

Born Sustainables – A New Strategic Concept for Start Ups

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Abstract

The current discussion of sustainability strategies and management has concentrated on the successful adoption by large scale enterprises (LSE), but has virtually ignored the applicability to and application of sustainability in small and medium sized enterprises (SMEs) and Start Ups. This is because both, media and research focus on LSEs even though they represent often less than one percent of businesses in industrial economies. Moreover, LSEs have advantages in experience and knowledge over small or young ventures. Although they are usually not given a great deal of attention, SMEs and their entrepreneurs are key actors in the sustainability debate. The significance of SMEs as an active part in the process of a sustainable development is indisputable. Thus, the discussion on sustainability has to consider the specific characteristics of SMEs - their operating environment and the diversity in their size and structure. But the management of sustainability can open up new opportunities and innovations for SMEs from the beginning of the business on, which in turn will have important effects on the competitive advantage of SMEs, regions and nations. So far Start Ups and sustainability management have not been in a research focus yet. A set of German case studies on fresh enterprises show new findings: Following the idea of “Born Globals” or “Instant Internationals”, an original strategy type of sustainable new ventures can be identified, which implements sustainability from the earliest stage of establishment. These firms can be called “Born Sustainables” or “Instant Sustainables”.

1 Introduction

Management for sustainability offers new opportunities for small businesses, but it has still been ignored by most German or European firms, although the topic has been on the agenda (Rabbe, Schulz & Welge, 2006; Schulz, Rabbe, Dallmann & Meyer, 2005). A “Triple Bottom Line” approach has been suggested that refers to the long-term ability of smaller firms to meet economic, environmental and social demands. The background is the awareness that business success is subject to economic, ecological and social performance and results (Lane & Carrington 2002). Thus, sustainability management is required to allocate equal resources to these three separate, socially relevant targets. The responsibility of today’s society for the welfare of future generations becomes a strategic mission statement (Little, 2001; Hauff, 1987). However, this responsibility requires an innovative application of strategies and the conscious adoption of knowledge resources from small businesses (Haasis, 2001, p.143).

So far, sustainability management has been discussed mainly without reference to the enterprise size: in few academic papers the topic concerned mainly large companies. The integration of economic, ecological and social sustainability into the strategic management of Large Scale Enterprises (LSEs) has resulted from external and internal stakeholders with political backgrounds. On the one hand, LSEs are subject to a high degree of public scrutiny, which in turn increases their need to address sustainability issues. On the other hand, LSEs possess professional information management systems that enable them to examine their own activities (BMU, 2004; Burschel, Losen & Wiendl 2004; Di Giulio, 2004; Pfeiffer, 2004; Gärtner, 2003; Heigl, 2003, Leisten & Krcal, 2003). On the other hand, typical SME attributes enable small firms to adapt positively, quickly and adequately to changing conditions in their business environment (Bentz, 2001). Their weaknesses may include shortages in resources such as capital, management, time and personnel, as well as a loss of autonomy. Nevertheless, the economic potential of sustainability measures adopted by smaller businesses has been demonstrated in the ecological research debate (Gege, 1997, p.65; Bogaschewski, 1995, p.124; Overmeyer, 1994, p.257). The benefits normally result from cost savings as well as from increased competitiveness and market niches (Reiter, 2003, p.6; European Commission, 2002, p.46). Until now the discussion focuses on the adoption of the sustainability idea in the strategy process of existing firms. Sustainability management in Start ups has not yet been addressed. A set of German case studies on young enterprises present new results. Following the idea of “Born Globals” or “Instant Internationals” (Knight & Cavusgil, 1996, p.11; Oviatt & McDougall, 1994; Rennie, 1993; Madsen & Servais, 1997) an original strategy type of sustainable new ventures can be identified, which implements sustainability from the earliest stage of foundation. These firms can be called “Born Sustainable” or “Instant Sustainable”.

This paper examines the strategic concept of “Born Sustainable”. Therefore it clarifies the recent definitions and understandings of “Sustainability” in the management context and the current research field of SMEs. It then provides a new definition drawn out of a set of case studies. It focuses on the characteristics of successful sustainable start-ups that are not “hidden” but “explicit” sustainable. Original sustainable specifications for new enterprises can be identified.

