

# 10 propositions to help any company drive their transformation toward sustainability while monetising it

*It is becoming increasingly clear that urgent action is needed to address the pressing environmental issues facing our planet. Climate change, pollution, deforestation, and biodiversity loss are just a few examples of the complex and interconnected challenges we are confronted with.*

Temps de lecture : minute

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The need to think and act differently has never been more urgent, as our current ways of living and consuming are unsustainable and are rapidly degrading the natural systems that support life on Earth. The impacts of these issues are already being felt by communities around the world, and if we do not act now, the consequences will be catastrophic for future generations.

This is why we have decided to hold the first *PricingForThePlanet* Annual summit in Paris this April, aiming at bringing together experts from the Pricing, Sustainability, and Marketing communities to explore solutions and foster discussions on how we can better address the urgent need to protect our planet, especially through the lens of monetisation and pricing strategy.

During this summit, we have conducted several group working sessions with two dozen thought leaders from the Pricing, Sustainability, and Marketing world, focused on three key questions:

1. How might we define monetisation for sustainability?
2. How might we align sustainability and business outcomes?
3. How might we engage the C-suite to join this movement?

This summit provided a platform for stakeholders to share their knowledge and ideas on innovative approaches that can lead to a more sustainable future. We believe that the time for incremental change has passed. It is time for bold actions, radical ideas, and a complete transformation of the way we live and interact with the natural world.

## 10 Propositions for a sustainable future

This group of thought leaders identified ten propositions aiming at creating a more sustainable future for all.

1. Companies need to expand the scope of their sustainability and ESG programs from a pure compliance play to a fully monetised compliance approach. This means that instead of just focusing on meeting regulatory requirements, companies should also consider the financial benefits of sustainable practices. By incorporating sustainability into their business strategy, companies can create new business models and revenue streams, reduce costs, and improve their reputation. For example, investing in renewable energy sources can reduce energy costs in the long term, while also demonstrating the company's commitment to environmental sustainability. Adopting a monetised compliance approach encourages companies to view sustainability not as a cost, but as an opportunity to generate value. By embracing sustainability as a business imperative, companies can create long-term value for both their shareholders and society as a whole.
2. Adopt a "true cost" approach. This involves disclosing the actual impact of business activities, including the impact of raw material extraction, and developing holistic key performance indicators (KPIs)

and metrics that accurately represent the real footprint of business activity on the natural and social ecosystem. As an illustration, it is imperative to consider the impact of greenhouse gas emissions, water pollution, and air pollution for example on the entire society (related health issues cost, cost to regenerate soil, cost de depollute, cost of landfill etc.) By doing so, companies can gain a comprehensive understanding of their impact and make informed decisions that are aligned with sustainable development goals.

3. Embrace the circular economy as this concept is crucial for companies to improve their sustainability footprint while maintaining financial stability. By transitioning from the traditional linear model of take-make-dispose to a circular model of reduce-reuse-recycle, companies can create value from waste, conserve natural resources, and reduce carbon emissions. The circular economy also encourages collaboration and innovation, allowing companies to find new ways to create products and services that are both profitable and sustainable. Ultimately, embracing the circular economy can lead to a more resilient and sustainable business model that benefits both the company and the environment.
4. Embrace the concept of regeneration. Regeneration can track the actual outcomes (net net impact) of companies, promoting a role in improving the environment and social spheres. By implementing a regeneration-based approach, companies can move beyond just reducing their environmental impact and strive to have a positive impact on the ecosystems and communities in which they operate. This approach allows for a more holistic view of a company's impact, including its positive contributions (and not a corrective one on the damage it is creating), and can serve as a powerful tool in promoting sustainable business practices.
5. Companies need to adopt a “true price” approach, which goes one step further than “true cost” accounting by incorporating the value of regenerating the planet and replacing what we are taking away. This

approach also involves charging consumers the full value they are willing to pay for products and services that support sustainability. A “true price” approach is crucial to drive sustainable consumption and production patterns, which will enable a more equitable and sustainable future. However, to implement this approach, companies need to be advanced in customer segmentation. By segmenting customers based on their willingness to pay for sustainable products and services, companies can align and price their offerings accordingly, which not only encourages sustainable consumption but also rewards companies that are committed to sustainability.

