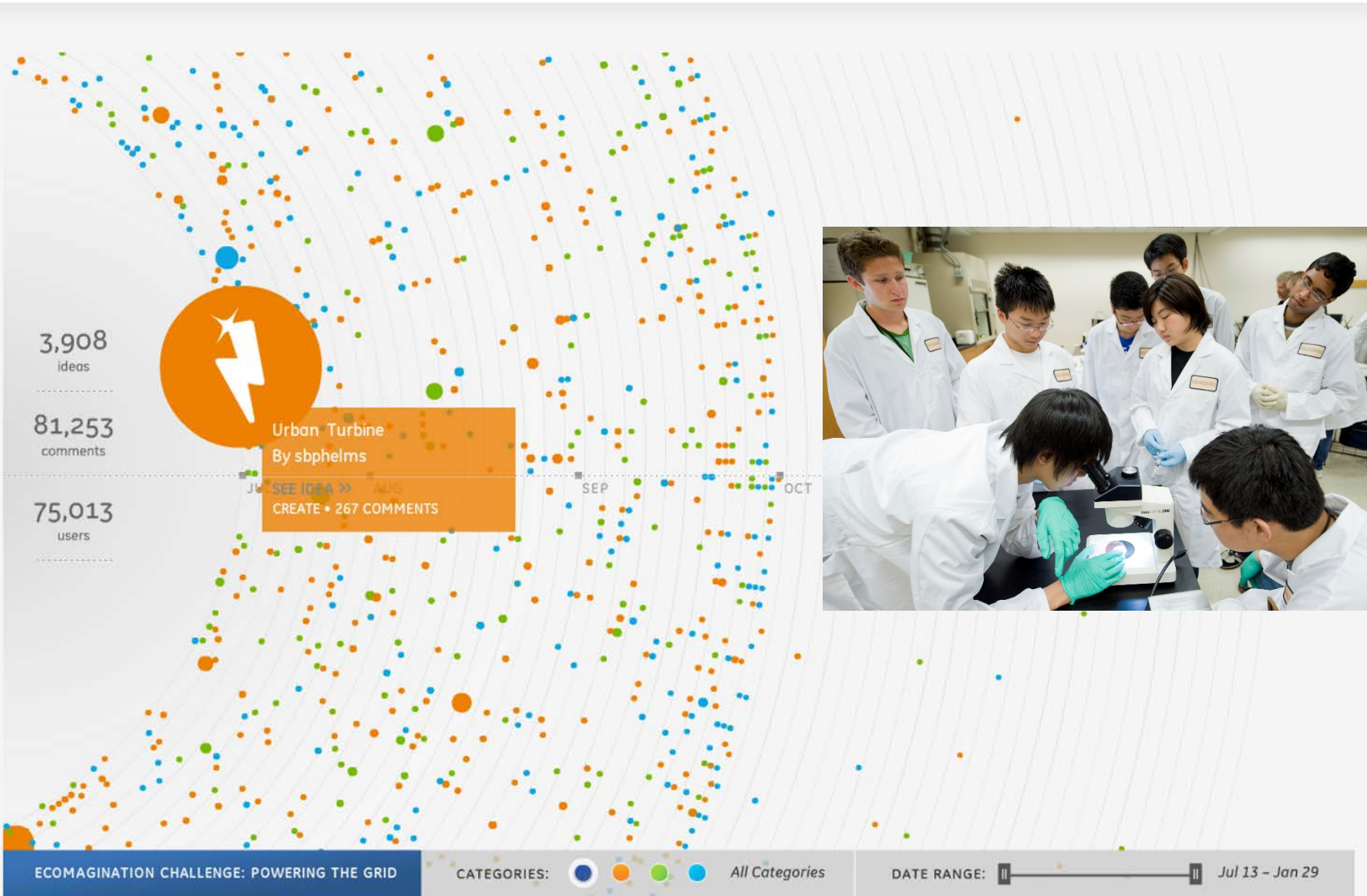


resource scarcity



leveraged the power of