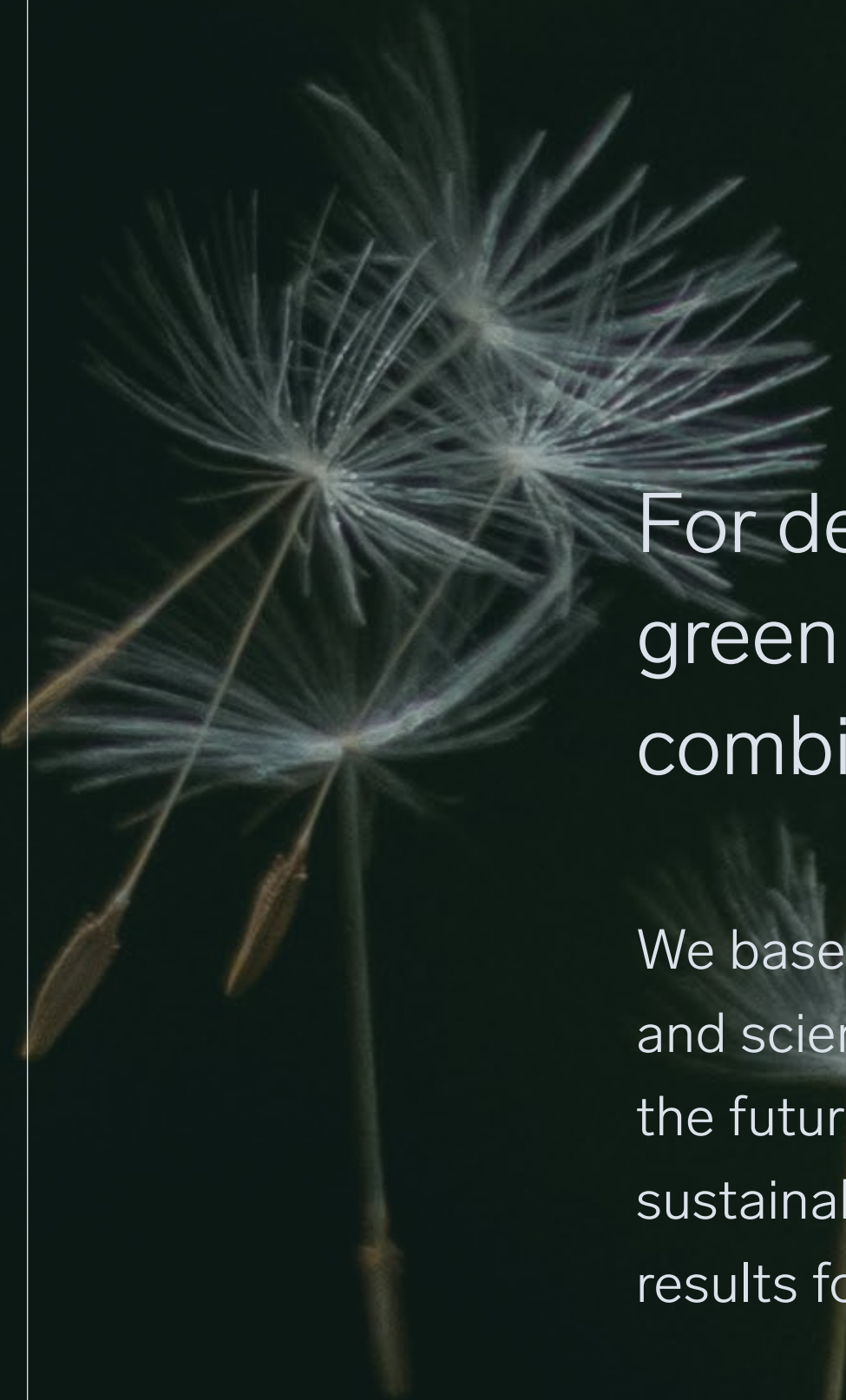


[ S U S F O R M A T I O N ]

# BRIDGING SUSTAINABILITY *WITH* BUSINESS SUCCESS





GAIA – LEADING THE WAY IN THE GREEN TRANSITION

For decades, Gaia has supported companies, organisations, and communities in the green transition. Gaia has been in the forefront of 360° sustainable value creation, combining deep sustainability expertise with hard business skills since 1993.