2 Sustainability: The Strategy Background and Management-Concept

The concept of sustainability originates in 1144 from the forest regulation of the monastery of Mauermünster, Alsace (Hülsmann, 2004, p.39). The principle states that the use of a forest is sustainable if in one period no more wood is harvested than the growing stock produces in the

same time (Aachener Stiftung, 2004). In the 19th Century this axiom was adopted by the fishing industry and other branches of trade. It also spread from continental Europe to Great Britain and the USA (Hülsmann, 2004, p.40). Today, the concept of sustainability has become a widely accepted socio-political process concerning environment, development and growth with a global mission statement and model of a sustainable development for the whole of mankind. The term “sustainable development” was made popular in 1987, in the so-called “Brundtland Report” of the United Nations. In this report, sustainable development is defined as a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (DiGiulio, 2004; Dyllick, 2003; Brundtland, 1987; Hauff 1987; Meadows & Meadows & Randers, 1973). Companies play a key role in the implementation of sustainability (Burschel & Losen & Wiendl, 2004, p.262). Corporate sustainability is based upon the holistic understanding of business success as the simultaneous performance of economical, ecological and social criteria, which means the interconnection of economic efficiency, ecological constraints and social responsibility (Lane & Carrington, 2002; Little, 2001). The integration of the basically more socio-political vision of sustainable development into the mission statement of entrepreneurship is referred to as sustainability management (Leisten & Krcal, 2003; Winkler, 2002).

The relevance und acceptance of this mission statement is entirely accepted in scientific research and practice (BMU, 2004; Burschel & Losen & Wiendl, 2004; Di Giulio, 2004). Companies represent one of the supporting pillars of society, and so they have to pay attention on environmental aspects, as well as insuring security of employment as their most valuable asset. Thus responsibility of every enterprise can be seen in a larger scale: the desire to make profit is essential but their prime purpose is to maintain development.

Sustainability spreads into all operational and functional divisions of an enterprise. It applies to the creation of value-added, as well as supporting activities. Within the scope of integrating the mission statement of sustainability into the activities of individual divisions, some criteria for a sustainability management can be derived (Rabbe, Schulz & Welge, 2006). An enterprise is managed sustainably when its activities are

- mostly orientated in a long term perspective,
- economically effective and efficient,
- ecologically justifiable in terms of conserving and cultivating resources,
- social-responsible in terms of fairness and solidness.

2.1 Sustainability Management and SMEs

The few academic papers that have addressed the concept of sustainability management in SMEs have typically been made in the framework of the social sciences and ecology (Sobek, 2003; Pleitner & Jakl, 2002; Hillary, 2000). Thus, while some aspects of sustainability have attracted attention within SME research literature there are few established, precise and theoretically-based concepts referring to the strategic management of sustainability that are specific to SMEs. The strengths and weaknesses of SMEs with respect to their management of sustainability emerge from their specific characteristics. For example, the following SME attributes are generally agreed (Hauff, Kleine & Jörg, 2005, p.30; Petschow, 2001; Hauser, 2000; Meyer, 2000):

- SMEs are normally legally and economically independent and typically they are family-owned enterprises.
- SMEs are frequently characterized by a strong integration of enterprise and ownership.

- Objectives pursued by SMEs are not inevitably growth-oriented.
- SME resources in the fields of finance, personnel, management and know-how are limited in most cases and their organizational structures support informal relations with short and informal information paths and flat hierarchies.
- SMEs tend to specialize, to attach comparatively great importance to quality, to embark on product/market-strategies combined with cost advantage strategies and/or differentiation strategies. SMEs are also considered to have great innovative energy and intensive personal customer contacts.
- SMEs are considered to be “embedded” in their respective region. Long-established, management traditions, working routines, transaction rules, and customs often exist. Trust is built not only on geographical proximity, but also on a common history and joint activities.

These attributes enable SMEs to adopt positively, quickly and adequately to changing conditions in their business environment (Bentz, 2001). The weaknesses of SMEs are not necessarily off-set by their specific strengths, as weaknesses may include shortages in resources such as capital, management, time and personnel. SME-specific weaknesses regarding the application of sustainability concepts have been identified by Hauff, Kleine and Jörg (2005), who have received further support in the recent report “European SMEs and Social and Environmental Responsibility” (European Commission, 2002, p.35). The weaknesses include:

- SME owners have not given sustainability management any attention;
- SMEs do not yet have a holistic understanding of sustainability and its implementation;
- SMEs focus on short-term, specific problems, such as decreasing waste accumulation or recycling;
- The issue of product life-cycles is largely ignored;
- Shortages of time and capital are major barriers to the implementation of sustainability;
- The pay-back period from investments in sustainability remains unclear for SMEs.

