

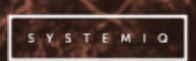
THE REGENERATIVE BUSINESS STARTER-GUIDE

THREE KEY STARTING POINTS FOR EVERY BUSINESS

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Globally, businesses are pivoting away from systems and values that pressure ecological and enable large inequalities across communities.

Many businesses have the ambition to grasp the huge opportunity that the regenerative economy brings, but have no clue where to start. Others have already started their journey, but need support. This starter-guide designed for businesses emerged from a workshop arranged by BMW Foundation Herbert Quandt, its program RESPOND, Circle Economy and SYSTEMIQ, hosted in Rome at the B for Good Leaders Summit in June 2022. It provides concrete case studies from the field and also takes into account key models and understandings in the field, such as Kate Raworth's five pillars of regenerative business.

"A regenerative business is one that creates net-positive system value within a safe and just operating space for humanity. Through the pursuit of a societal purpose, it delivers and enables outcomes that are environmentally restorative, socially just, and economically inclusive—creating value for a wide range of stakeholders in its ecosystem.."



READ MORE about the key regenerative economy's terms, definitions and models in our introduction document.

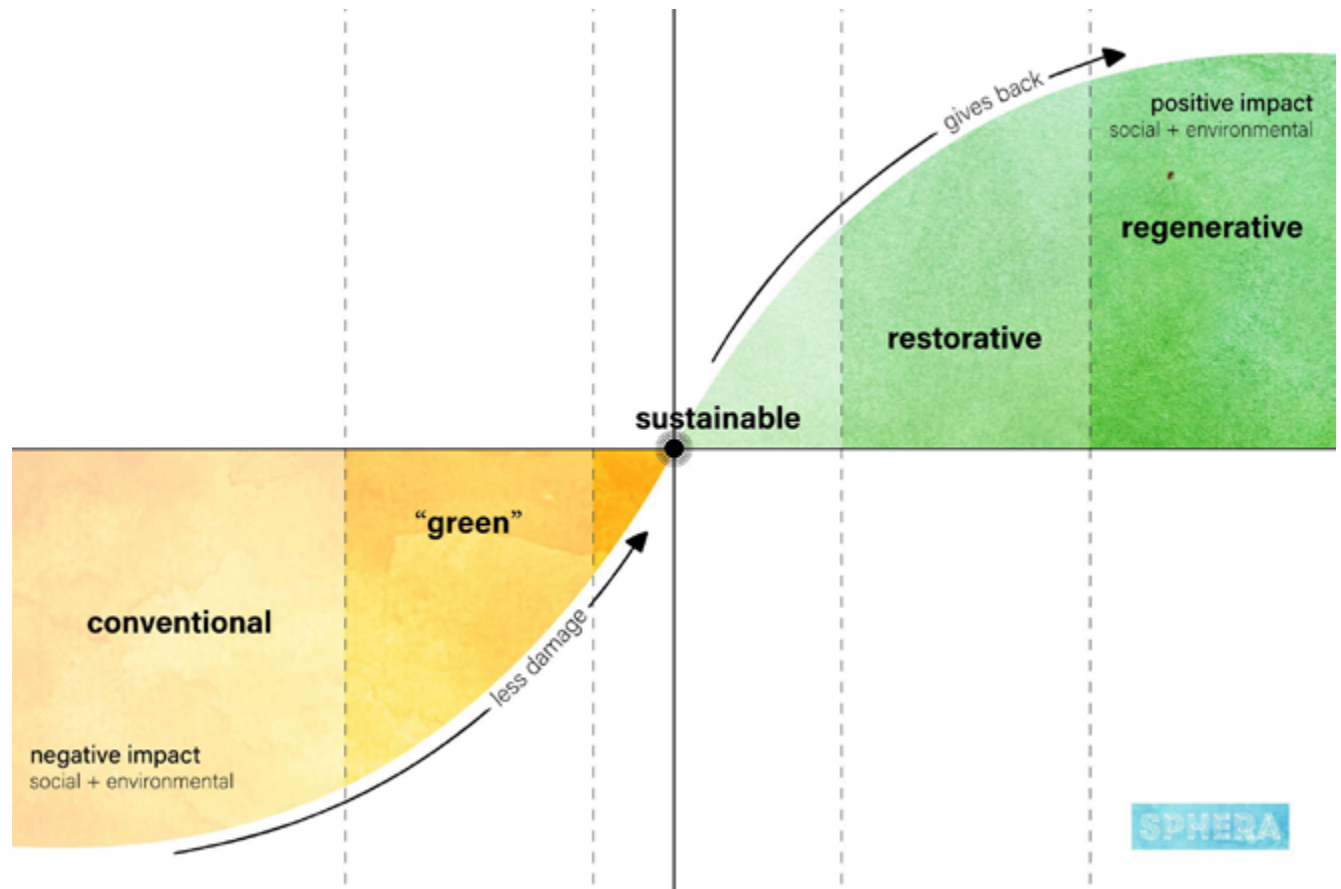


Figure one: The 'diagram of impact' - from conventional to sustainable to regenerative design. 'Sustainability' in businesses may uphold the status quo—which can be highly degenerative—,while 'regeneration; actively seeks to create a net-positive change.

KICKSTART YOUR JOURNEY WITH THESE THREE STEPS:

REDEFINE VALUE

Regenerative businesses redefine value and purpose: To do so, revisit investments, metrics and regulations

CHERISH INTER-DEPENDENCE

Regenerative businesses are tuned in to the interdependence of systems: Remember to involve all of your stakeholders, not just the obvious ones

BE PEOPLE AND PLANET-CENTRIC

Regenerative businesses cultivate culture: Reposition people, but also the planet at the centre of the transition

WRAPPING UP

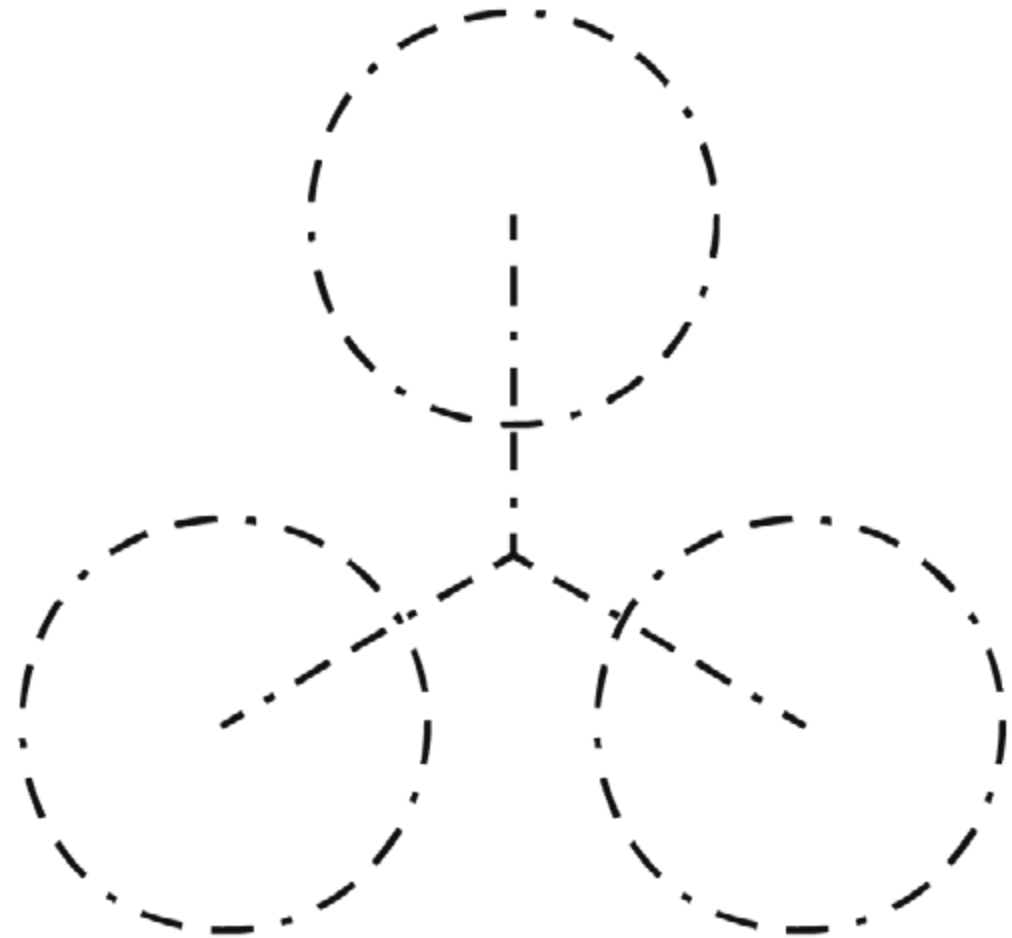
Food for thoughts and next steps

STEP ONE: REDEFINE VALUE

Regenerative businesses redefine value and purpose: To do so, revisit investments, metrics and cooperation

