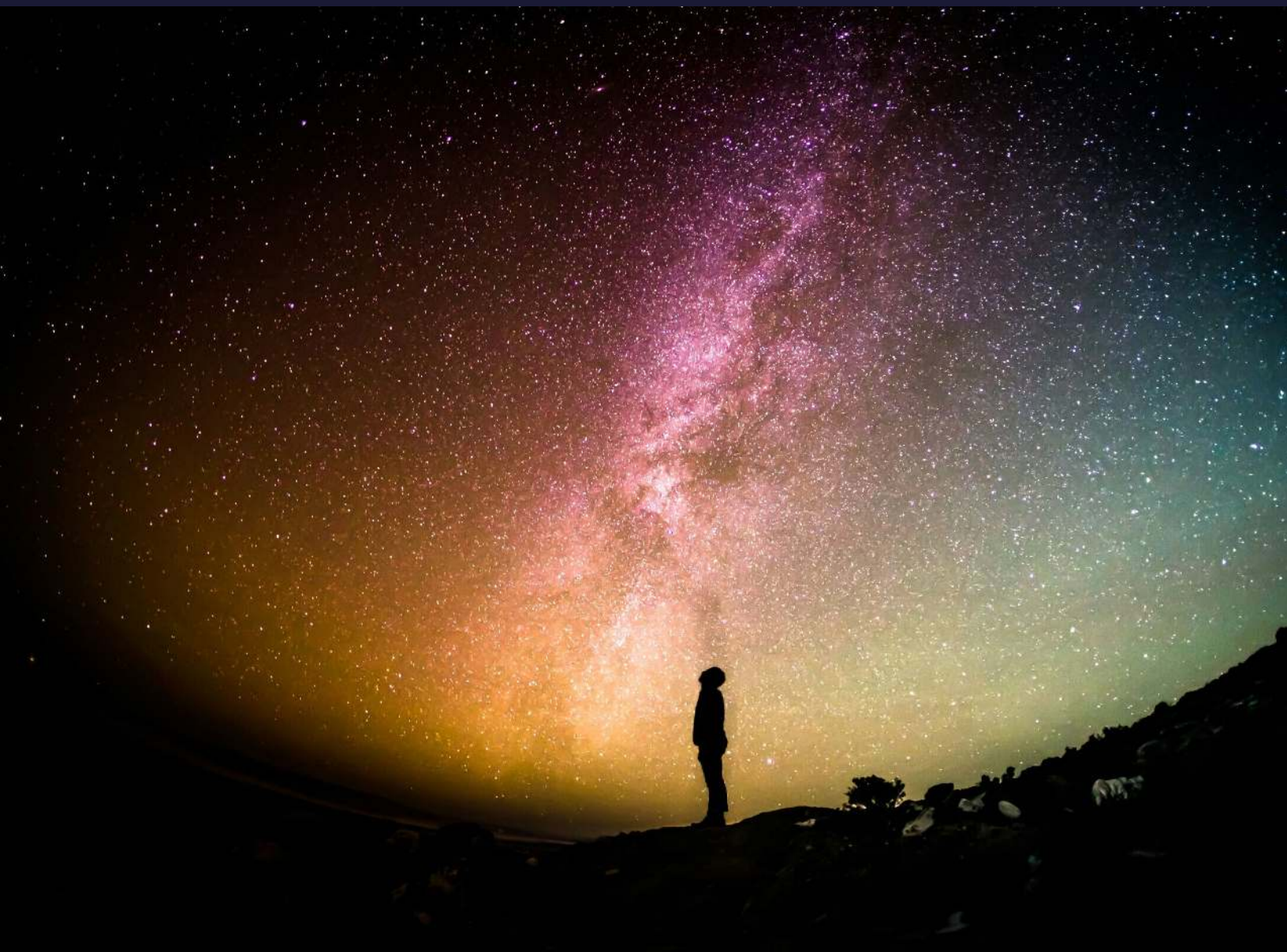# System-Changing Businesses

To Build a Better Future

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Introduction

*Welcome to the future, where System-Changing Business will be the **only** successful formula.*

In today's world, sticking to business-as-usual just won't cut it. We're dealing with a whirlwind of wicked problems: intense competition, rapid tech advancements, climate change, social inequality, and dwindling resources. Businesses need to evolve quickly to survive and thrive in this VUCA world – that's Volatile, Uncertain, Complex, and Ambiguous.

