

# THE RISE OF THE LIFE-CENTRIC BUSINESS MODEL

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Why should businesses avoid becoming bogged down in customer-centric solutions?

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Why should businesses avoid becoming bogged down in customer-centric solutions?



In recent years, the customer-centric approach has been seen as the ultimate model for good business practices. Regardless of sector, all businesses take pains to explain that they place the customer at the centre of all their activities. More progressive companies have refined this model by replacing the word 'customer' for 'people'. What does customer-centric leadership tell us and why do we propose that routinely placing the customer at the heart of business models is short-sighted?

In this article, we delve into the pervading assumptions about people and the world so prevalent in so-called 'business as usual' activities. By questioning these assumptions, we present a vision of a life-centric leadership philosophy which, we assert, will meet the needs of the world better than the more traditional customer-centric approach.

At the heart of the life-centric leadership philosophy is life on earth in all its diversity. The aim of this philosophy is to encourage business leaders to define the worldview of their companies in relation to the ecosystem as a whole.

The life-centric leadership philosophy may at first sound somewhat idealistic and even naïve. Nonetheless, we genuinely seek to challenge the traditional paradigms of leadership and we employ this combative juxtaposition as a way of provoking debate. Our aim is the creation of more distinctive, meaningful and economically successful business models.

#### BUSINESSES SEEK EVER DEEPER MEANING FOR THEIR OPERATIONS

To simplify matters slightly, one could say that the fall of the Berlin Wall, the collapse of the Soviet Union and the end of the Cold War increased people's beliefs in the power of democracy and the market economy. **Francis Fukuyama** crystallised the idea in his book *The End of History and The Last Man*.

Throughout the 1990s, one of the business world's fundamental principles was the idea that companies should, as it were, mind their own business and leave politics to the politicians. Traditionally, business leaders have sought to minimise the extent to which societal questions can impinge upon the way businesses are run, if indeed they do so at all. Those in the business world were encouraged to focus their attention solely on what would have a direct effect on their core business activities.

From the perspective of business leadership, quarterly profit and annual dividends have come to be considered important measures of success. This, in turn, has led to a shortening of the timeframe guiding companies' decision-making processes.

However, the political risks associated with the 2001 attacks on the WTC and the cooling of relations between superpowers, the global financial crisis and a growing awareness of the heightened impact of climate change nevertheless made the connections between politics and the business world all the more visible in the early years of the 21<sup>st</sup> century.

Corporate responsibility and a deeper appreciation of society and politics once again rose to the agendas of the top tables of the business world. Now, instead of a form of thinking based solely on charity, branding and 'green sheen', increasing numbers of pioneering businesses have become more ambitious in their approach to the societal role and responsibility that companies have.

It is not only political decision-makers who are interested in the founding principles of companies; it is customers and clients too. *Corporate Citizenship*, i.e. the notion of corporate social responsibility, bursts the bubble of the idea of businesses' independence and connects them all the more strongly to the societies that surround them.

#### A RENEWED WORLDVIEW AT THE FOREFRONT OF CHANGE

Above is a depiction of the development of business practices from a historical perspective. With a view to further discussion, such consideration can be considered relevant in that the majority of businesses effectuate a world-view typical of their own time: views and values widely prevalent throughout society are also linked to business activity. The notion that businesses need concern themselves with nothing except profit is founded upon a different worldview to that of the business as an agent with a strong sense of social responsibility.

After the Cold War, the traditional model of 'business as usual' established itself as the foremost approach to conducting business operations.

