

THE SUSTAINABLE BUSINESS

Interview with Ian Sanderson
Chief Executive, NexGen Carbon Zero



Extract from book commissioned by
Brevity Marketing

Introduction

A relatively new addition to the business vocabulary, but mission-critical if a company is going to be looking long-term.

But what does 'sustainable' really mean?

With 'sustainability' it has become locked in the crosshairs of the pursuit of environmental best practice, which arguably is the commercial equivalent of cart before horse.

The very *modus operandi* of a sustainable business means that one of the outputs will be environmental responsibility, though a company delivering environmental sustainability won't necessarily be a sustainable business.

Arguably 'sustainable' is kind of a business definition of holistic, with everything it does interconnected by its culture.

In other words its about sense of purpose, values, behaviours, active brand, internal/external engagement with all of the stakeholders, relationship optimisation, consistency, resilience, a mindset which sees challenges as opportunities, a desire to develop a circular economy, all of which combines to deliver sustainability, all rooted in responsible practices that will serve to preserve our planet.

For a series of papers and subsequent book commissioned by Brevity Marketing and to be published by DECISION magazine, business owners and directors from across generations and market sectors share their thoughts about how they would define the characteristics of a sustainable business, and what the journey might hold.

This is one of the interviews to be included.

Two virtuous circles and a collaboration

Creating not one but two virtuous circles is what chief executive Ian Sanderson believes will enable NexGen Carbon Zero to both scale and build a sustainable company.

Plus having a collaboration which means defying conventional thinking.

First, a quick insight into the product. Using a particular infrared technology (IR), NexGen's 'paper' applied across the full surface area of a ceiling means that there is enough power to keep people warm on the coldest of nights. It also leads to an even and controllable distribution of that warmth across the room, removing the need for radiators, and eliminating damp and mould.

It's a more affordable, arguably more immediate alternative to technologies such as heat pumps.

The first of those virtuous circles is partnering with a solar panel manufacturer, a battery storage company, and a software business so NexGen can be presented as a sustainable package.

Ian Sanderson



The second sees an investment bank funding the installation of that sustainable package, which in social housing would come at no up-front cost to the housing association and result in a fifty per cent guaranteed reduction in a tenant's heating bill.

The investor makes their money from selling excess from the solar component to the national grid and meeting the electrical requirements of the household.

The collaboration could be to apply this to ostensibly what might be viewed as a competing technology.

“A heat pump company could find they can't do an installation at a property because one or two rooms don't meet the thermal delivery code requirements which ultimately trigger a government grant payment, so we can put NexGen into just the rooms in question to make sure another home gets through decarbonisation,” Sanderson explains.

