Business transition management: exploring a new role for business in sustainability transitions

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1. Introduction

Businesses are becoming increasingly aware of the advantages sustainability has to offer [Elkington, 1998a; Porter and Kramer, 2006]. Often driven by ambitious CEO’s and executives, several businesses are trying to move beyond traditional CSR and environmental reporting to shape and transform the value chains and markets they operate in along with their company’s internal organization (Loorbach et al., 2009). Prime examples are companies like InterfaceFlor (Stubbs and Cocklin, 2008), but a similar movement is visible within smaller or less prominent businesses. This paper reflects on the role of individual businesses in broader societal sustainability challenges, how the activities of frontrunner businesses can be understood as part of possible transitions to sustainability, and what may be done to possibly guide and accelerate this emergent trend. Our main message is that there is a more fundamental shift to take place within business towards creating social and economic value in a context of complex societal change vis-à-vis mitigating negative impacts of production and consumption by primarily making existing systems of production more efficient and more environmentally friendly.

Especially in sectors where major societal changes are expected or likely to occur in the coming decades, businesses are searching for ways to deal with such unpredictable changes. Obvious areas are those sectors in which the (cheap) availability of resources (e.g. fossil fuels) or intensive energy consumption provided the basis for economic performance and growth. Businesses in sectors like construction, energy, mobility and food are increasingly challenged by wider societal changes and fundamental sustainability issues. In general, it is argued, various types of strategic behaviour can be witnessed in such changing contexts, ranging from reactive and adaptive to proactive and transformative (Boons, 2009). In this paper we focus primarily on the latter category: businesses with transformative strategies. We link this explicitly to the broader context of societal transitions to sustainability (Grin et al., 2010) and argue that a transition management perspective (Loorbach, 2010) for business offers a way to systematically conceptualize this transformative strategy and pro-actively develop it. In addition, we argue that in actively pursuing a transformative role, businesses can simultaneously help shift the market they operate in as well as transform their own business. In doing so they can contribute to actively shape transitions towards sustainability.

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Such a societal perspective on transformative business strategies is so far lacking in the literature and barely formulated in terms of prescriptive strategies. Empirical research that examines the strategic practices of business to structurally change the way societal systems operate in order to address persistent environmental and social problems is underdeveloped (Hahn et al., 2010; Porter and Kramer, 2006; Seuring and Müller, 2008; Starik and Marcus, 2000). To date, the academic literature has largely focused on business performance and sustainability at the firm or industry level (Jermier et al., 2006; Kearins et al., 2010; Orlitzky et al., 2011; Zott et al., 2011). However, firms alone cannot become sustainable in an economic, environmental and social sense as they merely contribute to more sustainable patterns of production and consumption within society (Roome and Wijen, 2006; Tukker et al., 2008). The complexity and persistent nature of broader societal sustainability issues pose new challenges, requiring new conceptual models for researching the relation between business, the natural environment and society as a whole (Boons, 2009; Elkington, 1998b; Hahn et al., 2010).

Our argument is that the majority of the efforts within and between businesses over the past decades have primarily sought to improve existing systems of production and consumption in terms of increased energy and resource efficiency, but not radically transforming it. In other words, business has mainly sought to continue along already established pathways while dealing with negative impacts. On a broader scale, ever increasing levels of consumption, waste-production, energy-use, emissions, resource-use and so on have countered the achievements in increased efficiency. Based on a number of frontrunner cases as well as scientific literature, we argue that there are signs of a more fundamental change towards sustainable business strategies in which economic profit is essentially linked to creating social and ecological value (Moore and Manning, 2009). The key to such fundamental transformations starts with making explicit decisions to align the way an organization governs itself with basic principles of sustainability (Friend et al., 2009), while re-thinking the design principles of the business.

