



REGENERATIVE ECONOMY: *MOVING FROM THEORY TO ACTION*

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FOREWORD

The Anthropocene has arrived at a critical rupture point. Our organizing systems - such as the economy, governance, and finance systems — are moving through great turbulence and transformation. As the environmental, social, and political challenges keep proliferating, we focus on the opportunities that present themselves ahead of us. In so many ways, we have the clarity and tools to correct our course and relentlessly push for a sustainable and just future.

At the BMW Foundation I RESPOND, we see this transformation coming ever so clearly: Through our work with entrepreneurs, pioneers and thought leaders worldwide, we get to feel the pulse of a movement: Regeneration.

Regeneration is not only about the natural ecosphere, it is about restoring the social tissue and our very own wellbeing as human beings. It is an invitation to rethink the theoretical framework that guides our relationships with each other as well as our interdependence with the planet.

As one of the most fundamental underlying systems of society, the economy, in particular, is presented with the necessity — and opportunity — to re-invent itself and align with a regenerative worldview. The prevailing economic model, built on a short-sighted and linear system of extraction, overconsumption and exploitation, is starting to transform in front of our eyes.

Together with SYSTEMIQ and Circle Economy, we seek to shed light on the notion of a Regenerative Economy and offer insights into what it entails — aiming for practical, actionable takeaways for businesses, entrepreneurs, innovators, and investors.

Now is the time to bring greater clarity to this transformative concept and move from theory to action. Work needs to be done to bring more innovations to life, that put us on track for a regenerative economy. Likewise, we need to craft partnerships and alliances that are able to move the needle when it comes to incumbent business practice. Fundamentally, we need a new definition of value across the global economy.

And we will need Responsible Leaders who boldly embrace this transformation. Will you join us?



Bennet Barth
Managing Director RESPOND

EXECUTIVE SUMMARY

Rooted in a wealth of Indigenous knowledge but occupying the fringes of academic thought in the past 50 years, the newfound urgency of the climate crisis has ensured that the term 'regenerative' has moved firmly to the mainstream. An increasingly popular term that many—from politicians to businesses—want to associate with, regeneration remains a multi-faceted and underdeveloped concept. Theoretically, true regeneration would require the total overhaul of our world's economic system. More practically, however, regeneration provides a blueprint for progressive businesses and the individuals that lead them. This report—a collation of three insight papers—seeks to build a bridge between the theoretical and the practical. It begins by diving into an exploration of regeneration as a drastically different economic paradigm, before providing tangible and actionable approaches for businesses, startups and leaders to practically and actionably engage with the concept.

Part one

Transforming our systems with a regenerative economy, details what a regenerative economy is not. The extractive and exploitative model of economic development that has become the norm over the last 50 years is degenerative by design. It is also a huge driver of pollution and waste, rising global temperatures due to greenhouse gas emissions, and vast inequalities both between and within countries. In total contrast to this 'business-as-usual' approach, Part one introduces the definition of a regenerative economy, whereby: 'nature's laws and patterns of systemic health, self-organisation and self-renewal are applied to socio-economic systems.'

Ultimately, in a regenerative economy, social and ecological outcomes are not artificially removed or separate from the overarching economic system. Instead, they are understood entirely in relation to it. The ultimate goal of the regenerative economy is not to make a financial profit, nor even to do 'less bad' in regards to the environment, but rather to exist in a state of dynamic balance where people and the planet can thrive. This paper further develops

the implications this has for our financial system—in regards to our policy-making, for example—but first, and perhaps most critically, explores how this relates to our mindsets and how we view our relationships with each other and with the natural world.

Part two

The regenerative business starter guide, introduces key principles for businesses that want to embrace the new economic model while still operating in an overwhelmingly linear system. The starter guide introduces three foundational principles of regeneration, and details the first steps any business should undertake when starting a journey towards regeneration. The three steps are:

i) Redefine value: Businesses should ask themselves difficult questions such as Who are we here to serve and why? Or, How can we contribute to a better life on this planet? In a regenerative economy, businesses create value beyond only the financial: human and environmental ROI are equally important to financial returns, while profit is a means to an end—the end being (and overall imperative of the business) positive societal outcomes.

ii) Cherish interdependence: To embrace the holistic nature of regeneration businesses should recognise themselves as critical and connected actors in a wider ecosystem. Decision-making should be democratic and move away from the boardroom to consider a far wider group of stakeholders—everyone who is impacted by the business and its operations. This could range from employees and local communities, to value chain partners and even the environment, for example.

iii) Become people- and planet-centric:

Regenerative businesses cultivate nurturing cultures internally, developing methods of communication that allow for deeper collaboration, and empowering individuals to flourish in their working environment. Externally, they make concerted efforts to have a positive impact on the environment in which they exist.

Part three

Regenerative Innovation: A transformational tool for startups and businesses, redefines what innovation can mean to businesses in light of the regenerative economy. 'Innovation' in the business context traditionally is a process from which new ideas emerge—new products or services that add value or long-term competitiveness to the organisation. But what can be considered truly innovative in a rapidly changing world, where businesses are faced with the reality of climate disruption, social pressures and financial instability? Part three introduces regenerative innovation: a wide field of practices and approaches that allow businesses to create regenerative impact across their entire organisation, from product design to culture, to governance and collaboration. Case studies of trailblazing businesses are highlighted to show exactly how innovation can catalyse the regenerative transition, bringing the entire concept of regeneration to life for businesses and startups looking to move deeper into the topic.

It takes an ambitious business to move from understanding the need to alter the parameters of business-as-usual, to taking action. For those trailblazing businesses or startups that take the first step, the task remains complex. To find a way to make change possible, the regenerative economy takes learnings from the most robust and resilient system of all—nature—to engage in this critical transition. This report does not only communicate the importance of a systems shift for people and the planet but also provides actionable insights for the forward-looking businesses seeking to lead the charge.

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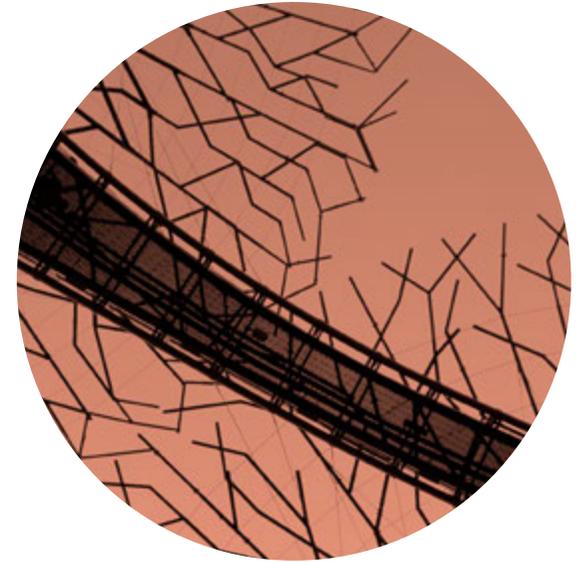
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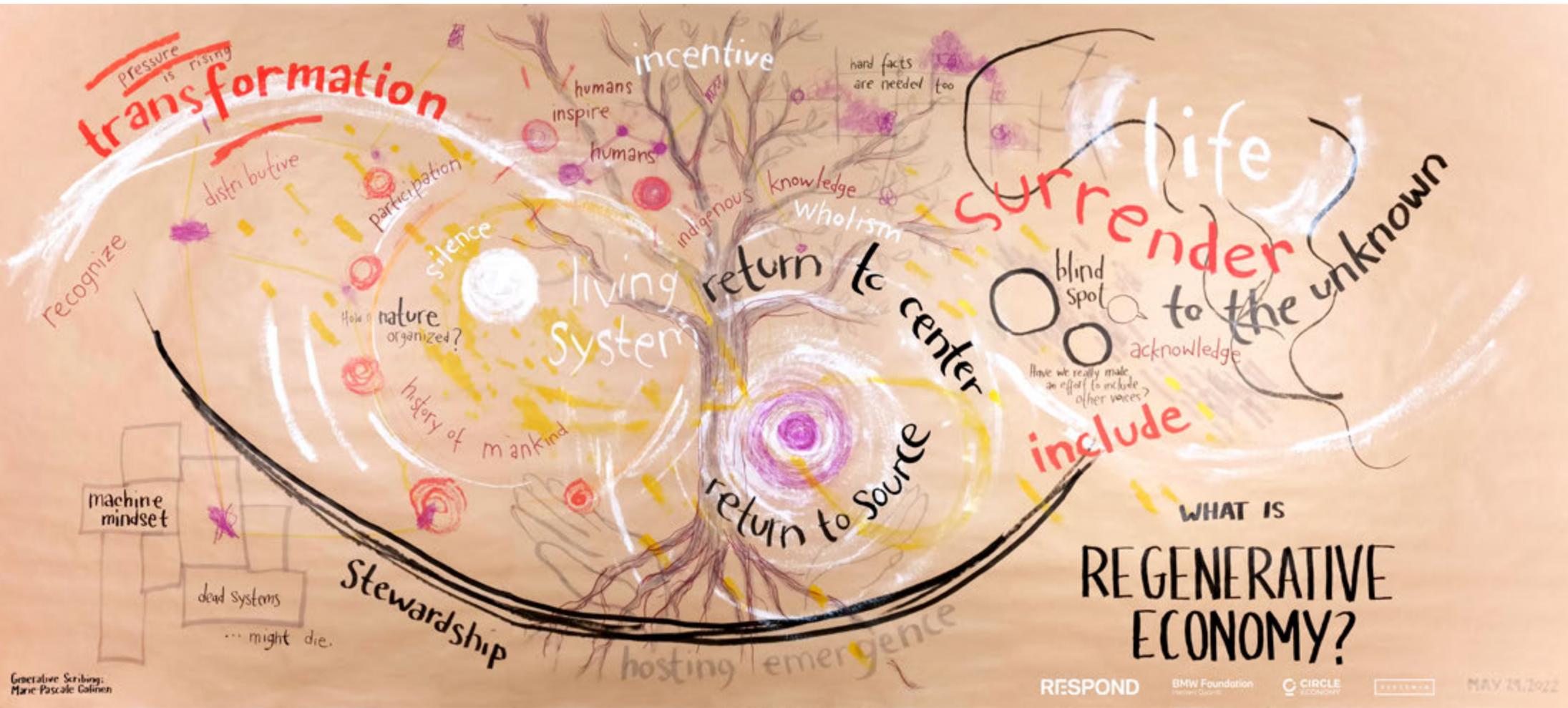
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PART 1

TRANSFORMING OUR SYSTEMS WITH A REGENERATIVE ECONOMY: *A COLLABORATIVE JOURNEY*

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Generative Scribing:
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MAY 29, 2022

THE STORY BEHIND THE PAPER

This paper is the first outcome of a collaborative project between the BMW Foundation Herbert Quandt, RESPOND, Circle Economy and SYSTEMIQ. Through a series of interactive workshops, we will develop a shared understanding of the 'regenerative economy' and, from our learnings, create tangible actions for changemakers to put the regenerative economy into practice.