We base our operations on research and science and always look far into the future, covering the entire field of sustainability. We achieve measurable results for our customer's business.

The green transition is the most significant systemic change of our time. To speed up the green transition, every organisation must go through a sustainable transformation — ***this is susformation.***

Susformation is actively working to transform the core of your business to solve challenges our society faces today and tomorrow. Susformation is a change in which we move to thinking about sustainability as a key part of the organisation's strategy and the operation of the entire value chain.

In susformation, strategic sustainability replaces one-off sustainability actions. It creates added value for the organisation's

operations, stakeholders, and the surrounding society. With susformation, our customers make the green transition a reality by creating structures, services and products that enable the conditions for sustainable growth.



Maria Sangder  
CEO, Gaia Consulting

# BRIDGING SUSTAINABILITY *WITH* BUSINESS SUCCESS

[ S U S F O R M A T I O N ]

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1

# *THE CASE FOR* **SUSFORMATION**



## THE CASE FOR SUSFORMATION



The current state of the world is marked by escalating sustainability crises, including climate change, resource depletion, ecosystem degradation and social inequality, as well as other crises such as the Covid-19 pandemic, the war in Ukraine, and an economic recession. In a time of global polycrisis, the outlook for the future seems more uncertain. Environmental crises are rising fast. In fact, according to the latest ‘Global Risks Report’ by the World Economic Forum, in 10 years, the seven most severe global risks will be related to environmental, social, and economic issues; failure to mitigate and adapt to climate change, natural disasters

and extreme weather events, biodiversity loss and ecosystem collapse, large-scale involuntary migration, natural resource crises, and erosion of social cohesion and societal polarization. Although this all can seem daunting, it presents a massive amount of possibilities for companies that can re-align their operations accordingly.

Sustainable transformation – or susformation as it has been defined by Gaia – emerges as a response to these challenges. It recognizes the urgent need to shift the direction of business practices towards strategic sustainability.



# Opportunity for businesses



In an era where the need for sustainable practices is becoming increasingly clear, companies across industries are confronted with the need for transformative change. While all companies will eventually face the requirement to align with sustainable principles, those who take the proactive step of bringing sustainability into the core of their strategy stand to gain a significant competitive advantage. By embracing susformation early on, companies can position themselves as leaders in their sectors, filling the gap around sustainable offering for

their customers. They can shape industry standards, build resilient supply chains, and develop innovative solutions that solve pressing global challenges. This first-mover advantage not only enhances reputation but also enables businesses to be ahead of regulatory changes, adapt to evolving market demands, and foster a culture of innovation. Ultimately, as sustainability becomes a cornerstone of business success, those who act swiftly to integrate responsible practices into their core strategies will find themselves better equipped for the future.





BIODIVERSITY  
CLIMATE CHANGE  
CIRCULAR ECONOMY  
ENERGY TRANSITION

## Aligning profitability and sustainability

There's an urgent need for businesses to pursue a stakeholder-centric strategy that goes beyond the bottom line and places a strong emphasis on impact. Susformation acknowledges that pursuing profitability and sustainability are not mutually exclusive. On the contrary, businesses can generate shared value by integrating sustainability into their strategy and core operations. By creating products and services that enable the conditions for sustainable growth for their customers, rethinking value chains, and adopting circular economy principles, companies can enhance efficiency, mitigate risk, reduce cost but above all drive profitable growth.