This paper brings together a novel conceptualization of developments in transformative business strategies together with the framework of transition management (Loorbach, 2007). Transition management is an integrated governance strategy to orient and organize transformation in complex networks in the context of broader societal transitions. It has in recent years been taken up by the business community in the Netherlands as an experimental approach to transforming markets and business in co-evolution. The transition approach seeks to allow frontrunners to create their own new markets and re-design the principles of business (routine) on how to organize (structure) themselves, defining a new purpose (culture). In doing so, individual businesses can, by interacting with their stakeholders and societal context, reshape the markets in which they operate along with their own company. In doing so, they are able to create added value for business as well as society.

The central focus of this paper is therefore how we can understand the co-evolution between societal transitions and transitions within individual businesses. And following this we raise the question how an explicit business strategy to help guide and accelerate sustainability transitions might strengthen business (transitions) and vice versa. In Section 2 we describe how we developed and experimentally tested the framework of business transition management. We then give a brief sketch of global trends and evolving practices related to business and sustainability in Section 3. In Section 4, we introduce the transition perspective and frame changes in business and sustainability as a long-term evolutionary process. Based on this perspective, we conceptualize possible implications for the changes within business as well as possible roles business can play in influencing transitions to sustainability. In Section 5 we use the transition management perspective to formulate a basic approach to business transition management which was experimented with in the roof sector in the Netherlands. In Section 6 we reflect upon the insights we drew from theory and practice in this paper and the limitations of the approach proposed. We finally formulate some basic questions and ideas for further experimentation and research.

2 In the action research approach, the researcher actively interacts with practitioners to develop and test new theory and practices together. This implies that practitioners may further develop theoretical concepts to support practical activities, whereas the researcher may conduct practical activities to support further theory development. Together, they stimulate transformative change through a situation of mutual learning.
been produced in terms of sectorial changes, it does not show that the approach presented is generally applicable or successful. This is part of ongoing research, limiting this paper to a presentation of the results of theoretical literature-based exploration, an action research case and a synthesizing conceptual model.

3. Business and sustainability: evolving theory and practices

While businesses have always been dealing with sustainability issues, debates upon a wider social and environmental responsibility of business began to have serious impacts on both individual firms and policy since the 1970’s. The term Corporate Social Responsibility (CSR) was introduced as a general framework for business trying to address social and environmental issues related to business. Since then numerous frameworks and strategies have been developed addressing the role of business in dealing with ecological impacts (Bryant and Wilson, 1998; Cairncross, 1993; Hart, 1997; Klassen and McLaughlin, 1996) or social equity issues (Anderson et al., 2010; Buchanan, 2007; Seelos and Mair, 2005; Shepherd and Patzelt, 2011). In a broad sense the literature on sustainability and business seeks to understand how creating economic value for the firm could go hand in hand with limiting ecological impact and by operating in a socially responsible way. This ‘triple bottom line’ (Elkington, 1998a) has generally been conceptualised as something that could be achieved by optimising business performance through seeking for win–win situations, increased (environmental and social) regulation and reporting.

A key perspective in thinking about a new role of business in social responsibility was that introduced during the late 1970’s was stakeholder theory. The social responsibility of business, according to one of the most cited definitions, “encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1991). Others stress CSR is about furthering some social good beyond the interests of the firm and which required by law (McWilliams and Siegel, 2001). Stakeholder theory points to the obligations of a firm to various stakeholders: groups or individuals that affect or are affected by the organization (Freeman and Perez, 1988). CSR is described as a management approach for dealing with demands of stakeholders (Steurer, 2008; Wood, 1991) and proposes environmental assessment, stakeholder management and issues management as three main instruments for CSR.

In terms of practices, research demonstrates that most firms attempt to positively manage stakeholder expectations by decreasing their environmental impact via mitigation plans and by improving social benefits at the micro level (Bryson, 2004; Buyse and Verbeke, 2003). Engaging with stakeholders increasingly becomes a moral obligation (Carroll, 1991) and seen as a strategic activity to develop and maintain a societal license to operate (Howard-Grenville et al., 2008). Recently, corporate social responsibility seems to develop further from a necessary condition for survival to a more strategic activity as part of developing business. According to Maas and Boons (Maas and Boons, 2010) CSR has potential to become a strategic activity adding value on different dimensions—business, society and ecosystems—if two conditions are met: CSR needs to become integrated with the strategy of the firm and these new or additional values need to be measured and monitored. Others argue that a firm should treat decisions on CSR investments as other investment decisions in order to maximise profits. This means satisfying the demand for CSR from multiple stakeholders “to precisely that level … for which increased revenue (from increased demand) equals the higher cost (of using resources to provide CSR)” (McWilliams and Siegel, 2001).

