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A common mistake made by new sustainability converts is to see it as a conservative concept, about stability, continuity. That's a big mistake.

Indeed, if we are to build sustainable economies able to support a human population of 8bn-10bn, one inescapable conclusion is that we must destroy much of today's growth-driven economy and jettison many of the lifestyles it supports. Forget conservation; think "creative destruction".

This phrase was coined by Joseph Schumpeter, the great Austrian-American economist of the 30s and 40s. He was fascinated by the process of industrial mutation, which incessantly revolutionises the economic structure from within, destroying the old one, creating a new one. This creative destruction, he concluded, is the essential fact of capitalism. It is what capitalism consists of and what every capitalist concern has got to live with.

For years, I have worked with companies, sometimes describing the work as corporate psychiatry, hoping some would become vehicles for sustainable development. Some will, but the more I work in this area the greater my sense that many great corporations will be blown away by Schumpeter's gales of creative destruction. These will roar with new force as the western world struggles to adapt to new demographic, economic and political realities.

In the 30s, the ideas of Schumpeter and John Maynard Keynes competed for public attention. The result, as Richard Foster and Sarah Kaplan argue in their work *Creative Destruction* (Currency Books), was that we absorbed the lessons of Keynesian economics, but have yet to digest Schumpeter's. The authors conclude that companies built to last, to be economically sustainable, automatically underperform the market.

The essential difference between corporations and capital markets is that corporations are built on the assumption of continuity, capital markets on the assumption of discontinuity. Outstanding corporations may win the right to survive, but not the ability to deliver above- average (or even average) returns for shareholders. A key reason is that their control systems often kill their ability to change.

As capital markets become less forgiving of long-term under-performance, so corporate life-spans shrink. So, what will be the recipe for success in this age of discontinuity? Are we moving towards the era of what Wired magazine recently dubbed the disposable corporation, created for specific tasks, then junked? That may be true, in some areas, but the McKinsey work has unearthed some key ideas.

First, think about markets ahead of corporations. Too often, corporations are slowed down by their fears about cannibalising their own markets, potential customer channel conflicts, or the dilution of earnings.

Markets, by contrast, have no lingering memories or remorse, creating more surprise, more innovation. So the time has come to learn how to re-engineer markets.

Second, innovation comes in different strengths: incremental (think continuous improvement), substantial (a significant upset to business as usual) and transformational (Schumpeter's favourite).

Today, thousands of companies are in denial when it comes to sustainable development. As growing seismic energy is created by the friction between emerging values and traditional forms of value creation, many more corporations will end up on the couch, mourning mental models that once served them well.

John Elkington is chair of SustainAbility (www.sustainability.co.uk). His latest book, *The Chrysalis Economy: How Citizen CEOs and Corporations Fuse Values and Value Creation* comes out in September.