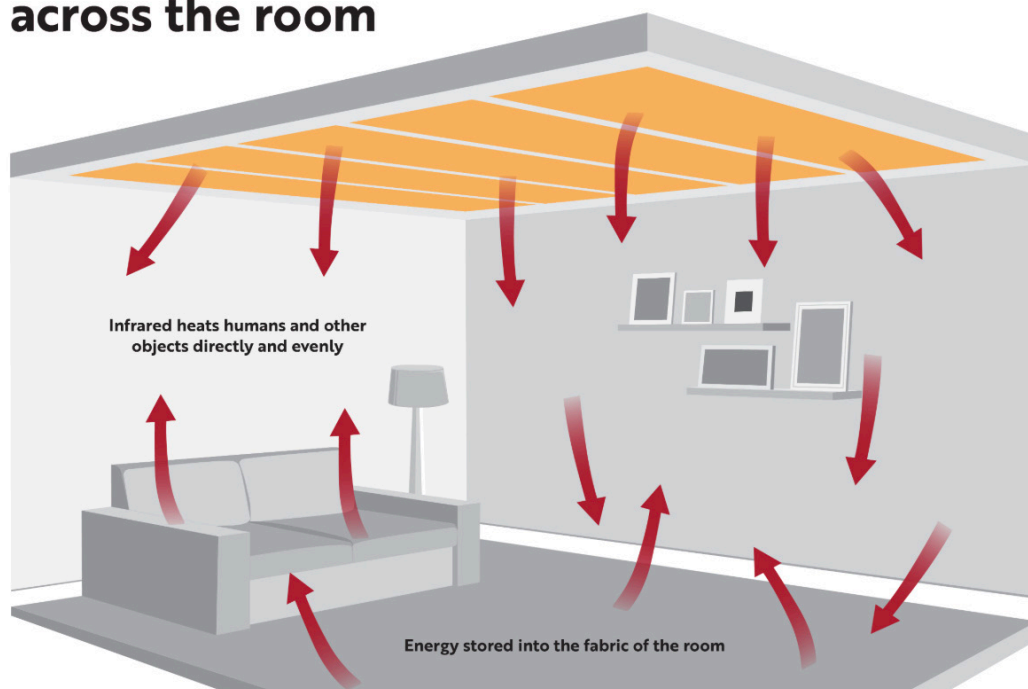
An engineer by profession, Sanderson took a keen interest in the environmental impact of business, so much so that he spent ten days at the UK-hosted Conference of the Parties, the annual United Nations climate change conference where countries negotiate and agree on actions to combat climate change when it was held in the UK.

“There’s a quandary between science, politics, and the real world,” he muses. “Am I a one hundred per cent believer in all what I am told are the significant reasons for climate change? Definitely not. But I look at what is happening and that what we are experiencing is a clear challenge on a planetary basis, and as an engineer I see most of it is being driven by human actions.

“It’s interesting that when I worked in the aviation industry, I would say aircraft received eighty percent of the bad publicity about environmental damage but the reality is that it represents two per cent of the problem. Buildings are responsible for forty per cent of the problem but suffer only two per cent of the bad publicity. Which is a reason for my shift of focus and investment.

“The government says it is committed to sustainable energy in the home, but it removed the timeline for penalties to be applied to the installation of new gas boilers. So now there is no point in time when we have to stop using fossil fuel in our homes. Essentially a £5000 penalty for the manufacturer is reduced to £300 per gas boiler installed. That’s a marketing figure, not a penalty.

Far infrared warmth across the room



How the NexGen works - the ceiling is only coloured orange in order to depict the 'paper' covering the ceiling

“Our climate position as a company is that what we are providing improves the health and well-being of people where they live and work.”

“The platform to deliver that, to build a sustainable business, is financial viability,” states Sanderson. “I think a sustainable business has to be obsessed with data because so much can be smoke and mirrors in this digital age; proof is key to consumer and business confidence in what you are selling.”

Arguably, it is harder for a disruptor to build a sustainable business – and Sanderson is tempted to add ‘in the UK’ to that.

“We’ve opened an office in New York and in the USA it takes typically three months and \$40,000 to get the necessary accreditation for our product,” he reveals. “In the UK we have already spent two-and-a-half years and £400,000 trying to complete accreditation, but infra-red technology is not even in the major accreditation lists.

“So we’ve been classified with standard electric radiators, and that means we haven’t benefited from VAT exemption which we would have if we were making wood burning stoves or heat pumps. And despite bringing innovation which will have a massive impact on reducing carbon emissions in this country, we can’t get any grant funding.”

It was when he was asked by a social housing group to create an incubator fund for companies which would set up work opportunities for its tenants that Sanderson was exposed to the deteriorating state of much of the country’s housing stock.

“It’s appalling that in the fifth or sixth richest nation in the world there are five million social housing properties where residents are struggling to live affordably, healthily, and with sufficient warmth,” he says. “When I first heard on the news that people were having to choose between eating and heating because of fuel costs it didn’t really register. But I’ve seen first-hand that it’s a reality.

That exposure is one of the reasons why Sanderson shifted the outlook for his role in the business from short to long-term.