A perspective partly overcoming the firm-level focus is the extended view of corporate citizenship. This notion of firms as ‘corporate citizens’ is increasingly used in the CSR literature. Beyond the limited view of philanthropic and voluntary activities, and the equivalent view of minimising negative impacts and maximising positive ones, Matten et al., (2002) propose an extended view on corporate citizenship. In this view, corporate citizenship is a partial attempt to assume responsibility for protecting those social rights that governments are no longer willing to fulfil or fail to fulfil appropriately. Porter and Kramer bring this line of thinking back to the individual firm by arguing that companies should not address just any social issue or stakeholder demand, but choose those social issues that either are affected significantly by a company’s activities or affect the social dimensions of the competitive environment of the firm (available business inputs, rules and incentives that govern competition, local demand, local availability of supporting industries). In their view the defensive thinking about corporate social responsibility should be replaced by thinking about interdependencies rather than tensions: the interdependencies between firms and society present an opportunity to create shared value that benefits society and is valuable to business (Porter and Kramer, 2006).

CSR-related activities described in literature mostly reflect operations within given institutional, structural and cultural boundaries of the dominant competitive market model. Thus, business tends to focus more on reducing unsustainable firm-level behaviour (Ehrenfeld, 2005) than on increasing the sustainability of the broader societal system they operate in via change strategies across actors and levels. The latter is addressed in literature on Green Business, which is often described as business that strives to have no negative impact on the global or local environment, community, society, or economy, in other words: a business that strives to fully meet the triple bottom line (Cooney, 2008; Elkington, 1998a; Friend et al., 2009). Such a mission goes far beyond the traditional business practices; only a few companies have been successful at embedding sustainability into the core of their business. Van Kleef and Roome (2007) showed how the shift in business focus from competitiveness to sustainability impacts the capabilities and competence for innovation, while also identifying a systemic failure to address the need for inventiveness as a cornerstone of innovation. Over the last decade, studies into how businesses optimise their sustainability performance and what kind of strategies are effective in line with this tend to focus more on the level of business and industry networks and their relationship with broader societal contexts have been conducted (Baas, 2008; Boons and Wagner, 2009; Genaidy et al., 2010; Porter and Kramer, 2006).

The question is how to interpret the changes in focus and practices related to business and sustainability and what the ways forward might be. In the next section, we propose to interpret the described historical evolution as the build-up towards a more fundamental systemic shift; a transition (Rotmans et al., 2001; Loorbach, 2007).

4. A transitions perspective on business and sustainability

Transitions are major, non-linear changes in societal cultures, structures and practices (Grin et al., 2010) that arise from the co-evolution between economy, society and ecology. Transitions can be viewed as a shift from one dynamic equilibrium (e.g. a fossil-based centralized energy system) to another (say a renewable energy-based, decentralized system). They are the result of interacting developments at different levels of scale that, under specific conditions, might over time fundamentally alter dominant practices, paradigms and structures. Usually, transitions take a very long predevelopment phase in which there is a gradual build up of pressure on a dominant regime, which may be understood as the
dominant structure, culture and practices in a societal system. This pressure stems from an internal dysfunction of the regime, increasing competition of alternatives, or a changing external context (for example a financial crisis). When these pressures start to reinforce each other a relatively rapid systemic change might occur. In transitions research, transitions are thus visualized as processes of multi-level (Geels, 2002), multi-phase (Rotmans et al., 2001) changes (see Fig. 1).