6. Implement 3P Pricing which incorporates the triple bottom line of People, Planet, and Profit, as it is a powerful tool to align sustainability and business outcomes. This pricing model allows consumers to have access to information about the real impact of their purchases, not only on their wallet, but also on the environment and society. By incorporating this information into purchasing decisions, consumers can steer the discussion and influence companies to prioritise sustainability in their operations. This can ultimately lead to a shift in corporate incentives and help to promote a more sustainable and equitable economy.
7. Reshuffle corporate incentives to align sustainability and business outcomes and make them long-term-based, expanding incentives to include social and planet-related goals, in addition to financial performance. By doing so, companies can be encouraged to prioritise the environment and society, not just profits, and work towards achieving a sustainable future for all.
8. Breaking down silos between departments is necessary to enable knowledge sharing and to identify solutions. The HR, Pricing, Marketing, Finance, Operation and Sustainability teams must work together in a multi-functional collaboration to ensure a successful transformation towards sustainability. Cross-collaboration among teams allows for a more holistic approach to sustainability, which

leads to better outcomes for the company, the environment, and society. By fostering a culture of collaboration, companies can tap into the collective intelligence of their employees to create innovative and effective solutions to complex sustainability challenges.

9. Invest in the next generation. Companies have a responsibility to dedicate time and effort to schools and universities to equip the next generation with critical thinking skills necessary to consider 3P (People, Planet, Profit) in their decision-making process. By promoting critical thinking and curiosity, future leaders can question businesses that prioritise only one of the 3P and demand more comprehensive approaches. Therefore, it is essential for companies to not only focus on short-term financial gains but also on investing in the future generation, which will ultimately play a significant role in shaping a more sustainable world.
10. Welcome and be part of the effort to develop regulatory frameworks that promote the alignment between sustainability and business outcomes. The focus should be on creating a simple and generalised framework that applies to various types of companies, making it easier to compare them from different regions of the world. It's important to ensure a fair playing field for all companies anywhere in the world. Additionally, these frameworks should ensure that end consumers worldwide have access to the same level of information regarding sustainability and business practices. Let's work together with regulators to create a sustainable future for everyone.

By implementing these propositions, we can create a comprehensive approach to monetising sustainability that aligns with the values of the company, its customers, and the wider community, and achieve true alignment between sustainability and business outcomes. Collaboration between pricing, marketing, finance and sustainability professionals will be crucial to drive this change and create a positive impact on our planet and society.

# How might we define monetisation for sustainability?

A common definition and language will help steer the conversations that all business leaders will have around profit, planet, and people. Innovative approaches to monetisation and pricing must be a central element in these conversations, so we have defined the what and the why.

## What is “monetisation for sustainability”?

Monetisation for sustainability is the act of incorporating sustainable business practices that promote environmental and social responsibility into a company's operations in order to generate profits. This approach involves implementing business practices that are consistent with the principles of the ESG framework, which stands for Environmental, Social, and Governance. ESG considers how a company's activities impact the environment, its social impact on communities, and the governance practices that ensure the company operates with integrity and transparency.

This approach involves building brand equity, gaining competitive advantage through differential value, creating new revenue streams, and improving pricing. This will allow to get a reward for those in the value chains that create a true positive impact through sustainability solutions. To succeed in this endeavour, organisations must possess mature value and pricing capabilities, as well as leverage true cost accounting to understand direct and indirect costs and externalities associated with their offerings. New business models, value models, revenue models, and price models should be experimented with to create a more sustainable business model. Customer segmentation and willingness to pay research should also be implemented and improved to focus on profitable segments. Finally, organisations should make strategic pricing choices,

such as building premium positions or other unique strategies that will effectively monetise their sustainability efforts.