networks and social media

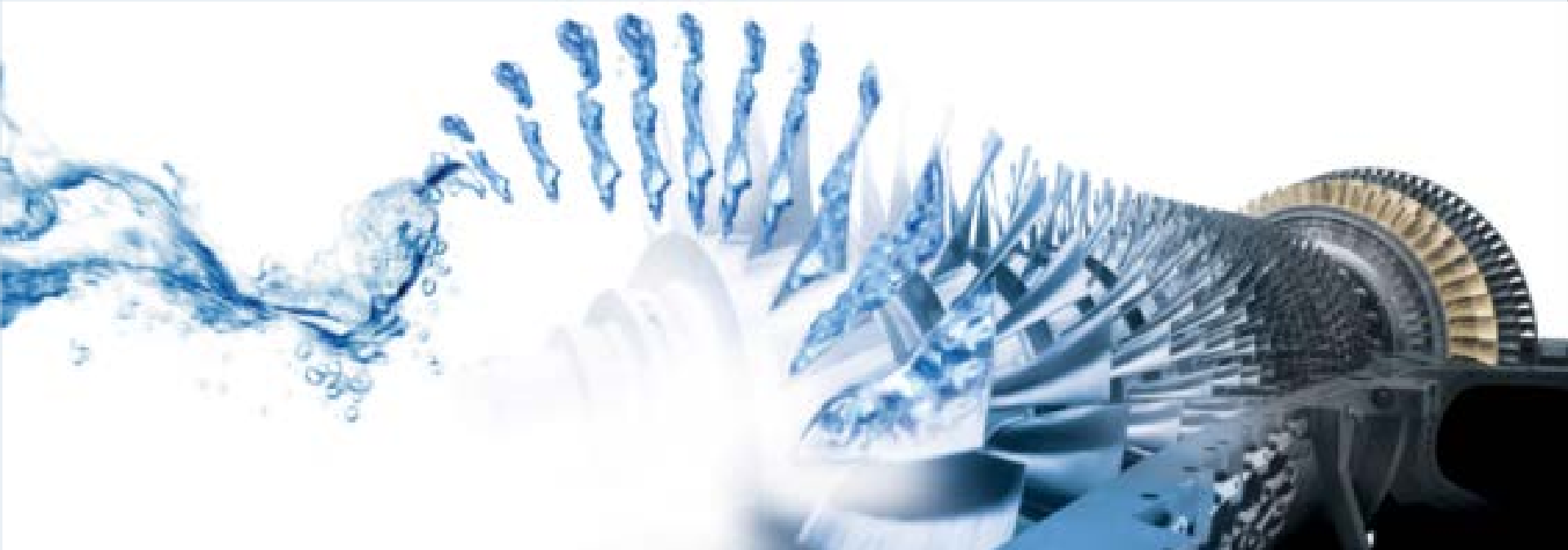
“crowd-sourced”