'Shareholder capitalism' champions financial value creation as the core purpose of a business, where financial profit is the primary signal of value to shareholders. Regenerative businesses create different types of value; they exist for their societal purpose, and profit is rather a means through which to achieve this purpose. For businesses redefining their value and purpose, new sets of metrics and KPIs will be required to monitor success. For proper tracking and monitoring, accounting processes should also be adapted to include the social and environmental cost of business activities—and be as stringent as they are for 'traditional' financial costs.

Shifting from profit- to purpose-driven is a huge undertaking, but here are three areas that your business can begin to redefine or influence.



A new understanding of purpose

If profit is not the ultimate purpose of your business, then what larger goal are you in service of?

Don't ignore the elephant in the room, embrace it:

If purpose is the most fundamental element of your business, it is easier to wrap a business model around it. It is much more difficult to try and force an impact model around an existing business or product/service offering—and this can sometimes result in greenwashing. This doesn't mean that a traditional business cannot transition towards a regenerative model; there are simply different degrees of regeneration in business, and some industries fundamentally cannot be regenerative, such as fossil-fuel based ones. And, importantly, a business won't become regenerative overnight.

In your journey, degenerative processes or products may remain, but in substituting profit as the key imperative of your business, the framing of every critical business decision is transformed. Further, by adopting a truly regenerative purpose, businesses commit not only to decoupling operations from environmental degradation, but also to actively contributing to boosting the surrounding environment.

A regenerative purpose should be shaped by answering fundamental questions like:

- *Who are we here to serve and why?*
- *How do we contribute to a better life on this planet?*
- *Why will the future generations remember and praise us?*

REGENERATION IN PRACTICE: 28 years ago, billion-dollar carpet tile business Interface decided to **transition** from a traditional profit-focused manufacturing firm to a climate pioneer—becoming one of the first to set a climate neutrality goal. Now the company's new mission 'Climate Take Back' reflects the change in its purpose. Previously it was to 'operate with no environmental harm', now it is to 'provide carpet tile products in 30+ countries whilst contributing positively to environmental outcomes'. To accommodate this, the company has explored novel solutions, as its financial ROI was not immediately positive. To date, Interface has integrated circularity concepts into its product lines; invested in an internal training programme on ecological awareness, piloted myriad new business models, piloted myriad new business models, and ensured that its supply chain partners throughout the production and distribution process adhere to the same principles. [Read more here](#)

A new measure of value

It's time to incorporate more into our balance sheets, from biodiversity and greenhouse gas emissions, to social equity, employee wellbeing and more.

'Reinvent accounting, redefine profit': If the financial value of a business is the sole consideration of its success, then profit and loss alone are largely sufficient as KPIs.

If the purpose shifts to a far broader consideration of value, then broader metrics are required to evaluate success. Where historically businesses have been excellent at externalising non-financial costs, regenerative businesses properly internalise their impact by calculating and scrutinising social, human and environmental ROI to the same degree as financial ROI. Headline social and environmental measures can then be communicated as paramount, rather than the businesses market cap or number of employees, for example.

"Having purpose and self-determination at the core of the business can unleash the true potential of human collaboration because it changes the operating system of an organization. Profits are still important but they serve the mission of the company rather than being maximized and extracted."

Achim Hensen, Co-Founder Purpose Foundation and BMW Foundation Responsible Leader

REGENERATION IN PRACTICE: Agricultural giant Olam has applied an Integrated Impact Statement system to its business units. Units can see how their decisions create or erode natural capital (soil, air, water, living things, for example). Generally, they avoid simplistic metrics such as 'productivity per hectare' as they can overlook the wider impacts of natural capital and prevent businesses from taking a longer-term view and shifting its value focus. [Read more here](#)