Traditional business models persisted for as long as the businesses committed to these models believed that they were able to use the environment to grow their operations without any particular tangible repercussions. From the perspective of traditionally-led business models, it is challenging that the reper-

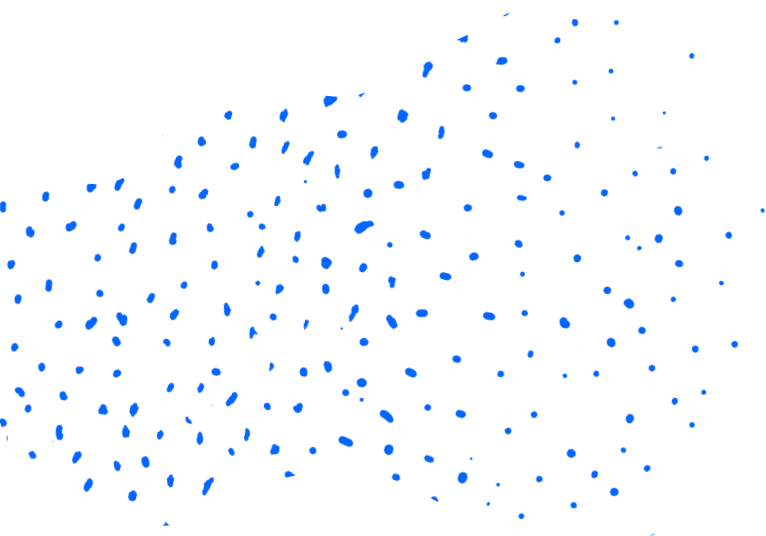
*Corporate Citizenship, i.e. the notion of corporate social responsibility, bursts the bubble of the idea of businesses' independence and connects businesses all the more strongly to the societies that surround them.*

cussions of business operations in the last decade have been the subject of ever greater public scrutiny. The demand for social responsibility is constantly increasing. At present, the assumptions and world-views informing traditional business models are being challenged on many fronts.

The undesirable side effects of science, technology and industrialisation have now reached a level never seen before. In an age in which a climate emergency has been declared and in which species are becoming extinct at an unprecedented rate, it is hard for businesses and their leaders to react to this shift with mere indifference. Business responsibility is fast becoming a 'hygiene factor' giving businesses the right to operate on the market. Political decision-making, on the other hand, still lags well behind the trend. This makes life for businesses hard to predict, which in turn leads businesses to seek stability in traditional, secure business models.

## SHIFT IN HUMAN CONCEPTION AND ITS EFFECT ON THE BUSINESS WORLD

A central part of our worldview is the notion of the person, the self. Traditional business operations see humans as agents seeking to foster their own interests and are guided by a heightened notion of rationale. The life-centric business model, however, believes that balancing out such individualistic notions are communal, societal endeavours in which the principle of reciprocity is deemed more important than seeking one's own interest. This approach understands that customers and employees do not want to see themselves as self-indulgent agents who serve only their own interest and who dismiss the impact their own decisions may have on society and nature at large.



