

THE RISE OF THE LIFE-CENTRIC BUSINESS MODEL

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

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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 future 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 21st century.

Corporate responsibility and a deeper appreciation of society and politics once again rose to the agendas at 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 worldview 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 repercus-

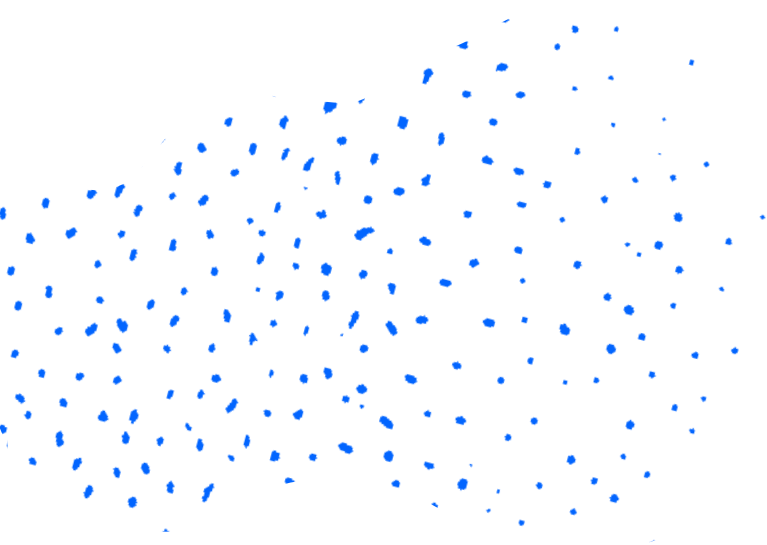
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sions of business operations in the last decade have been the subject of ever greater public scrutiny. The demand for social responsibility is constantly increasing. At present, the assumptions and worldviews informing traditional business models are 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.



Business leaders find themselves playing a central role both in the creation of the problems themselves and in providing solutions to those problems.

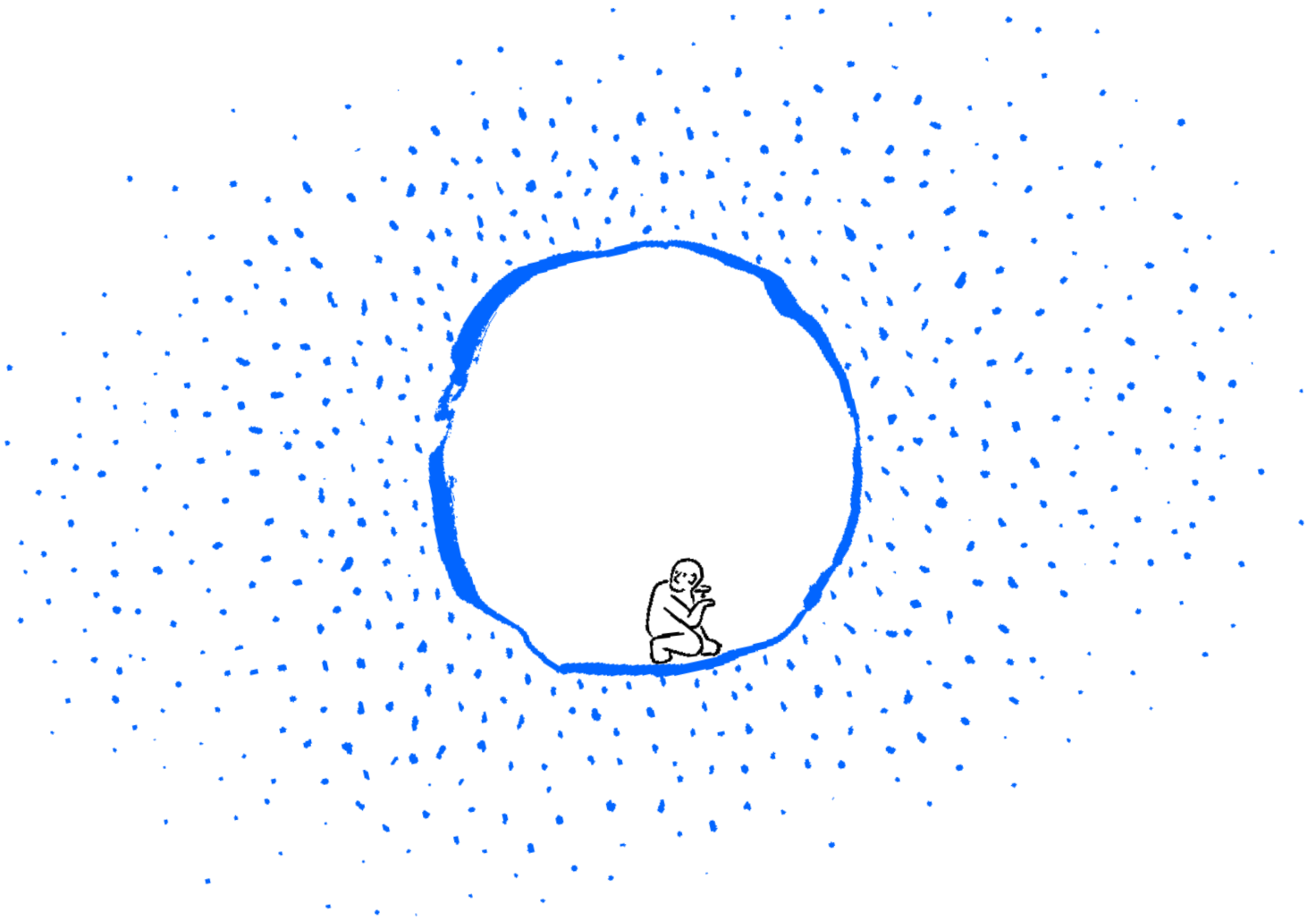
For businesses, this trend can seem at once uncomfortable and liberating. By accepting the role values and emotions have today and taking greater responsibility for their actions, businesses can open up a new world of possibilities. Alongside short-term profit, business operations can also hold a deeper 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 what our planet can sustain. 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 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 life-forms. An example of this is the recent discussion on 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 this 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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there is no
true success.**

