



# Positioning your business for success in the 21<sup>st</sup> Century

IN PARTERSHIP WITH:



Made for  
the World



# Contents

## DISCLAIMER

This paper has been co-produced by Transition Agency, Virgin Money UK, and Made for the World in December 2023. Many of the views expressed in it are those of Transition Agency only, or Virgin Money only, and are based upon independent research by each. This paper does not necessarily reflect the views, financial position, business strategy or intentions of Transition Agency, Virgin Money, their respective group companies, or their group companies' directors and employees.

This paper may contain forward looking statements, based on assumptions and/or targets. This includes but is not limited to references to the plans and the status of ongoing activities. Actual results and activities may differ. Certain figures used are subject to rounding. This paper does not constitute an investment or research recommendation, or any other form of investment or business advice.

Every effort has been made to ensure the accuracy of the material in this paper, and the tools referred to in it. However, none of Transition Agency, Virgin Money, their respective group companies, and their group companies' directors and employees, will be liable or responsible for any loss or damages incurred through the reliance on or use of this paper and/or the tools referred to in it (including but not limited to any investment or other business decision) or to update or revise the paper should information in it change. No representation or warranty, express or implied, is given as to the truth, fullness, fairness, merchantability, accuracy, sufficiency, or completeness of the information in this paper and/or the tools referred to in it. All lending decisions by Virgin Money and its group companies are subject to status.

03

Foreword

05

Key messages

06

The world today

08

What this means for you

12

How to respond

16

Where to start

18

References

# Foreword



The best businesses are constantly thinking both short-term and long-term at the same time.

With an economy still experiencing the impact of normalising interest rates and a general election due before the end of the year, 2024 will likely bring meaningful political and economic changes to the United Kingdom.

But mostly businesses will continue doing what they do. Seek opportunities to develop new products and services and grow by making new sales, all while managing a range of operational issues, whether that's rising costs, cyber security threats, supply chain disruption or the challenge of retaining great people.

So it can be hard for business owners to think beyond the near term. But the best businesses are constantly thinking both short-term and long-term at the same time and, having some plan for adapting to the political and economic changes created by climate and ESG (Environmental, Social and Governance) targets, therefore becomes a necessary ingredient in successful long-term business management. But if you haven't been doing this thinking so far, where to start, and how?

This paper from Transition Agency explores exactly those questions. It outlines:

- Six mega-forces driving global transitions
- Why business as usual is no longer a path to success
- The importance of purposeful resilience
- Seven key traits of purposefully resilient companies

At Virgin Money we're embracing the changes in our economy and have set key targets to guide our progress. These include commitments to be net zero across our financed emissions by 2050, and for 10% of our business lending to go to companies whose core revenue streams accelerate social or environmental change by 2027.

But we know it takes more than targets to deliver change, which is why we're doing a lot to support our customers to transition their business operations. For example, we have:

- Partnered with Future-Fit Foundation to adapt its Business Benchmark into a learning and assessment tool – the Sustainable Business Coach, used to appraise eligibility for Sustainability-Linked Loans in the SME market and a self-verified Future-Fit Engaged certificate for SMEs.
- Launched an Agri E Fund, specifically designed to help farmers measuring their emissions output who borrow for green purposes.
- Embedded ESG appraisal into lending processes for larger borrowers and are requiring customers in the highest emitting sectors to make demonstrable emission reduction plans.

No one organisation can solve the systemic challenges created by addressing the issue of long-term sustainable economic growth. We need a collective effort, and that's why it's crucial for every business to get on the front foot.

The Transition Agency team have an eye for being ahead of the curve, and I hope you will value their outlook on the world — and their insights on how to respond — as much as I did.



**Scott McFarlane**  
Sustainability Lead, Business Bank





We can imagine  
a far better  
tomorrow — but  
to create it we  
need to face the  
realities of today.

# Key messages

## 01

**Six mega-forces** are driving profound transitions in the global economy, with many implications for companies. Uncertainty is the new normal.

## 02

In this context **business-as-usual** is not a path to enduring success — and there are four compelling reasons why you should act now.

## 03

A focus on **purposeful resilience** can help you thrive today while preparing for tomorrow, so you're ready for whatever new risks and opportunities appear.