Nevertheless, the economic potential of sustainability measures adopted by SMEs has been demonstrated in the ecological research debate (Gege, 1997, p.65; Bogaschewski, 1995; p.124; Overmeyer, 1994, p.257). The benefits normally result from cost savings, as well as from increased competitiveness and market niches. Internal and external advantages have been identified (Reiter, 2003, p.6; European Commission, 2002, p.46).

Internal advantages from sustainability management in SMEs form three sub-categories:

- Organizational advantages, primarily caused by enhancements of quality and professionalism in SME management (Steinle & Reiter, 2002, p.103; Böttcher, 1999, p.6; Arnold & Freimann & Kurz, 2001, p.75)
- Financial advantages, such as cost savings from reduced material and energy consumption, waste reduction, as well as from increased efficiency.
- Human resource advantages via increased employee motivation, extension of skills and qualifications or an improved corporate identity.

External advantages from sustainability management in SMEs are based on business advantages and advantages in communication:

- Business advantages include new business opportunities, consumer preferences, increased energy and material efficiency, recycling and reduction of pollution (Dyllick, 1990, p.20; Rosenstil, 1992, p.89).

- Advantages in communication emerge from a positive corporate identity, enhanced customer relationships and advanced access to the capital of environmentally conscious investors (Steger, 2000, p.14; Porter & van der Linde, 1995, p.12).

The adoption of sustainability strategies by SMEs can only result in a win-win-situation, which increases SME-competitiveness together with the simultaneous consideration of socio-political and environmental objectives (Schaper, 2002, p.525). The motivation for SMEs to act sustainably can only be the increase of value creation particularly by improvements in management and cost savings. Sustainability as an SME strategy may be an innovative and socially valuable concept that is profitable to the business at every stage, both in the short- and in the long-term perspective.

3 The Discovery of “Born Sustainable”

Some SME-researchers consider that SME are “per se” sustainable because of their typical small business configurations (Dyllik, 2002). Others emphasize the weaknesses of SME and doubt that small businesses with all their well-known strategic disabilities are able to develop a holistic strategy of sustainability management. Nobody has yet tested these hypotheses. Neither has any scientist focused on corporate foundations and sustainability. Therefore the research field is open for new concepts and unexpressed theses. Hence, the underlying assumptions of this paper and its findings are that intuitive and unconsidered acts of sustainability management at the gut level should not be interpreted as strategic choice and conceptualization. SME decisions that can be interpreted as sustainable only ex post or made as an act of “business instinct”, do not fit the understanding of self-contained strategic action. Sustainability in a management sense implies the aware commitment and tracking of a self-defined mission statement. Sustainability strategies on the business level, which generate internal as well as external advantages, have to be explicit. They demand a professional expression, implementation and monitoring. SMEs are able, against all small business odds, to do so (Rabbe, Schulz & Welge, 2006; Rabbe & Schulz, 2005). Further, the discovery of “Born Sustainable” is based on the findings, that sustainability as a strategy concept is not a mission statement for already existing firms which embrace the goals of responsibility but is a driving force from the start of a new venture. Sustainability can impact on corporate development from the very earliest stage. This performance shall be called “Born Sustainable”.

3.1 Methodology

The methodological design of this study was based on case studies and expert interviews organized by the University of Dortmund. Given the current state of theory and knowledge of SMEs and sustainability strategies, the appropriate method for generating empirical information could have been only a qualitative approach. The aim to describe, understand and explain the innovative aspects of sustainability-related operations in firms and their supportive policies. Case studies and expert interviews facilitated the greater flexibility, in-depth view and completeness required for examining such diverse and hidden processes in small firms. The case study can be regarded as a research strategy that is used in many different situations and organizational environments to heighten people’s knowledge and awareness of individual, organizational and social phenomena. Especially SME researchers worldwide make use of the case study method in order to illuminate intra-organizational interactions and linkages amongst different actors (Ghauri & Grønhaug, 2002; Yin, 2003). Case studies are a specific research tool for the investigation of social phenomena that cannot be adequately explained and described by using quantitative research methods. Such a phenomenon can either be of contemporary or of