Our journey began with a workshop of 70 people: keynote speakers John Fullerton, Kate Raworth and Laura Storm and leading thinkers and practitioners in the field of regeneration—from academia, agriculture, philosophy, business and more. The paper details reflections and understandings on the key tenets of the regenerative economy, which is a radically different way of forming systems, businesses and mutual understandings. It explores how the concept of regeneration can move the economy to better align with nature's principles and processes, while holding a deeper sense of agency and interconnectedness with the ecosystem within which it sits.

This paper is split into three parts. Click on one of the sections below, or keep scrolling to read on:

1 A NEW PARADIGM

2 DEFINITIONS & CONCEPTS

3 BUSINESS LEADERSHIP

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“To make regenerative economy tangible and relatable for all, we need peer-to-peer inspiration and permission to start acting.”



Kate Raworth

Renegade economist, creator of the Doughnut of social and planetary boundaries, and co-founder of Doughnut Economics Action Lab

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1. REGENERATION: THE NEW PARADIGM FOR OUR TIME

Now is a time of rampant social inequality, resource scarcity, biodiversity loss and warming global temperatures. Without action, climate breakdown could displace hundreds of millions of people by 2050¹. This social and economic system is not fit for purpose. In crafting a way forward for the future generations, humanity is faced with a sizable task: redesigning our systems—and fast. The good news is that changemakers around the world are championing alternative ways of organising, leading and living. Many of these are inspired by nature itself, as well as traditional, Indigenous and pre-industrial practices that hinge on careful resource use and management—necessitating respect for and emulation of the natural environment. This is where the regenerative economy comes in. Now is the time to bring clarity to this transformative concept and move from theory to action. Our journey begins with this insights paper, summarising our workshop of 70 innovators, including keynote speakers John Fullerton, Kate Raworth and Laura Storm.

Business as usual: The degenerative economy

Much of the world has spent the past 50 years refining a 'degenerative economy', and now it faces a triple planetary crisis: climate breakdown, pollution and biodiversity loss. In parallel, inequalities have deepened across most of the world; amid a rising lack of access to basic services such as clean water, food and safe working conditions for many, the income of the top 1% has skyrocketed. In the OECD, which is almost exclusively composed of higher-income nations, income inequality is the highest it's been in several decades.²

The dominant linear and extractive economy fuels both climate breakdown and wider social inequalities. The covid-19 pandemic, for example, exposed the inadequacy of our current system in providing a social safety net for its most vulnerable members. So, even with the introduction of short-term fixes, continuing with this model means inevitable future shocks—from additional pandemics and recessions to worsening climate breakdown—which will continue to diminish our capacity to recover³. The economy must move towards—or return to—a more nature-based, resilient and regenerative approach.

“ We are not living in an era of change. We are living in a change of era. We need to ground the current chaos within the shifts we have every 500 to 1,000 years. We are now living through such a shift.”



John Fullerton

Economist, impact investor, writer and philosopher

An era of change or a change of era?

Hundreds of years ago, technological breakthroughs spurred by sequential industrial revolutions transformed the way many populations around the globe live, work and consume. Businesses and governments played instrumental roles in translating technological advancements, for example, into economic activities and policies. These not only stimulated growth and prosperity, but also environmental degradation and an ideological image that humanity's place is separate to—and above—nature.

In viewing the natural world as a machine separate from humans rather than something intertwined with its existence, humans have systematised, commodified and exploited natural systems. Land is *owned*, *extracted* from and *profited* from. Recent generations lived through these shifts. Now, current generations

are living through another shift: one where current ways of organisation, thinking and interacting with the natural world are revisited in light of the triple planetary crisis.

But just as humans actively designed their separation from the world around them, they can be designed back in. The regenerative economy calls for deeper integration with nature—as was the case for thousands of years (and still is in many indigenous communities around the world). This, it's hoped, is what we are living through now: the chaos and uncertainty of a change in era. An opportunity to truly rethink the theoretical framework that guides humanity's relationship with the world.

“ Our financial and economic systems need to align to the only system that has stood the test of time, and let that be the guiding principle. That is nature.”



Laura Storm

Regenerative Business & Leadership

Another economics is possible

Our economic system is the basis upon which society is organised, and the common denominator between many crises. Built on extraction and exploitation, today's economy is short-sighted, linear and degenerative. This has made it fragile and deeply exposed to shocks—a model unfit for 10 billion people to live within the boundaries of the planet. However, other economic possibilities exist. Progression and adoption of the circular economy, biomimicry, systems-thinking and regeneration show us that by shifting how economic thinking positions human relationships with the world, and by addressing critical questions around how economic actors consider value, agency and responsibility, a new path for prosperity can be forged.



2. UNDERSTANDING THE REGENERATIVE ECONOMY: ALIGNING DEFINITIONS AND CONCEPTS

There is no one single definition of the regenerative economy. Instead, it is a concept that has evolved from the fringes of new economic thinking—attuned to the principles of nature and its relevance to systems of finance, economics and industry. In this section, we'll consider two prominent understandings.

A burgeoning field with working definitions

A regenerative economy is **'the application of nature's laws and patterns of systemic health, self-organisation, self renewal and regenerative vitality to socioeconomic systems'**. This definition emphasises the importance of considering socio-economic systems as one entity, not one where social outcomes are seen as removed from the economic system. As humans have navigated complexity by breaking things down and categorising them, the idea of individuals, organisations, and systems as deeply interconnected has been forgotten. Holism is the idea that each part of the whole is connected: individual actions cannot be understood without considering their influence on the whole.

Figure one: The eight key interconnected principles that underlie the regenerative economy.
Created by John Fullerton





It is first important to understand regeneration as a principle-led approach—with eight of the core principles depicted in Figure one⁴. The main universal principle of regeneration is holism, but there are many others that closer align humanity with the workings of the natural world. The principle of dynamic balance, for example, should replace that of eternal growth: balance between efficiency and resilience, collaboration and competition, and diversity and coherence. Regenerative principles focus on honouring the value of actions and behaviours that cannot necessarily be valued in monetary terms—the value of empowered participation and the impact this has on community and social capital, for example. They affirm diversity, adaptation, stewardship and repair—these describe how living systems sustain themselves in the world and so provide the guide as to how humanity should do the same.

Overall, humanity and its new economic system must leverage learnings from natural systems and use them to influence decision-making processes, from the government to the household. And of course, this idea is not new to the world: it is deeply embedded in indigenous wisdom that has provided a blueprint for humans for millennia.

“ If there was one root cause to where we find ourselves now, it’s that we’re trapped in our reductionist ‘scientific’ method, and we’ve lost sight of the whole.”



John Fullerton

Economist, impact investor, writer and philosopher

Finding a dynamic balance where people and planet thrive

To shift from our current economic model that is degenerative and linear, humanity has to move away from a mindset that incremental changes will get us there. A few recycling targets here, a charitable donation there will not deliver us the change of era that is needed.

This transformation must start with a shift in our ideas around what success—economic, social and environmental—looks like. And in an innovative and humorous twist of fate, for many this shift has taken the form of a doughnut. In bringing many of the concepts associated with the regenerative economy to the mainstream, Kate Raworth's Doughnut model⁵ provides another angle through which to view the concept. The Doughnut model aims to transform traditional economics by redefining our goal: considering how to meet the needs of all within the means of our living planet, rather than endlessly pursuing economic growth.

The Doughnut represents a more holistic shape of wellbeing based on dynamism and balance, in which no one falls short on the essentials of life but also not overshooting the life supporting systems of our planetary home. It's a shape that has been used by Indigenous cultures for thousands of years, from the yin and yang to the Celtic double spiral. Since its creation, the model has inspired transformative change at multiple levels, from individual businesses to municipal districts, right up to national level⁶.

“ We've been told that the shape of success in the modern era is endless accumulation, from GDP to an individual company's journey. The goal has always been consistent growth. [Moving away from] this is the big transformation we first need to achieve.”



Kate Raworth

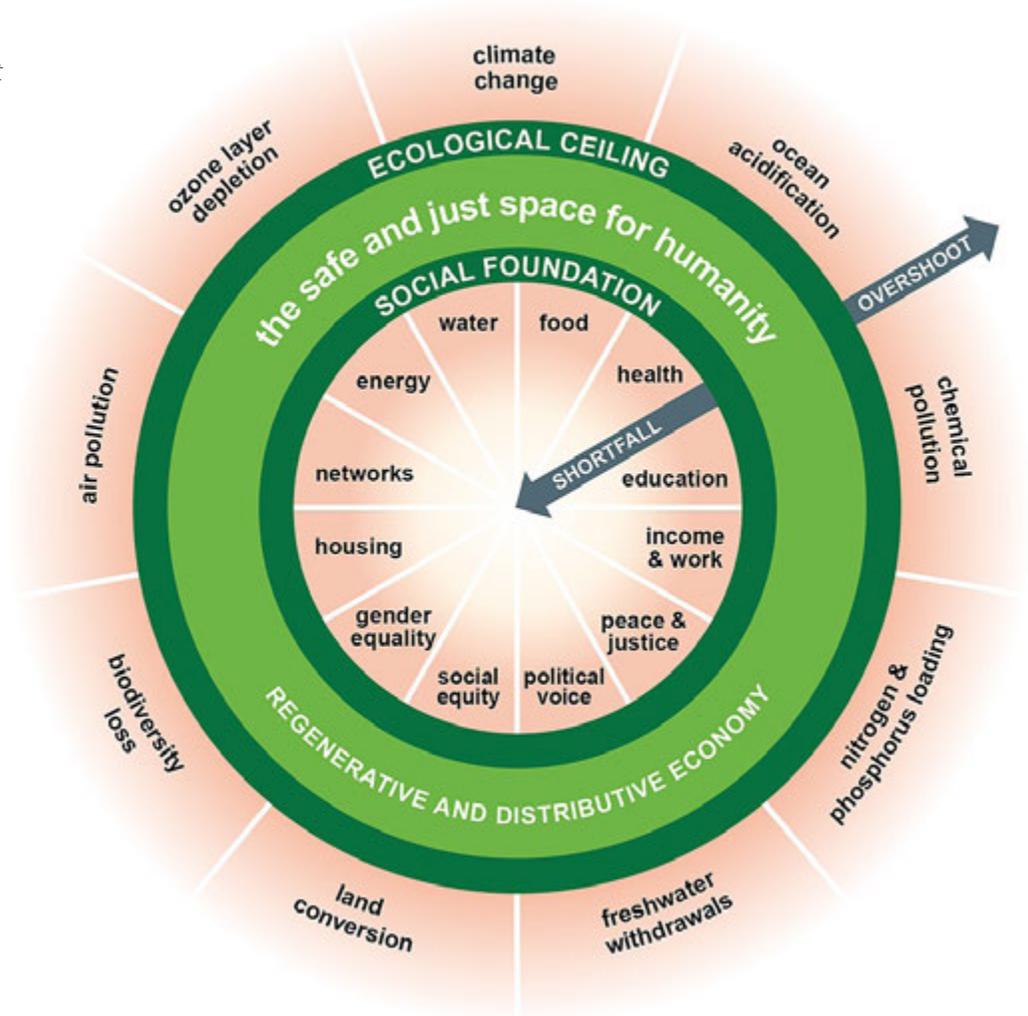
Renegade economist, creator of the Doughnut of social and planetary boundaries, and co-founder of Doughnut Economics Action Lab

Money matters in a regenerative economy: From accumulation to circulation

Where capitalist economic logic centres on accumulation, regenerative finance centres on circulation. It views money as a tool through which to address systemic problems—regenerating communities and valuing natural environments as part and parcel. They are to be respected as a whole, rather than viewed as something to extract, exchange and profit from. A truly regenerative economy has a drastically different view of value: from extraction and exchange to the embedding ecological, social and cultural value into the economy. Things like true cost accounting (calculating business impacts on natural and social capital, as well as financial) and natural capital accounting (calculating the stocks and flows of natural resources) provide highly significant examples of where this is done well.

