

OUTLINE

NEW

MARGA
HOEK

MORE THEN **50** BUSINESS CASES
FROM AROUND THE WORLD

ECONOMY

BUSINESS

SEVEN WINDOWS OF OPPORTUNITY

"BUSINESSES THAT WISH TO ENGAGE IN THE SUSTAINABLE ECONOMY NEED ONLY READ THIS BOOK"

DAN HENDRIX CHAIRMAN AND CEO INTERFACE • **"HOEK MAKES A COMPELLING CASE FOR A NEW ECONOMIC MODEL BASED ON VALUE CREATION"** **TON BÜCHNER** CEO AKZONOBEL • **"MARGA HOEK PRESENTS A FASCINATING FRAME OF REFERENCE FOR DOING BUSINESS IN THE NEW ECONOMY THAT WILL INSPIRE EVERY ENTREPRENEUR."** **PETER BAKKER** PRESIDENT WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

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NEW ECONOMY
PUBLICATIONS

NEW ECONOMY BUSINESS OUTLINE

Much has been written the past few years about the need to make the economy sustainable, how to get there, which obstacles we will face and how to overcome them. A wealth of examples have emerged as instances of a new way of business, finance or leadership. However, these best practices are not coherently connected. A comprehensive frame of reference is lacking, which means many of the business cases burst just like the proverbial bubble.

New Economy Business is the book that creates that comprehensive overview, illustrating how it works by utilizing actual models and firmly setting sustainable business on its feet. The author, Marga Hoek, uses concise and international cases to show that her innovative view of business, illustrated by seven classic fields of management, provides the most durable and profitable business case in rapidly changing markets and an ever more internationally interconnected economy. In the book this view is shaped and substantiated at macro, meso and micro level.

Unique production , no copyright.

New Economy Business truly embodies the new economy. Marga Hoek was able to fine tune her theories and give them foundation, thanks to the crowd. Dozens of internationally lauded scientists, from Asia to North America thought along with her; interviews with no less than 62 CEOs, managing directors and captains of industry bolstered the content and almost 100 professionals from the business world, non-profit organizations and government took part in an unprecedented crowdsourcing route, thus enriching the book by providing nearly sixty business cases. As befits this age of changing views on Intellectual Property the book has no traditional copyright. Hoek actually encourages sharing and disseminating, under the license of Creative Commons.

Following its launch, New Economy Business became an instant bestseller on various book websites, including managementboek.nl. The book received rave reviews online and in print media. New Economy Business seems to be an eagerly awaited eye-opener into pioneering and sustainable business for entrepreneurs, business people, politicians and policy makers alike.

In her international English-language sequel to the Dutch book, Hoek has brought together pioneers and cutting edge fields of thought from all over the world, and she has featured the best cases from international trendsetting companies.

Recommendations

“New Economy Business contains a rich history and is written in an accessible style. Hoek makes a compelling case for not only pursuing sustainable goals in sync with the environment, but also aligned with our social, intellectual, and financial assets.”

Dan Hendrix, Chairman & CEO Interface

As Marga Hoek succinctly puts it: “The world is not here for the economy, the economy is here for the world.” This is a principle I strongly believe in.

Paul Polman, CEO Unilever

The idea of transforming the Chief Financial Officer into the Chief Value Officer is not only refreshing, it shows how bold the transition to the new economy would be when the customer is king once again.

Gunter Pauli, Author of The Blue Economy and Chairman Novamont

Hoek takes readers back to the core element of business – the customer. And she reveals how companies can grasp the opportunities of the sustainable economy to create business success.

Ton Büchner, CEO AkzoNobel

“With her book New Economy Business, Marga Hoek sets the focus on another important opportunity: the social value. As she says, it is one of the most unchartered areas.”

Jens Birgersson, CEO ROCKWOOL group

“Marga Hoek pictures a fascinating frame of reference for new economy business, that will certainly inspire any entrepreneur.”