In the context of sustainability, transitions seem inevitable from the perspective of limited resources, ecological thresholds (Rockstrom et al., 2009) and changing economic and demographic landscapes. They do however also provide possibilities for innovation, green economic growth and new business. According to Keijzers (2002) sustainability efforts change the internal governance of the firm as new environmental preservation demands come forward, and the external governance of businesses as new initiatives need to be employed to ensure adequate and sustainable social, technological, and infrastructural conditions for production. Taking a transition perspective, the historical developments in terms of thinking about environmental and social issues (e.g. the limits to growth, energy-efficiency, climate change debates, environmental policies and so on) have co-evolved with business strategies that adapted to this.

Current transitions that are deemed likely and possible in sectors such as food provision, energy, built environment, and mobility (Cherp et al., 2011; Clark et al., 2005; Ernstson et al., 2010; Grin et al., 2010; Nobel Laureate Symposium, 2011) will arguably also fundamentally impact business. This perspective can be interpreted in multiple ways. Possible transitions might threaten or reinforce existing business (strategies) and require crisis management and adaptive strategies (or, in some cases, businesses may be a factor in slowing down transitions), or business might proactively try to anticipate possible transitions and play a role in guiding these towards more desired situations.

We thus interpret signals of unsustainability and instability in society as indicators for a possible transition in business; the dominant model of production and consumption is increasingly pressured by increasing prices, worries about resource availability and environmental impact, as well as by concrete and economically and technologically feasible alternatives. A shift towards more systemic approaches, as suggested in the literature, could be interpreted as a way to try to anticipate and possibly guide this transition. As opposed to the general approach to CSR that focuses on mitigating negative impacts, frontrunner businesses are moving beyond stakeholder engagement and sustainability accounting at the firm level to positively utilize and address tensions between business and society (Porter and Kramer, 2006). From a transition perspective, this entails that firms are starting from a societal challenge to which they relate and then seek to define in which ways they might contribute to addressing this problem through their business. One could easily imagine future transitions that are undesirable, for example to a situation of persistent resource or energy scarcity. There are multiple scenarios and pathways that might occur the coming years, only some of these might lead to desired levels of sustainability of both society at large and of individual businesses. Drawing on the literature on transition pathways (De Haan, 2010; Geels and Schot, 2007) that identifies different ideal-typical patterns of fundamental systemic change and following the typology of Boons (Boons, 2009), there are at least three basic pathways through which existing regimes could change: optimization (stability), reconfiguration (dynamic) and system innovation (transformative). The question is to what extent frontrunner practices in terms of effective and successful transformative strategies might be transferred to other businesses and what can be done to influence the speed and direction of these processes. What seems clear is that coping with such complex sustainability problems requires inter-organizational collaboration: “the increasing inter-dependence of public and private organizations and the interweaving of local, national and global interest has reduced the capacity of any organization to act unilaterally” (Gray, 1989); the response capability to clear up a mess is inter- and multi-organizational (Emery and Trist, 1965). According to Boons (2009) the strategy for the firm is shaped by the context within which the firm operates: ‘the dynamics in production and consumption systems’ and ‘the strategies that firms execute influence that context’, which is ‘especially true for ecological strategies as they concern the interaction between a firm and the natural environment’. We argue that businesses should in addition look at the context from a transition perspective, instead of solely looking at the existing context.

In light of emerging transitions, the uncertainties and complexities in dealing with the societal environment of companies is even more complicated. However, successful examples of sustainable business show that a key to success lies in re-framing the societal context and the challenges herein of a company and from there redefining the core business in an interactive process including both employees and external stakeholders. Examples like Herman Miller, Walmart, InterfaceFlor and Unilever all share that they developed a new way to position their business and its mission related to broader societal issues. However, re-evaluating the fundamentals of the current markets, and their own business models related to that, is not dominant practice. What seems to be needed is an approach that enables both multi-actor processes and a focus on a fundamental reframing of the existing dominant cultures, structures and practices, thereby contributing to the transition.

