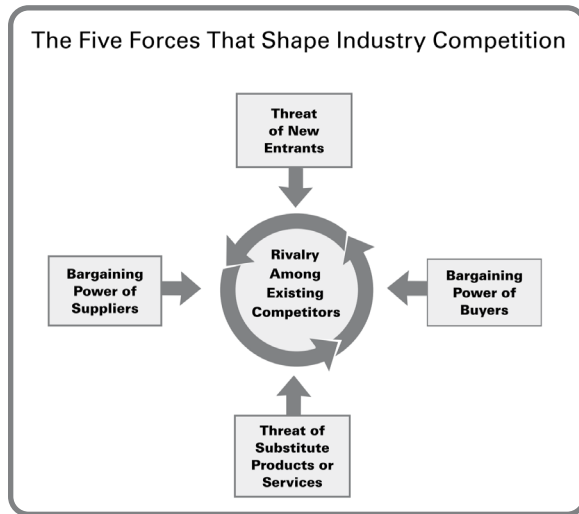


Biodiversity and Profitability: Mapping the natural environment's influence on your firm's profitability

- 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.
- Biodiversity and natural capital can be mapped to profitability and competitive strategy using Porter's widely-used "Five Forces of Profitability" framework.¹



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?

Bargaining power of biodiversity as supplier

- Do you use a rare or geographically concentrated natural resource?
- Do you use a resource that must be maintained (i.e. soil, forests)?
- Do you use differentiated / unique natural resources?

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)?



Threat of substitute 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 substitute?
- Do environmental regulations support the use of natural substitutes?



Leah Gerber
Founding Director,
Center for Biodiversity
Outcomes



Chris Barton
Research Associate, Sr.,
Office of the President

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

¹Porter, M. E. (2008). The five competitive forces that shape strategy. Harvard business review, 86(1), 25-40.