

# A New Green Era

## How the Spirit of the Entrepreneur Will Save the Planet

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*By and Deloitte*

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- Michael Roberts



We are in the midst of a shifting ecological paradigm. After a decade of swift technological advance, we are left to determine how to best apply this technology to create a sustainable society for future generations. Just as the U.S. doubled down on its withdrawal from the Paris Accord, a series of devastating ecological disasters hit the globe. "We're now seeing the effects of what happens when you're not conducting your business, or your life, in a sustainable way," says Andreas Marcetic, partner at Deloitte and longtime SACCNY board member. "Flooding or heat waves in some parts of the world and cold waves in others. It's very apparent that if we don't do anything right now, inevitably change will happen in a way we no longer have control over."

World population is on track to reach nine billion by 2050, and 70 percent of those people will live in cities. In fact, cities may offer the most potential for change. When addressed progressively, urban density provides an opportunity to reduce worldwide pollution through more efficient infrastructure and planning. But relying on governments may slow down the process. By nature, government is not agile. It can't risk what needs to be in order to push innovation forward, and even testing trial solutions

can shift a greater tax burden to citizens. SACCNY members—business leaders, innovators, and CEOs alike—have more than an opportunity. They have an imperative to drive innovation, which is key to pushing sustainability forward.

Michael Roberts, global head of corporate banking and lending at Citigroup, says the ability for governments to finance the cities of the future is constrained. "I think the private sector is going to have to be more and more involved. I think there will be more

of these private-public partnerships, the 3 Ps as they call them." Examples of PPPs in New York City alone include La Guardia airport, the wildly successful Citi Bike program, and LinkNYC, a system of public kiosks that act as Wi-Fi hotspots, phone charging stations, tablets for free web browsing, and phones for free domestic calls. These privately owned kiosks, deemed "Links," are leased by the city, paid for by advertisers, cost taxpayers nothing, and will generate more than \$500 million in revenue for New York City.

Public-Private Partnerships, or PPPs, utilize the best of what municipal facti- ons and private industry have to offer. They can tap into the agility of the startup, the reputation and capital of big business, and the stability and regulatory systems of government. "Governments have to change and be more welcoming, open, and flexible without playing the role of inventor or agile entrepreneur, because they're not," says Roberts. "They can never do it and they shouldn't even try. It's really how they want to approach it. Some governments are doing it well, others are not. Frankly, some of the Nordic governments do it better than many."

As a global leader in innovation and sustainability, Sweden is at the forefront of these conversations. This year, SACCNY's sustainability summit, Sustainability, endeavors to address some of these challenges with a particular focus on global food systems. In order to build, or even envision, a global food system that can reliably support an exploding population and a fraught ecology, leading entrepreneurs, scientists, and growers must rely on disruptive thinking and expand their definition of sustainability beyond what is simply green and clean to consider factors such as economic equity and population diversity. Cornell's Elab in New York City, is a great example of a startup accelerator rapidly turning out creative solutions to issues of sustainability, including infrastructure, transportation, housing, food systems, and social and economic equity for the cities of the future.

"Governments are users of technology not innovators of technology. Allowing private sector companies to come in and innovate around new technologies or cities will be very important," says Roberts. "I think that is very fertile ground and you'll see it in all sorts of things, you'll see it in transportation, you'll see it in the way that cities manage various social programs."

"We're moving towards a more globally accepted level where general public- or government-driven operations are being run by private investors and private interests," says Andreas Marcetic. "That's because technology has changed, but also the acceptance and efficiency around capital management has changed a little bit."

While big business may have the reputation and capital to back major projects, working in tandem with startups or young entrepreneurs offers the greatest problem-solving potential, especially in markets that are slower to adapt, such as those dependent on natural resources or heavy-duty manufacturing. "We do a lot of E-retail," says Marcetic. "It's super interesting to see that some of our clients can reduce warehouse and inventory space dramatically just because they have a central inventory. They can communicate with people in a much more efficient way online, which does not affect the environment in any specific way."

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Disruptive companies like Uber and Airbnb have overtaken market giants because they are more agile—they can adapt quickly to a changing environment, and have the risk-taking ability and bounce-back essential to drive new systems forward. Still, disruption is only one part of the equation. "To be sustainable you've got to create value on an affirmative basis," says Roberts. "A lot of the new technologies have really not proven themselves out. Uber is still proving itself, nonetheless I think it's been disruptive in a very positive way."

So how to balance profitability and sustainability? "I don't think they're necessarily mutually exclusive," says Roberts. "Sustainability is the long term viability of different policies and technologies. Big companies often understand that it's better to have a less profitable but longer-life product or revenue stream than it is to have a shorter term opportunity which may have higher initial profitability."

"It's very, very clear that the older or more mature and bigger conglomerates, and market leaders to some extent, are very slow to learn and adapt new events, new technology," says Marcetic. "Their structure is also built around corporate governance, which needs time to understand, evaluate, agree, et cetera. Whereas new, young, and entrepreneurial companies are very fast."

Entrepreneurism has always driven innovation. Its revolutionary stance may not be a sustainable model for all sectors, but big business can certainly learn from the spirit. Entrepreneurs thrive in the in-between—the place between here and there, where old systems are fading and new solutions are in demand. "We need to think about how to change our ways of working, how we produce things, how we sell things," says Marcetic. "This might affect profits in the short term, but if we don't, we might be out of business in the long term."



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