2

# *WHAT IS* **SUSFORMATION**



## WHAT IS SUSFORMATION

The big challenges that are part of the transformation process stem from responsibility, and companies that susform will be part of a larger societal transition. A transition that involves a push from regulation, technology, and civil society, whilst simultaneously experiencing the pull of regulation, vision, and the market.

Businesses need to find innovative ways to incorporate sustainability into their core and

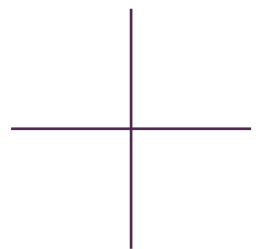
challenge the prevailing assumptions and paradigms that underpin their operations. Rethinking supply chains by for example promoting circularity and biodiversity and giving social and environmental impact equal weight with financial performance are all part of this shift.

***Susformation bridges the gap between sustainability and transformation.***



# Transformation

The concept of susformation draws from the theoretical foundation of transformation theory, which highlights the need for profound and systemic changes in order to address challenges. It involves changing core values, goals and business practices, going beyond mere incremental advancements towards strategic, holistic and long-term sustainability.



[ T R A N S ] **formation**

**Sus** [ T A I N A B I L I T Y ]

A transformation possesses the potential to profoundly reshape the interaction between a company and its broader economic and societal context. Companies that exhibit the capacity for transformation swiftly adapt to evolving market dynamics, introducing innovation not only to client offerings but also to the very fabric of their organizational structures. Moreover, the ability to execute and realize a business transformation stands as a prerequisite for staying ahead of upcoming trends and catering to future demands, including the creation of new market spaces.

***Susformation is a way to ensure that sustainability is not only a cost item but a way to build turnover.***



3



# *HOW TO* **SUSFORM**



# Need for coopetition

Susformation calls for cooperation and coordination between a range of stakeholders, including governments, academic institutions, and civil society. Since complex problems require new and different solutions, that also disrupt whole value chains, it does not make sense that every company embark on a susformation journey alone.

Through cooperation with competitors, businesses not only solve issues but create a market big enough for all players. By engaging in multi-stakeholder innovation, diverse expertise can be used to develop creative solutions that effectively address sustainability challenges. Through partnerships, joint research projects, and knowledge-

sharing, businesses can accelerate efforts toward susformation.

The varied challenges posed by sustainability issues requires a collective effort that transcends traditional competitive boundaries. Companies, often operating within the same industry or sector, can recognize that the shared objective of achieving sustainability goals requires a pooling of resources, expertise, and innovation. In this landscape, the pursuit of sustainability becomes a unifying force, transcending individual interests and stimulating a culture of cooperation that benefits not only the participating companies but also the broader environment and society they serve.



SUSTAINABLE  
GROWTH  
ADDED VALUE  
MEASURED  
IMPACT





# Exploring diverse solutions for transformation

Going through a transformation is a complex process. Utilizing a portfolio thinking approach enables companies to explore various sustainable solutions simultaneously. It is about the opportunity to look at new business operations while at the same time improving the current ones. Further, the portfolio thinking approach allows for a balanced selection of initiatives.

Combining both quick wins and longer-term strategic projects, companies can generate immediate positive outcomes while also laying the foundation

for sustained, impactful changes. This balanced approach helps build momentum and credibility, as well as fosters a culture of continuous improvement.

With a clearer picture of the potential outcomes and trade-offs, organizations can allocate resources strategically to ensure future business and solve global crises. Moreover, the portfolio approach ensures that sustainability initiatives are not viewed in isolation but as integral components of a broader business strategy, amplifying their collective impact.