Instead of just reacting to these challenges, what if businesses took the lead and became the change-makers? Imagine companies that shape and influence their environment, turning obstacles into opportunities. This is where system change comes in. It's not about making tiny tweaks; it's about fundamental transformations and structural redesign to initiate a paradigm shift.

Picture your business as a positive force that shapes society and builds a better future. Exciting, right? Let's dive in and see what that could look like!

Why System-Changing Businesses Matter

Traditional business models often take more from society than they give back, focusing solely on financial gains. This approach can lead to social inequalities and environmental harm, making it tougher for businesses to operate in the long run, and tougher to build a thriving society that delivers wellbeing for all of us.

Enter System-Changing businesses: these innovative companies not only generate profits but also protect nature, promote social wellbeing, and reduce inequalities. By creating net-positive value, they ensure both their own success and the success of society.

Imagine businesses that thrive by uplifting everyone and everything around them, shifting from zero-sum competition to a regenerative economy that benefits people, the planet, and profits. This isn't just a blueprint for business success; it's a roadmap for a thriving society. Let's explore how this transformative approach can lead to a brighter, more sustainable and regenerative future for all.

What This Report Will Cover: Your Journey To System Change

This report is your go-to guide for building System-Changing businesses that can revolutionise performance and become catalysts for a better world. We'll dive into the key ingredients needed for system change, from foundational structural shifts and innovative leadership styles to sustainable, regenerative practices, cutting-edge technologies, and alternative business structures.

Packed with real-world case studies and innovative strategies, this report aims to arm business leaders with the insights and tools they need to drive transformative change. By doing so, they can spark broader societal change and create a thriving, sustainable future for all. Let's get started on this exciting journey!

1. Understanding System Change

What is System Change Anyway

System change means making big, sweeping transformations that not only improve an organisation but also reshape the entire system in which it operates. Unlike tiny, gradual tweaks, system change tackles multiple aspects all at once for long-lasting, sustainable improvements. This kind of change aims to create a massive shift in performance, empowering businesses to become powerful agents of change that influence and transform the wider world. Ready to dive into this transformative journey? Let's go!

Big System Change vs. Small Incremental Tweaks

System Change:

- **Big and Bold:** Involves fundamental paradigm shifts that go beyond the organisation and impact the entire business ecosystem.
- **Deep Transformation:** Aims to redesign everything – foundations, culture, processes, technologies, and policies.
- **Significant Investment:** Takes substantial time, resources, and effort, but the payoff is massive.
- **Examples:** Embedding strong legal protections, revamping the business model, adopting new technologies across the board, and shifting to sustainability and beyond to regeneration and net-positive outcomes.

Incremental Change:

- **Small Steps:** Involves little tweaks and gradual changes that focus on specific areas or processes.
- **Easier and Less Disruptive:** Simpler to implement and doesn't shake things up too much.
- **Examples:** Minor process improvements, small tech upgrades, or tweaking existing policies.
- **Limitations:** Incremental change won't tackle the complex wicked problems such as climate change, resource depletion, or social inequalities.

In short, while incremental changes are manageable and useful to make some progress, only system change can address the big issues and turn businesses into true agents of societal progress that make a real difference. Ready to dive in and transform the world? Let's embrace system change!

The Magic Ingredients: Legal Foundations, Organisational Culture, Processes, Technology, Policy

Foundational Structural Change:

- **Power to the People:** Legally empowering multiple stakeholders in decision-making.
- **Nature's Guardian:** Incorporating deep legal protections to safeguard the environment.
- **Multi-Capital Consideration:** Using multi-stakeholder structures to represent different groups and types of capital.

Organisational Culture:

- **Shared Values and Beliefs:** The collective mindset that shapes how everyone behaves and works.
- **Adapt and Thrive:** A strong, flexible culture encourages innovation, teamwork, and openness to new ideas.
- **Leadership Matters:** Changing culture needs trusting leaders, engaged employees, and clear communication.