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THE CO-FOUNDERS TOOLS FOR LIFE-CENTRIC® LEADERSHIP



Max Mickelsson and Ia Adlercreutz, the owners of Co-founders, feel curious about the ever changing world around us.

Typically, around 70-80% of the time of executives is spent on operational management topics and putting out fires. This presents challenges with regard to renewal, though the need for such renewal is well understood. What's more, shaping a worldview isn't easy from inside a business. In this process, questions posed from the outside can help leaders to take the necessary distance from their own assumptions about a company's capacity for renewal.

In order to define the worldview of a company (how the company sees the world and its own role within it) and people's internal motivations, we have developed a tool that we call the *life-centric® thinking model*. By making use of this model, we produce for businesses the *life-centric® leadership philosophy*, which forms the foundation of strategic work and company culture. As we have outlined above, we believe that the life-centric® leadership philosophy facilitates the establishment of business operations on a new, more sustainable basis. It helps businesses create and adopt life-centric® business models.

WHY INVEST IN LIFE-CENTRICITY?

Without a clearly defined worldview, a company will find it hard to operate quickly, efficiently and credibly in the marketplace. Due to our work, a company can logically and consistently answer the question of how it plans to solve problems of great significance to humans and nature and what impact its operations hold for these questions. It can also form a unified vision of the company's view of humanity, which will in turn help in making and defending decisions that will have ramifications long into the future.

Our analysis assumes physical form in *Spokespersons Brief*, a booklet which is handed out to the entire organisation. The aim of this booklet is to tell both new and old employees about the company and to give them the tools to spread the story further in a unified, convincing manner. Once they have a fully-fledged understanding of the company's values and worldview, it will be easier for employees to find meaning in their work.

A WORLDVIEW CONSISTS OF PIECES

In attempting to put a company's worldview into words, we need two kinds of understanding: an understanding of the **business environment** (see points 1-6 below) and an understanding of **employees' motivations**. It is between these two variables that the **culture** of the company is born. This culture has great significance for the success of business operations. It affects the company's employees (motivation and efficiency) and groups associated with the company, including customers (image and desirability).

