

The Breakthrough Challenge: 10 Ways to Connect Today's Profits With Tomorrow's Bottom Line

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Introduction

Profit from Tomorrow's Bottom Line

Much of the world has entered one of those rare epochal periods when business, markets, and even capitalism itself face a succession of breakdowns.^[1] Political, economic, and societal failures are causing many of us to lose confidence in the old order. Too often, our politicians and governments, desperate to safeguard their own interests and protect their electoral prospects, lack the will to make the hard decisions needed to create a new order that works for all.

As confidence in the old world order erodes, those with an eye to the future are looking for radically different solutions. In the process, a growing number of business leaders are beginning to notice innovations they had previously ignored. They also are starting to consider new ways to perform not only against today's measures of success but also against tomorrow's bottom line. Where a few breakthrough leaders currently work to map out the new landscapes of risk and opportunity, the coming years will see increasing numbers of breakthrough leaders, businesses, and industries pushing way beyond today's change-as-usual strategies.

This is the Breakthrough Challenge. It requires us to coevolve a shared vision of a radically better future—and to work out new ways to measure and incentivize progress. The business breakthrough that will make this possible is tomorrow's bottom line, and as it evolves, it must become a North Star for business leaders and investors determined to future-proof their assets and organizations.

Tomorrow's bottom line may still be emergent, but we can already detect an outline and some key features. The focus will vary across different geographies, sectors, and ownership structures, but at its heart will be a new appreciation of longer-term thinking, strategy, and investment. It will place a higher value on ambition and stretch targets. Its evolution will be powered by radically greater market transparency. It will track novel forms of capital and value, using numbers and algorithms that would seem alien to most of today's financial analysts and CFOs. It will be integrated in new ways, linking to wider metrics on the health and well-being of individuals, communities, and ecosystems. It will favor businesses that learn from nature and play into the emerging circular economy. Critically, it also will be supported by a broadening range of professions and service industries that seek to level the market playing field—upward.

Our focus can no longer be on a single, financial bottom line. Future success—lasting success—will mean much more than posting positive quarterly earnings or boosting

stock prices by a penny a share. In a world that is increasingly intertwined and interdependent, we must consider people and the planet as well as profits.

We must build the foundations of tomorrow's prosperity by expanding the focus of accounting and reporting from *financial* and *manufactured* forms of capital (for example, infrastructures, buildings, and equipment) to embrace other forms, including *intellectual* (intellectual property, patents, tacit knowledge, and intangible assets like brands), *human* (people's competencies, capabilities, and experience), *social* (shared norms, common values, key stakeholder relationships, and an organization's social license to operate), and *natural* (air, water, land, minerals, forests, biodiversity, and wider ecosystem health) forms.

The consequences are likely to be as profound as those triggered by the development of new scientific and political paradigms during the Enlightenment or the spread of fossil-fuel-consuming technologies during the Industrial Revolution or the lightning-quick changes that marked the dawn of the Internet age. As a result, the quest is now on for new mind-sets, new technologies, new business and economic models, and new lifestyles and cultures.

Increasingly, it will be a question of breakdown or breakthrough. Breakthrough leaders—and increasingly their organizations—are coming to understand the need for new levels of ambition, innovation, and enterprise. They also acknowledge that it is now up to business to accept the challenge.

^[1] Volans, *Breakthrough: Business Leaders, Market Revolutions*, 2013, http://volans.com/wp-content/uploads/2013/02/Breakthrough_Volans_Final.pdf.