## 04

Purposefully resilient companies have **seven key traits** — and you can start assessing how well your own business matches up to them today.

# The world today

A financial meltdown in 2008. A pandemic in 2020. A semiconductor shortage in 2021. Rocketing energy prices in 2022. On the surface these crises seem very different, but they have much in common. All seemingly came out of nowhere. All were triggered by events that happened elsewhere in the world. And all impacted businesses in Britain and beyond.

It may be comforting to think that the worst is behind us, that we've weathered the storm and come out the other side. But recent shocks to the system are just early signs of what has been dubbed a polycrisis: a complex web of superficially distinct but deeply entangled crises.

This polycrisis has been coming for years, driven by two factors: the amount of resources we're consuming and pollution we're creating; and the ever-greater complexity of and connectivity between our economic and social systems.<sup>HR23</sup> The consequence is that our future is now being shaped by six mega-forces, none of which are going away any time soon.

## 6 mega-forces shaping our future





## Environmental Decline



- 1.5°C is recognised by world governments as the safe limit for global warming, beyond which catastrophic and cascading impacts will likely render much of Earth uninhabitable. Yet current international commitments and actions put us **on course for a 2.9°C temperature rise**.<sup>UNEP23</sup>
- Encroachment on nature has left us more vulnerable to floods and wildfires, while destroying ecosystems we rely on. **1 million species face extinction** within decades.<sup>WWF22</sup>

## Resource Scarcity



- Global **use of material resources** increased tenfold between 1900 and 2009, and will likely double by 2060.<sup>OECD19</sup>
- **Energy demand** is projected to grow 50% from 2020 to 2050, but renewable capacity will be limited by scarce mineral resources.<sup>EIA21</sup>
- **Food demand** is expected to increase by 35-56% between 2010 and 2050, driving competition for land and fresh water.<sup>DIJ21</sup>

## Disruptive Technology



- The next decade will see **huge breakthroughs** in AI, nanotech, biotech, augmented reality, robotics, etc. For example, precision fermentation promises to transform how we source 'natural' materials with 10-100x less impact.<sup>AS20</sup>
- This offers significant opportunity for many, but it is projected that as many as **300 million jobs are at risk** due to recent advances in artificial intelligence alone.<sup>BK23</sup>

## Power Shifts



- Power dynamics are shifting when it comes to geopolitics and the economy. Since the 1990s, global growth (and growth in middle classes) has been **driven mainly by emerging economies**.
- The EU's share of the global economy will likely **halve by 2050** (vs 2000), down from 29% to 15%.<sup>GE12</sup>

## Social Divides



- People's **values, lifestyles, and expectations** are transforming for a wide range of reasons — including, the cost of living crisis, expectations around convenience and immediacy, and growing awareness of sustainability issues.
- In 2019, the wealth of the world's 22 richest men exceeded that of **all the women in Africa**.<sup>OX22</sup>

## Changing Demographics



- The world's population is **growing, ageing, urbanizing, and migrating**. For example, by 2050 it is projected that 68% of people will live in cities (up from 56% in 2021) — an increase of 2.2 billion people. The vast majority of this growth will be in Africa and Asia.<sup>UNH22</sup>

# What this means for you

These six mega-forces are combining in complex and unpredictable ways, making their presence felt ever more widely and ever more often. Partly as a result of these forces, and partly in response to them, the five foundational sectors of the economy — energy, materials, food, transport, and information — are already starting to undergo profound transitions.

Since every company depends on these five sectors, it's likely your business is already being affected by at least some of these transitions, whether you realize it or not.

## Transitions in the 5 foundational sectors of the economy



### Energy

- Ever-more **unpredictable energy costs**, fuelled by geopolitical tensions.
- Switch from fossil fuels to **renewables**, driven by lower cost and new regulations.
- **Decentralization** and **democratization** of energy production.
- Increasing **use of electricity** in transport and industrial processes.
- Rapid development and deployment of **energy storage technologies**.



### Food

- **Price spikes and shortages** driven by geopolitical tensions and extreme weather.
- Increasing **competition for land and water** (e.g. with housing and industry).
- **Rapid innovation** in affordable plant-based proteins and precision fermentation.
- Growing focus on **regenerative farming** practices and reducing food waste.
- Adoption of **digital technologies** to automate production and distribution.