## Why do we, as business professionals, have to care?

Business professionals should all care about the sustainability transformation because it presents an opportunity to create change with a significant impact. Pricing professionals who can lead organisations to align sustainability outcomes with profit-making will catalyse the most important change in modern history. Businesses with European activities will also be obligated to comply with ESG. Designing and deploying innovative price models to align with new value models will be the strongest profit lever for business professionals, while implementing systematic and agile pricing capabilities will build resilience and agility. Finally, business professionals have always been responsible for driving cultural change around value and profit-mindset and aligning sales, finance, marketing, product, and operations. Adding a dimension of sustainability will only strengthen this cultural responsibility.

But the success of monetisation for sustainability depends heavily on pricing, marketing, operation, finance and sustainability professionals working together collaboratively. By combining their respective areas of expertise, these professionals can develop new approaches that create value for both the company and society as a whole. Pricing professionals can bring their knowledge of revenue management and pricing strategies, while sustainability professionals can provide expertise in environmental and social impact assessment for example. Marketing professionals, in turn, can help to shape the narrative around sustainable business practices and communicate the value of these practices to customers. By working together, pricing, marketing, operation, finance and sustainability professionals can create a comprehensive approach to monetising

sustainability that aligns with the values of the company, its customers, and the wider community.

## How might we align sustainability and business outcomes?

In order to achieve a true alignment between sustainability and business outcomes, there are several key areas that require attention.

1. A more rigorous measurement framework is needed that links business and sustainability more closely. Companies should adopt a “true cost” approach that discloses the real impact of their activity, including the impact of raw material extraction. KPIs and metrics need to be more holistic and representative of the real footprint of business activity on the natural and social ecosystem.
2. Regulations will play a critical role in ensuring alignment between sustainability and business outcomes. While the EU's CSRD is a step in the right direction, other regions must follow suit and develop frameworks that are less complex and more generalised across different types of companies.
3. The circular economy needs to be widely adopted to give companies space to find solutions to improve their footprint while staying financially afloat.
4. New concepts such as regeneration, with for example regenerative farming or regenerative fishing, should be better utilised to track real outcomes of companies. It is crucial for companies to play a role in bettering the environment and social circles rather than simply causing less damage.
5. A new way to organise incentives is needed to ensure sustainability and business outcomes are aligned. Corporate incentives cannot be solely based on financial performance; they need to be expanded to include impact on social and planet-related goals.