continuing consistency which makes it even more difficult to approach the issue by availing oneself of standardized mathematical or statistical calculation devices. A case study should therefore be seen as an empirical inquiry that helps the researcher to investigate the research object within its real-life context, under utterly authentic conditions, and make people understand why and how something happens. Moreover case studies can provide a many-sided view of a certain situation by giving the researcher the opportunity to study several aspects and put those newly gained experiences and insights in relation to each other and in relation to the environment. When conducting a case study, one should not attempt to extract the research object from its original context because that may restrain the validity of research result and hamper the understanding of dynamics involved in the case analysis (Halinen & Törnroos, 2005, p.1286). “Deep data” and “thick description” are terms frequently used to differentiate the results of case studies from population or sample surveys. In relation to problems of validity and generalization, there is now a substantial literature on case study theory and methodology that addresses these issues (Yin, 2003). As to whether case studies can or should be generalized, there are two main responses. First, case studies are not made in order to generalize to a broader population, and secondly, as Yin (2003; 1994) has pointed out, generalization of the results of case studies – even if not of population – can corroborate a theory. Jones and Craven (2001) provide an example of the case study approach in the context of research on the development of capabilities with a firm.

The original research object of the Dortmund case studies was the strategy process in small businesses with a special interest in sustainability. The cases were chosen by the following principles: Independent German business below 500 employees and an annual turnover less than 50 million Euros, including all sectors of industry and services. The empirical basis is 57 cases, surveyed in the period of 2000-2007. Each case included three expert interviews at the management level and a minimum of three plant visits per case. The average interview duration was three hours. The analysis of the cases follow the concept of the “content-reductive approach” introduced by Lamnek (2005, p.110). The empirical approach and analysis of the Dortmund cases was explorative and open for new findings in the field of strategy and sustainability in SMEs. According to the principles of the Grounded Theory (Strübing, 2004; Strauss & Corbin, 1990; Glaser & Strauss, 1967) the data gave first and preliminary insights in strategy processes which have been hidden so far in the corporate “black box”. The 57 examined firms employ up to the time of the survey between 4 and 500 employees. The average size is 143 employees. The medial turnover amounts 32 million euro per year. 21 businesses count as young enterprises. Nine are classical start-ups with a foundation period between 2001 and 2006. Six cases show unexpected differences to strategy adoption in the firms. Here, the concept of sustainability was not implemented in later corporate periods but played a dominant role from the beginning of the venture. These cases led to the development of the concept of “Born Sustainables”.

3.2 Definition and Characterization of “Born Sustainables”

On the basis of the initial empirical findings, the following definition can be given: “Born Sustainables” are young and small companies that stand out due to their explicit sustainability mission statement and management which is implemented from the earliest stage of their implementation. The concept of “Born Sustainables” or “Instant Sustainables” postulates the combination of the principles of economic success and development with ecological and social compatibility. Sustainability is one of the pillars of the strategic orientation of the young venture. From the start, “Born Sustainables” follow a long-ranging strategy perspective and feel responsible for their internal as well as external business, social and ecological environment.

Competitive advantages of “Born Sustainables” derive from the conscious and consequent adjustments of business management, environmentally friendliness and social cooperation. Short-term intentions to realize profits take a back seat. “Sustainable New Ventures”, “Instant Sustainables” or “Sustainable Start Ups” are expressions which can be used as synonyms.

Unlike “Born Globals”, “Born Sustainables” are not usually established in knowledge-intensive industries. Nor do they tend to be highly specialized in high-technology solutions or services (Rennie, 1993; Fujita, 1998, p.58). “Born Sustainables” are not necessarily specialized in the information and communication sector. At the time of writing, there is no industry or service classification of “Born Sustainables”. Indeed, the Dortmund cases of sustainable Start Ups belong to very different branches. However, goods and services produced and offered by “Born Sustainables” are not simply related to the so called „green products“. The postulate of Sustainability is not directly connected to a firms output. “Born Sustainables” are not bound to Bio- or Eco-products, nor do they offer or use only regenerative or purely natural “clean” goods, materials or services.

For the identification of “Born Sustainables” typical characteristics have to be defined to distinguish them from not sustainable Start Ups. Typical for “Born Sustainable” in contrast to common foundation is:

- A deep and basic understanding of Sustainability in the dimensions of economic, ecologic and social commitment.
- A conscious adoption of sustainability in the corporate mission statement.
- The implementation of the sustainability mission statement in a strategic concept which can be already identified in the business plan.
- The implicitness of “lived” or quasi “natural” sustainability management since the firm's foundation.
- An overcoming of most of the typical SME weaknesses in strategic and management performance because sustainability is not just a matter of new and extra tasks, but part of the firm's core competence and core business.