## Information

- Rapid advances in **artificial intelligence**, disrupting many industries and jobs.
- **Internet of Things (IoT)** will enable almost any device to be remotely controlled.
- **Digitalization** to make networks (e.g. energy, transport) responsive and 'smart'.
- **Software-as-a-service (SaaS)** models offering flexibility, affordability, scalability.
- Growing (and conflicting) focuses on **data privacy, cybersecurity, and surveillance**.



## Materials

- Shift to **circular economy** principles, reusing recycled materials in closed loops.
- **Digital transformation** for process optimization and product development.
- Advanced **manufacturing techniques** such as 3D printing.
- **New materials** with unique properties created via nanotech, biotech, and AI.
- Growing **resource competition** (e.g. for rare earth metals, driven by the energy transition).



## Transport

- Shift to **electric vehicles**, driven by regional regulations.
- Shift to **autonomous vehicles**, enabled by advances in AI.
- Shift to **shared mobility** versus vehicle ownership, driven by cost and connectivity.
- These shifts will enable cheap and low-impact **transport-as-a-service (TaaS)** models.
- Growing pressures and efforts to displace oil and gas with **alternative biofuels**.



Today you can be sure of only one thing:

**Uncertainty  
is the new  
normal for  
your business.**

## 4 imperatives for action

There are four compelling reasons why it's worth meeting this uncertainty head on...

### 1 Unforeseen risks

- Few companies know where all their inputs come from, how they're produced, and what negative impacts may occur as a result of that production. When it comes to supply chains, the bigger the **knowledge gaps**, the greater the risks.
- The most obvious type of risk is operational. With many supply chains operating on a just-in-time basis — rather than just-in-case — any delay in the **flow of critical inputs** can cause significant damage to a business.
- But **reputational risk** is also a potential issue. Increasingly, customers are holding companies to account for perceived failures to address supply chain impacts, such as human rights abuses.

### 2 Regulatory changes

- Governments are often slow to introduce new legislation when a course correction is needed. But **nations are waking up to** the urgency of the systemic problems we face, and regulatory responses are becoming more common.
- For example, the new **Corporate Sustainability Reporting Directive (CSRD)** requires tens of thousands of companies operating in the EU to exhaustively assess and report on all negative impacts — across their entire value chain.
- **Industry-specific regulation** is increasing too. Aligning with new rules before they become law can bring competitive advantage to those who plan ahead.

### 3 Stakeholder needs

- Public companies face growing pressure from governments and activists to take responsibility for impacts across their value chains. So **B2B businesses** which have their own impacts under control are well placed to become their preferred suppliers.
- Enlightened **banks and equity investors** are actively seeking to minimize their exposure to systemic risks — and that means favouring businesses which are more resilient, and which understand and work to improve their impacts.
- Progressive private equity funds realise that strong social and environmental credentials can serve as a **value multiplier** for businesses they invest in.

### 4 Recognition & reward

- Truly purposeful B2C businesses — those which tie how they make money to solving systemic challenges — can expect to attract a growing number of **socially- and environmentally-aware consumers**.
- An authentic commitment to make the world better can also deliver real benefit in terms of **attracting and retaining talent**. This is particularly true of younger demographics: a large proportion of millennials actively favour positions at companies which treat their people, customers, and the planet well.<sup>HOR22</sup>





# How to respond

The mega-forces and transitions explored here are rapidly reshaping customer needs, disrupting supply chains, and creating space for new business models. Doing what's worked before — even in the recent past — is no guarantee of success going forward. A business-as-usual mindset won't help you stay on top of changing regulations, get ahead of the competition, and win over ever-more demanding stakeholders.

The way to make your business fit for the future is not to avoid uncertainty, but to embrace it — by building your organisational capacity to thrive in the world of today, while helping to shape the world of tomorrow. We call this **purposeful resilience**.



The way to make your business fit for the future is not to avoid uncertainty, but to **embrace it**.

# Purposeful resilience

A PURPOSEFULLY RESILIENT BUSINESS IS...