# Addressing conflicts



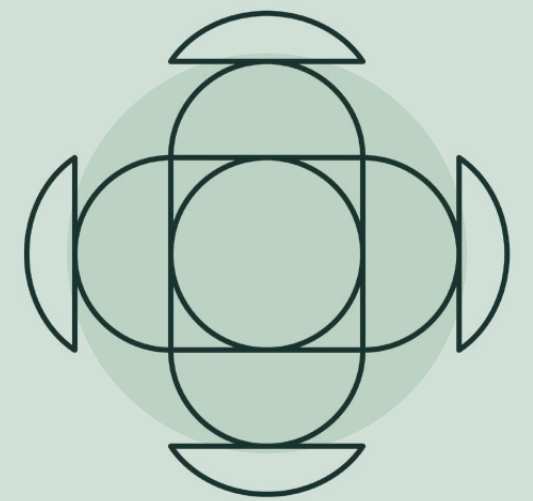
Addressing conflicts is a crucial facet when discussing susformation as it acknowledges the complexities inherent in the journey towards sustainability. Susformation, by its very nature, disrupts established norms, and challenges existing systems. Discussing conflicts underscores the reality that sustainable transformation is not a linear



process but a multifaceted endeavor. However, adopting a susformation agenda does not need to result in conflicting interests. By understanding the trade-offs and potential benefits between perceived conflicts, businesses can unlock the full potential of susformation and drive positive change while also ensuring their own success.







## Compliance vs. strategic development

Contrary to popular belief, compliance does not have to stifle innovation or growth; rather, regulatory requirements can be viewed as a starting point for strategic development. By proactively integrating sustainability into business strategies, companies can move beyond mere compliance and use sustainability as a driver for innovation, efficiency, and market differentiation. Rather than seeing regulations as burdensome constraints, susformation enables businesses to take advantage of business opportunities, access new markets, mitigate risk, and save on costs, while fulfilling the parameters of regulatory compliance.

## Short-term vs. long-term gains

Businesses may be discouraged from starting their susformation journeys due to misconceptions that sustainability initiatives only have long-term benefits. In fact, adopting sustainable practices can lead to immediate gains, such as fulfilling customer needs around sustainability targets and increasing own sales. Additionally, integrating sustainability into brand identity and customer engagement can boost reputation, brand loyalty and customer engagement, resulting in gains in the short term. Finally, it can lead to cost reductions through energy efficiency measures, waste reduction, and supply chain optimization.

By balancing short-term goals with long-term sustainability objectives, businesses can reap both immediate and long term benefits and secure future viability and competitiveness.





## Europe vs. other regions

Sustainability has become a global imperative, where the pursuit of sustainable practices and principles is no longer a discretionary choice but a fundamental necessity for the well-being of the planet and its people. Around the world, governments are not only implementing regulation, but also support packages, making declarations and commitments. Businesses

from all regions are realizing the market potential of sustainability and the significance of meeting the evolving expectations of different stakeholders, such as customers and investors. ***Companies that embrace susformation can position themselves as industry leaders in sustainability, regardless of their geographical location.***

### GLOBAL EXAMPLES

**US:** the Inflation Reduction Act

**EU:** the European Green deal

**China:** several green initiatives including investments into new technologies and preferential tax policies

**India:** policies within green hydrogen, offshore wind and promotion of electric vehicles

**Africa:** the AU Green Recovery Action Plan

**Middle East:** the Middle East Green Initiative

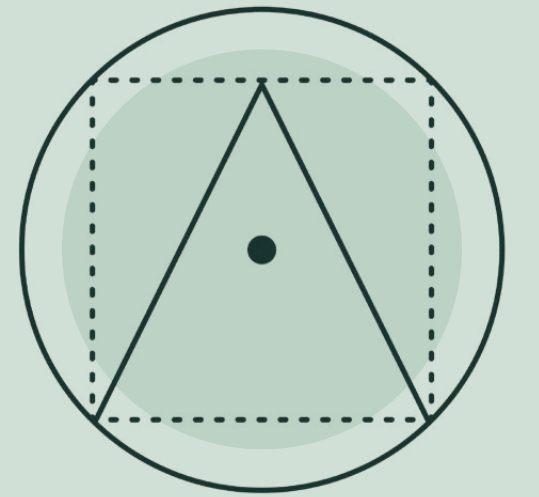


# Several ways of approaching susformation

To explore how companies can effectively navigate a sustainable transformation, it can be useful to find inspiration in businesses that have already implemented elements of susformation in their operations. The companies studied were chosen based on their alignment with one of three distinct categories: companies that commenced their operations by actively addressing global challenges, those that progressively integrated sustainability into their existing offerings, or those that established entirely new business segments in response to the challenges posed by climate change.