![Fig. 1. Multi-level and multi-phase models of transitions.](image-url)
4.1. Transition management

The approach of transition management provides a way to articulate and structure what such frontrunners are doing and provides a framework to attempt to translate their approach into a more general and transferable methodology. It uses the transition perspective on non-linear change in dominant regimes to analyse and accordingly try to influence the speed and direction of the transition. By distinguishing different types of governance through which changes in cultures, structures and practices occur, the transition management perspective offers a framework to explain the possibilities for having influence and the various roles of firms in the context of transitions. Furthermore, transition management provides a framework for more specifically selecting partners, instruments and actions related to organizations and individuals own goals and ambitions.

Transition management has been developed into a process approach and has so far predominantly been initiated by governmental organizations\(^3\) in collaboration with transition researchers. It is built up as a cyclical process of development phases at various scale levels (Loorbach, 2007). The core idea is that four different types of governance activities can be distinguished when observing actor behaviour in the context of societal transitions: strategic, tactical, operational and reflexive. In short, these different types can be described as:

- **Strategic**: activities at the level of a societal system that take into account a long time horizon, relate to structuring a complex societal problem and creating alternative futures often through opinion making, visioning and politics.
- **Tactical**: activities at the level of sub-systems that relate to the build-up and break-down of system structures (institutions, regulation, physical infrastructures, financial infrastructures and so on), often through negotiation, collaboration, lobbying etc.
- **Operational**: activities that relate to short-term and everyday decisions and action. At this level actors either recreate system structures or they choose to restructure or change them.
- **Reflexive**: activities that relate to evaluation of the existing situation at the various levels and their interrelation of misfit. Through debate, structured evaluation, assessment and research societal issues are continuously structured, reframed and dealt with.

This governance typology has been used to develop specific ‘systemic instruments’ and process strategies (see also (Loorbach, 2010)). At the core, these instruments are based on the notion of ‘selective participation’: bringing together frontrunners with different backgrounds in another environment (a ‘transition arena’) in which they develop collectively a new way to understand and talk about a complex environment and their role within it. These instruments and the process strategy in which they are embedded are captured in the so-called transition management cycle (see Fig. 2), which consists of the following components\(^4\): (i) structure the problem in question and establish and organize the transition arena; (ii) develop a transition agenda, a vision of sustainability development and derive the necessary transition paths; (iii) establish and carry out transition experiments and mobilize the resulting transition networks; (iv) monitor, evaluate and learn from these experiments and, based on these, make adjustments in the vision, agenda and coalitions. According to our experiences so far, there is no fixed sequence of the steps in transition management and the steps can differ in weight per cycle. In practice the transition management activities are carried out partially and completely in sequence, in parallel and in a random sequence.

5. Business transition management: an explorative case study and framework

Over the past decade, quite a number of practical experiments have started that use the understanding of the dynamics of transitions to influence their speed and direction (Grin et al., 2010; Loorbach and Rotmans, 2010). Most of the initiatives in the early phase were taken by governments, but a shift is taking place in which businesses are exploring the possibilities for transformative change in their own markets. We use the conceptual idea of transition as heuristic to explore possible change and possibilities for influencing these changes. The starting point is thus not solely a desired goal of the firm itself, but the process to better make sense collectively of the complex changes the business is part of. In other words, the transition framework offers a way to structure thinking and debate about ongoing evolutionary changes and in doing so make coordinated actions to deal with these changes possible. In the literature discussing the transition approach, this nuance if often overlooked and the approach of transition management simplified to a simple vision-led planning (e.g. Boons 210, p. 174) while it has actually been developed as a framework for ‘guided evolution’, seeking to balance emergent changes, bottom-up innovation, guiding visions and collective agenda-building processes.

So how could firms use the perspective of transition management? Each business is part of one or more societal systems (e.g. mobility system or energy system) and interconnected with all sorts of societal actors. The transition perspective can be used to analyse in a systemic way this societal context of a business and determine the room for innovation and (im)possibilities for market growth. Transition management can then help to articulate and structure an alternative strategy for existing businesses as a shadow-track besides the regular and ongoing business. This means that parallel to ongoing ‘business as usual’, incubators and

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\(^4\) For extensive description of these activities see: (Rotmans and Loorbach, 2009; Grin et al., 2010; Loorbach, 2010).
arenas for innovation and integration of activities can be organized without the formal status, procedures and pressure to produce short-term output associated with regular policy. By creating space (financially, institutionally and mentally) for fundamental reflection, debate and innovation, the necessary time for developing innovations is secured while at the same time matured ideas can be transferred to the core business. Organizations from this perspective need to develop the capacity to have concurrent flexibility (experimentation) and stability (Boons, 2009).