In this article we have stressed the importance of sharpening and focussing a company's worldview. In practice this is a matter of the systematic collection of data and interpretation of information in relation to life-centric thinking. In our model, this worldview is divided into the following six subcategories: 1) history, 2) society, 3) economy, 4) technology, 5) nature and 6) values. It is our experience that companies are better able to define themselves in relation to one or two of these factors, while their relationship with others may be lacking or not clearly defined. The life-centric leadership philosophy can only be realised, however, once the larger picture is fully formed.

The boundaries between these sub-categories are in flux, and in our work we strive to avoid any artificial division between them. Most important is to gather enough information so that the larger picture is as complete as possible. Our method employs structured and semi-structured interviews and ethnographical procedures. As much as possible, we strive to make use of pre-existing information. Carefully considered questions, the meticulous transcription of respondents' answers and the observation of people's behaviour play a very big role in shaping this worldview. This represents the systematic collection and analysis of data and the development of a synthesis that can then be used to draw conclusions. The questions posed are all very detailed.

HISTORY

The company must have an understanding of history, that is to say an appreciation of how its operations began and what its original purpose was. The questions in this section work for a greater understanding of issues including the ways in which the company’s current identity and values reflect the founder’s original ideas. This section also sheds light on how the company’s operations have developed over time and how different stages in its history have shaped its culture.

SOCIETY

This section examines the company from a socio-cultural perspective. By posing a carefully planned series of questions, we can assess the ways in which a company relates – both in the past and currently – to societal rules of engagement such as those relating to laws and regulation. The answers to these questions also reveal a company’s readiness to react to political risks and how successful the company has been in making a social impact. This section delves more deeply into the company’s concept of the individual, though this is a matter about which we reap much information in other sections too.

ECONOMY

In most companies, standard economic reporting and the understanding of the markets are at an acceptable level. For this reason, though this section provides an overview of a company’s economical acumen, the focus is on an assessment of the impact of megatrends: has the company made plans for how it can become part of the circular economy over the next ten to fifteen years or, for instance, regarding which incremental investments the gradual introduction of artificial intelligence and automation will require? Which kind of incentive scheme will best serve the needs of renewing, life-centric business operations?

TECHNOLOGY

The most ubiquitous technology of the fourth industrial revolution, so-called ‘cloud computing’, affects all aspects of business operations. Machine learning and artificial intelligence bring new power and speed to many tasks. In this section, we examine the possibi-

lities for businesses at the forefront of technological change and assess what fostering such change will entail. This examination in particular will often focus on very company-specific matters.

NATURE

In assessing the relationship between a company and its environment, we first produce an honest overview of the company’s current state: what impact do a company’s employees, its processes and products and/or services have on the environment, both in the short and the long term? We analyse what kinds of changes the surrounding world can reasonably demand of businesses in the coming years in relation to the environment and the ways in which the life-centric leadership philosophy can help prepare businesses to meet these changes.

VALUES

We chart a company’s values by employing the methods of qualitative and quantitative research. The aim is to make visible the relationship between the values defined within the company and the values that guide decision-making, and to analyse the ways in which a company can or should amend its values to realise the life-centric leadership philosophy.

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Adapting the life-centric leadership philosophy to a business is a matter of normal leadership and the natural continuation of the move to slowly changing, post-industrial leadership paradigms. This shift dismantles the myth of the leader as a hero and calls for a social and societal approach to business development. The sharpening of the worldview can best be achieved through commitment to the staff of a company at a variety of actions and levels of management. This is not so much a question of dictating terms – more of together reaching a shared understanding of matters. The company’s worldview creates a valuable framework within which the company’s culture, brand and leadership can coexist long into the future. We also take part in brainstorming and establishing practical steps to this end. %

OUR MISSION

We have a profound curiosity towards both the business world and the changes we see around us. We believe that these changes presuppose a paradigmatic shift in the leadership culture of companies.

Our mission is to help our customers lead their brand and their company culture in a systematic way and to help them grow as corporate citizens.

We have experience of many different businesses and leadership styles. We understand both the nature of public decision-making and the logic of operating businesses. We offer the kind of help that we ourselves would have appreciated as business leaders and board professionals. We are, first and foremost, your sparring partner.