## Market disruption

One example of a type of susformation is companies that build their entire business on tackling market disruptions. Currently we see that a lot of this type of companies are startups. Disruptive startups in the susformation space hold immense importance in the business landscape. They serve as catalysts for innovation, challenging established norms and redefining industry standards. By introducing groundbreaking solutions and sustainable practices, these startups not only address pressing global

challenges but also create new market opportunities. Their agility, entrepreneurial spirit, and willingness to take risks offer valuable lessons for established companies.

One such company is sustainable materials company ***Sulapac***, providing alternative packaging and materials for big companies such as Chanel, Fazer and Lumene. Another example of a business that has started out by targeting sustainability is Finnish

***Soilwatch***. It monitors ecosystems using satellite data and offers reliable, open, and scientific monitoring, reporting and verification of CO<sub>2</sub> removal, as well as project development support. More companies in the disruptive space are ***Coolbrook***, ***Swappie*** and ***Fiksuruoka*** to name a few.

Although we are used to seeing startups as disruptors, it's important to remember that established corporations can also be disruptors.



## Sustainalized offering

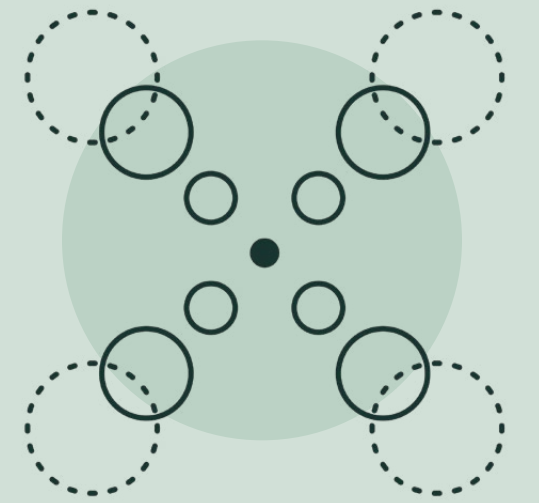
Rather than building a completely new business from scratch, established companies can make their current product offering more sustainable. This type of susformation holds a pivotal role in the sustainable transformation landscape. Its significance lies in the ability to demonstrate that established and well-known businesses, even those with historically resource-intensive practices, can undergo profound sustainability shifts. Such companies set a compelling example for the broader corporate world, showing that sustainability is not an insurmountable challenge but an opportunity for innovation and growth.

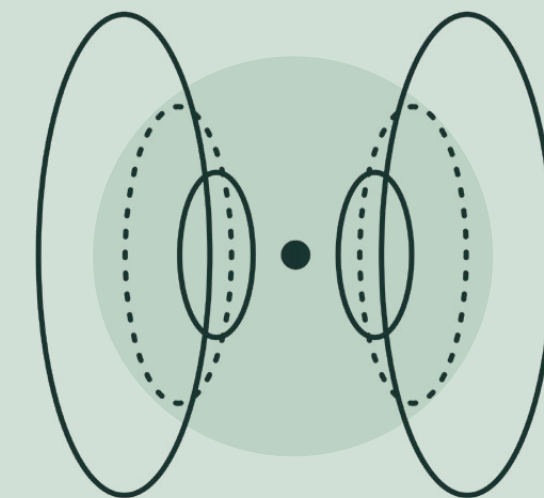
Home furnishing giant **IKEA** has dedicated substantial effort to enhance the eco-friendliness of its business. Renowned for its minimalist and contemporary