An example of how this approach has been implemented within a business context to create a new strategic perspective for a sector and reposition a business by contributing to societal innovation and sustainability is the so-called Roof-transition project. It was initiated in 2007 by the CEO of ESHA Group (part of Icopal Group) a producer and manufacturer of bituminous products. Bitumen is a by-product of the oil industry and is used for roofs (the black tar-like roof coating). Traditionally, bitumen roofs have no other function than as a cover for buildings. ESHA, wanting to develop a new strategy to broaden their activities and the context in which they operate, initiated a collaboration with transition researchers at Drift, Erasmus University Rotterdam, with whom they built-up the roof-transition strategy (Loorbach et al., 2009).

This case is thus the result of a participatory action research project in which transition researchers collaborated with front-runners from the roof-sector to develop a transition network, vision and agenda. The original aim was to identify potential pathways along which the sector could create value by means of product innovation and new partnerships. The role of the transition researchers was mainly process-oriented: they helped structuring the debate and the process of developing the network and agenda. The entrepreneurs involved in the project team were primarily responsible for bringing the actors together, for the translation of the shared vision to individual business propositions and communication of financial and regulatory changes necessary to local and national policy. Over the course of a year and a half, transition researchers participated in dozens of internal meetings, co-organized three large network-meetings and were involved in a small number of strategic discussions with policy-makers about implementation of the transition agenda. As such, they helped to formulate a direction and create possibilities for an acceleration of the envisioned transition.

The process started with a study framing the challenge within a transition context. Based on different scientific studies on innovations in the sector, resource use, waste-production, emissions and economic value, an assessment was made of the underlying challenges as well as the possible future scenarios. One of the key outcomes was that, despite the huge potential of roofs to contribute to sustainability in the built environment and the large diversity of innovative solutions at hand, this transition was not taking off. The sector itself indicated an increasing possibility and willingness to innovate with the actors that benefit from it. The basic assessment then provided the start of the discussions within the sector, but also with representatives from those parties that would benefit from sustainable roofs, so as to develop a joint transition agenda.

To facilitate a sector-wide structural change, ESHA’s CEO launched the “Earth Recovery Open Platform” (ERO) mid 2007. Essentially based on the transition arena model, EROP involves individuals from municipalities and their local water boards, large manufacturers of roofing products (such as Consolidated), a number of knowledge institutes (TNO, Wageningen University), a number of companies where implementation is envisaged (for example Schiphol airport), environmental NGOs, architects, urban planners and energy companies. The participants were selected on their relevance based on the system analysis conducted, and reflect the diversity of the roofing sector both in terms of those businesses involved in the roofing-chain and those concerned with sustainability. Within this transition arena the guiding narrative of the transition was further discussed and developed but in itself hardly questioned. The emphasis in the debates was on how they, as a multi-actor network, could accelerate the desired transition. Success depends upon a multitude of innovations: new rules and regulation, new technologies, new design and manufacturing tools and practices, new financial schemes and so on.

The EROP platform subsequently developed different ambitious images of roofs producing energy, buffering water, cleaning air, storing heat, and cooling buildings. In the summer of 2008, the process led to the establishment of ‘roof development companies’ that exclusively scan areas of roofs that can be ‘sustainably developed’. Their business is to develop roofs by creating extra value for municipalities, such as water storage, energy production or CO₂ reduction. The innovative ‘reframing’ of roofs as functional areas that need to be developed to contribute to societal development and urban ecology is an intriguing illustration of a shift towards a more systemic mindset focused on broader sustainability (Loorbach and Rotmans, 2010; Loorbach et al., 2009).