Processes:

- **How Things Get Done:** The methods and procedures for achieving goals.
- **Optimise for Success:** Streamlining processes boosts efficiency, cuts costs, and improves performance.
- **New Practices:** Embrace new management methods, lean methodologies, and advanced tech for systemic change.

Technology:

- **Tools of the Trade:** The systems and software that power the organisation.
- **Innovation Powerhouse:** Tech innovations like AI, blockchain, IoT, and advanced analytics.
- **DAOs:** Distributed ledger technology enabling collective decision-making.

Policy:

- **Guidelines for All:** Policies that guide behaviour and decisions, co-created by the collective, not only the senior leaders.
- **In Sync with the Times:** Updating policies to reflect evolving goals, regulations, and societal trends.
- **Radical Transparency:** Sharing information with all stakeholders to enable better policy co-creation.

By focusing on these key areas, businesses can drive system change that goes beyond their walls and creates a lasting, net-positive impact. Ready to make a difference? Let's keep going!

2. The Need for System Change

Facing the Big Three: Environmental, Social, and Economic Challenges

Modern businesses face a multitude of challenges that need to be addressed to move from being reactive to being a proactive agent of change, and ultimately to shape and influence the system itself. These challenges are multifaceted 'wicked' problems, spanning environmental, social, and economic dimensions.

Environmental Issues:

- Climate Change: Businesses must adapt to the increasing impacts of climate change, including regulatory pressures, physical risks to operations, and changing market demands for sustainable products.
- Resource Depletion: Sustainable management of natural resources is critical as global consumption rates threaten the availability of essential materials.
- Pollution: Companies need to address pollution and waste management to comply with regulations, protect our vital natural ecosystems, and meet the growing consumer demand for environmentally friendly practices.

Social Issues:

- Social Inequality: Addressing income inequality and ensuring fair labour practices are vital for maintaining social stability and ethical business operations.
- Diversity and Inclusion: Promoting diversity and inclusion within the workplace enhances innovation, employee satisfaction, and overall organisational performance.
- Consumer Expectations: Modern consumers demand transparency and ethical behaviour from companies, influencing their purchasing decisions and brand loyalty.

Economic Issues:

- Market Volatility: Economic instability and market fluctuations require businesses to be agile and resilient.
- Technological Disruption: Rapid technological advancements can render existing business models obsolete, necessitating continuous innovation and adaptation.
- Global Competition: Companies must compete in an increasingly globalised market, requiring efficiency and strategic differentiation.

Leaders to the Rescue: The Role of Leadership in Sparking System Change

Effective leadership is crucial for driving systemic change within organisations. Leaders play a pivotal role in shaping the vision, strategy, and culture necessary for successful transformation.

Visionary Leadership:

- Leaders must articulate a clear and compelling vision for ambitious change that is founded on creating a net-positive or regenerative future that aligns with the organisation's long-term goals and values.
- A visionary leader inspires and motivates employees, fostering a shared commitment to achieving systemic change and paradigm-shifting possibilities that were previously considered impossible, but are possible through bringing ambitious visions into reality.

Strategic Direction:

- Effective leaders develop and implement strategies that address the organisation's unique challenges and leverage its strengths.
- They ensure that resources are allocated efficiently and that initiatives are aligned with the overall strategic direction.

Cultural Change:

- Decentralising power and decision-making to move towards a self-managing decision making and authority structure in which employees have more autonomy and are trusted. Leaders must learn the art of letting go of control and build systems that enable power to be decentralised.
- Leaders must cultivate a culture that embraces change, innovation, and continuous improvement.
- This involves promoting values such as collaboration, accountability, and adaptability throughout the organisation.

Stakeholder Engagement:

- Engaging stakeholders, including employees, customers, investors, and the community, is essential for gaining support and ensuring successful implementation of systemic changes.
- Leaders must communicate transparently and involve stakeholders in the change process, fostering trust and collaboration.

Resilience and Adaptability:

- Leaders must be resilient in the face of challenges and adaptable to changing circumstances by enabling the organisation to respond.
- They need to be proactive in identifying potential disruptions and agile in responding to unforeseen events by empowering others.