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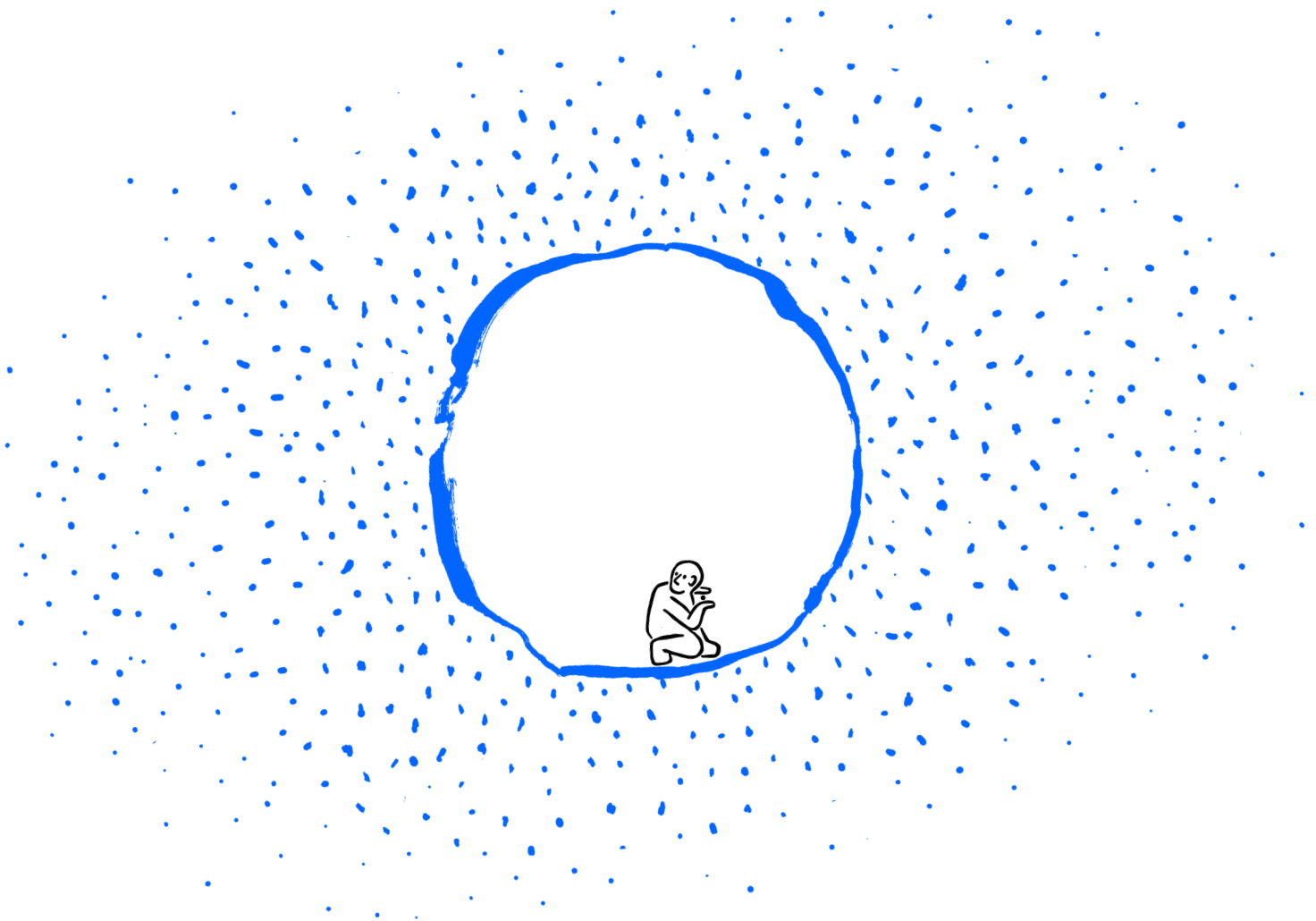
For businesses, this trend can seem at once uncomfortable and liberating. By accepting the role of values and emotions and taking greater responsibility for their actions, businesses can open up a new world of possibilities. Alongside short-term profit, business operations can also hold a deeper significance. However, in most cases such changes are neither easy, cheap nor risk-free.

As our view of humanity changes, so too does our image of the principles of business models; if customers or employees no longer consider themselves agents seeking personal gain, they will find it increasingly difficult to accept such a facet of a given company. Conversely, a company that bears responsibility for its processes, employees and the environment can effectively deflect the claims of those who criticise businesses as selfishly focussing solely on profit and gain.

## TIME FOR BUSINESSES TO ACCEPT THE LAWS OF NATURE

Environmental researchers never tire of claiming that, in order to keep global temperatures at a level that can sustain civilisation, we need to understand the limits of our planet's tolerance levels. Without taking rapid, concrete steps, we are facing a widespread extinction of species – including our own.