In terms of transition experiments, the platform is now in a process of co-developing experiments to implement these concepts. Examples are a project developing green roofs in the city of Rotterdam, a pilot at Schiphol airport and a number of projects in Nijmegen and Groningen. ESHA opened the first 100% bitumen-recycling plant in 2008 and develops CO₂-extensive new roofing equipment. There now is a sector wide attention to sustainable roofs, local sustainable roof programs, new companies have been established (roof developers) and new professions emerge (roof gardeners, roof doctors). All of these initiatives are explicitly linked to a variety of persistent societal problems in the Netherlands (such as water problems, energy dependency, poor air quality in cities, safety issues in public buildings) and geared towards fundamentally changing business as usual. By entering a cross sector process based on a shared transition, new roles and practices are being defined and experimented with, thereby trying to break away from existing routines (Baas, 2008).

One of the main accomplishments of the endeavour so far has been that ‘roof-transition’ has become a shared future orientation and that the agenda has been adopted by both the sector and national government. By strategically tuning into the then current political debate and favourable climate for sustainability in the Netherlands, the ‘roof-transition’ has been adopted by national policy as one of the central innovation programs for the built environment and the norms developed within EROP have been adopted as national policy.

5.1. Business transition management framework

What this case shows is the mechanism put forward by the transition approach, that by orienting business towards societal transitions and redefining their own business from there, new business models can be developed that tie together economic profitability, social responsibility and ecological sustainability in a fundamentally new way. We draw on this case combined with the above described transition management framework to conceptually apply the model to transitions in business. In general, there are four distinct types of activities that play a crucial role in guiding, accelerating and structuring such a more fundamental process of change in business.
5.1.1. Strategic envisioning

Bringing together selected frontrunners from within the business, their stakeholders and broader societal context to discuss and frame the societal challenge they want to contribute to.

A very important step for a business is to determine to which particular societal issue(s) or transition(s) it can and aims to contribute. This strategic choice should be based on the characteristics of (sub)systems, that of the business itself (specifically its relationship to the problem) and the anticipated impact the business has on the problem, society at large and the firm itself (Margolis and Walsh, 2003). In which sector(s) and supply-chains does the business operate, what impacts are there on society directly or through its value chain and on what societal systems does the business depend for maintaining its competitiveness (Porter and Kramer, 2006)? In these sector(s) or system(s), what (macro) trends can be recognized that might influence the system, what kind of (persistent) problems occur or are perceived, and how many innovations and niches are in development? Elementary is that sustainability principles and a vision on market transformation become core business, interlinking it with an integrated perspective on the role of the business within its value chain. This can be achieved by developing a narrative and related business case, but by necessity this needs to take place in the relative shade outside of the day-to-day short term concerns.

5.1.2. Tactical networking

Developing strategies and coalitions around crucial themes relating to this challenge, including identifying learning objectives, intermediate goals and experiments.

Based on a new strategic sustainability perspective, both within the business, in its direct stakeholder environment and in the broader societal context, multiple changes are necessary in terms of organizational structure, stakeholder relations, legal and financial regulation, customer behaviour and so on. Clearly, such a diversity of changes cannot be planned or managed straightforwardly. They need to be experimentally developed in a variety of ways through new collaborations with indirectly related societal stakeholders. From a transition management perspective, it is essential to invest in developing and facilitating coalitions and networks around this discussion. Linked to the over-all vision, so-called transition pathways can be explored that lead to short-term experiments and actions to explore the transition.

5.1.3. Operational innovation

Creating icons, pilots and experiments around specific business cases relating to the greater challenge.

The new strategic transition vision combined with a network strategy for market transformation provides the context for strategic experiments with new business models and practices. Such experiments are crucial to investigate the possibility and profitability of the transition, to make explicit the structural barriers to achieve it and to provide tangible and concrete alternatives to the existing. Individual businesses can simultaneously engage in internal as well as external transition experiments, both aiming at nudging the organization in co-evolution with their market towards sustainability. Recent examples of such experiments in the Netherlands are a green roof program in cities, including new types of funding and contracting; and a floating pavilion experimenting with building on water as well as the legal and financial framework to facilitate this. In order to stimulate the transition, private, public and non-governmental organizations work together to accelerate the process.