STEP TWO: CHERISH INTERDEPENDENCE

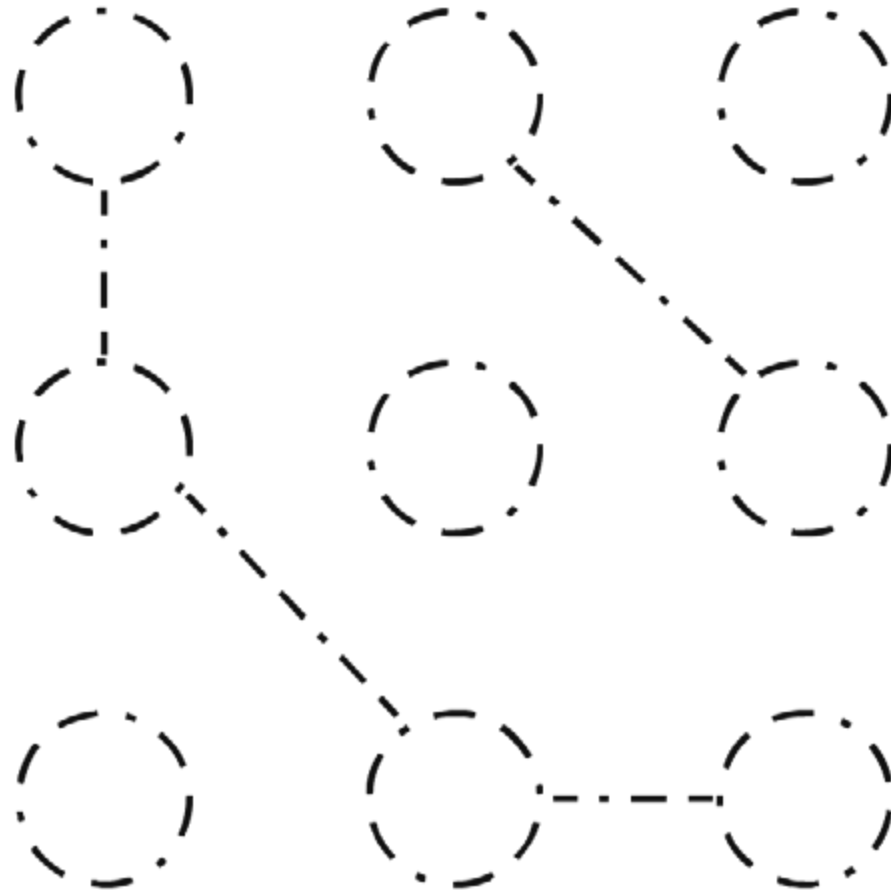
*Regenerative businesses tune into the interdependence of systems: Remember to involve **all** of your shareholders, not just the obvious ones*

STEP TWO

The modern shareholder is no longer limited to those who hold traditional shares in a company.

Business actions do not just affect consumers, but supply chain partners, the environment and entire communities that might live far away from where the business operates. Ideally, everyone and everything impacted by your business are, in essence, shareholders. Understanding this and factoring it into your business model is critical to becoming regenerative.

Businesses are also part of the ecosystem of other businesses, and in this way they can influence and impact each other.



Mapping your system position and your shareholders

SYSTEMS VIEW

Start by locating yourself within the wider business system to identify what kind of role you play in the wider system and how you connect with the other players. All companies can become 'activist' companies: acting as regenerative ambassadors and engaging others in the transition.

REGENERATION IN PRACTICE: Today, outdoor clothing brand **Patagonia** is one of the most well-known progressive and socially-conscious businesses. Patagonia is now committed to going beyond 'doing less bad'. For example, as a key player in the Regenerative Organic Alliance, the company works with a range of actors to ensure that 100% of the cotton and hemp used in its products is regeneratively sourced, with net-positive requirements for soil health, animal welfare and human rights. [Read more here.](#)

STAKEHOLDERS MAPPING

Now it's time to map every possible 'stakeholder' and 'shareholder' around your business. Who or what is affected by the way your business operates, right down to supply chain partners, local communities, wildlife and the soil.

REGENERATION IN PRACTICE: For outdoor clothing brand Patagonia, the crucial question they wanted to answer was: 'How is a company responsible?'. Finding the answer to this necessitated re-evaluating who the brand existed to serve. Where many large businesses today place maximised shareholder value as their ultimate goal, Patagonia positioned its obligation to four key stakeholder groups as equally important to financial profit—its employees, customers, local communities and nature itself.