GE Water

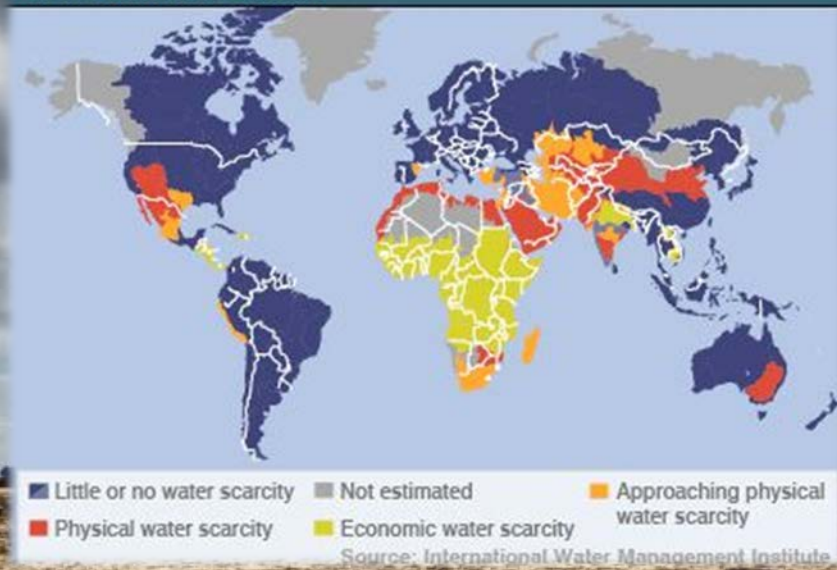


GE Power & Water
Water & Process Technologies



water scarcity

WHERE WATER IS SCARCE

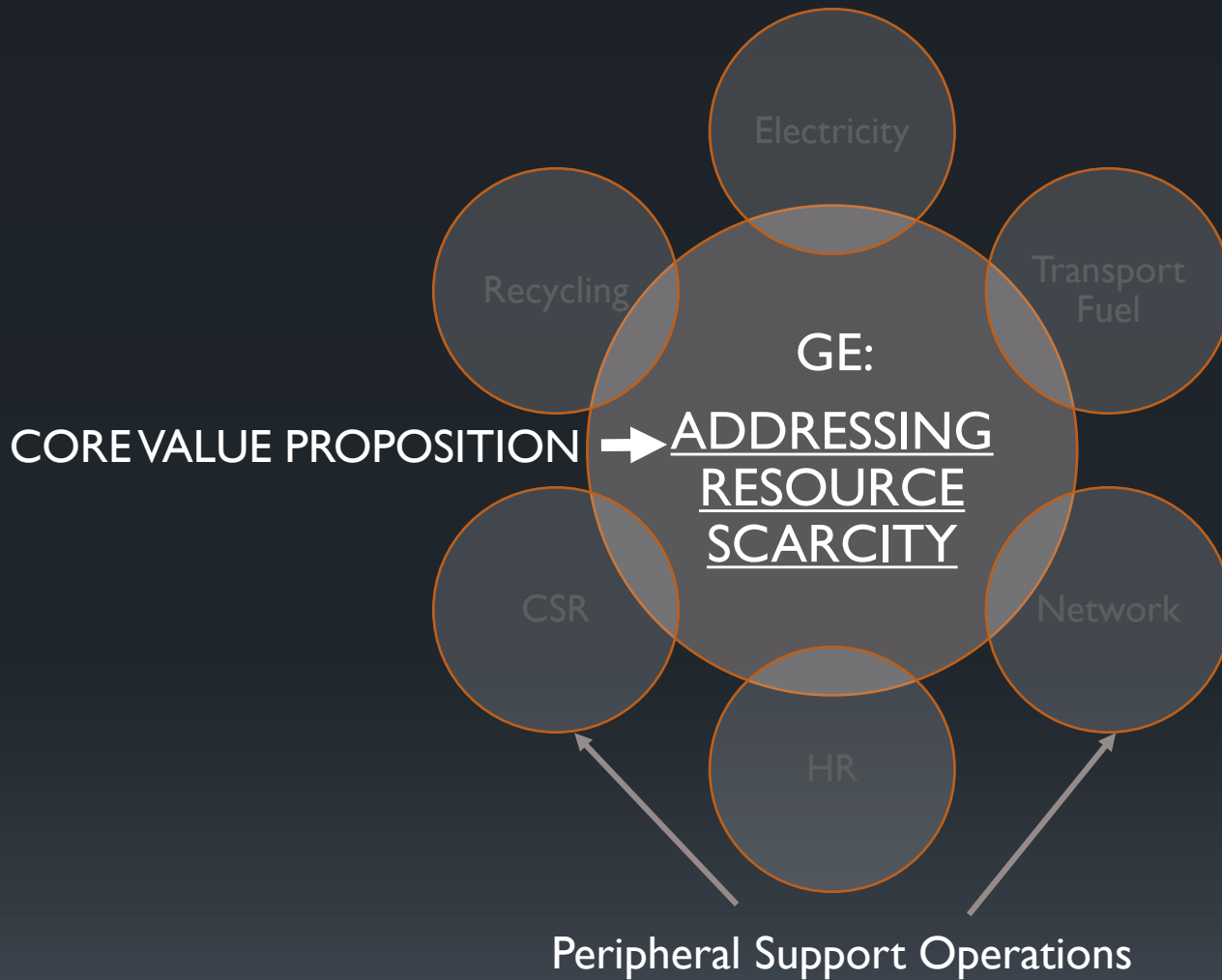


Why did this work for GE?