5.1.4. Reflexive monitoring and evaluation

Developing flexible and cross-business debate about the societal challenge and the role of the business in this.

From a transition management perspective, the three types of activities described above need to be linked through a process of joint reflection and evaluation of the progress, the feasibility and the changing societal context. Basically, it means that objectives, goals and actions need to be re-evaluated by bringing them together and thereby strengthening each other. It also means developing novel types of indicators to measure and assess progress. Contrary to the bulk of sustainability assessment, it is about gaining insight into the process of transition of the firm and how this relates to the speed and direction of the process of societal change it relates to. One could say that where current sustainability assessments measure to what extent the firm is performing ‘less bad’; the objective here is to see whether it is actually progressing in the path to performing sustainably.

6. Reflections and conclusions

In this paper we reflected upon the evolution in thought and practice of CSR; from trying to mitigate negative impacts towards systemic change and business transition. By applying the transition management approach we have tried to approach societal complexity and uncertainty as an opportunity for business. As in many areas the drive on resource efficiency, development of renewable energy, contributing to a healthy and climate-robust environment and creating social value continues, this provides opportunities for business to innovate, lead and profit. We have however argued that such and innovative and leading role can only be taken up when sustainability becomes part of the core of the business. In other words: becoming a sustainable business often entails an organizational transition rather than an optimization of the existing.

We outlined four basic types of activities that firms can undertake to influence their transition. To facilitate these, a number of transition management tools and methods have been developed during the past ten years. However, they have so far primarily been implemented in a societal context often initiated by governmental agencies, to a limited extent in a market environment and only a few times within an individual business. We described the case study of the ‘roof transition’ as a first systemic attempt to apply business transition management in an experimental and action research context. While there are noticeable impacts of the application of the approach, the research presented here is too recent for any fundamental conclusions in terms of its sector-wide impact and effectiveness of the approach. It seems clear, also from earlier experiences, that the analytical transition perspective provides a common lens and language to position firms in a broader context and explore highly innovative pathways, but it is far from clear what the implementation of this perspective means for different types of firms in different sectors, what kind of management models relate to it, what it would mean for accountability and transparency and whether investment in long-term strategic innovation can ultimately become part of the core activities.

This approach opens up an interesting set of theoretical as well as practical questions. In the example, there are signs of an acceleration of the shift of the roof-sector towards sustainability. Within this context, producers succeeded to collaborate with policy-makers, architects and real-estate organizations, to develop a business proposition that seems to offer benefits to all. By creating societal value in terms of for example green surface, water retention areas, production sites for renewable energy, the sector is able to open up new markets while simultaneously boosting its image and marketing. An important question is to what extent the approach could work in other types of sectors and business. It could be that the fact that the roof-sectors in a broader sense was already shifting and that sustainable alternatives were readily available,
created a context in which any attempt to bring these processes together could have been successful.

Either way, the relationship between societal transitions and the role of business needs further exploration. We touched upon many critical issues that we so far did not explore further. Examples and how societal value could be translated into economic value for the firm, often requiring new financial conditions and coalitions. But also how important the type and size of a business is for its possibilities to play an active role. Or to what extent the dominant culture and leadership within a business is decisive in determining the space for transitions. We do however see in this case as well as in the cited literature that there is a need for business to look beyond product innovation when it comes to sustainability. Especially in sectors where fundamental changes are taking place, incremental adaptation seems a risky strategy from a transition perspective. We argue that such societal transitions offer opportunities for business in multiple ways: to create new value for business as well as for society, and in the process create a new and inspirational culture with the organization. Such a transition management strategy implies an active and anticipatory role of businesses; to select and envision the right system level for developing goals and system-oriented transformative strategies for innovation (Boons, 2009) and to actively set-up, participate in and help guide coalitions of frontrunners.

References

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