The identification of “Born Sustainables” in the pool of new ventures seems to be more difficult compared to the identification of “Born Globals”. While “Born Globals” are easily identified by the degree of their international interconnections and cross-linkings “Born Sustainables” do not signal sustainability automatically to outsiders. So far, conscious sustainability is difficult to survey and analyze. The appreciation, the awareness and implementation of the sustainability approach is signaled in different ways. Unlike non-sustainable foundations or implicitly sustainable ones, “Born Sustainables” openly admit to the values of sustainability. Contents of sustainability can be found in their business plans, on their homepages, brochures, handouts, promotions or fair stands. They are expressed through public communication and action with employees, customers, suppliers, consumers and “glocal” net-participants. In doing so “Born Sustainables” do not need to use the catchword “sustainability” but have to refer to the substance. Needless to stress the fact, that nowadays not every firm which is labeled with the term “sustainable” is living and working sustainability. The use of the term as a marketing instrument without professional management system is common in big and small scale enterprises. “Born Sustainables” therefore can be truly identified only through deep expert interviews with focus on the strategy comprehension and implementation. The Dortmund survey on “Born Sustainables” lightened three core-competences of the new strategy type:

- Pro-Activity – The entrepreneurial sustainable acting in advance to deal with an expected complexity of to day market, environmental and social dynamics. The active anticipation of

tomorrow situations in need of responsible corporate acting by causing sustainability to happen rather than waiting to respond to external demands.

- Propensity – The strong inclination to take responsibility for internal and external corporate actions. The entrepreneurial “joy” to generate new products or services with moderate profit orientation and to build up a new organization that makes the founder, the team and the business environment feel “proud” or at least comfortable with. The strong conviction that a new venture can cause benefit on a local, regional and worldwide level without burden future resources or generations. Following Knight (1997, p.24), who studied “Born Globals”, this action pattern can be termed as “Sustainable Venturesomeness”. That means the propensity of firms to engage in proactive and visionary behaviors in order to achieve strategic objectives in sustainability.
- Professionalism – The expertness of a professional entrepreneur who establish a sustainability mission statement with the foundation of the enterprise. The consequent management of sustainability during the strategy process in form of analysis, explication, implementation and monitoring of sustainability activities from the start of the business.

The Dortmund studies of “Born Sustainables” show that sustainability can be compared to internationalization in “Born Globals”, that is to say, it is truly “in the genes” of the young firm (Borghoff, 2005, p.81; Madsen & Servis, 1995, p.38). This “gene”-pool contains the founder, the entrepreneur, the foundation-team and the underlying social relations and networks of these people. Therefore, two drivers of early sustainability in Start Ups can be identified: the entrepreneur himself and the entrepreneurial networks. The entrepreneur is probably the most important factor associated with the successful implementation of sustainability management in young firms. The founders of a “Born Sustainable” are “alert” about the necessity to responsible business behavior. In such cases, the initial inspiration for sustainable ventures comes from the entrepreneurs's direct or indirect experience of sustainability before the foundation.

The following issues can be considered to support sustainability management in young enterprises:

- Professional Sustainability Experience: Due to the professional background of the founder know how sustainability can be acquired by working experience for former employers and businesses. This can imply the direct contact or building up of professional sustainability management systems in (large scale) enterprises or corporations.
- Professional Negative-Experiences: Negative experiences in non-sustainable firms can build up an increasing awareness for the growing importance of sustainability. In this case founders are driven to improve business ethics and „be better“. The Dortmund cases show that a strong negative experience is the use of the sustainability concepts as a marketing tool in form of a public sustainability report without implementation of the sustainability idea and values in the firm’s mission statement and strategy process (“faked sustainability”).
- Sustainability-Experiences in the direct environment: The affinity to sustainability can also be build up by the positive as well as negative shared, indirect professional working experience of the entrepreneurial environment. That means that sustainability experiences in the business field of the founders are communicated by friends or family.
- Taught or lectured Sustainability: Today’s young founders can also get in contact with the ideas of sustainability from young age on through the education system. Sustainability topics are on the agenda of progressive schools, colleges and universities in various contexts. Sustainability courses, lectures and seminars start discussions and awareness of the coming entrepreneurial generation.