Anticipate a shift in
scarcity

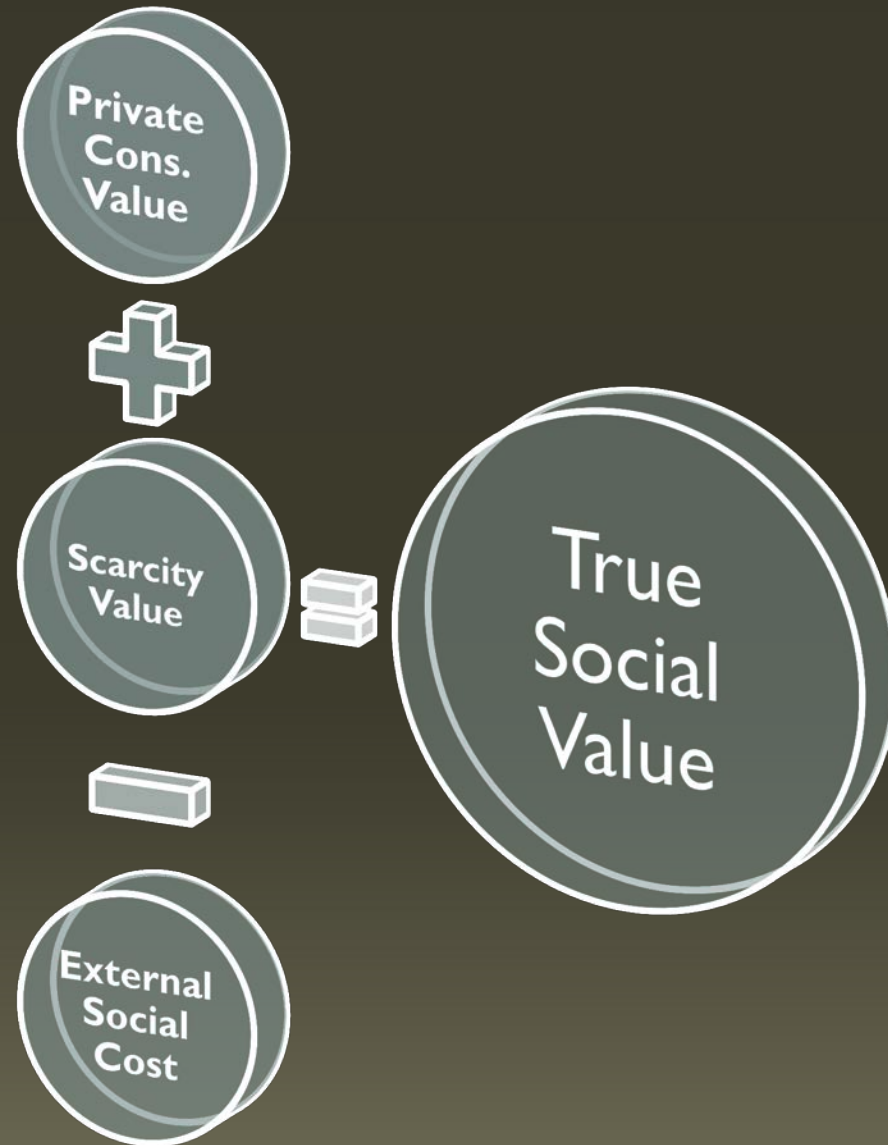
SOCIAL VALUE CREATION



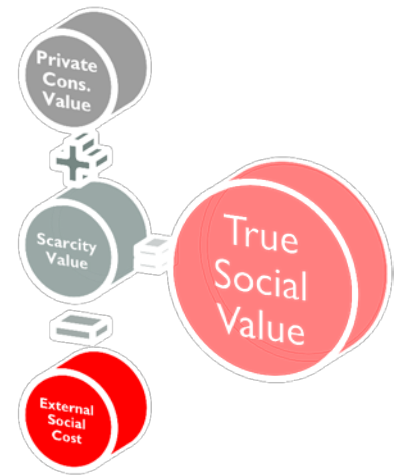


2 1
PIECES OF
ECONOMICS

In the long run,
To a rough approximation,

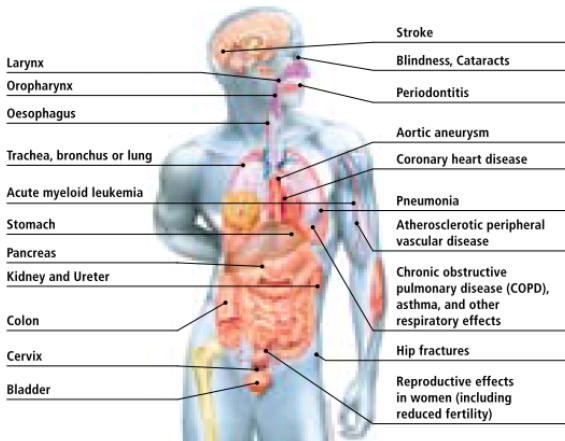


negative external cost



DISEASES CAUSED BY SMOKING

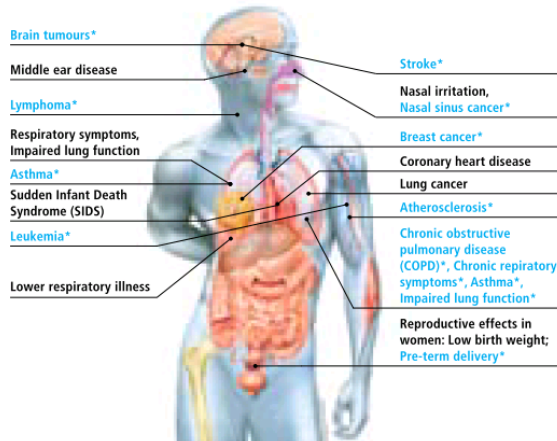
CANCERS



CHRONIC DISEASES

DISEASES CAUSED BY SECOND-HAND SMOKE

CHILDREN



* Evidence of causation: suggestive
Evidence of causation: sufficient

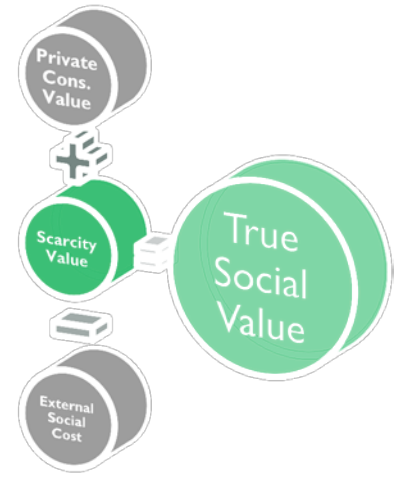
ADULTS

Source: U.S. Department of Health and Human Services. *The health consequences of smoking: a report of the Surgeon General*. Atlanta, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2004 (http://www.cdc.gov/tobacco/data_statistics/sgr/sgr_2004/chapters.htm, accessed 5 December 2007).