Guided by this idea, over the last 40 years Patagonia has consistently mapped and analysed its sphere of influence on these four key stakeholder groups. In doing so, the brand has developed a considerable understanding of the ripple effects its business activity has on various actors far beyond its boardrooms. [Read more here](#)

EMPOWERED PARTICIPATION

Try to integrate the stakeholders and shareholders you have identified into your decision-making processes to encourage 'empowered participation'.² Decisions that impact your stakeholders should not only be made in the boardroom: engage the people and environment who are—in reality—most impacted.

REGENERATION IN PRACTICE: To properly internalise the outcomes for this wider pool of stakeholders, it is important to give them a voice. For Patagonia, this was a process of many layers. To ensure all staff are heard, the company's organisational structure is democratic, whereby lateral coordination is present in many teams to ensure maximum autonomy and interdependence of staff. Beyond its own staff, Patagonia considers its relationships with factory workers as a partnership rather than a service, founding the Fair Labour Association in 2001 to improve working conditions and drive the Fair Trade movement forward.

Beyond people, Patagonia commits to the various environmental stakeholders—such as the sea or the soil—by pledging 1% of all sales to grassroots environmental groups making a difference in local communities—raising some US\$140 million since 1985. [Read more here](#)

And remember...from 10 to 100 employees, we can all make an impact

Your business, depending on its size, may not be able to engage every single new shareholder. Value chains nowadays are complex, global and tangled. So, if you must choose, start with your immediate circle: you are complicit in the actions of supply chain partners that you engage and you can act as an ambassador for change among other companies. Here, action can be directly affected. But, if you want to be a regenerative leader, move outside of your bubble too: influence other bubbles, expand and grow. Rethink your role as a company and how you can positively contribute to the society and the planet; think big, inspire others, create a movement of positive change.

SUPPLY CHAIN TRANSPARENCY

Supply chain partners can drive the ethics of your company: reducing its carbon footprint and ensuring local companies are treated fairly, for example. If you can't ensure this with your supply chain partner, it's time to reassess. You can even seek out initiatives that help companies implement supply chain transparency.

REGENERATION IN PRACTICE: Patagonia understood early on that as they do not manufacture their products, the impact of the brand expands far beyond its 'four key stakeholders': the value chain partners are integral, too. Acknowledging this, Patagonia takes a '4-fold' vetting approach before engaging with new manufacturers or logistics partners. Their in-house Social and Environmental Responsibility team can veto a new partnership whenever a factory does not share the values and beliefs of Patagonia itself. With this approach, Patagonia ensures that its purchasing practices not just minimise the impact on the environment, but also expand its influence on working conditions and community development beyond its immediate remit. [Read more here](#)

From competitive advantage to collaborative advantage

The health of natural ecosystems rests on symbiotic relationships between diverse species:

one organism's waste products, for example, can represent another's food supply. In business, the rhetoric has evolved to focus on 'beating the competition' to achieve the highest revenue or market capitalisation. Regenerative businesses are aware of their ecosystem and their role in its health; this means cooperating with other stakeholders who are dependent on the same ecosystem: the consumers, and other businesses, for example. Business reciprocity and mutual learning within industries can lead to more resilient, financially stable and successful businesses, compared to those that remain stifled by self-interest and competition.

REGENERATION IN PRACTICE: Perhaps the most advanced and significant example of collaborative advantage in the case of climate mitigation is the Mission Possible Partnership. Mission Possible is an alliance of climate leaders from a variety of sectors, working within their own industries to develop specialised solutions for decarbonisation. In the Aviation industry, one of the worlds most carbon-intensive, a collection of nearly 70 airlines, manufacturers and airports are forgoing the traditional patent-and-profit approach to innovation, instead working in collaboration to ensure the industry as a whole reaches a goal of net-zero by 2050. Read more about the Partnership [here](#).

STEP THREE: BE PEOPLE-AND PLANET-CENTRIC

Regenerative businesses cultivate culture: Reposition people, and also the planet, at the centre of the transition

Moving to regeneration should be collaborative and eschew elitism: it will require everyone's involvement, not just be a solely top-down approach.

Leaders do, however, play a critical role, and should guide the process by diving deep into the concept: learn from companies you 'love and loathe' that have started the process and can share their experiences—as Kate Raworth suggests.³ This will help leaders cultivate a 'culture of regeneration' by looking inward to provide an enabling and caring environment for staff and outwards as a steward to stakeholders, the wider society and the environment.⁴ Don't underestimate the power of belonging and a positive mindset.

