Case of Interface

Interface's late founder and visionary leader transformed his company based on his personal sustainability-oriented values. These values become evident in the following statement of Anderson on "honest bottom lines" and "honest markets" (Tomorrow's Company, 2016): "We need an honest bottom line. Today that bottom line is vastly subsidized. If anyone of us were paying the full cost of oil our bottom lines would be very different. If you internalize the cost of oil, look at the cost of the war in the Middle East or the cost of global warming for future generations, if you internalize those external costs and what you pay, that bottom line would look very different, whatever business you are in. If we somehow put a value on species extinction and factor that into our costs that bottom line would look very different. If we put any resource depletion into costs our bottom line would change. So what we have is a dishonest market that does not take into account all the costs when it establishes its prices. We need an honest marketplace before we can let the market work for sustainability rather than against it as it works today."

Initially, the company's business logic rested on conventional ways of producing, marketing, and selling carpets to business customers. Under this logic, the company's goal was to sell as many carpets as possible. The fundamental drivers of growth were sales volume and sales frequency. When Interface founder and CEO Ray C. Anderson decided to embrace sustainability to the fullest, it required a profound shift in the company's business logic. Instead of selling carpets, they began offering a floor-covering service. This was far more than a shift in semantics. Interface went from selling to leasing recyclable carpets and providing a service whereby, when a carpet got worn out, Interface replaces it and reintroduces the old one back into its supply chain. Some types of carpets, mainly for business customers with large office spaces, are designed as tiles, so that only the worn out parts need to be replaced. The recyclable carpets significantly reduce material and energy consumption, costing far less in ecological terms. This allows Interface to deliver a better service to their customers, provide ecological benefits, and create and capture economic value (Lovins et al., 1999).

Interface's transformation from selling product units to offering enhanced floor-covering services is one of the few success stories in which the pursuit of sustainability has been thoroughly combined with innovations in processes, products, services, and whole business models. It exemplifies values-based innovation where new corporate values meet – and at the same time also create – new customer values. In 1994, "Mission Zero" was announced as an ambitious corporate vision, motivating numerous initiatives throughout the whole company to eliminate all negative environmental impacts by 2020. Raw material, in particular nylon yarn, was identified as the largest environmental impact factor. Through various measures, Interface managed to reduce the amount of material used per square meter, for example, by convincing customers to install nature-inspired "random designs", i.e. naturally varying looks of colours and structures, which reduce installation wastes. Furthermore, increased amounts of recycled materials are used in Interface's production processes, lightweight product lines were launched, and new customer benefits in terms of aesthetics, acoustics, and ease of cleaning were promoted to support Interface's eco-friendly products. Glue-free installation and a professional take-back-program for used carpets further increase the ratio of recycled materials. Life cycle assessments help in identifying additional levers to improve the eco-efficiency of products and services, for example, by bundling orders, reducing long-distance shipping, and cooperating with fuel-efficient transport partners (Interface, 2016).

Questions on Case of Interface

1. Which measures resulted from “mission zero”? Which further measures can you imagine?

2. Which business model components are affected? How do they change and trigger changes in other components?