## Responsive

**The company anticipates and adapts to external events and trends.**

This encompasses everything from reacting to the appearance of a new competitor to preparing for supply chain interruptions due to extreme weather or other unforeseen events.



## Resourceful

**The company stays ahead by turning uncertainty into opportunity.**

This may involve finding new, low-impact ways to help customers meet their needs, or leveraging existing core competencies to enter new emerging markets.



## Responsible

**The company identifies and improves its impact on the world.**

This is about working to ensure the business does not exacerbate the global crises we face, from climate change to inequality — and ideally helps to alleviate them.



## Rewarded

**The company is rewarded for its actions by customers, investors, and staff.**

This includes reaching conscious consumers, securing capital at preferential rates, increasing the perceived value of the business, and recruiting great people.

**Purposeful** in this context means striving to meet your customers' needs in ways that contribute to the long-term wellbeing of people and planet. **Resilience** is about being able to fulfil that purpose, by ensuring your business can withstand and adapt to disruptive events, and maintain essential activities during times of crisis.

Becoming purposefully resilient won't happen overnight, and it can't be wished into existence. Attempts at quick fixes — such as drafting an ESG report, or grafting a few sustainability pledges onto your core strategy — won't get you there either.

Instead you must work — consciously and continuously — to develop seven core behaviours across your organization.

## 7 behaviours of a purposefully resilient business



### Context

#### BEHAVIOUR:

You understand your evolving market context and are prepared for events that may affect you.

#### BENEFIT:

You gain early sight and deep understanding of new opportunities and risks, arising both within and beyond your industry.



### Strategy

#### BEHAVIOUR:

Your strategy is focused on increasing your resilience and improving your impact on the world.

#### BENEFIT:

Your business has a strong purpose, a good sense for how the organisation must evolve to deliver it, and targets that support both.





## Culture



### BEHAVIOUR:

Your culture prioritises pursuit of your purpose and fosters innovation, learning and collaboration.

### BENEFIT:

All your people work together to deliver your purpose, in an environment that encourages and incubates ideas and scales successes.



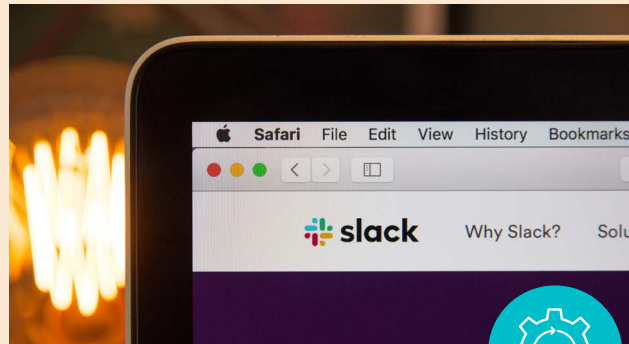
## People

### BEHAVIOUR:

Your people are incentivised and empowered to thrive and ensure your success.

### BENEFIT:

You attract and retain great talent, because everyone is encouraged and equipped to do meaningful work, and rewarded for doing so.



## Systems

### BEHAVIOUR:

Your organisational systems minimise friction and support effective, coordinated action.

### BENEFIT:

All teams work in harmony to deliver your objectives, with a shared awareness of where the business is and where it's heading.



## Impact

### BEHAVIOUR:

You understand and manage the full impact of your actions on the world.

### BENEFIT:

The value you create does not come at the cost of negative impacts elsewhere, which also mitigates risks to your reputation.



## Stakeholders

### BEHAVIOUR:

You engage all your stakeholders to understand their needs and drive mutually beneficial outcomes.

### BENEFIT:

All your stakeholders want and help you to thrive, because you're operating in their interests and those of society more broadly.

# Where to start

As with any journey, to make meaningful progress toward purposeful resilience you need to know two things: **where you want to be** and **where you are now**. Taken together, the seven behaviour statements on the previous pages serve as a clear destination to aim for.

Take a moment to consider how your business currently stacks up against each statement. In some areas you likely have a good idea of how far away you are. In others you might not know where to start — and perhaps don't even have a clear sense for what the destination would look like. We've created a simple tool to help you figure that out (see next page).