Giles Hutchins and Laura Storm's model of regenerative leadership: inner and outer regenerative approach

Regenerative leadership is a way of leading that cultivates life-affirming conditions; this hinges on a mindset change: a shift in how leaders view their role as a steward to their team, but also the wider influence of their team. This is the crux of the two dimensions of regenerative leadership, according to Giles and Laura. Focusing on the 'inner' dimension relates to culture—employee relations, the way feedback is given and received, meeting culture, diversity and inclusion, or trust in when and where people work. 'Outer' reflects the impact of the work done and the value proposition this entails—what goes into the product or service and how does society benefit from it? How does business activity influence other stakeholders and actors within your industry or ecosystem? And perhaps most critically, is what we're doing a net-benefit to the natural world?



Caption: Figure two: Leading regeneratively requires a shift in mindset - from organisations as 'machines' to 'living organisms'. Organisations that mimic life have been found to outperform their traditional counterparts. Source: Giles Hutchins and Laura Storm.

KEEP IT SIMPLE

Stories around regeneration and regenerative businesses are powerful, but also sometimes philosophical and complex. Keep your message simple, too: underline the importance of giving back, and purpose and impact becoming as important as profit. Start with the why.

SWITCH LEADERSHIP GEARS

Good leaders engage people in wanting to do things, rather than having to do things. Also celebrate businesses mimicking natural rhythms and seasons: take time to slow down and reflect—there is often little space for innovation and adaptation in constantly busy and rushed environments.



KEY TRAITS OF REGENERATIVE LEADERS

CENTRE AROUND TRUST

Regenerative leaders should be the storytellers and the direction setters, employees should be given the time and space to understand and grow into the radically new context a regenerative business provides. Hierarchical management is ingrained in many of us, so people need to be given the time and space to adapt to self-management and new organisational goals.

ENCOURAGE INNOVATION

Regeneration in business is new; it requires trial and error. If a business successfully moves its model from profit- to purpose-oriented, so much space emerges for innovation. This requires exploration and experimentation to adapt: how can projects be designed to maximise both social and environmental benefits?

REGENERATION IN PRACTICE: English manufacturer of specialist high-performance shoes **VivoBarefoot** spent a year working with Laura Storm and Giles Hutchins to embark on its regenerative journey. It sought to move from a ‘paternalistic’, stress-inducing structure of hierarchy and rigid siloes to a more fluid network of autonomous ‘circles’: a newly-developed model of horizontal working. There are three ‘circle’ categories: Home Circles relate to employees personal development and career progression; Project Circles manage cross-functional projects; while Yin Circles provide space for VivoBarefoot to evaluate its influence on the wider ecosystem. The Yin Circles encapsulate the ‘outer’ dimensions of regenerative leadership, providing a space for staff to reflect on how the business impacts all stakeholders, and how to incorporate those impacts into its decision-making processes.

Fundamentally, the so-called ‘self-circle-system’ replaces the typical ‘control and manage’ approach with a ‘sense-respond’ loop that grounds staff in an ethos of autonomy and openness. The change has turned the business into a ‘vibrant living system’ that embodies regeneration in its inner culture by helping people connect with who they are as a person (not just an employee), but also with one another through regenerative practices and more organic collaboration. For VivoBarefoot the process was not always easy or clear, but after one year the level of freedom and communication that has arisen has been transformative. Read more about VivoBarefoot [here](#).

NEXT STEPS AND FOOD FOR THOUGHT

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By now, you've identified a driving purpose, analysed your network's impact and sought to involve a wider range of stakeholders across your value chain in decision-making processes—as well as cultivating a culture of regeneration internally and externally. You're well on your way!

However, building a regenerative business is a multi-year effort that will require addressing some of the following thought provoking questions:

On your business practices and offerings:

1. What parts of your business or the products/ services you sell are still degenerative?
2. Looking forward, will you replace or transform these offerings to become fully regenerative?
3. If you cannot transform them, how do you plan to balance them out in a net positive way?

