

Biodiversity and Profitability: Mapping the natural environment's influence on your firm's profitability

- The fields of business / management and conservation science share the goal of understanding how humanity can thrive on our planet.
- Translation between these two bodies of knowledge is needed to achieve a sustainable future for humans and for nature.

Bargaining power of

• Do you use a rare or

natural resource?

biodiversity as supplier

geographically concentrated

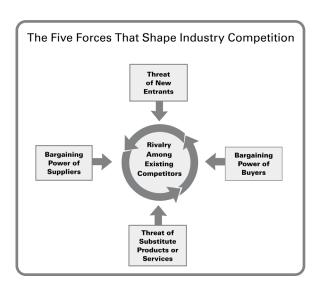
Do you use a resource that must

be maintained (i.e. soil, forests)

Do you use differentiated /

unique natural resources?

Biodiversity and natural capital can be mapped to profitability and competitive strategy using Porter's widely-used "Five Forces of Profitability" framework.



Threat of new entrants

- Would a more natural product be produced more efficiently?
- Are people more likely to buy products that are more naturally derived (dependent on biodiversity for production)?
- Can your customer access/afford natural products?
- Do environmental regulations support competing natural products?

Biodiversity's impact on competition Would industry growth cause environmental damage?

Bargaining power of biodiversity as buyer

- Does biodiversity have legal protection and do its agents have 'negotiating leverage'?
- Do you operate under only one regulation system (one 'buyer') or several (i.e. in multiple countries)?



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Outcomes



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Threat of subsitute products or services

- Does the natural environment produce a substitute product?
- Is the natural substitute product readily available? (biodiversity = scale of production)
- Is it easy for your customer to access a natural subsitute?
- Do environmental regulations support the use of natural substitutes?

An affirmative answer to each question indicates a threat to your industry's profitability.