



Sustainability: It's Good for Business

Boards that are smart about sustainability are using it as an agent of change to drive profits and get closer to customers. Criticaleye finds out why an ethical approach to doing business now goes far beyond concerns about carbon emissions

Clarity and consensus in the boardroom are the defining factors for success when creating a sustainability agenda. Rather than broad brush initiatives around social and environmental responsibility, it's about identifying exactly where your business can make a difference, then driving that change.

Richard Gillies, Director of Plan A, CSR & Sustainable Business at Marks & Spencer, says: "Sustainability is now a business imperative... With changes in world population, the numbers of consumers and availability of raw

materials, businesses in the next decade have to change their models rapidly in order to continue to be viable and competitive."

The debate has moved beyond the validity of sustainability to the important question of how to approach it in a way that is realistic and relevant for an individual business.

Peggy Liu, a Criticaleye Thought Leader and Chairperson of JUCCE (a US-Chinese non-profit aiming to 'green' China) says: "One of the big issues, whether you are

talking about the business, the government or consumers as an audience, is that... most whitepapers about the state of the world... don't take it down to handbook-style guidance – they're not realistic or feasible things that people in business or government can rally around."

Luke Wilde, CEO of organisation change consultants TwentyFifty, says: "When people mention the terms 'sustainability' and 'sustainable business', they tend to go down the line of thinking this is all about the

environmental impact of business activity, but companies also need to be thinking about different social dimensions.”

For **Vincent Neate**, UK Head of Climate Change and Sustainability at KPMG, there are two major operational concerns for businesses: “The first is resource scarcity, whether that’s water or other natural resources or energy. The second is the issue of visibility and control over what happens in your supply chain, because you will be seen as responsible for it.”

If the right impact is to be made, it has to come from the top. “Leadership is critical – it takes long-term commitment to find solutions that drive corporate growth in an increasingly eco-conscious global marketplace,” comments **Niall Trafford**, Chief Operating Officer at BRE, a certification and testing consultancy for the built environment. “Businesses that have strong leadership on sustainability can experience increased brand recognition, enjoy greater customer confidence, and witness surging profits.”

Richard says: “The metrics for [Marks and Spencer] were about environmental and social footprints... climate, waste, raw materials, people and health... We declared a five-year plan with publicly stated commitments and have systematically gone through the processes, systems and reward structures to ensure it has become part of how we do business, rather than another job on the side.”

It appears to be working, as can be seen by Marks & Spencer recently announcing that it’s the first large retailer in the UK to go carbon neutral. **Richard** says: “For us, tackling efficiency and waste drives immediate financial return... [and has] delivered us over £100 million in benefits this year alone... This is probably the most effective change programme I’ve been involved in... Five years on, it is a genuine part of how we do business and not just a corporate initiative or project.”

GROUP EFFORT

The buy-in for sustainability has to cut right across the organisation. **Paul Budge**, UK & Ireland Managing Director at consumables distributor Bunzl, says: “You get a better quality of approach when it is done in a hearts and minds, decentralised way, although you don’t get the same speed... We went down the conscience route.”

Changes in behaviour need to be embedded, which naturally takes time. **Nick Fell**, SVP Corporate Services and General Counsel for BW Shipping, says: “Change comes down to the specific superintendents who are in charge

of the ships... unless they can see the benefits of adopting these technologies, it becomes much more challenging... [and] you have to run a lot of pilot projects to prove that the technology really does work.”

Naomi Wells, Head of Future Planning and Sustainable Development at Waitrose, says: “[Sustainability] is a change programme but it is an ongoing process... at a senior level, we use lots of metrics and KPIs, but once you’re disseminating them, you are trying to focus on action rather than metrics.”

Leadership is critical – it takes long-term commitment to find solutions that drive corporate growth

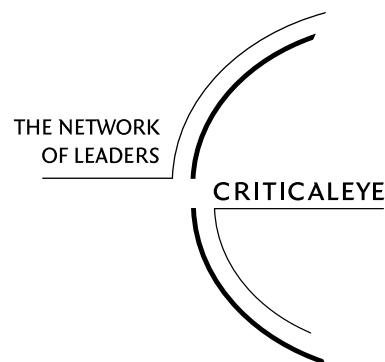
In these volatile times, there is a risk that executives may put questions of sustainability in the ‘for later’ drawer as they concentrate on ‘the business’. The latest announcement that all FTSE 100 companies will need to publish records of their greenhouse gas emissions shows that the pressure from stakeholders will only intensify -- businesses and leadership teams are going to be judged very publicly on their actions.

“It is key that in our age of austerity and challenging market conditions we don’t drop the ball on sustainability – it will drive the innovation that is vital to organisational survival in a time of unprecedented change,” says **Niall**. “New business models are emerging in the global marketplace where community development, sustainable sourcing, and ethical environmental practices are just as important as bottom-line profitability.”

The problem for leadership teams is to choose how to tackle it. “These days, you’re not trying to convince people that it’s necessary... [But,] ultimately, we’re all charged with running a business, so there is a balance between a noble cause and what’s worthwhile,” says **Paul**.

Naomi says: “Organisations that are choosing not to adopt a sustainable approach are the ones that are being left behind... Lots of organisations now see that they can be sustainable and have a better business and it doesn’t have to cost more. Now, everyone is just thinking: ‘We can accelerate the pace.’”

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COMMUNITY COMMENT



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