

Building Sustainability in China

Creating a strategy that will stand the test of time is essential. Peter Lacy, Managing Director of Strategy Practice & Sustainability Services for Asia Pac at Accenture, talks to Criticaleye about why an integrated approach to sustainability will drive innovation and growth



Is sustainability an optional extra or critical for success?

Sustainability is an absolute necessity. If you design your approach to it in a way that is connected with your corporate responsibility, it is beyond being an optional extra or a piece of compliance – it helps you to innovate and grow.

Ultimately, understanding the environmental and social implications of your products and services, and

managing the operations of your supply chains helps to ensure you have a healthy, thriving business. There is an increasingly significant market for products and services that are sustainable, and therefore it's becoming a source of value creation.

Should companies integrate sustainability into their strategy?

I would define sustainability as a core part of your business strategy,

and especially so in regions that are extremely challenged in terms of access to energy, water and natural materials. For example, China has huge cities that are increasingly becoming unmanageable, and with a middle-class that has very high aspirations, it becomes a must-have.

Sustainability should be managed not as a standalone, isolated corporate responsibility, but as an integral part of business strategy. It is a chance to ►

manage reputation and grow revenue, while understanding risk more effectively.

How are companies approaching sustainability in China?

Many multinationals operating in China, such as Dell and Ford, are already making significant efforts to invest in sustainability in different ways, despite the pressure that's being put on the economy, the aggressive top-level leadership and the complicated policy framework on the ground.

Businesses such as Vodafone and Unilever are also putting pressure on their supply chains to drive significant environmental gains and efficiencies in their operations. But more importantly, companies are now beginning to integrate sustainability into their products and service mix, in terms of R&D, marketing and branding.

While some smaller businesses are developing interesting approaches, I have to say, change is very slow, and generally, local Chinese companies such as Alibaba and Tencent are still a little further behind.

What can be done to speed things up?

More direction and stringent policies, and incentives for those businesses that are leading sustainability in places like China would be helpful, and would create a more level playing field. In particular, pricing initiatives on things like carbon and water would be very effective.

There are seven carbon trading pilots across China at the moment and, I suspect, in the next five-years, we will

“Setting the right strategy and implementing it is key”

see a national, integrated framework on carbon pricing.

What does best practice look like?

Best practice in terms of sustainability is where the strategy, operations and supply chains are linked, and everyone is clear about the value it's creating throughout the business.

Leaders also need to be aware of opportunities to improve their approach to sustainability. Setting the right strategy and implementing it is key. It needs to be integrated into organisational design so that support functions are created which incentivise people, so they want to make improvements.

Are smart technologies helping to improve efficiency?

At the moment a lot of the focus in Singapore, India, China and Japan is on urbanisation and smart technologies and how they can be used to better manage energy and transport systems. This is clearly a strong business imperative, but it's also critical for improving sustainability.

Companies, in China especially, are using things like smart-metering and smart-grids to drive energy efficiencies.

China is one of the biggest investors in renewable energy, so being able to use the smart-grid more effectively to manage the supply of energy sources such as wind and solar power is an important part of the sustainability mix.

Investment in sustainable resources and energy efficiency is increasing and more effective materials are commonly being used, such as certain metals and minerals, and the frequency of recycling is expanding.

A lot of businesses in Asia are conscious that they are behind the curve in terms of basic health and safety and environmental issues. They need to get back to basics and implement simple processes and technologies in order to catch up. ■

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Peter Lacy was a speaker at the 2014 Criticaleye Asia Leadership Retreat. Find out more [here](#)



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