One word of caution. Once you identify any key gaps to close, it might be tempting to bring consultants in to do the heavy lifting for you. And you'll likely find

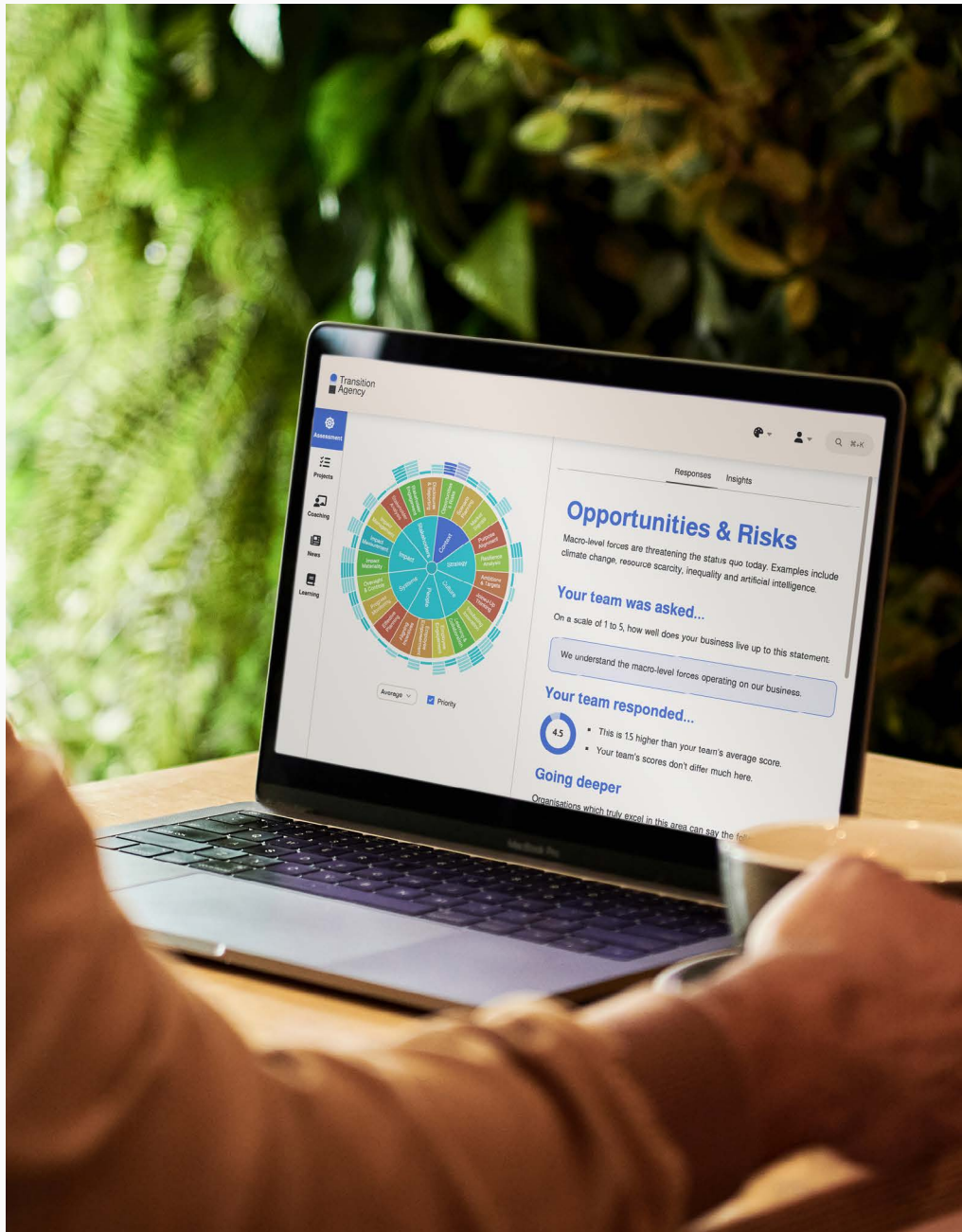
many who are willing to do as much as you'll let them, counting the hours as they go. But becoming purposefully resilient is about building your own organisational muscles for change. Outsourcing the hard work is like paying someone else to go to the gym to lift weights on your behalf, and expecting to get fit as a result.