By addressing these environmental, social, and economic challenges, and by exercising strong leadership through new business structures and foundations, businesses can navigate the complexities of system change and achieve regenerative growth and impact.

3. Innovative Approaches

Going Green: Circular Economy, Green Supply Chains, Renewable Energy

Circular Economy:

- The circular economy aims to minimise waste and make the most of resources. This involves designing products for longevity, reuse, and recyclability, and creating closed-loop systems where materials are continually repurposed.
- Example: Companies like Philips and IKEA have adopted circular economy principles, designing products for easy disassembly and recycling, and using recycled materials in production.

Green Supply Chains:

- Green supply chains focus on reducing environmental impact throughout the entire chain, from sourcing raw materials to production, distribution, and disposal.
- Example: Unilever has implemented sustainable sourcing programs and works with suppliers to improve environmental and social practices. Their sustainable agriculture code ensures that raw materials are sourced responsibly.

Renewable Energy:

- Transitioning to renewable energy sources, such as solar, wind, and hydro power, helps reduce greenhouse gas emissions and reliance on fossil fuels.
- Example: Google has committed to running its data centres on 100% renewable energy, investing in wind and solar projects globally to offset its energy consumption.

Tech Marvels: Blockchain, AI, and IoT

Blockchain:

- Blockchain technology provides transparency, security, and efficiency in transactions. It is particularly useful for supply chain management, ensuring traceability of products from origin to consumer.
- Example: IBM's Food Trust blockchain enables retailers and consumers to trace the origin and journey of food products, enhancing safety and reducing fraud.

Artificial Intelligence (AI):

- AI enhances decision-making, predictive analytics, and operational efficiency. It can optimise logistics, predict market trends, and personalise customer experiences.
- Example: The Ocean Cleanup, a non-profit organisation, utilises AI technology to tackle ocean plastic pollution. Their innovative system, powered by AI algorithms, autonomously detects, collects, and removes plastic debris from the ocean's surface, helping to regenerate marine ecosystems and protect marine life.

Internet of Things (IoT):

- IoT connects devices and systems, enabling real-time data collection and analysis. It enhances operational efficiency, resource management, and customer experiences.
- Example: Siemens uses IoT to monitor and optimise manufacturing processes, reducing downtime and energy consumption while improving product quality.

Legal Foundations: Platform Cooperatives, B Corps, DAOs, FairShares Commons

Platform Cooperatives:

- Platform cooperatives are digital platforms owned and governed by the users and workers who depend on them, promoting fairer distribution of value and decision-making power.
- Example: Stocksy United, a platform cooperative in the stock photography industry, shares profits with contributing photographers and gives them a say in governance.

B Corps:

- B Corps are for-profit companies certified to meet rigorous standards of social and environmental performance, accountability, and transparency. They balance profit and purpose.
- Example: Patagonia, a certified B Corp, integrates environmental sustainability into its business model, advocating for environmental causes and ensuring ethical practices across its supply chain.

Decentralised Autonomous Organizations (DAOs):

- DAOs are organisations governed by smart contracts on blockchain platforms, enabling decentralised decision-making and operations without traditional hierarchical structures.
- Example: MakerDAO, a decentralised finance project, allows participants to manage the DAI stablecoin system through a governance token, promoting transparency and community-driven management.

FairShares Commons:

- The FairShares Commons is a model for shared ownership and governance of resources, emphasising equitable distribution of wealth and decision-making power among stakeholders. It integrates principles of social enterprise, cooperative ownership, and commons management.
- Example: Resonate, the pioneering community-owned music streaming service, embodies the FairShares model, an earlier iteration of the FairShares Commons. As a multi-stakeholder platform cooperative, Resonate is democratically governed by its members, including artists, listeners, and workers.

