



IKEA AND THE NATURAL STEP **(ABSTRACT)**

For more than a decade, WRI's Sustainable Enterprise Program (SEP) has harnessed the power of business to create profitable solutions to environment and development challenges. BELL, a project of SEP, is focused on working with managers and academics to make companies more competitive by approaching social and environmental challenges as unmet market needs that provide business growth opportunities through entrepreneurship, innovation, and organizational change.

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In September 1995, Jan Kjellman took over as president of IKEA North America, the U.S. and Canadian subsidiary of the Swedish furniture giant. At IKEA's headquarters outside Philadelphia, Pennsylvania, Kjellman sat at his desk, located in an open, brightly sunlit bay. His assistant, also the service center office manager, sat at a nearby desk a few feet away. Co-workers walked through one side of the bay, heading for the coffee room. On the landing below the president's office was a pedestal bearing a large gray rock. It was from the rocky and poor land in Älmhult, a small village in the province of Småland, Sweden, where IKEA's founder was born and where the design and production core of IKEA's business was still located.

Kjellman pondered the success of his predecessor, Gorän Carstedt, who had moved back to Sweden to take responsibility for worldwide marketing and the European retail stores. Carstedt had turned the subsidiary around since 1991, increasing sales to over \$700 million and moving the company to number three in the U.S. market. Kjellman was developing an agenda to build on that success.

One important piece of that agenda was the company's environmental stance in North America. Over the past several years IKEA had articulated a strong environmental policy and was well into its implementation in the parent company. By incorporating environmental principles provided by The Natural Step (TNS) organization in Stockholm, IKEA had developed its own environmental statement, policies for product design, supplier relations, and operations, as well as educational materials for consumers in the retail stores. TNS was an educational organization that offered a practical guide to companies wishing to limit their adverse effects on the natural environment (see Exhibit 1). The three co-workers trained by TNS had returned to North America and trained people in the retail stores, and discussions had begun with certain North American suppliers about the company's environmental values and TNS principles.