- **Lived Sustainability:** The educational background of sustainability can also extend to the family sphere of the founders. The Dortmund cases show that some entrepreneurs of “Born Sustainables” have been brought up and lived with the ideas of sustainability through childhood. That can be called the „sustainability school of life“, due to parental values and education styles.

The second important driver of early sustainability in Start Ups is the business-network. A new venture is born into already existing business value chains and interpersonal networks. These networks include social and business relationships, closely intertwined and are considerably older than the new venture itself. From inception, “Born Sustainables” can be embedded in an external sustainability context. Boosters in the early stage of businesses because of networking can be:

- **Supplier-Position:** Young enterprises in supplier-positions can adopt sustainability on the demand of the main customers because of their location in the value chain. If corporations “wish” for a more sustainable orientation of suppliers, even start ups are forced to adopt sustainability. This can lead to early alertness and implementation of sustainability management in small and young suppliers. Rutherford, Blackburn and Spence (2000, p.314) already stated the importance of the diffusion of sustainability through “focal enterprises” for traditional SMEs. This is because of the leadership of major enterprises regarding sustainability the ideas could be transferred on SME via value-added chain. Ecological and social standards could be relayed to small suppliers.
- **Consumer request or preference:** a provider of end-products can also be confronted with sustainability demands created by consumer preferences. This demand will be probably the more pressing the “greener” the product or service is considered to be.
- **Regional sustainable Networks or Clusters:** Despite the dominant role of the value chain and the consumers, the regional embeddedness can also play an active role in the implementation of the sustainability vision in young enterprises. The regional level can imprint sustainability traditions and business practices that are more or less consciously adopted in the firm strategy. If the foundation of a new enterprise is localized or embedded in a business environment that supports sustainability, it will easily be affected by this local business culture of sustainability (Marshall, 1920; Brussig, 2001). Here social control and assistance play a key role in the sustainability strategy diffusion process.

Of course “Born Sustainables” cannot establish complex and formal sustainability management systems and new tools as can major firms such as Daimler-Chrysler or Bayer regularly do, but some applications and instruments are more or less compatible with SMEs. These tools are small scale solutions that cannot be compared with the implementation of obligations on environmental protection management systems (EMAS, ISO 14001), sustainability marketing, eco-marketing, environmental cost accounting or sustainability reporting. Small scale sustainability concepts adopted during the time of the foundation of an enterprise tie in with solutions developed in the eco-management discussion concerning SMEs (Dyllick, 1989; Seidel & Menn, 1988; p.65; Wicke, 1988, p.13). Fehrenbach (1999, p.13) lists criteria concerning environmental management in the craft and trade industries that can be easily transferred to “Born Sustainables”:

- **Limited exploitation of natural resources** (traditional operational environmentalism, use of non-polluting technologies, decrease of CO₂ emissions and the use of renewable energies, increase of resource efficiency by technological innovations, closing of cycles of matter, recycling and production of recyclable goods as well as the avoidance of environmentally hazardous raw materials and supplies)

- Extension of product lifecycles (production of goods easy to maintain, production of goods usable by several people at the same time or in succession)
- Orientation of economic relations to regional cycles (use of regional resources, production of goods for the region, encouragement of ecological cultivation and sustainable forestry)
- Utilization of multiplier capacities (information of population on possibilities of environmentalism and energy-saving technologies, increase of environmental awareness, development of environmentally compatible products, creation of new markets with ecology oriented products)

Typical “Born Sustainable” actions that are revealed by the Dortmund cases are:

- On the economic level: Solid financing plans, an avoidance of risky funding and sources, moderate profit orientation, careful investments, professional strategy understanding with long term perspectives, professional personnel development and knowledge management.
- On ecological level: Environmental compatibility of products and processes, eco-friendly use of resources, permanent consideration of the environmental compatibility of purchased materials by using preferably low-emission, low-sullage and low-waste raw materials supplemented with supplies in acquisition, transport and work. Usage of environmentally-sound storage and transport containers. Maximum biodegradability, maximum usage of renewable materials and energies, a cycle production and extensive orientation on the nature.
- On social level: The social level can be differentiated in the internal and external social business sphere. Internal “Borns” call themselves “familial“. The communications structures are intensive and open, hierarchies are narrow. Labor time and leisure time is often intermingled, not only for the entrepreneur but also with respect to the foundation team. The working organization is strong but flexible. Childcare at the working place is possible, “open Bureaus” for kids and animals (especially dogs). The professional work time is individual as long as all projects are in time. Home office work is possible. Externally “Born Sustainables” take responsibility in regional organizations. According to a recent study of the German Oskar Patzelt-Stiftung, small and young enterprises are also getting actively involved with their regions (anon. 2006). They support schools, sports clubs, cultural institutions, fairs and local monument protection; furthermore social services, such as nursing homes, sheltered workshops, hospitals, charitable institutions, children’s funds, socially committed clubs and citizen groups. Sport connects regions with the SME by the way of donations, sponsoring, advertisement, resources, technical und organizational support, as well as personal and voluntary commitment. The commitment also includes active membership in trade associations, examinations boards or parish councils. Active or financial support also is offered to museums, castles, art collections, theatres, music schools, libraries, cinemas, galleries, studios or interpretive centres (“Fest verwurzelt”, 2006, p.28).

So far the aim was to present the discovery and definition of a new strategy type of Start Ups with basic characterizations. The further discussion on sustainability has to consider the specific situation for Start Ups, SMEs and the diversity in their size and structure. Nevertheless the discussion on sustainability is able to display and open up opportunities as well as innovation potentials to small businesses, which generates advantages in national and international competition.

4 Conclusions

The Dortmund case studies are a first explorative step to describe and understand sustainability strategies in young enterprises. They can open the discussion and build the ground for new projects. The research field on Start Ups and Sustainability is fresh and open for intensive investigation. It is still to be analyzed, how far young and established SME specific structures

promote an active handling of sustainability through a simultaneous consideration of economic, ecologic and social demands. Object of a further analysis has to be the extent to which the approach of a sustainable development is transferable to SME, respectively the identification of special SME solutions and patterns. It is necessary to scrutinize the way of SME sustainable development to efficiency and effectiveness in case of its awareness. Up to now, this question can only be answered by evaluating the experiences of major enterprises. The objective of a further research program should examine if the approach of sustainability management is matching the needs and possibilities of Start Ups and SME.

The existing empirical data shows the evidence that Start Ups can cope with sustainability management despite increasing stress of competition and internationalization. Established in the foundation process and embedded through pre-foundation experiences sustainability does not tighten the strategy scope and capacity of small businesses but open chances and action ranges. The findings are still lacking a precise differentiation and distinction of “Born Sustainable” from conventional foundations. The need to develop an objective criteria catalogue for the identification of “Born Sustainable” is a matter of course. The “driving forces”, motives, implementation modes and patterns, tools and solutions of “Born Sustainable” are still more or less hidden. The Dortmund cases provide a first basis for a broader survey. The examination of the long term generation of business benefits and profits through strategic sustainability management will be one core challenge for coming research projects.

It must be pointed out that “Born Sustainable” are probably not a phenomena of the past few years. The discovery of this new strategy type cannot be accredited to the current market, climate or societal dynamics alone. “Born Sustainable” are no direct product of recent developments such as “Born Global” never invented or have been invented by “globalization” (Borghoff, 2005, p.81; Oviatt & McDougal, 1994, p.45). With the utmost probability there have always been young firms that have fully aware committed themselves to the principles of efficiency, profitability, environmental and social compatibility. But against the background of globalization and the development of worldwide complex supply chains accompanied by increasing climate catastrophes in the course of global warming can be argued that the relevancy of “Born Sustainable” will accelerate. With growing awareness of companies, costumers and consumers of the positive impacts of sustainability management the existence of “Born Sustainable” will probably grow.

Furthermore, the strategic planning of SME is of particular importance, even if the scientific debate lacks precise, theoretical established concepts on strategic planning. Instruments and methods on embarking a sustainable strategy developed so far, involve operational and strategically dimensions, but are specific to major enterprises only. SME specific observations, descriptions, documentations and interpretations are missing so far. There are just a few individual solutions giving consideration to the requirements of SME. These have to be developed, certified and implemented. It is a precondition to a professional and optimal use of instruments to establish awareness on the strategic orientation of the SME management.

A consolidation of the major research areas sustainability, strategy and SME is able to contribute the identification, examination and generalization of sustainability management and to tap new potentials. This can cause an understanding of SMEs needs and may help to increase the competitiveness in the sector, which is vital important for each national economy.

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