Peter Bakker, World Business Council for Sustainable Development

The New Economy

At the foundation of Hoek's new business outlook is a radical new vision for the economy. The definition of that new economy is comprehensive. It not only counts money, but also takes into account the value of four cardinal assets. Environmental, social, intellectual and financial assets. Organizing the new economy is aimed at growth of the first three assets. The financial asset is in fact a facilitator to this end, thus connecting money and value once more. This complete broadening of the economy's total balance sheet firmly sets money and its attendant markets and products on its feet in the economy. That is where it can be a value-creating instrument. An instrument of quality economic growth.

The four assets are each awarded their place on the economic balance sheet. Why is that? Because the new economy revolves around value and value creation. Within our current monetized context, it is easiest to translate that financially. After all, from that point of view, value creation produces revenue, while value detracting costs money. That is the new economy at its core. Money and value are immediately connected.

The new economy flourishes under several macroeconomic and parallel developments and trends, as described by Hoek. Picture 'glocalisation', a focused localization in a context of robust globalization and the attendant rapidly continuing connectedness; the (increasing need for) transparency; changing consumer values; and the digital and mobile revolution.

When the substance at the foundation of the economy changes, the fashion in which value is created will also undergo a metamorphosis. It will be more innovative, open, adaptable and cooperative. This is a logical development following the completely expanded definition of value in the new economy. In the old economy, economic activity was constantly working to maximize financial capital while in the new economy the driver is to maximize the total value.

Business

New Economy Business is an innovative, exploratory and non-specialist management book, that moves from the robustly founded explorations of macroeconomics - as described above - to focusing on business in that economy. Precisely because it is in business that the first heartbeats of the new economy are perceptible.

To this end, Hoek introduces new and useful models on the one hand, and on the other hand joins up and spotlights all the existing knowledge and best practices.

Its contents will therefore answer pressing questions. What exactly is business in the new economy? How do you make money? With whom and how do you introduce innovations? How does the relationship with your clients take shape? How should you position your company in the international power play? What does the business model entail? What are the characteristics of your company culture? And why? In short: how do businesses succeed and how do you manage them?

All these questions and many more will be answered in seven chapters, each one focusing on a particular field of management. These management fields are not new in name, but they are given a completely new substance in a new economy approach. Each chapter opens a window of opportunity that offers a new outlook. An outlook on business. An outlook on the new economy.

The seven windows of opportunity

1. CUSTOMERS

The new economy is based on access: Service, access and performance are of more interest than ownership. As a result, there is a significant change in the relationship between manufacturers and consumers. For even after the 'sale' the relationship is maintained, for as long as the service is being provided. Thus, manufacturers retain ownership of the products and are consequently creating a permanent 'supply' of materials. After the time of use has ended, products will be returned to the manufacturers. In turn, they will become less dependent on the market for virgin raw materials, and in so doing consolidate their long-term economic security.

Hoek introduces a four step plan to complete de-ownership: from financial lease to diversified use. In that fourth stage entrepreneurs transform their client relationship in every direction from a simple point-of-sale to a lengthy, high-quality customer relationship, which offers a diversified supply.

2. VALUE CYCLE

New economy entrepreneurs realize that being an innovative and sustainable pioneer will generate maximum value if they make the whole of their supply chain sustainable. This means that companies assume shared responsibility for what happens elsewhere within the chain.

The supply chain is shaped in a completely different fashion: in circles of co-operating 'satellites'. They are characterized by being circular, rather than linear and transaction-based. The parties within the value cycle work together to achieve innovation and value creation.

In the value cycle model parties work together as equals. Brief transactions are replaced by long-term partnerships. This means big and small businesses are more likely to invest in the other's innovations - and will share in each other's revenue. They also share the risks, diminishing that for the individual parties and making it easier to finance.

A cycle-based relationship between client and supplier puts higher demands on organizations and leadership. Multiple value creation calls for skills in delivering the best result across cycles and across industries. This is much more than shrewd procurement; it calls for a pioneer mentality, both towards other parties in the chain and within their own organization.

3. SCALE

Entrepreneurs are operating from a global perspective; to them the economy of the world is made up of multiple geographical layers. They focus on several of these, rather than on just one layer.