That said, if you've ever spent much time in a gym you'll likely understand the value of having access to a great coach: someone to point you in the right direction, guide you on the journey, and help you get the best out of the time and effort you put in. That's the philosophy behind Transition Agency's unique approach to working with companies.

You can find out more at [TransitionAgency.com](https://TransitionAgency.com).



Becoming purposefully resilient  
is about building your own  
organisational muscles for change.



## GETTING STARTED

# A free-to-use purposeful resilience diagnostic tool

We've built a free online tool to help you gain a deeper understanding of what it takes to become fit for the future — and to identify what actions would be most beneficial to help you get there. It takes less than ten minutes to use, and you can find it [here](#).

Try the tool today ►



# References

- AS20** Arbib, J. and Seba, T., 2020. Rethinking Humanity.  
<https://bit.ly/ta-AS20>
- BK23** Briggs, J. and Kodnani, D., 2023. The Potentially Large Effects of Artificial Intelligence on Economic Growth.  
<https://bit.ly/ta-BK23>
- DIJ21** Van Dijk, M., Morley, T., Rau, M.L., and Y. Saghai., 2021. A meta-analysis of projected food demand and population at risk of hunger for the period 2010-2050. Nature Food, 2, p.494-501.  
<https://bit.ly/ta-DIJ21>
- EIA21** US Energy Information Administration. International Energy Outlook 2021.  
<https://bit.ly/ta-EIA21>
- GE12** European Commission, 2012. Global Europe 2050.  
<https://bit.ly/ta-GE12>
- OECD19** OECD, 2019. Global Material Resources Outlook to 2060: Economic Drivers and Environmental Consequences.  
<https://bit.ly/ta-OECD19>
- OX22** Oxfam, 2022. Time to care: Unpaid and underpaid care work and the global inequality crisis.  
<https://bit.ly/ta-OX22>
- HOR22** Horowitz, B., 2022. Employers Take Note: Young Workers Are Seeking Jobs with a Higher Purpose. Time Magazine, 13 May 2022.  
<https://bit.ly/ta-HOR22>
- UNEP23** United Nations Environment Programme, 2023. Emissions Gap Report 2023.  
<https://bit.ly/ta-UNEP23>
- UNH22** United Nations Human Settlements Programme. World Cities Report 2022.  
<https://bit.ly/ta-UNH22>
- WWF22** WWF, 2022. Living Planet Report 2022: Building a nature-positive society  
<https://bit.ly/ta-WWF22>



---

## Transition Agency

Our vision is a world in which people thrive in harmony with nature. We're under no illusion as to the scale of the transition needed for this to become a reality. But of one thing we're certain: companies which embrace this transition head-on will be the most likely to succeed in the years ahead. Our mission is to equip businesses to do exactly that.

We work with medium-sized companies with global ambitions. Our unique model is designed to help businesses build their own capacity to adapt and thrive in an uncertain world. It brings together on-demand access to world-class experts, personalised learning materials, and an AI-powered dashboard to guide and manage your progress — all for a fixed monthly fee.

[transitionagency.com](https://transitionagency.com)



---

## Virgin Money

Virgin Money is a full-service digital bank, serving 6.6m customers across the UK. It offers market-leading products and services to meet the full range of customers' retail and business banking needs.

Virgin Money aims to provide a consistently world-class experience for customers through its leading technology platform, telephone banking and a network of innovative stores and business banking centres.

By making banking better, Virgin Money seeks to deliver on its purpose of 'Making you happier about money'.

[uk.virginmoney.com](https://uk.virginmoney.com)

---

## Made for the World

---

### Made for the World

We believe that web design has the power to challenge thinking and influence change. With the world in transition, harnessing this power is now more important than ever.

A certified B-Corp, we're committed to this mission: partnering with change makers on websites that inspire and activate people to play their part in creating a better tomorrow. We call this Impact Experience (IX) design.

We work with people who are transforming organisations, industries and even global systems – amplifying their message through purposeful digital platforms that shift attitudes and change behaviours.

If you have a project that is made for the world – let's talk.

[madefortheworld.studio](https://madefortheworld.studio)

Transition  
your business,  
for good.