In his book *Myten om Framsteget (The Myth of Progress)*, published 26 years ago, **Georg Henrik von Wright** described the ways in which the power axis of science, technology and industry has precipitated humankind's negative environmental impact to unprecedented levels, a matter with which previous generations of scientists did not have to concern themselves. If we accept this contention, business leaders – as representatives of industrialised production and mass consumerism – find themselves playing a central role both in the creation of the problems themselves and in providing solutions to those problems. This responsibility is a heavy burden, perhaps unreasonably so, and it is hardly surprising that a large proportion of business leaders would much rather continue conducting their business in the old, tried-and-tested manner.



Because a large proportion of research and development funding currently comes from businesses that directly benefit from the research results of the research they fund, both researchers and business leaders have a moral responsibility to assess the impact – in economic, social and ecological terms – of new technologies. If the impact is negative, we should have the courage to abandon the development and use of certain new technologies.

The University of Cambridge Institute for Sustainability Leadership (CISL) has defined nine critical phenomena or factors that all business operations should take into consideration, if we wish life on this planet to continue in the long term. From the perspective of sustainable development, none of these points has yet been sufficiently addressed, and in some cases we are already dangerously in the red.

1. Climate change, which must be cured to keep global temperatures from rising above two degrees.
2. New compounds and materials and modified lifeforms. An example of this is the recent discussion regarding microplastics.
3. Ozone depletion, which has been brought under relatively good control since the implementation of the Montreal Protocol, an international treaty signed in 1987.
4. The impact of aerosols on the atmosphere. There are different projections regarding the specific effects, and as yet there is no scientific consensus regarding where a critical tipping point might lie. There is, however, much evidence of the health impact of aerosols and their effect on the atmosphere.
5. The acidification of the oceans, i.e. the drop in pH levels, which affects the ecosystems of our oceans.
6. Biochemical changes that affect the wellbeing of our waterways. Examples include the cycles of phosphorus and nitrogen.

7. The consumption of freshwater and its capacity.
8. Deforestation, especially to produce more farming land.
9. The role of biodiversity from both a genetic and a functional perspective.

### THE CORE OF THE LIFE-CENTRIC LEADERSHIP PHILOSOPHY

It is our belief that businesses and the people who work for them should to an ever greater extent seek to see their own actions as part of the surrounding world. This means appreciating the social realities surrounding economic life and viewing the social reality as fostering a deeper understanding of natural ecosystems and their foundational principles. We call this approach the *Life-Centric Leadership Philosophy*.

By coining this new term, we wish to draw attention to the ways in which the customer-centric approach, traditionally employed by businesses, can be detrimental in that it views people primarily as consumers. In our estimation, the traditional customer-centric approach no longer serves as the founding principle of a company wishing to focus its operations on sustainable development. Indeed, the mere concept of a customer-centric strategy may actively prevent us from moving towards business models that are renewable and, more broadly, that take all life into consideration – which for some companies is unavoidable.

### LIFE-CENTRIC BUSINESS MODELS REQUIRE MORALLY RESPONSIBLE CHOICES

Firstly, we challenge the notion that the world is a narrow reality shaped by science, technology and industry, a place where decisions are based on rational thinking and the wielding of power. Instead, we assert that, in addition to the above, the world is an entity shaped by people who enjoy playing, art and nature and whose life experience is unique and subjective. Furthermore, it is a place in which the interdependence of different elements will only

increase as species begin to disappear. It is becoming self-evident that a business that does not recognise these interdependent relationships is deceiving itself and will eventually lose the ability to renew itself. This will not allow the business to respect all life on earth and thus it cannot become life-centric.

Secondly, we believe that a business is a moral agent not an independent island, somehow detached from the pervading reality. The self-evident yet all too easily forgotten truth is that businesses – just as they have been for centuries – are wholly dependent on nature with regard to raw materials and energy consumption. In order to produce products and services, they need people with different skill sets, people who think in different ways, people who together form the business.

By making morally responsible choices in relation to the ecosystem as a whole, a business's owners, board and employees can increase that business's value. It is highly probable that social and ecological capital will be shown in companies' balance sheets in the future – listed as something other than the monetary value of a given brand. ☞

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