A regenerative financial system affords social enterprise, community projects, and cultural and environmental initiatives resources to flourish. It eliminates predatory repayment terms and requirements to create a relationship-based form of finance, rather than a transactional one. Regenerative finance builds communities and ecosystems by reimagining models of ownership and recentring local economies under more stringent democratic oversight. More and more community wealth building endeavours and ‘commons’ initiatives are showing how to improve both social and environmental outcomes by viewing finance as a transformative lever, and not as a means to extract profit.

Figure two is Kate Raworth's Doughnut Economics model that shows us how the world could meet the needs of all within the means of the living planet.



Beyond policy and government, a mindset shift is needed

An overarching theme in conversations with regenerative economy practitioners is the immense shift in mindset that is needed. Regeneration is an inquisitive and principle-led approach. In this way, it cannot be determined by policymakers and business leaders alone. Rather, to truly inhibit a change of era, a change in mindset must happen so that the mistakes and failures of the past are not repeated.

To do so, the entire community engaged with the regenerative transition must also re-evaluate its own ambitions and agency. And this starts with moving beyond sustainability as the 'North star'. Where sustainability was introduced as an approach to 'do less bad' and meet our own needs without compromising the ability of future generations to do the same, this is no longer satisfactory in the regenerative movement. Humanity must shift to a mindset of 'doing more good,' and in doing so, build businesses and institutions that create the conditions for life to be restored and flourish.

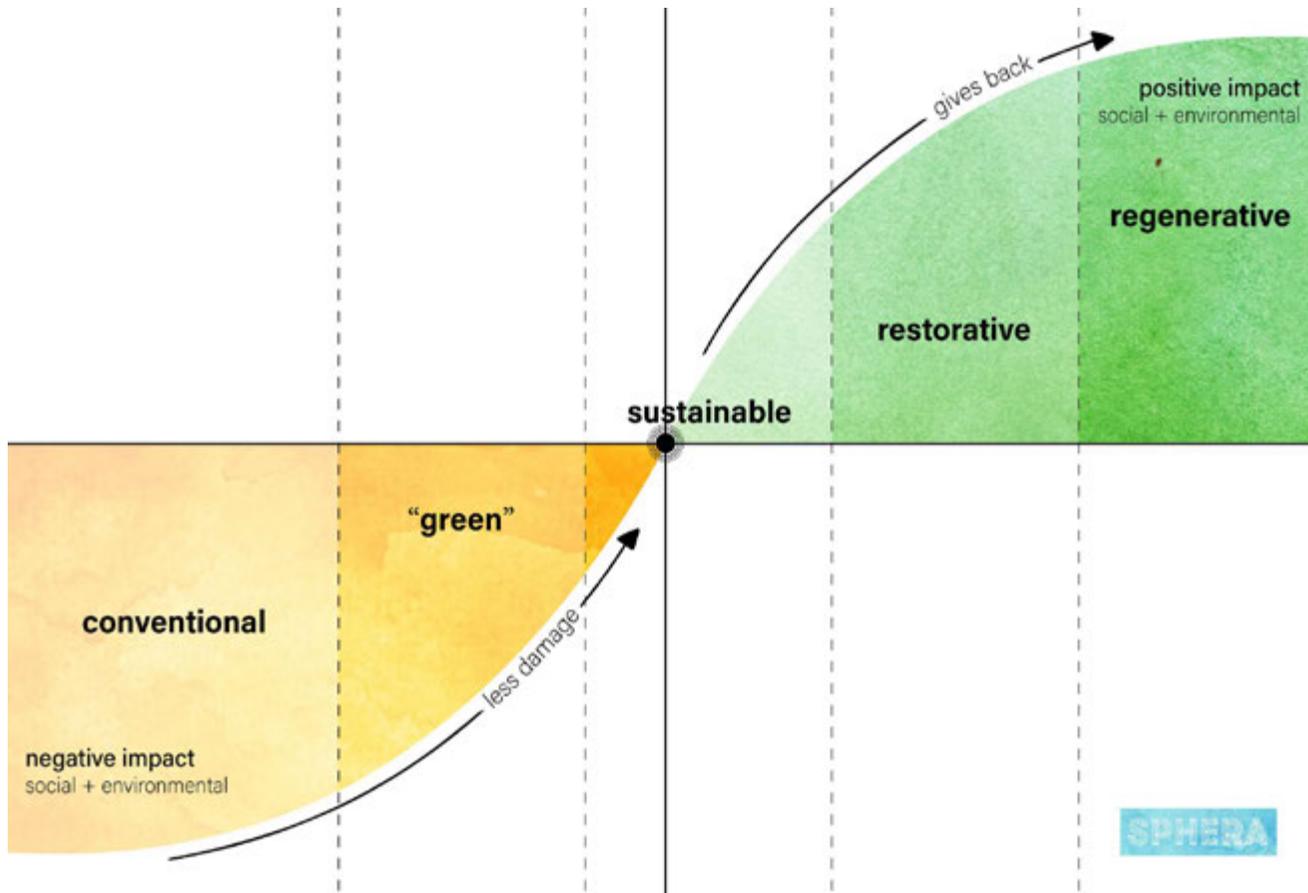
But it also requires us, even in our passion for a new economic paradigm, to be aware of the 'machine mindset' that is ingrained in linear ways of thinking—and prevent it from taking over. A true regenerative economy will require us to move from mechanistic and rigid to living and flexible; from exclusive and extractive to inclusive and replenishing; and from command and control to involving and empowering.

“ At this epochal hour in the regenerative paradigm, we need to be aware of the 'machine mindset' taking over.”



Laura Storm

Regenerative Business & Leadership



“ Systems thinking is a discipline for seeing wholes. It is a framework for seeing interrelationships rather than things, for seeing “patterns of change” rather than “static snapshots.”



Peter Senge

Systems scientist, senior lecturer at the MIT Sloan School of Management and founder of the Society for Organizational Learning

Figure three shows the ‘diagram of impact’: from conventional design to regenerative design (source: Sphera)

3. BUSINESSES AS ACTORS IN THE REGENERATIVE ECONOMY: HOW TO LEAD REGENERATIVELY

Theories of the past cannot be relied on to turn the story of the degenerative, linear economy around. Let's transform the approach and direction. Key here is in the leadership and deep design of our businesses. So, what does it mean to lead regeneratively and why is it important?

Leading 'regeneratively'

Businesses are not only complicit in many modern challenges—they also suffer from them. Business leaders must cope with the challenges of our change of era—pandemics, resource scarcity, social inequality, fragile supply chains, political instability, and more—but they have influence here, too. Businesses have the agency to shift the direction of the system as a whole. Taking charge within the current competitive and consumerist economy may be daunting, but changemakers around the world are paving the way. Regenerative leaders and businesses demonstrate that the uptake of regenerative attitudes grows like muscles with exercise—through each little change or action, frontrunners are carving out new ways of operating, leading and living within a wider regenerative ecosystem.

Pioneers in regenerative leadership focus on their organisations having both an 'inner' and 'outer' approach to regeneration. The 'inner' focuses on the internal culture of the organisation: style of working, levels of hierarchy, feedback loops and diversity. Meanwhile, the 'outer' focuses on the value propositions: stakeholder

relations, supply chain partners, product design and external communications. This way of thinking captures the interconnected dynamics of regeneration, looking inward to provide a caring and enabling environment for staff, but also outwards as a steward to stakeholders, wider society and the environment.

Another fundamental, and often overlooked, element is aligning work patterns with natural rhythms. Regenerative leadership emphasises the importance of operating in cycles—like nature's cyclical seasons. While taking downtime is not always celebrated in some business environments, it is part of a vital change in mindset. Time should be attributed for slowing down and reflecting on things—as there is often little space for innovation and adaptation in constantly busy and rushed environments.

Deep designing regenerative business

Where the overarching linear ‘take-make-waste’ model has delivered strong profits to many businesses and nations, it runs counter to the living world. Circular businesses, however, take nature itself as a model, mimicking life’s cyclical processes of take and give, death and renewal. Businesses that are designed to recapture value at each stage of production and use processes not only minimise their resource usage, but can also give back positively to the planet.

Kate Raworth emphasises the importance of deep design in our businesses in order to make them truly regenerative. Tapping into the inquisitive nature of regeneration, businesses must ask themselves a series of questions about the design traits to which they adhere. In doing so, businesses both begin to shift the lens through which the approach challenges and changes, but also adopt a significantly more regenerative stance to processes and operation.

1. The **purpose** of the organisation. Is it in service to holism?
2. How has it **networked** with its own employees, its suppliers and with its customers? How can these relationships be leveraged to build its values and fulfil its meaningful purpose?
3. How is it **governed** in all the full richness of what governance can mean, from the metrics of success, to the hard rules, to the soft culture of the place?
4. How is it **owned** or stewarded, and how are these critical sources of wealth creation distributed?
5. How is it **financed**, and what is demanded and expected from the value that’s generated?

“Businesses can be islands of transformation in a sea of the same. It’s hard, but these examples of success lead the way for others.”



Kate Raworth

Renegade economist, creator of the Doughnut of social and planetary boundaries, and co-founder of Doughnut Economics Action Lab

LEARNING FROM THE PAST TO SECURE OUR FUTURE: NEXT STEPS

This report summarises the beginning of our journey to explore what a regenerative economy is. In this first step, our aim was to explore the what, i.e. the core concepts and fundamental principles of regenerative economy, while in the future, we are going to further explore the how, i.e. how to bring these ideas into practice. Instead of trying to provide all the answers, this report aims to bring about inspiration, trigger reflections and offer some key guiding questions for those who wish to start their regenerative journey.