Source: U.S. Department of Health and Human Services. *The health consequences of involuntary exposure to tobacco smoke: a report of the Surgeon General*. Atlanta, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, Coordinating Center for Health Promotion, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2006 (<http://www.surgeongeneral.gov/library/secondhandsmoke/report/fullreport.pdf>, accessed 5 December 2007).



Scarcity value



**True
Social
Value**

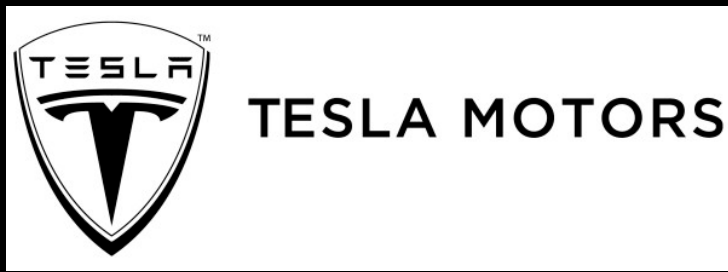


**Produc-
-tion
Costs**

**(\$)
Profit (\$)**

*See the fundamentals behind
these trends*

**SOURCE OF
PROFIT POTENTIAL**



the **negative** externality cost of
carbon and other fossil fuels



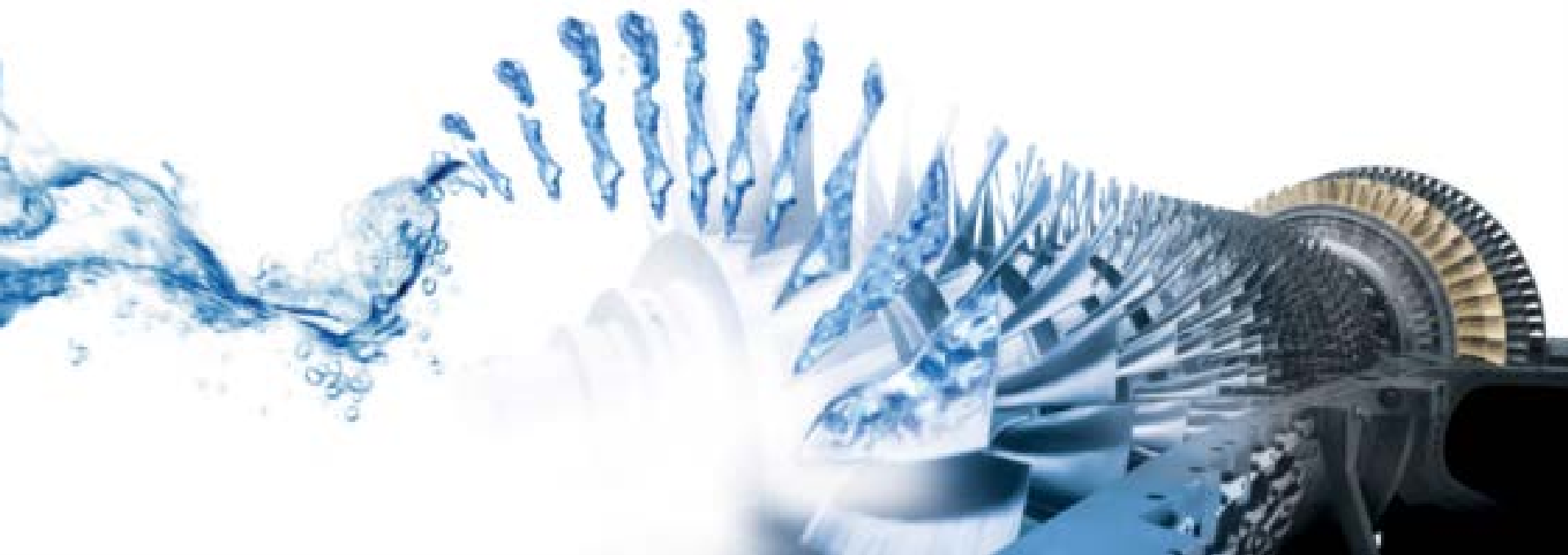


As water scarcity went up,
the social value of water





GE Power & Water Water & Process Technologies



OPEN HERE
FOR INSTRUCTIONS ON YOUR SERVICE IN BOSTON
1. THIS PRODUCT IS INTENDED TO RELIEVE SMOKE CRAVING
2. THIS PRODUCT IS INTENDED TO RELIEVE SMOKE CRAVING
3. THIS PRODUCT IS INTENDED TO RELIEVE SMOKE CRAVING