By adopting these innovative approaches, businesses can address contemporary challenges and drive system change, leading to regenerative and impactful transformations.
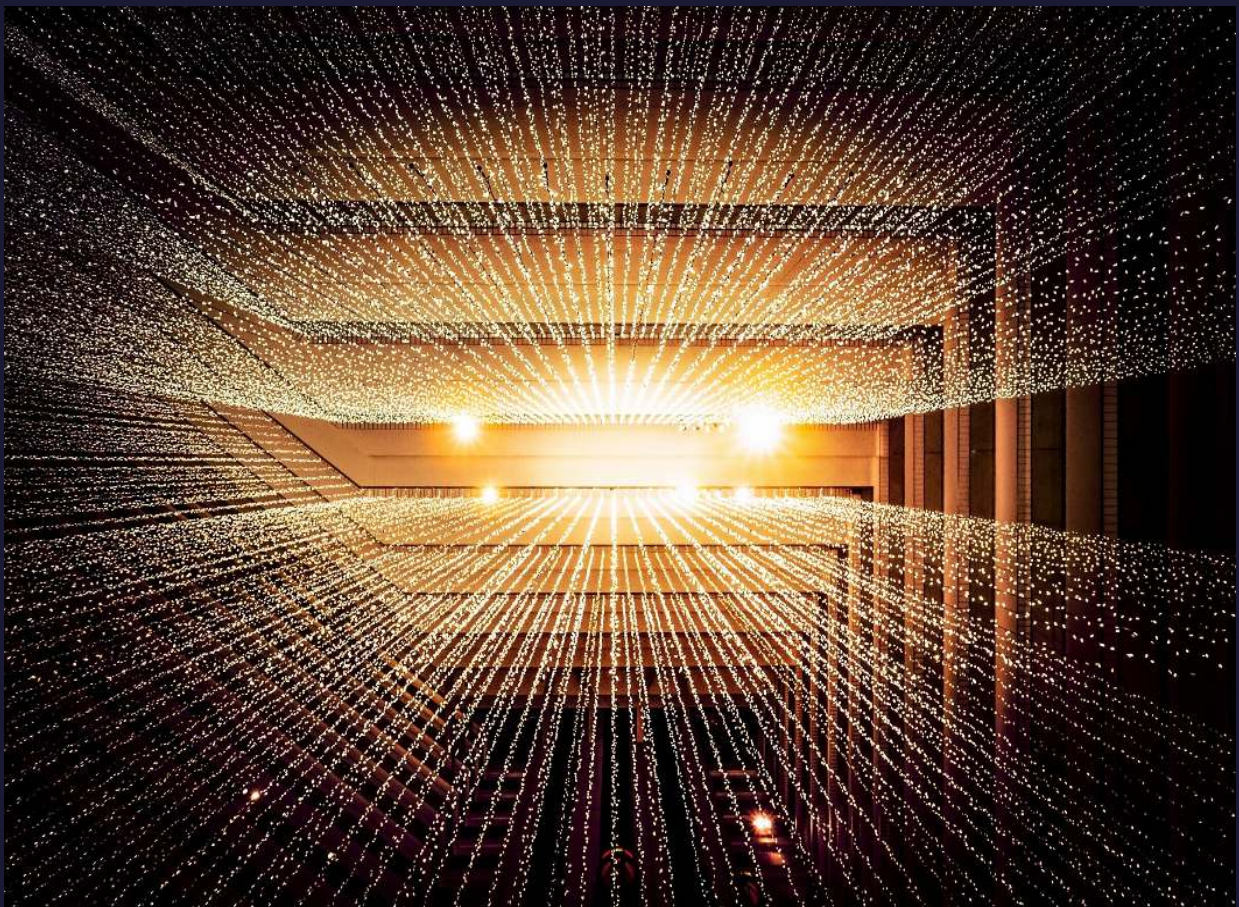
4: Case Studies

In the realm of business system change, exemplary case studies offer invaluable insights into how organisations can pioneer transformative initiatives and catalyse net-positive impact across industries. In this chapter, we delve into six compelling case studies that epitomise the ethos of innovation, sustainability, regeneration and decentralised community-centric approaches to power transformation.