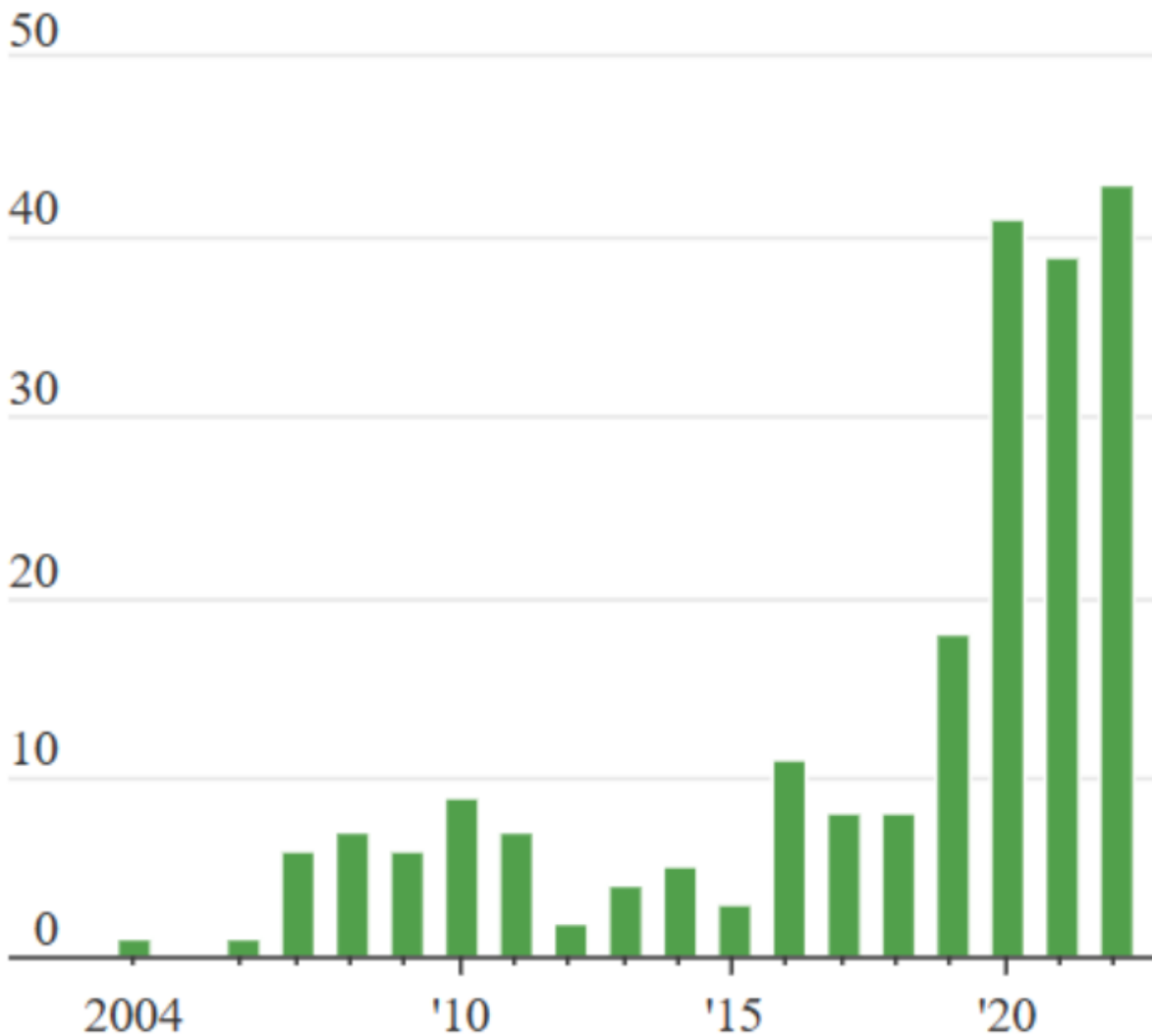
6. A very pragmatic way to achieve this goal is to mainstream the concept of 3P pricing. Consumers should have access to the real impact of their purchase on their wallet, social community, and the planet. Without this 360-degree view of their purchase, we cannot steer the discussion and align sustainability and business outcomes.
7. A more long-term approach is to invest in the next generation. To achieve alignment between sustainability and business outcomes, significant time and effort must be dedicated to schools and universities to ensure the next generation has critical thinking skills to consider the 3P and the curiosity to question businesses that prioritize only one of the 3P.

## How might we engage the C-suite to ignite a movement?

No transformation of any sort is done without the engagement of the C-suite. This has been a top 5 item for many years whether it is digital transformation, an IT transformation, or a marketing transformation. The same goes for a sustainability transformation. It goes without saying that adding a Chief Sustainability Officer in the C-suite is going to dramatically change the game. This is what many companies have done over the past few years. As a result, by 2022, 95 of the Fortune 500 companies had a Chief Sustainability Officer (CSO) ([\*How Many Chief Sustainability Officers In Fortune 500 Companies - ictsd.org\*](#)) and the number of sustainability officers tripled in 2021 alone ([\*Number of company sustainability officers triples in 2021 - study | Reuters\*](#)).

# More chief sustainability officer jobs are being created

Number of U.S. public companies appointing their first CSO



Source: Weinreb 2023 CSO report

Having a CSO is not the magic bullet though. There needs to be engagement from all C-suite functions and strong championing from the

CEO. Individually, each member of the C-suite has different needs and motivations with regards to sustainability and ESG work.