designs, IKEA's ready-to-assemble sales model has enabled it to maintain competitive pricing. The company has implemented many changes ranging from small to big, and easy to hard, and all are needed in susformation. A substantial concern for the company was the sustainable sourcing of wood, given that IKEA was one of the largest consumers of timber in the global consumer goods industry. To address this, the company took multiple different actions throughout their supply chain to ensure that the wood they source is more sustainable. Amongst others, IKEA expanded its reliance on leased forests and partnered with the World Wide Fund for Nature (WWF) to bolster the use of FSC-certified wood. They also preferred the use of particleboard (wood particles bound with glue)

instead of solid wood, decreasing the overall amount of wood needed in production, thereby mitigating environmental impacts and fostering responsible wood procurement practices. Other companies that have focused on sustainalising their offerings are for example **Lindström** and **Kiilto**.

By reimagining their products, supply chains, and business models to align with environmental and social goals, these industry leaders pave the way for others to follow suit. Their efforts showcase that it's possible to integrate sustainability into the core of a business while maintaining competitiveness, thus contributing to the global imperative of building a more sustainable future.





## Innovation-driven sustainable growth

The third type of susformation is where companies tackle emerging sustainability challenges by venturing into new business realms. Through commitment to research and development, established companies can drive sustainable growth through innovation, cultivating new and sustainable business domains, that have the potential to fundamentally reshaping the core identity of the companies.

A prime example of such a company is **Neste**. Originating as a local oil refinery in Finland and

later diversifying into chemicals, natural gas, and exploration and production, the company experienced a pivotal shift in strategy in the early 2000s. It embraced a groundbreaking refining technology, enabling the production of renewable diesel. What originally began as a nascent venture in renewable energy sources has now transformed into the driving force behind 70% of the company's overall operations, and the company has evolved into the global leader in renewable diesel and aviation fuel production. This transformative journey underscores the boundless

potential of innovation-driven sustainable expansion. Another great example of successfully growing sustainable company activities on new business segments is energy giant **Ørsted**.



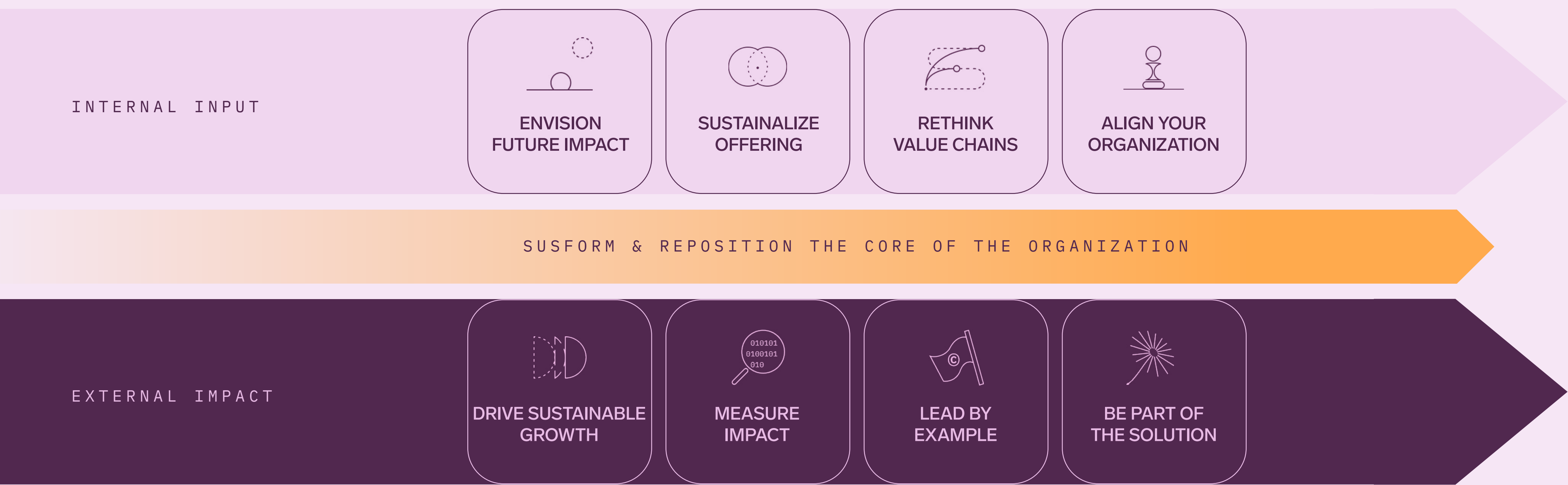
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# HOW TO START YOUR SUSFORMATION JOURNEY





