

# Why impact entrepreneurs should target enterprise

by Kieran Mahanty

Enterprise buyers are a key market for sustainable products and services.



## At a glance

- Teachers' Venture Growth (TVG) Director Kieran Mahanty explains why impact entrepreneurs should focus on serving enterprise buyers rather than consumers.
- Serving enterprise requires deep engagement with buyers and a collaborative approach to product build, which entrepreneurs should consider from the outset.

## Entrepreneurs must build with enterprise in mind

Who drives the adoption of sustainable products and services? Most see enlightened consumers as the catalyst for change. Since consumers care about impact, businesses prioritize sustainability in the boardroom and regulators mandate change where they do not.

I think this puts the cart before the horse. Consumers have other things to worry about and may struggle to relate their small choices to the magnitude of the environmental challenges we are now facing. But time and again, I'm struck by the commitment to change from senior leaders across industries.

The distinction is important: if the impetus for change is likely to be enterprise-weighted rather than consumer-driven, investors and entrepreneurs must approach the space with enterprise buyers in mind. Serving enterprise is a fundamentally different sales motion, requiring deep engagement with buyers and a collaborative approach to product build, which entrepreneurs should consider from the outset.

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## Why consumer pull may not be sufficient

Consumers clearly care about the impact of their choices. [In a 2022 Deloitte survey](#) on consumer attitudes and behaviours around sustainability, 77% of consumers said they reduced their use of single-use plastic during grocery shopping, 40% chose grocery, clothing and footwear brands with environmentally sustainable practices and 30% opted for low emission forms of transport.

But a deeper look at category trends suggests that the desire for sustainability is an incomplete guide to consumer behaviour. In the UK, [usage of plastic bags fell by 97%, but only when a five-pence tax aligned sustainability with cost](#). Alternative proteins are one of the biggest levers for consumers to improve their footprint, but [the category has stalled](#): clear and demonstrable impact taking second place to parity on price (and perhaps taste). In clothing, the major trend of our time has been [the rise of "fast fashion"](#) and a more throw-away approach to clothing. Electric vehicle penetration is climbing rapidly (global sales +60% in 2022) but is offset by [the sale of SUVs which is continuing to rise](#). At minimum, it seems that there are reasons for caution if relying on consumer activism to power a new generation of green businesses.

## Enterprise businesses can be the engine for change

Whilst I am cautious on the strength of consumer pull, I am optimistic on the near-term commitment of enterprises to shift to a sustainable pathway. Investment firms such as Ontario Teachers' are prioritizing climate-tech and sustainability in sourcing and portfolio management, while 4,000 companies covering more than one-third of the global economy's market capitalization are setting ambitious reduction targets.

As the engine which produces the goods we consume, operates the factories that make them and drives the supply chains that move them around the world, the world's businesses have the means and the motive to deliver change.

Microsoft is a great example of a company setting audacious goals – particularly the removal of its historical emissions and deployment of a US\$1B climate innovation fund. As a result, the company has drawn principled and motivated individuals to the cause and established teams which ensure it will be extraordinarily difficult for Microsoft *not* to aggressively pursue its climate goals.

At Ontario Teachers', we have long been guided by responsible investing principles which are deeply embedded in our investment process. We have set ambitious climate change goals that include decarbonizing the emissions intensity of our portfolio by 67% by 2030, working with portfolio companies to set credible net zero plans, exercising our influence via board seats and targeting \$50 billion of green investments.

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- [UK's Mission Zero creates opportunities for climate tech innovators](#)
- [Global Investment Outlook: Watchouts and opportunities for founders](#)
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## Impact entrepreneurs must build with enterprise in mind

If change is to be driven by enterprise, impact entrepreneurs must focus on the needs of business as their target market. Below, find five key recommendations on how to achieve this:

- A sustainable product is not enough.** From food to fashion, multi-billion-dollar global markets are ripe for disruption by high impact change-makers. But achieving success will require a brilliant product, excellence in go-to-market and overcoming all of the other hurdles entrepreneurs battle with in other segments. Sustainability does not equal product/market fit.
- Businesses are eager customers.** The B2B landscape for climate-tech is characterised by engaged buyers, with a high willingness to pay and an absence of viable options. It is a market full of potential for entrepreneurs that can build solutions that work for business.
- Engage enterprise partners early.** Purchase criteria and hurdles to adoption can be difficult to evaluate from the outside. Finding engaged early partners can shorten the route to a Minimum Viable Product (MVP) while also demonstrating traction to investors.
- Prioritize plug and play.** Re-designing an entire industry is tough and consumers will not support an inferior (or more expensive) product through the transition. Finding plug-and-play technologies to help incumbent enterprises achieve their sustainability goals can be faster and more impactful.
- Engage a wider ecosystem.** Founders should seek investors, board members and advisors that bring experience working with regulators, NGOs and industry leaders. These stakeholders can be powerful advocates and help businesses to compete on impact.

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