100 PIECES,
4mg EACH



4
mg

FOR THOSE WHO SMOKE
THEIR FIRST CIGARETTE
WITHIN 30 MINUTES
OF WAKING UP.

If you smoke your first
cigarette **MORE THAN**
30 MINUTES after waking
up, use Nicorette 2mg Gum

Coated
FOR BOLD FLAVOR

Fruit Chill™

100 PIECES, 4mg EACH

2 PIECES OF ECONOMICS

Profiting from Sustainability

- (1) Consumer-led
- (2) Investor-led

Theory 1: Consumer-Led

Hiscock and Smyth 2011



"Sustainably Produced"

fair & square

These candles have been made under fair labor conditions, in a safe and healthy working environment which is free of discrimination, and where management has committed to respecting the rights and dignity of workers.



~~\$19.99~~ + 20% = \$23.99

Relative Sales + 43%



\$19.99

Theory 2: Investor-Led

Socially

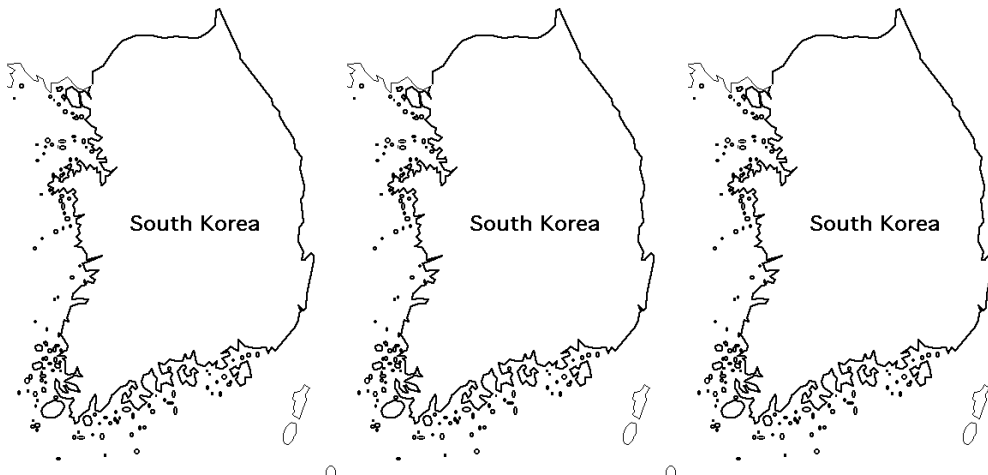
Responsible

Investing

SRI Assets Invested (2012) = **\$3.74 trillion**