“Initially I saw NexGen as a buy, develop, and then sell after three years project,” he explains. “But now I want to run long, to put the next ten years of my life into it and rather than focusing on an exit strategy to instead reach a point at which investors could take some money out with a valuation event, maybe an IPO, that would give us the financial platform to move our agenda to meet the global challenge. All of our investors have gone into this knowing that it’s a social impact investment.

“Absolutely values are critical because it means stakeholders understand what a company stands for before they come on board.

“Do we think sufficiently long-term in this country? No, we don’t and there are multiple reasons, driven by the investment community.

“The European culture of fast money, not long money, means you are driven to build quickly and get out. It’s in America, which because it is so vast as a country with such a huge marketplace, that a long-term view is taken in order to cover all of the geography where a product is relevant.

“For us, the US domestic market is twenty times greater than in the UK, taking into account some parts of that country won’t see heating as an issue which needs addressing.”

Sanderson's definition of a sustainable business "is that it has to have an easily accessible addressable market and that its products can be made at the right cost for the economics in each market territory, because if those criteria don't match, everything will be sub-optimal.

"And it can't be dependent on continual government subsidy. In Europe look at what happened to the sale of electric vehicles and heat pumps when subsidies were removed. The markets derail. There are additional ways for a disruptive business to become sustainable, such as focusing on what customers actually want, not what government chooses as its winners.

"For a manufacturer there's also sharing the risk of an innovation delivering what is intended, with a relationship with the customer which means they are prepared to try something new. So yes, you could say building relationships is a characteristic of a sustainable business.

"As well as being honest. We prototyped mounting our product onto insulated foam so it would work bonded onto an Artex ceiling. We trialled this in our testing centre and it worked brilliantly, but we told the housing association customer that there is a chance it might fall off a ceiling with damp and mould which probably hadn't been touched for sixty years.

"So trust is essential. If a company is pushing the boundaries, not everything will go right."



Another characteristic of a sustainable business is using its position for the benefit of the community, Sanderson believes.

“We are setting up a charitable foundation which will focus on fuel poverty, and every licensee we bring on board would also have to sign up to setting up a foundation in their own country,” he explains.

“Our ambitions are threefold: to decarbonise heating on a global basis, to deliver affordable warmth to those in fuel poverty, and to improve health by eliminating damp and mould in homes around the world.”

NexGenheating.com

About Brevity Marketing



Kaia Vincent

The interview with Ian Sanderson was undertaken with Brevity Marketing founder and managing director Kaia Vincent FCIM.

Brevity Marketing is on a mission to empower business leaders and teams to succeed in today's competitive market while at the same time considering their impact on people and planet, providing tailored strategic and tactical marketing that tell a company's story and drive results – helping business to be seen, heard, and chosen above the noise.

Brevity achieved B Corporation status in 2023.

Kaia Vincent began her career in the beverage industry as an editor at Canadean (now Global Data), a leading analysis firm in that sector. After earning a master's in marketing (CIM Level 7 Diploma), she transitioned into the corporate marketing department and was responsible for leading high-profile events across Europe for c-suite executives.

Seeking new challenges, Kaia left Canadean to pursue a career in the fast-paced tech sector as marketing manager for a Novell and VMWare platinum partner. Then following a stint in the agency world, she founded her own consultancy, Brevity Marketing in 2010. With over twenty-five years of experience and a chartered marketer and marketing fellow designations, Kaia has worked with more than one hundred SME leaders throughout her career. She practices continuous professional development (CPD) including more recent studies in artificial intelligence and neuroscience.

Contact information

brevity.marketing
01256 536000
hello@brevity.marketing

About DECISION magazine

First published in 1988, DECISION magazine reflects the business lifestyle, the trials and tribulations, the hopes and aspirations of business owners and directors responsible for businesses with a turnover of £5million and above.

www.decisionmagazine.co.uk
mail@decisionmagazine.co.uk
07737 308371