While the potential benefits of susformation are clear, the path to successful implementation may seem less defined. Navigating this journey requires integrating sustainability as a guiding principle across all facets of your company’s operations.





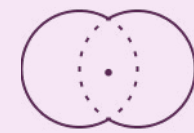
## Envision future impact



Explore alternative futures by building scenarios based on identified trends and phenomena. Create a desired view of the future together with your stakeholders that you want to help build.

Re-imagine the value creation model for your organization based on the desired future and outline the impact that you want to generate. Identify what are the topics that leave a positive impact, fill clients' demands and create new revenue streams, and build a strategy that enables you to create this impact.

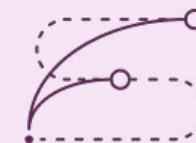
## Sustainalize offering



Envision an offering needed to generate your re-imagined value. The result will be an offering that helps solve societal and environmental challenges and drives for sustainable growth.

Simultaneously, develop your current offering to ensure that your entire portfolio is on a sustainable basis and does not create significant harm.

## Envision future impact



Vision a future value chain that is truly sustainable. Trace your current value chain and identify the biggest drivers for change. Identify the linkages between value chains to form value networks that are required to support more sustainable business models.

Take measures that enable your industry's value chain to transform from linear to a multidimensional network required to grasp the arising opportunities.

## Align your organization



Make sure sustainability is embedded in all organizational processes. Ensure that sustainability is ingrained throughout, and is understood and advanced by all levels of the organization.

Identify the ways of working that need to be re-examined to support susformation. Purposefully change those practices that could become obstacles and nurture the ones that support you on your susformation journey.

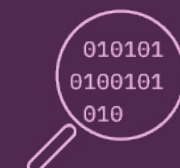


## Drive for sustainable growth



Drive for growth that is better for business, the environment and society. Sustainability presents an opportunity to build competitive advantage – leverage this opportunity and create value that extends beyond your organization's borders.

## Measure impact



Continuously measure your organization's development in relation to your desired future impact and follow-up on progress on the leadership and board levels. Share your impact and progress with the entire organization. Make sustainability impact part of your scoreboard and remuneration policy.

## Lead by example



Proudly show the world the proven impact you are making. Transparency becomes mandatory, and it does not only mean facts and figures, as also the process needs to be transparent. Make your impact transparent both internally and externally to your stakeholders and don't be afraid to share both the positive and negative aspects of your journey. Take credit for the great things you do and be a benchmark for others to follow.

## Be part of the solution



Change the core of your business to leverage the opportunities presented by sustainability. Create solutions to the challenges our planet and society face today and tomorrow. Make the decision to begin your susformation journey.



**SUSFORMATION**  
*IS A JOURNEY,*  
*AND THE FIRST STEP*  
**IS THE DECISION**  
**TO START.**



VISIT US AT [GAIA.FI](https://gaia.fi) FOR MORE

Wherever you are on your susformation journey,  
Gaia can help you take the next, or the first, step  
towards being part of the solution for our future.



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