Key guiding questions moving forward

Our next workshop in June 2022 will seek to answer some of these questions with a host of different businesses. The following report will develop these in greater detail, and seek to build a more workable approach to embracing regeneration.

- **What will it take** to bring into being the regenerative economy paradigm at scale?
- **How might we increase** our individual capacity to become active agents of regeneration, and how can we do the same for others?
- **How should we define** and measure value and progress in a regenerative economy?
- **What does it take** for businesses to implement regenerative principles as a basis for transformation?
- **How can leaders assess** the level of regeneration in their businesses today, and how can they build in cultures of resilience and resistance to change?
- **How can we incentivize** and scale innovation that drives regeneration, both in terms of our institutions and within our businesses?
- **What are the critical barriers** to scaling regenerative models of value creation and how can we remove them?

Partners

RESPOND, a platform by the BMW Foundation, operates at the intersection of tech-innovation and Responsible Leadership. One of the main activities is the RESPOND Accelerator Program, facilitated together with UnternehmerTum in Munich, where coaches and mentors work with a carefully selected group of impact-driven entrepreneurs to scale their businesses globally. Besides a unique Accelerator Program, RESPOND encompasses a thriving ecosystem of changemakers collaborating on projects, reports and new approaches on how to speed up the transformation of our economic system.

The BMW Foundation promotes Responsible Leadership and inspires leaders worldwide to work towards a peaceful, just, and sustainable future. Through its activities, the Foundation aims to advance the Sustainable Development Goals of the United Nations 2030 Agenda. It inspires leaders, providing them with a platform for personal and professional development, and connects them across communities, cultures and countries through its global Responsible Leaders Network. The third component of the Foundation's work is to endorse the economic and financial system transformation through impact investing and actively support entrepreneurs seeking to solve humanity's social, political, and environmental challenges.

Circle Economy is a global impact organisation with an international team of passionate experts based in Amsterdam. Circle Economy empowers businesses, cities and nations with practical and scalable solutions to put the circular economy into action. Our vision is an economic system that ensures the planet and all people can thrive. To avoid climate breakdown, our goal is to double global circularity by 2032.

SYSTEMIQ was founded in 2016 to drive the achievement of the Paris Agreement and the UN Sustainable Development Goals, by transforming markets and business models in four key economic systems: regenerative land use, circular materials, clean energy and sustainable finance. A certified B-Corp, SYSTEMIQ combines high-level research with high-impact, on-the-ground work, and partners with business, finance, policymakers and civil society to deliver change.

For more information about RESPOND
respond-accelerator.com

For more information about the BMW Foundation
bmw-foundation.org

For more information about Circle Economy
circle-economy.com

For more information about SYSTEMIQ
systemiq.earth

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This report consolidates the findings of our research on the regenerative economy and the reflections and input of all the regenerative thought leaders and practitioners who participated in the workshop. We would like to thank each one of them for their valuable input and their work of bringing a regenerative economy to life.

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Till Kellerhoff - The Club of Rome
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Viji D. T. - Sinkco Labs
Wolfgang Kerler - 1E9

PART 2

THE REGENERATIVE BUSINESS STARTER-GUIDE

*THREE KEY STARTING POINTS FOR
EVERY BUSINESS*

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Globally, businesses are pivoting away from systems and values that pressure ecological and enable large inequalities across communities.

Many businesses have the ambition to grasp the huge opportunity that the regenerative economy brings, but have no clue where to start. Others have already started their journey, but need support. This starter-guide designed for businesses emerged from a workshop arranged by BMW Foundation Herbert Quandt, its program RESPOND, Circle Economy and SYSTEMIQ, hosted in Rome at the B for Good Leaders Summit in June 2022. It provides concrete case studies from the field and also takes into account key models and understandings in the field, such as Kate Raworth’s five pillars of regenerative business.

“A regenerative business is one that creates net-positive system value within a safe and just operating space for humanity. Through the pursuit of a societal purpose, it delivers and enables outcomes that are environmentally restorative, socially just, and economically inclusive—creating value for a wide range of stakeholders in its ecosystem..”⁷



READ MORE about the key regenerative economy’s terms, definitions and models in our introduction document.

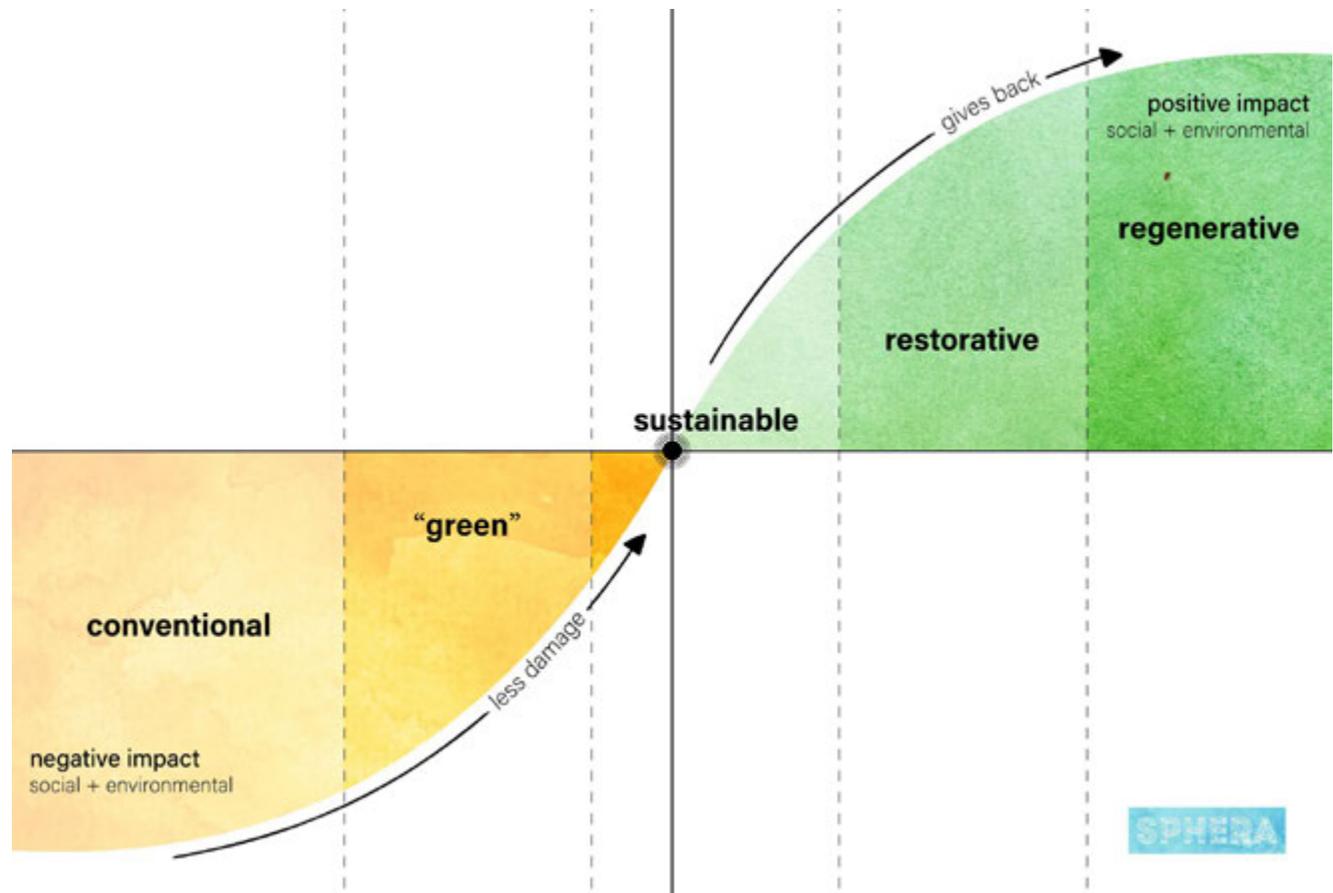


Figure one: The ‘diagram of impact’ - from conventional to sustainable to regenerative design. ‘Sustainability’ in businesses may uphold the status quo—which can be highly degenerative—,while ‘regeneration; actively seeks to create a net-positive change.

KICKSTART YOUR JOURNEY WITH THESE THREE STEPS:

REDEFINE VALUE

Regenerative businesses redefine value and purpose: To do so, revisit investments, metrics and regulations

CHERISH INTER-DEPENDENCE

Regenerative businesses are tuned in to the interdependence of systems: Remember to involve all of your stakeholders, not just the obvious ones

BE PEOPLE AND PLANET-CENTRIC

Regenerative businesses cultivate culture: Reposition people, but also the planet at the centre of the transition

WRAPPING UP

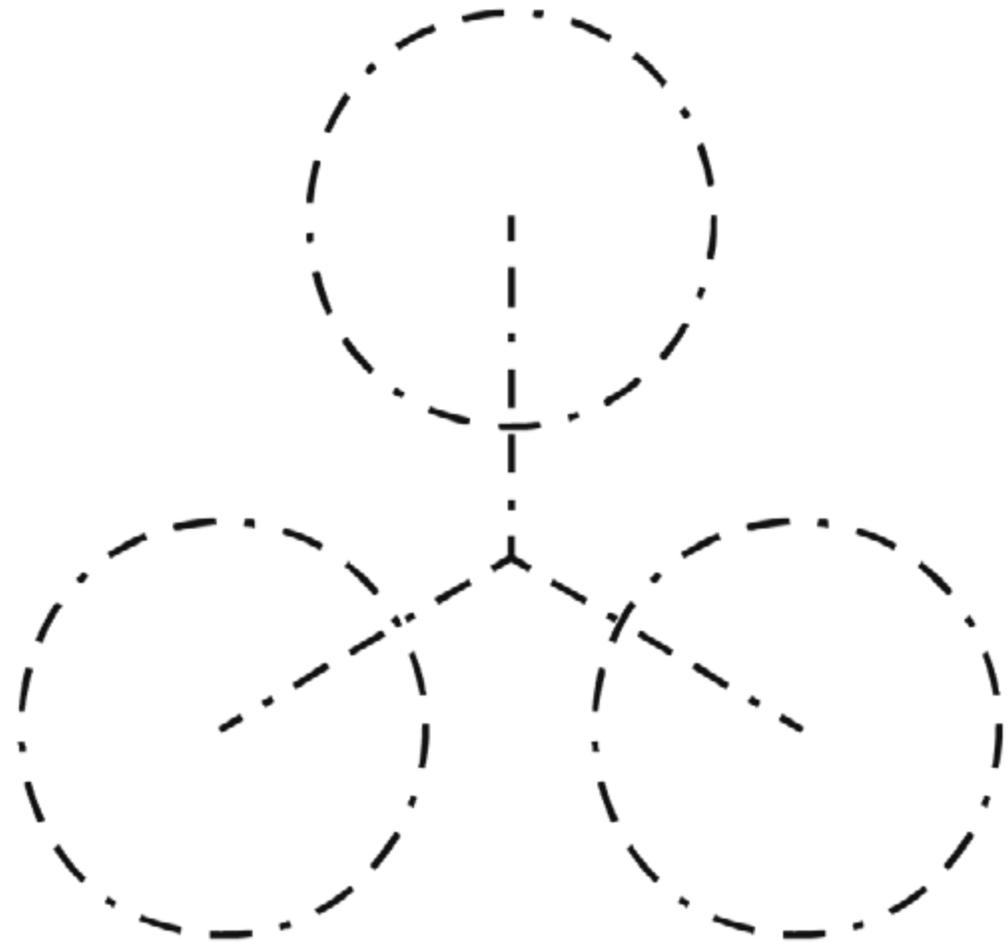
Food for thoughts and next steps

STEP ONE: REDEFINE VALUE

Regenerative businesses redefine value and purpose: To do so, revisit investments, metrics and cooperation