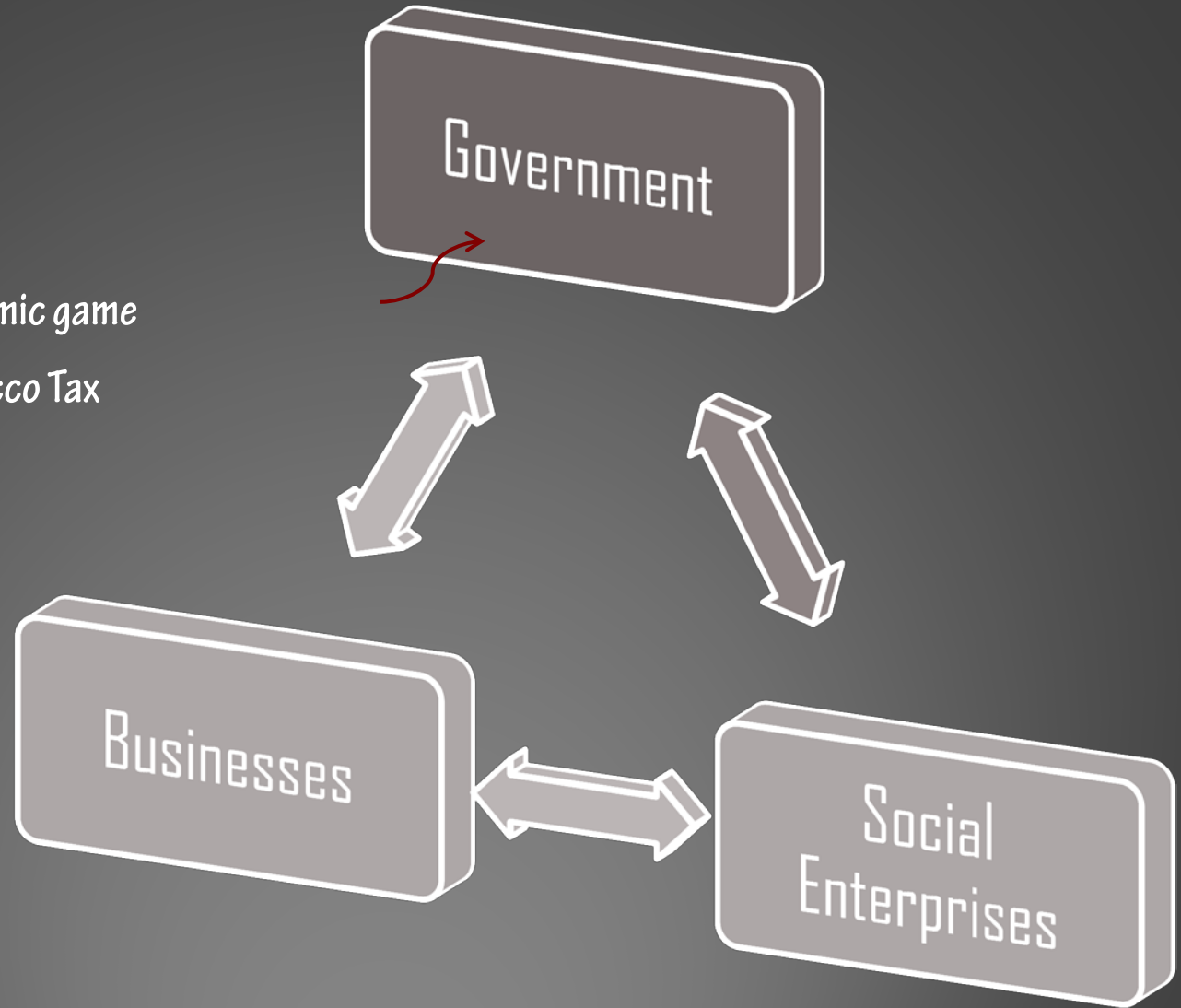
13% of professionally managed investments (US)

30-40% by a more inclusive measure (US)



Because standard financial accounting requirements miss important components of
HOLISTIC SOCIAL VALUE CREATION

set the rules of the economic game
e.g. Carbon markets, Tobacco Tax



The action will be in the private sector

PERSPECTIVE SHIFT

Sustainability 2.0



~~One way / No wonder //~~
~~Concept / Obligation /~~
~~Must to do~~

Have
You
Made
This
Shift
?



“You can’t solve a problem by using the same level of thinking that created the problem in the first place...Humanity is going to require a substantially new way of thinking if it is to survive.”

-Albert Einstein



THANK YOU

Slides and animations courtesy of Irene Youngji Kim

SENSE & SUSTAINABILITY
Fresh Perspectives on Sustainable Development