Their global and local way of thinking is maximized, provided the geographical span creates integrated value. Innovative entrepreneurs bolster their competitiveness by not regarding globalization as merely a way to reach a more economical method of production. They approach the markets where they are - or could be - operating in this new way, and connect in such a fashion that the value of their business case grows as a whole and produces value for the surroundings in which their business operates, both directly and indirectly.

In the new economy, entrepreneurs chart a radically innovative, inclusive course to break into markets or industries. This means value creation and

maintenance for ecological, social and financial assets without users having to make any concessions in usability, convenience, or cost.

4. INNOVATION

Innovation is business. Instead of innovating within their organizations, entrepreneurs are opting for shared innovation between organizations. This sharing and the collaborative development of knowledge produce an advantage over competitors.

New economy innovation is enterprising and open. This is the complete opposite of the traditional economy, where innovation basically takes place internally and is all about control.

Enterprising innovation means innovation within networks, not within structures built on hierarchy. By using business to join forces with innovating parties, suppliers, consumers and even competitors, entrepreneurs are increasing their financial clout, expanding their knowledge and thus increasing the revenue of innovative endeavors and their viability as well.

New economy innovation is characterized by openness and transparency. Entrepreneurs no longer close off their R&D departments, instead opting to open them to outside parties, thus stimulating the flow of innovation from one interested party to the other. By working together in this fashion and clustering knowledge, entrepreneurs reduce the insecurity surrounding the launch of new products.

By involving all relevant stake holders in the process of innovation from the get-go, expectation and need are given their place in the innovative process, and entrepreneurs are consequently able to lower the number of failures and flops. Accordingly, entrepreneurs are able to reduce the period of development, the investment cost and the period of return on investment.

5. BUSINESS CASE

Entrepreneurs are assembling their business case in a completely new fashion. No longer do they reason according to their own organization, but instead according to the business case. This removes boundaries in all possible directions.

The organization is not being used as the starting point, but instead the business case itself is the foundation. Entrepreneurs do not look at themselves in a linear fashion first, and then look for matching partners, but reason from the business case: 'Which parties can help me create value?'

This means traditional boundaries between industries are no longer relevant, and entrepreneurs promote cross-pollination between businesses. In their search for maximum creation of value, they are combining funding, parties and content.

This 'broadening' oftentimes results in unexpected combinations between public and privately interested parties, that would be overlooked in the traditional economy. Additionally, entrepreneurs are extending the time span in which success is possible. Long-term investor involvement is a guarantee for maintaining quality.

6. FINANCE

Money and real value are joined together once again. No longer is the motto 'money produces money'. From now on, money serves as a tool to facilitate value creation.

Entrepreneurs finance their businesses according to the three steps of the Trias Pecunia, which are introduced in this book: they limit their need for finance; they form creative connections which provide a sustainable financial foundation; they only turn to borrowed capital as a last resort.

Investors are rethinking their role in the new economy. Primarily they come from the immediate network of an organization and they have an direct vested interest in its success. Additionally, they make a long-term commitment to the organization, thus amplifying the chance for success.

The Chief Financial Officer (CFO) is transformed into a Chief Value Officer (CVO). This CVO ensures all business procedures and units within the organization are all focused on a shared company goal: creating and maximizing value.

7. LEADERSHIP

Entrepreneurs driven by sustainability are authentic pillars of value-creating business. They empower the value of the planet, of people and of money. This means they are not afraid to let go of the efficiency and apparent effectiveness, of the control and grip of cost calculations and of business based on scale, volume and margins.

Essentially, new leaders are transforming leaders. They lead by tapping into the intrinsic motivation of employees, as well as their extrinsic motivation. Not primarily managing their staff by reward, but through the process that leads to that reward. New leadership is characterized by six unequivocal signs of leadership. New economy leaders are: communicative and connecting, curious about cooperation, focused on the long term, transparent to people inside and outside the organization, present globally but firmly founded locally and willing to facilitate innovation.

The various leadership roles take on new shapes in the new economy. The new economy CEO will lead based on the conviction that his organization is a value-creating part of society. This will be visible too in Human Resource Management, which will be transformed to Human Value Management, and the position of supervisory board members changes from an 'old boys job' to an approachable, transparent and active advisor who keeps an eye - from afar and with a bird's eye view - on the long-term value creation of the organization.