'Shareholder capitalism' champions financial value creation as the core purpose of a business, where financial profit is the primary signal of value to shareholders. Regenerative businesses create different types of value; they exist for their societal purpose, and profit is rather a means through which to achieve this purpose. For businesses redefining their value and purpose, new sets of metrics and KPIs will be required to monitor success. For proper tracking and monitoring, accounting processes should also be adapted to include the social and environmental cost of business activities—and be as stringent as they are for 'traditional' financial costs.

Shifting from profit- to purpose-driven is a huge undertaking, but here are three areas that your business can begin to redefine or influence.



A new understanding of purpose

If profit is not the ultimate purpose of your business, then what larger goal are you in service of?

Don't ignore the elephant in the room, embrace it:

If purpose is the most fundamental element of your business, it is easier to wrap a business model around it. It is much more difficult to try and force an impact model around an existing business or product/service offering—and this can sometimes result in greenwashing. This doesn't mean that a traditional business cannot transition towards a regenerative model; there are simply different degrees of regeneration in business, and some industries fundamentally cannot be regenerative, such as fossil-fuel based ones. And, importantly, a business won't become regenerative overnight.

In your journey, degenerative processes or products may remain, but in substituting profit as the key imperative of your business, the framing of every critical business decision is transformed. Further, by adopting a truly regenerative purpose, businesses commit not only to decoupling operations from environmental degradation, but also to actively contributing to boosting the surrounding environment.

A regenerative purpose should be shaped by answering fundamental questions like:

- *Who are we here to serve and why?*
- *How do we contribute to a better life on this planet?*
- *Why will the future generations remember and praise us?*

REGENERATION IN PRACTICE: 28 years ago, billion-dollar carpet tile business Interface decided to **transition** from a traditional profit-focused manufacturing firm to a climate pioneer—becoming one of the first to set a climate neutrality goal. Now the company's new mission 'Climate Take Back' reflects the change in its purpose. Previously it was to 'operate with no environmental harm', now it is to 'provide carpet tile products in 30+ countries whilst contributing positively to environmental outcomes'. To accommodate this, the company has explored novel solutions, as its financial ROI was not immediately positive. To date, Interface has integrated circularity concepts into its product lines; invested in an internal training programme on ecological awareness, piloted myriad new business models, piloted myriad new business models, and ensured that its supply chain partners throughout the production and distribution process adhere to the same principles. [Read more here](#)

A new measure of value

It's time to incorporate more into our balance sheets, from biodiversity and greenhouse gas emissions, to social equity, employee wellbeing and more.

'Reinvent accounting, redefine profit': If the financial value of a business is the sole consideration of its success, then profit and loss alone are largely sufficient as KPIs.

If the purpose shifts to a far broader consideration of value, then broader metrics are required to evaluate success. Where historically businesses have been excellent at externalising non-financial costs, regenerative businesses properly internalise their impact by calculating and scrutinising social, human and environmental ROI to the same degree as financial ROI. Headline social and environmental measures can then be communicated as paramount, rather than the businesses market cap or number of employees, for example.

"Having purpose and self-determination at the core of the business can unleash the true potential of human collaboration because it changes the operating system of an organization. Profits are still important but they serve the mission of the company rather than being maximized and extracted."

Achim Hensen, Co-Founder Purpose Foundation and BMW Foundation Responsible Leader

REGENERATION IN PRACTICE: Agricultural giant Olam has applied an Integrated Impact Statement system to its business units. Units can see how their decisions create or erode natural capital (soil, air, water, living things, for example). Generally, they avoid simplistic metrics such as 'productivity per hectare' as they can overlook the wider impacts of natural capital and prevent businesses from taking a longer-term view and shifting its value focus. [Read more here](#)

STEP TWO: CHERISH INTERDEPENDENCE

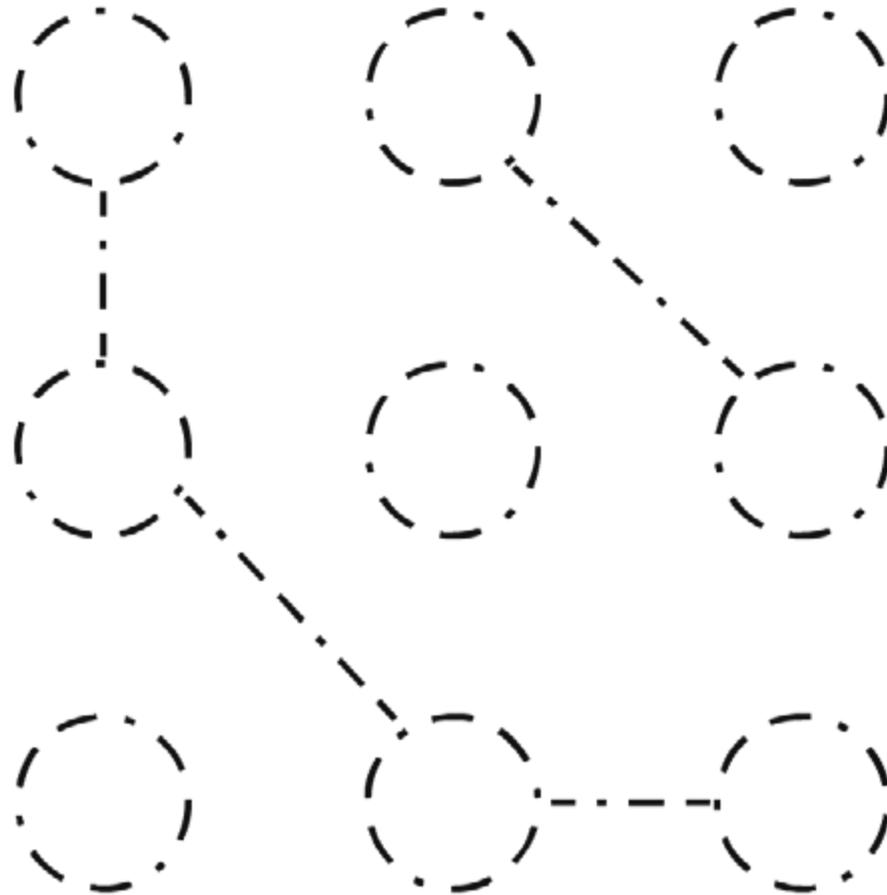
*Regenerative businesses tune into the interdependence of systems: Remember to involve **all** of your shareholders, not just the obvious ones*

STEP TWO

The modern shareholder is no longer limited to those who hold traditional shares in a company.

Business actions do not just affect consumers, but supply chain partners, the environment and entire communities that might live far away from where the business operates. Ideally, everyone and everything impacted by your business are, in essence, shareholders. Understanding this and factoring it into your business model is critical to becoming regenerative.

Businesses are also part of the ecosystem of other businesses, and in this way they can influence and impact each other.



Mapping your system position and your shareholders

SYSTEMS VIEW

Start by locating yourself within the wider business system to identify what kind of role you play in the wider system and how you connect with the other players. All companies can become 'activist' companies: acting as regenerative ambassadors and engaging others in the transition.

REGENERATION IN PRACTICE: Today, outdoor clothing brand **Patagonia** is one of the most well-known progressive and socially-conscious businesses. Patagonia is now committed to going beyond 'doing less bad'. For example, as a key player in the Regenerative Organic Alliance, the company works with a range of actors to ensure that 100% of the cotton and hemp used in its products is regeneratively sourced, with net-positive requirements for soil health, animal welfare and human rights. [Read more here.](#)

STAKEHOLDERS MAPPING

Now it's time to map every possible 'stakeholder' and 'shareholder' around your business. Who or what is affected by the way your business operates, right down to supply chain partners, local communities, wildlife and the soil.

REGENERATION IN PRACTICE: For outdoor clothing brand Patagonia, the crucial question they wanted to answer was: 'How is a company responsible?'. Finding the answer to this necessitated re-evaluating who the brand existed to serve. Where many large businesses today place maximised shareholder value as their ultimate goal, Patagonia positioned its obligation to four key stakeholder groups as equally important to financial profit—its employees, customers, local communities and nature itself.

Guided by this idea, over the last 40 years Patagonia has consistently mapped and analysed its sphere of influence on these four key stakeholder groups. In doing so, the brand has developed a considerable understanding of the ripple effects its business activity has on various actors far beyond its boardrooms. [Read more here](#)

EMPOWERED PARTICIPATION

Try to integrate the stakeholders and shareholders you have identified into your decision-making processes to encourage ‘empowered participation’.⁸ Decisions that impact your stakeholders should not only be made in the boardroom: engage the people and environment who are—in reality—most impacted.

REGENERATION IN PRACTICE: To properly internalise the outcomes for this wider pool of stakeholders, it is important to give them a voice. For Patagonia, this was a process of many layers. To ensure all staff are heard, the company’s organisational structure is democratic, whereby lateral coordination is present in many teams to ensure maximum autonomy and interdependence of staff. Beyond its own staff, Patagonia considers its relationships with factory workers as a partnership rather than a service, founding the Fair Labour Association in 2001 to improve working conditions and drive the Fair Trade movement forward.

Beyond people, Patagonia commits to the various environmental stakeholders—such as the sea or the soil—by pledging 1% of all sales to grassroots environmental groups making a difference in local communities—raising some US\$140 million since 1985. [Read more here](#)

STEP TWO

And remember...from 10 to 100 employees, we can all make an impact

Your business, depending on its size, may not be able to engage every single new shareholder. Value chains nowadays are complex, global and tangled. So, if you must choose, start with your immediate circle: you are complicit in the actions of supply chain partners that you engage and you can act as an ambassador for change among other companies. Here, action can be directly affected. But, if you want to be a regenerative leader, move outside of your bubble too: influence other bubbles, expand and grow. Rethink your role as a company and how you can positively contribute to the society and the planet; think big, inspire others, create a movement of positive change.