Unilever: Leading the Way in Sustainability

Unilever stands as a beacon of sustainability within the corporate landscape. With a commitment to reducing environmental footprint while enhancing social welfare, Unilever has embarked on a journey of profound transformation. Through initiatives like the Sustainable Living Plan, Unilever has set ambitious targets to address pressing global challenges, including climate change, waste reduction, and social inequality. By integrating sustainability into its core business strategy, Unilever showcases the power of corporate leadership in driving positive systemic change.

Vivo Barefoot: Transforming to a Regenerative Model

Vivobarefoot has long championed sustainability through the use of eco-conscious materials in their innovative shoe designs. However, in 2020, they embarked on a bold new journey, embracing a transformative approach aimed at ushering in a regenerative paradigm shift. Their strategy for regeneration encompassed a holistic focus on various social and environmental pillars, aiming for "a healthy brand, a healthy community and a healthy planet."

Buurtzorg: Enabling Nurses to Decide How to Deliver Care

Buurtzorg, a Dutch home nursing care provider, operates on a unique model centred around self-managing nursing teams. Here, nurses are entrusted with the authority to determine the best approaches to patient care. Beyond their caregiving duties, nurses also handle hiring, finances, investments, operations, and marketing—functions typically reserved for senior management. This innovative, lean paradigm has not only resulted in a remarkable improvement in care quality but has also yielded significant cost reductions and massive productivity gains.

Nucor: Trusting Steelworkers to Innovate from the Factory Floor

Nucor, a trailblazer in the American steel industry, made waves in the 1980s with its groundbreaking approach to innovation. By empowering shop floor steelworkers with the autonomy to create and innovate, Nucor pioneered the concept of self-managing teams. This bold strategy led to the development of radical new steel products, defying the odds and revitalising the once-declining fortunes of the US steel industry.

Patagonia: Championing Environmental Commitment

Patagonia's unwavering commitment to environmental sustainability transcends mere corporate responsibility—it embodies a deep-seated ethos of environmental stewardship and social activism. Through initiatives like the "Worn Wear" program and the commitment to organic and recycled materials, Patagonia has forged a path towards a more sustainable and equitable future. By leveraging its brand influence and financial resources, Patagonia has become a catalyst for change, inspiring consumers, businesses, and policymakers alike to prioritise environmental conservation and social justice.

ColivingDAO: Launching a Federation of Community-Led Coliving Spaces

ColivingDAO is a launchpad to create a federation of decentralised autonomous coliving communities with a fair share of wealth and power for residents and other stakeholders.

ColivingDAO aims to disrupt the conventional property market by introducing new options in property ownership and unlocking truly regenerative community living.

In the age of digital nomadism and collaborative resource-sharing, ColivingDAO emerges as a pioneer in reimagining urban living and fostering community-driven spaces. By leveraging blockchain technology and decentralised governance models, ColivingDAO empowers individuals to co-create and manage coliving spaces based on shared values and principles.

Thanks to the FairShares Commons structure, ColivingDAO gives a legal identity to the underlying DAO ensuring its members have legally protected ownership and governance rights.

Through a combination of shared resources, collaborative decision-making, and community engagement, ColivingDAO exemplifies the potential for decentralised systems to facilitate meaningful connections, foster social cohesion, and redefine traditional notions of property ownership and management. The result is a way of living that enables individuals and communities to thrive together.

In conclusion, these case studies offer compelling examples of how business system changers can leverage innovation, sustainability, and decentralised community-centric approaches to drive net-positive societal change. By embracing bold visions, harnessing disruptive technologies, and prioritising social and environmental impact, these organisations exemplify the transformative potential of business as a force for good and regeneration in the world.

5: Overcoming Challenges

System changers often encounter formidable barriers that can impede progress and hinder innovation. Like any change, system change is not easy, but the rewards are worth the effort! By understanding these obstacles and implementing savvy solutions, businesses can navigate challenges and drive meaningful transformation. In this chapter, we explore common barriers and outline strategies for overcoming them.

What's in the Way and How To Win

Resistance to Change:

One of the most pervasive barriers is resistance from stakeholders who are hesitant to embrace new practices and paradigms, whether it stems from fear of the unknown, attachment to familiar routines, or concerns about potential disruption.