1. CEO: top of mind for the CEO is staying compliant to be able to play in the sandbox. The most progressive ones care about boosting competitive advantage in their industry as well as improving their reputation.
2. COO and CFO: both have the same motivation to pursue a sustainability transformation. First they want to reduce supply chain risks. Then they care about cost and waste optimisation. The CFO has ROI and impact in mind at the corporate level. Bottom line, sustainability is about internal financial impact.
3. CMO: the CMO has a different perspective. They also aim at boosting differentiation and brand equity. They also want to develop new business models and marketing campaigns to promote a sustainable brand. For a few of them, sustainability might lead to pricing and margin power.
4. CPO: The Chief People Officer sees great opportunities with sustainability transformations. They want to be able to attract and retain talent. They see it as a way to promote a corporate culture focused on key values.
5. CSO: For the newly appointed Chief Sustainability Officer, the motivation is to succeed in their transformation while making a difference for the planet. They want to be best-in-class with best practices, automated reporting, advanced capabilities, and resounding impact. They are the heart of the transformation.

Other C-suite functions want to achieve other goals. The CEO's role is to make all these needs and motivations converge with a compelling and inspiring vision. For that, the sustainability team must embrace advanced change management concept to reach a fully aligned C-suite.

During these working sessions, we listed some of the tools, actions, and

programs that might help convince C-suites around the world embrace sustainability transformations fully. Here are our top eight things that sustainability teams should consider to get the C-suite on-board and to engage all stakeholders.

- Create a strong sense of urgency: bring the outside in with competitors' case studies, industry benchmark, mega-trends, compliance update, and success stories. These need to be credible and more than one anecdote here and there. We show high level trends and research findings from the most credible sources.
- Bring in the experts: invite key thought leaders, professors, and other visionary executives to speak to your C-suite. Focus on experts to convey strong and threatening messages. The cost of doing nothing or being late in sustainability is high. Greenwashing is no longer an option.
- Conduct deep customer research: conduct specific voice of customer research to demonstrate the shift in customer perceptions and preferences. Again, here, one or two customer stories are not sufficient. Conduct a barometer survey to track shifts in customer perceptions over time.
- Define key performance indicators: these indicators need to connect with all C-suite stakeholders. They cannot just be compliance or financial outcomes. They must include talent and brand impact as well. They must cover the technological and legal landscape as well.
- Develop a sustainability maturity roadmap: show the C-suite participants the roadmap for capabilities and systems development. Not everything will happen overnight. Show them how other peers do it. That includes product, technology, monetisation, and skills roadmap over the long-range plan.
- Train the C-suite on key concepts: make sure all members of the C-suite receive appropriate training on key sustainability and ESG concepts: circular economy, carbon accounting, net zero programs, etc.

- Focus on monetisation: by proactively monetising the impact of sustainability, you can bring the sales, marketing, and innovation stakeholders to the table and get their attention. If you can show the impact on pricing power, NPS, customer retention, sales growth, then the battle is won. Your CMO and CCO will be fully on board. For that, you need to develop a monetisation strategy and invest in operationalising it in the go-to-market process.
- Speak the right language: each C-suite executive uses a different language formally linked to their area of responsibility. Tailor your language to relevant stakeholders and keep it simple and pragmatic. Avoid buzzwords or pie in the sky presentations. People get to the C-suite because of their achievements and skills.

We call on individuals, organisations, and governments around the world to join us in this urgent mission.

This manifesto was developed with the contribution from the following thoughts leaders: Fabien Cros - Google & PricingForThePlanet, Floor Deben - Supstain, Thaynara DuBois - Charles River Development, Karl Holm - ASSA ABLOY Global Solutions, Christoffer A. Iuel Røhl - Implement Consulting Group, Matthew Johnston - EPIC Conjoint, Maciej Kraus - Movens Capital, Larisa Kryachkova - Slavefreetrade International, Stephan Liozu - PricingForThePlanet, Stijn Mentzel - EPIC Conjoint, Kevin Mitchell - PPS, Julia Nitz - Nematik, Hugo Smits - Supstain, Paola Andrea Valencia - Schneider Electric, MarkVan Der Veen - Cargill, Veronika Vedlin Bræin - Grundfos and other professionals who contributed anonymously...