SUPPLY CHAIN TRANSPARENCY

Supply chain partners can drive the ethics of your company: reducing its carbon footprint and ensuring local companies are treated fairly, for example. If you can't ensure this with your supply chain partner, it's time to reassess. You can even seek out initiatives that help companies implement supply chain transparency.

REGENERATION IN PRACTICE: Patagonia understood early on that as they do not manufacture their products, the impact of the brand expands far beyond its 'four key stakeholders': the value chain partners are integral, too. Acknowledging this, Patagonia takes a '4-fold' vetting approach before engaging with new manufacturers or logistics partners. Their in-house Social and Environmental Responsibility team can veto a new partnership whenever a factory does not share the values and beliefs of Patagonia itself. With this approach, Patagonia ensures that its purchasing practices not just minimise the impact on the environment, but also expand its influence on working conditions and community development beyond its immediate remit. [Read more here](#)

From competitive advantage to collaborative advantage

The health of natural ecosystems rests on symbiotic relationships between diverse species:

one organism's waste products, for example, can represent another's food supply. In business, the rhetoric has evolved to focus on 'beating the competition' to achieve the highest revenue or market capitalisation. Regenerative businesses are aware of their ecosystem and their role in its health; this means cooperating with other stakeholders who are dependent on the same ecosystem: the consumers, and other businesses, for example. Business reciprocity and mutual learning within industries can lead to more resilient, financially stable and successful businesses, compared to those that remain stifled by self-interest and competition.

REGENERATION IN PRACTICE: Perhaps the most advanced and significant example of collaborative advantage in the case of climate mitigation is the Mission Possible Partnership. Mission Possible is an alliance of climate leaders from a variety of sectors, working within their own industries to develop specialised solutions for decarbonisation. In the Aviation industry, one of the world's most carbon-intensive, a collection of nearly 70 airlines, manufacturers and airports are forgoing the traditional patent-and-profit approach to innovation, instead working in collaboration to ensure the industry as a whole reaches a goal of net-zero by 2050. Read more about the Partnership [here](#).

STEP THREE: BE PEOPLE-AND PLANET-CENTRIC

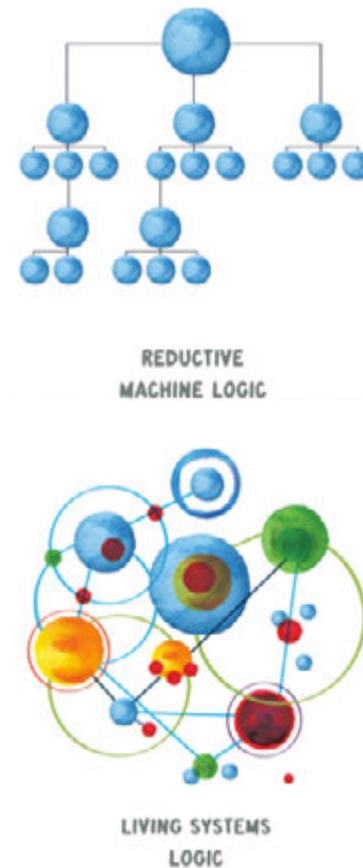
Regenerative businesses cultivate culture: Reposition people, and also the planet, at the centre of the transition

Moving to regeneration should be collaborative and eschew elitism: it will require everyone's involvement, not just be a solely top-down approach.

Leaders do, however, play a critical role, and should guide the process by diving deep into the concept: learn from companies you 'love and loathe' that have started the process and can share their experiences—as Kate Raworth suggests.⁹ This will help leaders cultivate a 'culture of regeneration' by looking inward to provide an enabling and caring environment for staff and outwards as a steward to stakeholders, the wider society and the environment.¹⁰ Don't underestimate the power of belonging and a positive mindset.

Giles Hutchins and Laura Storm's model of regenerative leadership: inner and outer regenerative approach

Regenerative leadership is a way of leading that cultivates life-affirming conditions; this hinges on a mindset change: a shift in how leaders view their role as a steward to their team, but also the wider influence of their team. This is the crux of the two dimensions of regenerative leadership, according to Giles and Laura. Focusing on the 'inner' dimension relates to culture—employee relations, the way feedback is given and received, meeting culture, diversity and inclusion, or trust in when and where people work. 'Outer' reflects the impact of the work done and the value proposition this entails—what goes into the product or service and how does society benefit from it? How does business activity influence other stakeholders and actors within your industry or ecosystem? And perhaps most critically, is what we're doing a net-benefit to the natural world?



Caption: Figure two: Leading regeneratively requires a shift in mindset - from organisations as 'machines' to 'living organisms'. Organisations that mimic life have been found to outperform their traditional counterparts. Source: Giles Hutchins and Laura Storm.

KEEP IT SIMPLE

Stories around regeneration and regenerative businesses are powerful, but also sometimes philosophical and complex. Keep your message simple, too: underline the importance of giving back, and purpose and impact becoming as important as profit. Start with the why.

SWITCH LEADERSHIP GEARS

Good leaders engage people in wanting to do things, rather than having to do things. Also celebrate businesses mimicking natural rhythms and seasons: take time to slow down and reflect—there is often little space for innovation and adaptation in constantly busy and rushed environments.



KEY TRAITS OF REGENERATIVE LEADERS

CENTRE AROUND TRUST

Regenerative leaders should be the storytellers and the direction setters, employees should be given the time and space to understand and grow into the radically new context a regenerative business provides. Hierarchical management is ingrained in many of us, so people need to be given the time and space to adapt to self-management and new organisational goals.

ENCOURAGE INNOVATION

Regeneration in business is new; it requires trial and error. If a business successfully moves its model from profit- to purpose-oriented, so much space emerges for innovation. This requires exploration and experimentation to adapt: how can projects be designed to maximise both social and environmental benefits?

REGENERATION IN PRACTICE: English manufacturer of specialist high-performance shoes **VivoBarefoot** spent a year working with Laura Storm and Giles Hutchins to embark on its regenerative journey. It sought to move from a ‘paternalistic’, stress-inducing structure of hierarchy and rigid siloes to a more fluid network of autonomous ‘circles’: a newly-developed model of horizontal working. There are three ‘circle’ categories: Home Circles relate to employees personal development and career progression; Project Circles manage cross-functional projects; while Yin Circles provide space for VivoBarefoot to evaluate its influence on the wider ecosystem. The Yin Circles encapsulate the ‘outer’ dimensions of regenerative leadership, providing a space for staff to reflect on how the business impacts all stakeholders, and how to incorporate those impacts into its decision-making processes.

Fundamentally, the so-called ‘self-circle-system’ replaces the typical ‘control and manage’ approach with a ‘sense-respond’ loop that grounds staff in an ethos of autonomy and openness. The change has turned the business into a ‘vibrant living system’ that embodies regeneration in its inner culture by helping people connect with who they are as a person (not just an employee), but also with one another through regenerative practices and more organic collaboration. For VivoBarefoot the process was not always easy or clear, but after one year the level of freedom and communication that has arisen has been transformative. Read more about VivoBarefoot [here](#).

NEXT STEPS AND FOOD FOR THOUGHT

RESPOND

BMW Foundation
Herbert Quandt

CIRCLE
ECONOMY

SYSTEMIQ

By now, you've identified a driving purpose, analysed your network's impact and sought to involve a wider range of stakeholders across your value chain in decision-making processes—as well as cultivating a culture of regeneration internally and externally. You're well on your way!

However, building a regenerative business is a multi-year effort that will require addressing some of the following thought provoking questions:

On your business practices and offerings:

1. What parts of your business or the products/ services you sell are still degenerative?
2. Looking forward, will you replace or transform these offerings to become fully regenerative?
3. If you cannot transform them, how do you plan to balance them out in a net positive way?

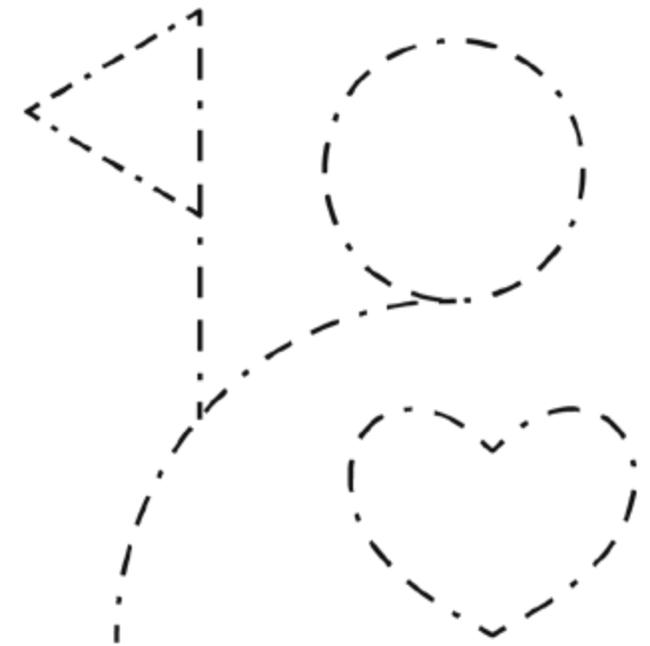
On your governance:

1. How are decisions made in your business? How can you work with all relevant stakeholders to distribute the decision-making rights?
2. How can you work with your investors to make the shift to regeneration?
3. How can you get policy makers to join your mission? And what do you need from public institutions?

On your wealth and power:

1. Who owns and stewards your assets? How is business profit distributed amongst your stakeholders?
2. Which stakeholders could become part owners?
3. Whose assets and what natural wealth are you relying on to run your business and what are you returning to balance out what you take?
4. How could you increase investment into social and environmental projects?

It's important to remember that these steps are powerful, yet incremental within the wider system-shifts that must occur at a global level, from financial systems to policy. To learn more about these topics, revisit the insights from our first workshop, [Transforming our systems with a regenerative economy: a collaborative journey.](#)



Partners

RESPOND, a program by the BMW Foundation, operates at the intersection of tech-innovation and Responsible Leadership. One of the main activities is the RESPOND Accelerator Program, facilitated together with UnternehmerTum in Munich, where coaches and mentors work with a carefully selected group of impact-driven entrepreneurs to scale their businesses globally. Besides a unique Accelerator Program, RESPOND encompasses a thriving ecosystem of changemakers collaborating on projects, reports and new approaches on how to speed up the transformation of our economic system.