How to Win: Leaders can address this by learning to trust and let go of control in decentralised systems. All employees can uplevel their judgement and bravely take responsibility. Personal development to increase consciousness levels and group coaching in new self-managing structures and processes may be essential. For example, having coaches and facilitators in self-managing methods such as Holacracy or Sociocracy to enable the business to make these profound shifts are advised in the early stages of transformation. Legal embedding to protect these new structures is essential.

Resource Constraints:

Not having sufficient access to resources including legal expertise, financial capital, human capital, and technological infrastructure, can pose significant challenges for system changers. The perceived costs of transitioning to regenerative practices, investing in new technologies, or reallocating resources to support foundational change may deter organisations from pursuing transformative initiatives.

How to Win: Nature provides the answer from natural ecosystems. Strategic partnerships with external system changing organisations, including industry networks, government agencies, and research institutions, can help organisations overcome these resource constraints by accessing shared infrastructure. By pooling resources, sharing risks, and leveraging collective expertise, businesses can transform into system changers together as a community on a shared journey. System changers thrive by being a part of an ecosystem. A problem shared is a problem solved.

Regulatory Issues:

Regulatory frameworks and compliance requirements can present significant hurdles to system changers, particularly in heavily regulated industries. Navigating complex regulatory landscapes and ensuring compliance with evolving standards and policies can be daunting tasks for businesses seeking to implement transformative initiatives. Regulatory barriers can stifle innovation and limit the adoption of regenerative practices, creating additional challenges for organisations striving to effect meaningful change.

How to Win: Embracing innovation is essential for overcoming regulatory barriers and driving meaningful system change. Firstly, focus on cultivating a culture of co-creation to encourage bottom-up innovation from the grassroots. Self-managing teams create the container for this to happen, and allow a culture that values creativity, experimentation, and continuous improvement to unfold organically. By encouraging employees to challenge conventional thinking, explore new ideas, and develop innovative solutions, businesses can increase agility to sense and respond to regulatory requirements, seize emerging opportunities, and drive new avenues of growth. Pioneers can proactively create value in an ever-changing business landscape and overcome regulatory and bureaucratic barriers creatively.

In conclusion, while barriers to business system change are multifaceted and complex, they are not insurmountable. By addressing resistance to change, overcoming resource constraints, and navigating regulatory issues through stakeholder engagement, collaborative partnerships, and fostering innovation, organisations can unlock new opportunities for growth, regeneration, and long-term success. Through proactive leadership, strategic collaboration, and a commitment to innovation, businesses can drive meaningful transformation and create net-positive impact in the world.

Conclusion

What We've Learned: A Quick Recap

In this report, we highlighted how organisations can become System-Changing proactive agents. Businesses can unlock paradigm-shifting increases in performance and positively influence and shape society simultaneously. This vision of business as an agent of future world creation emphasises the importance of transformative initiatives in addressing environmental, social, and economic problems that cannot be solved through incremental business-as-usual. By understanding the need for system change, embracing sustainable and regenerative practices, leveraging technological innovations, and examining inspiring case studies, business can pave the way for a more sustainable and regenerative net-positive future for all of society.

Join the Movement: Your Call to Action for System Change

Don't try to change the world on your own. Let's transform our businesses together by embracing system change tools and processes and collaborating across sectors. We can collectively address the most pressing challenges of our time and build a more prosperous and regenerative future for all by combining forces.

We here at www.ColivingDAO.com are building a system-changing business that acts as a building block for our regenerative net-positive future. By focusing on disrupting traditional property ownership we are creating new options for community living. Connect with us and we can build a better future together.

Further Resources - Books

1. Regenerative Leadership by Giles Hutchens and Laura Storm
2. Net Positive by Paul Polman and Andrew Winston
3. One from Many: VISA and the Rise of Chaordic Organisations by Dee Hock
4. Rebuild by Graham Boyd
5. The Ergodic Investor by Graham Boyd
6. Reinventing Organisations by Frederic Laloux
7. Humanocracy by Gary Hamel
8. Greenpilled by Kevin Owocki
9. Maverick by Ricardo Semler
10. Plain Talk by Kenneth Iverson
11. Many Voices One Song by Jerry Koch-Gonzalez and Ted J Rau