

sustainability, since two of the most fundamental of the ‘impacts on society’ that must be dealt with are the rapid depletion of non-renewable natural resources and the despoliation of the natural environment. Sustainability can be defined as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987), which can also be understood as ‘consuming resources at a rate which allows them to be replaced, and only producing pollution at a rate that the environment can assimilate’ (Peattie, 1995: 33). In this chapter, we will also mention business and marketing ethics since both CSR and sustainability inevitably involve ethical considerations. This is readily understood if we ask the simple question ‘Why?’ That is, why should business consider wider social impacts when designing strategy, and why should we not simply enjoy our preferred lifestyle regardless of the costs in terms of resources and pollution? These ‘why’ questions can only be answered using ethical reasoning, so we will give a little thought to how different ethical positions can be constructed. Finally, while all this talk of social responsibility and sustainability is closely aligned with the dominant business discourse of the 21st century, we must not forget that businesses must make profits to survive. The way that businesses make profits is by creating value for their customers. Consequently, in addition to the topics of CSR, sustainability and marketing ethics, this chapter also investigates the concept of customer value and how it is created. The central strategic challenge for B2B organizations today is to build a competitive advantage by creating added value for customers, while ensuring that the wider social and environmental effects of the enterprise are taken into account, and any negative effects are minimized. B2B Snapshot 4.1 illustrates how Flokk, a Norwegian manufacturer of office chairs, rose to this challenge.

### **B2B SNAPSHOT 4.1 FLOKK – SUSTAINABLE OFFICE CHAIRS**

The carbon footprint of a supplier, and the raw material used, is now frequently considered as one of the decision-making criteria for B2B purchasing decisions. In fact, according to the top management of Flokk, a leading European manufacturer of office chairs based in Norway, a potential supplier’s carbon footprint (associated with raw material and energy consumption during processing) is an important criterion when deciding whether or not to do business with them. But Flokk is not a newcomer to the business of sustainability. Flokk is a company that sells around 2 million office chairs every year, with a sales revenue of 3,260 million Norwegian Krone (€325 million) in 2021 and it is growing very fast, based on a strategy that places sustainability at the heart of the business.

Flokk itself has achieved a wide array of prestigious environmental certifications, including ISO 9001 (quality management), ISO 14001 (environmental management) and ISO 50001 (energy management). It would be fair to say that environmental sustainability is built into the DNA of Flokk. The Flokk approach takes account of international standards such as ISO 14001 and ISO 14025 (principles and procedures for environmental labels and declarations), but it pre-dates these international standards and it goes further. A life-cycle approach is adopted to environmental management that considers every phase of a product’s life, from the initial design criteria all the way

through to end-of-life procedures such as recycling and the recovery of raw materials for re-use. Suppliers are extensively involved in this process. They are expected to be accredited to ISO 14001, and they are engaged by Flokk in discussions about how to reduce their impact on the natural environment. For example, can recycled or renewable raw materials replace virgin or fossil-based materials in manufacturing processes? Can an equally high-quality office chair be made that is lighter and uses fewer components? Of course, transport and logistics are an equally important part of sustainability considerations. Flokk products are designed with sustainability in mind using what they call 5111 circular design principles of:

*low weight; fewer components; right materials choice; long lifespan; design for disassembly*

that help them focus on

*reduced carbon footprint and energy consumption*

*less resource use and minimum waste*

*safety of people and the planet.*

(Flokk, 2022)

Clearly, if you aspire to be a supplier to Flokk and if, for example, you are designing a business proposal to put to them or a sales pitch to deliver, it is essential to demonstrate your own company's strong environmental and social responsibility credentials. In 2020, the company used 735 tonnes of recycled plastics and have ambitions to increase this every year. Over 90 per cent of Flokk's energy comes from renewable sources but their goal is to reach 100 per cent over the next few years and they are proud to be able to claim that their chairs have one of the lowest carbon footprints in the industry.

According to the top management at Flokk, business sustainability is not a single task, but many simultaneous tasks: managing the design process, managing the production process, managing the procurement process, managing suppliers, and so on. Of course, Flokk employees have to contribute as well; unnecessary business travel is discouraged, and modern communications technology is widely used as a substitute for travel, thus reducing the company's impact on the environment. The bottom line is that if you are to have any hope of winning some business from Flokk, you should heed the words of its CEO, Lars I. Røiri: 'We place strict environmental requirements on all our suppliers, who also have to commit themselves to our ethical guidelines, which deal with human rights, working conditions and corruption' (Flokk, 2018). If your business-to-business marketing or sales strategy is designed to appeal to a company like Flokk, it is critical to provide evidence that sustainability and ethical behaviour are central to your own business model.

Sources: Flokk (2018; 2022); Høgevold and Svensson (2012).

In the later sections of this chapter, we examine responsible B2B strategy from the perspective of business ethics, CSR and sustainability, and then explain the importance to B2B marketers of understanding and delivering value to customers. Before addressing these topics, a few words are in order about the fundamental meaning of strategy.