The BMW Foundation promotes Responsible Leadership and inspires leaders worldwide to work towards a peaceful, just, and regenerative future. Through its activities, the Foundation aims to advance the Sustainable Development Goals of the United Nations 2030 Agenda. It inspires leaders, providing them with a platform for personal and professional development, and connects them across communities, cultures and countries through its global Responsible Leaders Network. The third component of the Foundation's work is to endorse the economic and financial system transformation through impact investing and actively support entrepreneurs seeking to solve humanity's social, political, and environmental challenges.

Circle Economy is a global impact organisation with an international team of passionate experts based in Amsterdam. Circle Economy empowers businesses, cities and nations with practical and scalable solutions to put the circular economy into action. Our vision is an economic system that ensures the planet and all people can thrive. To avoid climate breakdown, our goal is to double global circularity by 2032.

SYSTEMIQ was founded in 2016 to drive the achievement of the Paris Agreement and the UN Sustainable Development Goals, by transforming markets and business models in four key economic systems: regenerative land use, circular materials, clean energy and sustainable finance. A certified B-Corp, SYSTEMIQ combines high-level research with high-impact, on-the-ground work, and partners with business, finance, policymakers and civil society to deliver change.

For more information about RESPOND
respond-accelerator.com

For more information about the BMW Foundation
bmw-foundation.org

For more information about Circle Economy
circle-economy.com

For more information about SYSTEMIQ
systemiq.earth

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This report consolidates the findings of our research on the regenerative economy and the reflections and input of all the regenerative thought leaders and practitioners who participated in the workshop during the **B for Good Leaders Summit** in Rome on 16-17 June 2022. The Summit was co-created by the founders of the B Corp movement in Europe and their partners who have co-founded many business alliances and economic innovation approaches,

including NOW Partners. The Summit brought together 650 business leaders and other economy stakeholders. We would like to thank each one of them for their valuable input and their work of bringing a regenerative economy to life..

We would also like to thank leaders from the **BMW Foundation Responsible Leadership Network** for providing inspiration and input on the case studies.

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PART 3

REGENERATIVE INNOVATION: *A TRANSFORMATIONAL TOOL FOR STARTUPS & BUSINESSES*

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INTRODUCTION



Budding entrepreneurs and current business leaders are increasingly looking for ways to stay at the cutting edge of innovation and transform their businesses towards regeneration. 'Innovation' can loosely be defined as a process from which new ideas emerge: in the business context, this typically translates as new products or services that add value or long-term competitiveness to the organisation.

But the world is changing—rapidly. With the reality of climate disruption, social pressures and financial instability, businesses must find solutions for a set of issues far broader than their profit to loss ratio. They must innovate to navigate uncharted shocks to supply, to meet the broader needs and demands of increasingly consciously-minded consumers and employees, and to address the challenges of a constantly warming planet.

This entails shifting from being solely profit-driven to integrating purpose-driven motivations, prioritising a far wider pool of stakeholders, and cultivating regenerative leadership and mindsets throughout the workforce. This regenerative transition, though, can be at odds with the current linear system—making it challenging for businesses to embrace regeneration while remaining financially sound. Incumbent businesses today may be pressured to chase higher

INTRODUCTION

profits to deliver capital to shareholders and be reliant on environmentally degenerative production processes, for example. Meanwhile, the way the current start-up ecosystem operates now, pushes startups to display initially financial security to acquire financing by traditional means—thereby deterring startups that are purpose, not profit, oriented.

Regenerative innovation refers to a wide field of practices and approaches that allow businesses to create regenerative impact. For many new businesses and startups, regenerative innovation is the core purpose of the business itself: the idea on which the organisation is built. For others, often larger incumbents, regenerative innovation is an approach for wholesale change: it represents the pathways through which to embrace regeneration at the various structural levels of a business.

So, how can existing business leaders enact transformations at the scale required to become regenerative, when traditional investment is so focused on short-term financial returns? And how can startups hope to create a radically new and regenerative business in a system that favours extraction and degradation? This paper shows how crucial the concept of regenerative innovation is in answering these questions.

This paper emphasises a fundamental shift in how we should approach the challenges of the linear system. It then explores specific innovation pathways to regeneration for businesses and startups: from product design to culture and governance structures to collaboration. The innovation pathways come to life through case studies of trailblazing businesses that show us exactly how innovation can catalyse the regenerative transition. This paper provides the blueprint for your business to do the same.

“ A regenerative business acknowledges the interdependence of systems; communities, industries and plenary ecosystems. It’s constantly aware of its place within these systems and uses this knowledge as a guide for strategic decision-making.”



Carol Sanford

Regenerative innovation
thought leader.

Part one

BEGIN THE PROCESS WITH IMPACT IN MIND

The shift from 'traditional' to regenerative innovation in business will encourage innovators to adopt entirely new approaches to organisational change. These approaches should normalise that change and innovation is only successful when it benefits the broader network and ecosystems within which the business operates—it cannot only benefit the financial growth of the business itself.

To build the next successful regenerative startup or to transform an existing business to stay ahead of the curve, the goal of impact must be in the onset of every innovation process. Adopting this mindset is key for creating innovations that matter and have the chance to survive upcoming global challenges and contribute to paving the way towards a liveable world. To do this, innovators should embrace three interlinking principles of regeneration in every decision:



BEGIN THE PROCESS WITH IMPACT IN MIND

1 - COLLABORATE WITHIN THE SYSTEM

Both individuals and organisations should recognise their role as critical and connected actors in a wider system, responsible for more than just themselves. Regenerative innovation is designed to embrace collaborative solutions over competitive or hierarchical ones and businesses should stir this innovation towards strengthening network relationships and creating common value between actors of an ecosystem. More people and ecosystems benefit from a business when more stakeholders are considered, especially those outside of the 'boardroom'. The value created goes beyond financial value - a business should strongly consider how their activities are affecting their wider network of stakeholders - the best way to ensure your business activities are doing good is by collaborating with the wider network.

2 - PRIORITISE WELLBEING

Regenerative innovation prioritises human and planetary wellbeing over financial profit. On the human level, employees' wellbeing should be seen as imperative to a flourishing business. Regenerative businesses employ innovative and inclusive approaches to governance and leadership that allow employees to act as leaders and support that thriving employees leads to thriving business. Beyond that, regenerative businesses acknowledge our reliance on the environment and use innovation as a tool to restore natural systems and address current challenges faced, like climate change, biodiversity loss, and all related negative consequences of those. In a regenerative future, businesses operate with the understanding that human health equals to planet health, and focus on restoring the balance for both systems.

3 - APPLY 'ACORN-THINKING'

The concept of acorn-thinking leans on the indigenous 'Seventh Generation' principle. An acorn seed planted today will grow into a thriving tree that provides oxygen, shade, and food to people seven generations later. Similarly, innovations created today will impact future lives. Therefore, regenerative businesses should consider future generations as stakeholders in decision making and in innovation processes.

Part two

REGENERATIVE INNOVATION IN PRACTICE

Businesses operate according to the parameters of their design: outputs are determined by how and when decisions are made, how different parts are integrated, and, of course, what function they are designed to serve. To enact broad change at the scale required to embrace regeneration, startups and businesses must design and redesign the structures on which they are built.

They must utilise regenerative innovation to start a business that centres on impact, or they must engage in 'deep design' of their self-imposed parameters—parameters formed by ownership structure, governance frameworks, their culture and their production processes.

These are the areas where businesses can engage in transformation, and startups should look to implement fundamentally new solutions.



REGENERATIVE INNOVATION IN PRACTICE

1 - PURPOSE

Truly regenerative businesses should be centred on purpose: the impact—to solve a specific social or environmental need in society—should be identified and come first, with the business model being built around it. But although central, innovation should not only occur in relation to the product or service. Innovation can and should be implemented in all areas of a business: human resource processes, boardroom decisions, planning, procurement, and more. This section showcases some of the most ambitious examples of regenerative innovation today, displaying the breadth at which organisations should look to engage in deep design to truly embrace regeneration across their core impact goal and throughout the wider business.

Ecosia, a not-for-profit search engine, uses income generated from advertisements to plant trees around the globe. The concept of Ecosia is to use the power of the internet to restore forests: much like nature's living beings having a cascading effect on an ecosystem, a powerful engine can have lasting effects on its wider surroundings. While it operated as a standard for-profit business for the first few years, Ecosia shifted to a steward ownership structure which resulted in operating like a not-for-profit, thereby safeguarding its promise planting trees and to guarantee that it could stay true to its purpose: funnelling all profits into environmentally and socially beneficial projects. Transparency is key to upholding regenerative purpose and company culture: Ecosia publishes an annual financial report about its investments—from reforestation to renewable energy projects—where users can see exactly where and what projects the company supports.¹¹

Read more 



Climate Farmers, a RESPOND Accelerator alumni, builds the infrastructure for scaling regenerative agriculture in Europe by offering a data- and communication platform for farmers, corporates, and regulators. Climate Farmers supports those wanting to transition to regenerative practices and acknowledges the need for private funding to help kickstart a transition to ultimately benefit the public. The organisation works to create a culture of learning and support from both local and global stakeholders. Through its ambassador programme, farmers are connected to a network for facilitated knowledge exchange and support with other local farmers. Companies are invited to help finance the transition to regenerative farming with carbon offset credits.¹²

Read more 



REGENERATIVE INNOVATION IN PRACTICE

2 - PRODUCTS & TECHNOLOGIES

Product innovation is the most common form of innovation in a business-as-usual company setting, where vast amounts of investment funnel into ensuring products are successful in competitive markets. Unlike many traditional 'linear' companies, regenerative businesses aim not only to increase profits for shareholders, but also to serve a societal purpose: product innovation should be focused on improving environmental outcomes or helping people live more fulfilling lives. Looking at the many businesses and startups pursuing regeneration today, it's clear that advancements in technology play a critical tool in regenerative product innovation. In many cases, innovative and complex technologies ensure that new products become available to meet existing human needs, while also contributing positively to environmental outcomes.

Technological innovation can help to ensure virgin (new) material use is reduced in product production, instead utilising 'waste' as a resource and incorporating unused assets back into supply chains. Inspiration for product innovation can also stem from biomimicry—a design approach that mimics nature's processes, many of which are inherently regenerative. By creating alternative products that meet our many needs while also improving environmental health, regenerative product innovation represents a significant opportunity for progressive businesses today.