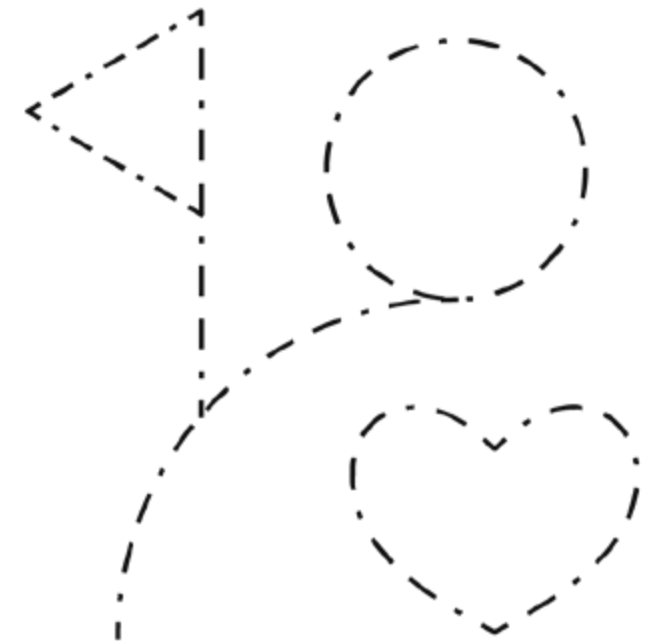
On your governance:

1. How are decisions made in your business? How can you work with all relevant stakeholders to distribute the decision-making rights?
2. How can you work with your investors to make the shift to regeneration?
3. How can you get policy makers to join your mission? And what do you need from public institutions?

On your wealth and power:

1. Who owns and stewards your assets? How is business profit distributed amongst your stakeholders?
2. Which stakeholders could become part owners?
3. Whose assets and what natural wealth are you relying on to run your business and what are you returning to balance out what you take?
4. How could you increase investment into social and environmental projects?

It's important to remember that these steps are powerful, yet incremental within the wider system-shifts that must occur at a global level, from financial systems to policy. To learn more about these topics, revisit the insights from our first workshop, [Transforming our systems with a regenerative economy: a collaborative journey.](#)



Partners

RESPOND, a program by the BMW Foundation, operates at the intersection of tech-innovation and Responsible Leadership. One of the main activities is the RESPOND Accelerator Program, facilitated together with UnternehmerTum in Munich, where coaches and mentors work with a carefully selected group of impact-driven entrepreneurs to scale their businesses globally. Besides a unique Accelerator Program, RESPOND encompasses a thriving ecosystem of changemakers collaborating on projects, reports and new approaches on how to speed up the transformation of our economic system.

The BMW Foundation promotes Responsible Leadership and inspires leaders worldwide to work towards a peaceful, just, and regenerative future. Through its activities, the Foundation aims to advance the Sustainable Development Goals of the United Nations 2030 Agenda. It inspires leaders, providing them with a platform for personal and professional development, and connects them across communities, cultures and countries through its global Responsible Leaders Network. The third component of the Foundation's work is to endorse the economic and financial system transformation through impact investing and actively support entrepreneurs seeking to solve humanity's social, political, and environmental challenges.

Circle Economy is a global impact organisation with an international team of passionate experts based in Amsterdam. Circle Economy empowers businesses, cities and nations with practical and scalable solutions to put the circular economy into action. Our vision is an economic system that ensures the planet and all people can thrive. To avoid climate breakdown, our goal is to double global circularity by 2032.

SYSTEMIQ was founded in 2016 to drive the achievement of the Paris Agreement and the UN Sustainable Development Goals, by transforming markets and business models in four key economic systems: regenerative land use, circular materials, clean energy and sustainable finance. A certified B-Corp, SYSTEMIQ combines high-level research with high-impact, on-the-ground work, and partners with business, finance, policymakers and civil society to deliver change.

For more information about RESPOND
respond-accelerator.com

For more information about the BMW Foundation
bmw-foundation.org

For more information about Circle Economy
circle-economy.com

For more information about SYSTEMIQ
systemiq.earth

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This report consolidates the findings of our research on the regenerative economy and the reflections and input of all the regenerative thought leaders and practitioners who participated in the workshop during the **B for Good Leaders Summit** in Rome on 16-17 June 2022. The Summit was co-created by the founders of the B Corp movement in Europe and their partners who have co-founded many business alliances and economic innovation approaches,

including NOW Partners. The Summit brought together 650 business leaders and other economy stakeholders. We would like to thank each one of them for their valuable input and their work of bringing a regenerative economy to life..

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HOW WILL YOU RESPOND?

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