Traceless uses natural biopolymers from agricultural industry plant leftovers to create sustainable alternatives for plastics and bioplastics. The product is highly technical and fully integrates in natural material cycles, mimicking nature's ability to create usable, purposeful products that leave no trace behind. It differs from bioplastics in three main ways: It is entirely natural and plastic-free, based on plant residues avoiding food conflicts, and it is compostable in natural conditions (rather than only in industrial composting). Traceless is also a RESPOND Accelerator alumni.¹³

[Read more](#) 

traceless

Constellr uses thermal infrared microsattellites to measure global land surface temperature (LST) and monitor water stress. Its technology detects water stress levels via thermal imaging early on so that action can be taken to enhance yields, optimise resource management and avoid adding to the mounting pressures on our freshwater sources. Constellr's mission is to utilise its imaging technology to 'advance understanding of the planet's ecosystems' that is necessary for relevant stakeholders—like farmers, governments, and landowners—to act responsibly in their use of global water resources and quickly to minimise ecological stresses. Constellr is a RESPOND Accelerator alumni.¹⁴

[Read more](#) 

 constellr

REGENERATIVE INNOVATION IN PRACTICE

3 - GOVERNANCE & LEADERSHIP

A key tenet of regeneration is reversing the conflation of value and values. Traditional ownership and governance models ensure that greater financial contribution 'buys' a more influential voice in a hierarchical company. Broadening decision making processes within an organisation helps to separate ownership from power in decision making, and in doing so shifts the mindset of financial value accumulation as priority (that benefits individuals at the top of a hierarchy) to meeting the needs of staff and external stakeholders. Self-organising organisations practise distributive leadership: a strategic mindset shift that considers leadership not as the property of individuals, but rather one that is based on interaction. Distributive leadership empowers teams by providing autonomous and non-coercive means to align organisational goals.



Decentralised Autonomous

Organisation (DAO) is a blockchain-based organisational structure that provides businesses with the capabilities

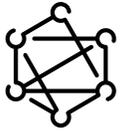
to democratically self-govern without a centralised authority. It is an example of digital infrastructure that radically transforms bureaucracy and hierarchy in organisations by broadening decision making power to all participating actors of an organisation, rather than in the hands of an exclusive few.

Hypha builds decentralised tools (DAOs, DHOs) to consolidate the various movements, organisations, and platforms striving towards empowering humanity & regenerating the earth's biosphere. One of the tools Hypha provides is a decentralised blockchain that records all decisions and financial transactions. Decisions are made as a group rather than from a top-down structure. The decentralised tool creates alternative value networks, while mimicking nature, where all stakeholders are an integral part of the whole, and everyone benefits from the success of the system. Hypha is a RESPOND Accelerator alumni.¹⁵

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REGENERATIVE INNOVATION IN PRACTICE



Micro-ecosystem organisations:

Progressive companies today are dividing themselves up into small units where people are allowed to naturally become leaders as necessary. Self-governing organisations align with nature because they act according to what is needed in a given moment, unlike some highly bureaucratic processes that require confirmation and approvals for on-the-ground decisions.

Buurtzorg is a home care provider that began in the Netherlands as a local initiative in response to a failing government-led system characterised by its bureaucratic complexity and dissatisfaction from both patients and nurses. Buurtzorg created a system of self-governed teams of nurses providing services at the neighbourhood level. The self-governing aspect proved to be vital for nurses because it gave them autonomy to provide the care that their patients need at any given moment, without the hassle of bureaucratic complexities that would have previously limited their scope of work based on a nurse's position of seniority. In a self-governing system, nurses can provide care on a need basis, which has also been shown to improve nurse and patient relationships by allowing one nurse to care for a patient rather than many. For the many teams to run their services smoothly, Buurtzorg provides an IT system to facilitate administrative work, cutting time on bureaucratic paperwork. The company grew quickly as the self-governing system proved to foster values of care and well-being for both nurses and patients.¹⁶

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REGENERATIVE INNOVATION IN PRACTICE

4 - STAKEHOLDERS & VALUE NETWORKS

According to economist John Fullerton, the most creative solutions occur at the fringe and [not in the boardroom](#).¹⁷ For businesses to be at the forefront of innovation, ideation must come from outside the consensus of typical decision-makers. Ultimately, co-creation is imperative to regeneration: businesses should consider less well-represented voices, such as new staff, juniors and more introverted characters in the organisation. It should also have direct communication with community stakeholders, a large element of which is localised: what are the specific needs of the local communities that are affected by the business? This includes the effects on value chain (or network) partners, local communities and the environment. Involving this wider pool of stakeholders in decision-making is key for a regenerative business.

Value networks rather than value chains:

businesses with a value chain can create shared value for all of its stakeholders by stimulating the economic and social conditions in the communities in which they operate. In a shared value network, stakeholders focus on joint economic and social progress even for those not directly involved in the network's business engagements. Practising shared value brings regenerative principles to the forefront of multi-stakeholder collaborations and commitments.

This Side Up is a Dutch coffee importer that works closely with coffee farmers in fourteen different countries—including Colombia, Myanmar, Nicaragua and more— to import fair-trade coffee beans into Europe. By working on the ground with farmers themselves, the company can ensure its investments in transparency, fair wages, and regenerative farming practices are protected from what is typically an exploitative industry. Its goal is to redesign the current exploitative trade system for coffee by facilitating a more transparent value chain, reducing the number of traders between farmer and consumer, and collaborating with farmers to increase their land's well-being for long-term success. By doing so, This Side Up helps farmers sustain long-standing knowledge about their trade without having to sell coffee beans for less to sustain the world's growing demand for coffee. In a collaborative effort, This Side Up and its network of coffee farmers support each other with best practices and specialised projects to sustain high-quality coffee trade.¹⁸

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Retraced is a supply chain management platform that supports fashion and textile companies to collect, trace, evaluate and manage their supply chain compliance data, and gain full transparency down to the raw materials. The platform connects all parties involved in apparel manufacturing and ensures efficient data exchange and transparency. Following the idea of regenerative systems, Retraced enables organisations to build strong value networks and identify environmental and social risks, and take action to achieve more sustainable and responsible consumption. Retraced is a RESPOND alumni.¹⁹

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REGENERATIVE INNOVATION IN PRACTICE

5 - INVESTMENT

One fundamental flaw of our economic system today is its short-termism: it often discounts future generations and events, while overprescribing value on immediate outcomes. Investing in a regenerative business or startup in a model that requires businesses to quickly turn a profit is very difficult. Instead, the actual future value of investments (including the social and environmental impacts) must be factored into all investment decisions—especially for regenerative businesses and startups. To apply this broader and more rigorous analysis of impact, data and more accountability will be necessary.

There is no silver bullet method to overhaul investment practices in the current system. The shift will likely be long-term, iterative and pioneered by exceptional businesses and investors. The first interaction for those looking to embark on such a journey will be to internalise the social and environmental impact of an investment. True Cost pricing is an encouraging approach that uses impact assessment to calculate the actual cost to society of a given product. As this approach becomes more common, it will allow regenerative businesses to compete on price with extractive companies. But first, the method of accounting has to become the norm for all businesses and financiers.

Planet A supports startups that tackle the world's biggest environmental problems—climate change, resource use inefficiency, rising waste, and biodiversity loss—while building profitable businesses. Committed to supporting positive impact innovations, Planet A uses the principles of the nine planetary boundaries to guide investment decisions, and houses a team of scientists to quantify environmental impacts of a startup with a Life Cycle Assessment (LCA), before every investment made. Its open-source portfolio of environmental impact assessments is unique to the industry and sets the scene for transparent and holistic analyses of the value a startup can bring to the planet and its stakeholders.²⁰

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Seventh Generation, as its name indicates, produces cleaning products made with biodegradable ingredients to support the company's commitment to a healthy planet for the next seven generations. The company invests in innovations to further its mission to work in harmony with nature while providing quality and effective products stemming from natural resources, with specific focus on eliminating plastic and substituting fossil-fuel based chemicals with biodegradable ones.²¹

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CONCLUSION

As more businesses seek to join the rising ranks of regenerative startups and businesses, it will be imperative that they set off on the right foot. Understanding the nuanced differences between 'traditional' and regenerative innovation is a start.

Regenerative innovation is by no means relegated to research and development teams focused on updating products and services. Instead, it refers to a wide field of practices and approaches that allow businesses to create regenerative impact that spans the entire organisation. It can include redefining purpose, creating social and environmentally sound products and technologies, designing fresh governance and leadership systems, including a wide range of stakeholders and value networks and, finally, setting up future-looking investment systems.

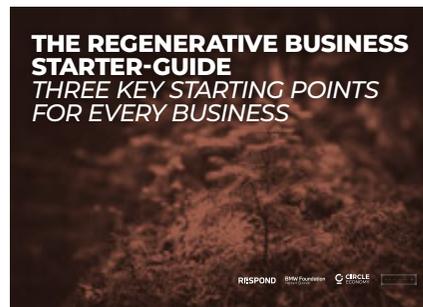
While it may be simpler to grow a startup from day one as a regenerative business, it is also possible to transform incumbent businesses towards regeneration using the innovation principles shared in this paper.

To dive in deeper to the topic of regenerative businesses, read our previous Insight Reports:



REFLECTIONS AND UNDERSTANDINGS ON THE KEY TENETS OF THE REGENERATIVE ECONOMY

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A STARTER-GUIDE FOR BUSINESSES EMBARKING ON A REGENERATIVE JOURNEY

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Partners

RESPOND, a programme by the BMW Foundation, operates at the intersection of tech-innovation and Responsible Leadership. One of the main activities is the RESPOND Accelerator Program, facilitated together with UnternehmerTum in Munich, where coaches and mentors work with a carefully selected group of impact-driven entrepreneurs to scale their businesses globally. Besides a unique Accelerator Program, RESPOND encompasses a thriving ecosystem of changemakers collaborating on projects, reports and new approaches on how to speed up the transformation of our economic system.

The BMW Foundation promotes Responsible Leadership and inspires leaders worldwide to work towards a peaceful, just, and regenerative future. Through its activities, the Foundation aims to advance the Sustainable Development Goals of the United Nations 2030 Agenda. It inspires leaders, providing them with a platform for personal and professional development, and connects them across communities, cultures and countries through its global Responsible Leaders Network. The third component of the Foundation's work is to endorse the economic and financial system transformation through impact investing and actively support entrepreneurs seeking to solve humanity's social, political, and environmental challenges.

Circle Economy is a global impact organisation with an international team of passionate experts based in Amsterdam. Circle Economy empowers businesses, cities and nations with practical and scalable solutions to put the circular economy into action. Our vision is an economic system that ensures the planet and all people can thrive. To avoid climate breakdown, our goal is to double global circularity by 2032.

SYSTEMIQ was founded in 2016 to drive the achievement of the Paris Agreement and the UN Sustainable Development Goals, by transforming markets and business models in four key economic systems: regenerative land use, circular materials, clean energy and sustainable finance. A certified B-Corp, SYSTEMIQ combines high-level research with high-impact, on-the-ground work, and partners with business, finance, policymakers and civil society to deliver change.

For more information about RESPOND
respond-accelerator.com

For more information about the BMW Foundation
bmw-foundation.org

For more information about Circle Economy
circle-economy.com

For more information about SYSTEMIQ
systemiq.earth

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