



The Sustainability Revolution

At a sustainability masterclass for Criticaleye members hosted by Marks & Spencer and BRE, Richard Gillies and Peter Bonfield outlined the environmental threats expected in the next 20 years, the forthcoming Sustainability Revolution and how businesses, leaders and consumers can harness their influence to meet and profit from the challenges ahead. This article outlines some of their advice and draws from the experiences of executives at Coca-Cola Enterprises, GSK, IBM, SEGRO and Unilever.

According to Richard Gillies, Director of Plan A & Sustainable Business at Marks & Spencer, the world is now on the cusp of another revolution – the Sustainability Revolution. “There have been three major reorganisations of society – the Agricultural Revolution (18th century), the Industrial Revolution (19th century), and the IT and Digital Revolution (20th century). Each of them fundamentally changed the way human society operated,” he said. “Owing to population and resource constraints, we are on the cusp of the next one - the Sustainability Revolution. This will change the paradigm in which we operate: it will change our world, because we currently live in a very wasteful society.”

Experts forecast that, by 2030, the world’s population will have grown by a third, demand for water will grow by a third,

THE REALITY

Although the figures above are staggering, there remains inaction on the part of society, including businesses, to create a more sustainable future for the planet. There are a couple of reasons for this. One is that ‘sustainability’ is challenging to define with even the experts debating its true meaning. Another is that the UK population has not yet been hit with the true consequences of harmful actions, such as water shortages or extreme heat.

“Our definition of true sustainability is fairly vague and woolly because we’re not quite sure what it looks like. However, I would describe a sustainable business as one that is carbon positive, wastes nothing, is regenerative to environments and has a positive impact on people, either those

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and demand for energy and food will both have increased by 50 per cent.

It is expected that, within 25 years, almost 75 per cent of the world’s population will be living in ‘mega-cities’. Around half of these mega-cities will be coastal and will face numerous threats around climate adaptation.

There will also be a change to the disparities of wealth that the world sees now and the rate at which technology is changing will impact the population massively.

“These drivers mean that we need to embrace the holistic approach to sustainability – economically, socially and environmentally – to get the right outcome,” says Peter Bonfield, CEO, BRE.

Claudine Blamey, Head of Sustainability at SEGRO plc suggests that “the traditional way of doing business is being challenged because it no longer works - short-term thinking and setting a goal that only generates profit for shareholders does not translate into a business that will succeed in the long-term. It is important that businesses find a way to work closely with their stakeholders in order truly to optimise their licence to operate.”

that it serves and trades with, or those that it sources from,” says Richard. “It is about direction - if you set off in a certain direction, then it informs each decision along the way.”

“Those companies that get it (and there are very, very few that do) do it not to save the planet but rather because it is great business. If you get the basic principles of sustainability, minimise resource use, minimise waste and optimise efficiency, it saves you money and makes you more competitive,” says Peter.

“If you’re a more sustainable business, you have a more competitive offering. You can delight your customers, so that when they are buying their yoghurts, knickers or suits, they feel good about buying them. If you are an environmentally sustainable business, you delight a whole range of stakeholders and feel good about your business,” continues Richard.

The companies that don’t get it are losing out, claims Peter, “they are the ones focused on just conforming to the legislation and being compliant.”

Richard Pamenter, Head of Engineering at GlaxoSmithKline concurs: “It is important that, as leaders, we help move sustainability

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into the mainstream of our business activities. We need to help our organisations stop thinking about it as purely part of the Corporate Social Responsibility agenda and start thinking more about it as an area of business opportunity - an operational activity rather than a corporate functional activity.”

SUSTAINABILITY AROUND THE WORLD

A stumbling block to creating a sustainable global business is that sustainability takes different forms in different areas of the planet. It becomes more complex when you move overseas, as people's expectations are often very different.

Peter gave examples of sustainability projects that he has recently written for different locations. For example, he has been helping the Olympic Games in Rio 2016 where the priorities include reducing crime and poverty. Marks & Spencer has found that, through education of their staff in their garment factories in Sri Lanka, India, and Bangladesh, they can now offer them a more sustainable workplace. “It's been achieved by education, so that the teams understand what is required of them and, when they go off on holiday, they actually tell somebody about it - because they weren't before. It educates them on their rights; it educates them on reading and writing so that they know when they're supposed to be there and when they're not supposed to be there,” says Richard.

WHAT CAN BUSINESSES DO?

“A political framework on tackling climate change will emerge at some stage. In the meantime, business can do a lot without help from the politicians – whether in their supply chains, their factories, the design of their products or in using their brands to educate people about more sustainable living,” says Paul Polman, Chief Executive Officer of Unilever.

“Tackling this with urgency and priority makes good business sense and companies that embrace it as part of their strategy will see higher rates of growth and lower costs. However, those who wait to be forced into action or who see it just as reputation management or corporate social responsibility (CSR), will do too little too late – and may not even survive.

“So, what do companies have to do? How can the challenges of climate change be turned into opportunities? First, you have to decouple business growth from environmental impacts. That means a new business model with companies having to find ways to grow with fewer resources.”

Paul suggests rethinking the following:

- How you operate
- What you make your products with
- How you market them
- How you sell them
- How you ask consumers to use them

CONSUMERS

There is debate around whether consumers want to buy sustainable products. Although most aspire to buy them, when it comes to sustainable products, consumers are typically unwilling to pay a premium. What must be created are goods and services that people want for the reasons that they want them, not because they are sustainable.

“The big prize comes from changing consumer habits and behaviours. We know that consumers will not compromise on price, quality or convenience for ‘greenness’. So sustainability has to be built into the design of the product. Occasional disruptive innovation can help – like shampoos that don't need water – but breakthrough innovations like this are few and far between. The biggest opportunities actually come not from technology or legislation, but from incremental improvements. These

small changes, when multiplied by billions of consumer usages, add up to something substantial,” continues Paul.

Richard says, “Consumers want clothes that make them look good, sexy, slimmer, taller, older or younger. They want to buy food because it tastes great, makes them thin, gives them energy, is convenient, can be passed off at a dinner party as a meal that they cooked themselves - whatever reason they buy Marks & Spencer foods, they're the reasons that they will still buy things from us at the moment in this paradigm.”

Small changes in the way consumers use existing products may be key to a more sustainable future. Hubert says, “We communicate where consumers make their purchasing decisions. To do this, we have to work with our customers, the retailers, where people shop. For example, we are using merchandising and point-of-sale material to help consumers understand how their Coke bottle can have a purpose and after-life if recycled. Consumers may be surprised to learn that they can reduce the carbon footprint of their can or bottle by as much as 40 per cent if they simply make sure it is recycled.”

CULTURE & EMPLOYEE ENGAGEMENT

Attempting to write and create a corporate sustainability plan can be extremely frustrating. Not many people are interested in going in a new direction as sustainability is still seen as something that is undertaken by ‘beardy, tree hugging, sandal wearers’. This is when creating a strong leader led culture around sustainability is important.

“We had a leader who believed in it and wanted to go in that way,” says Richard. “He was very bold and said ‘we've got a plan, we're going public’. Bang, it's out there! No room for manoeuvre, it is now a public plan.

"What has been absolutely imperative for us is that it is leader-led, not leader endorsed, not leader sanctioned, not leader sponsored, not leader nodded at in some meeting and then never thought of again. It has been leader-led. Stuart Rose was consistent in creating an overarching framework and noise. Every public speech he does, every interview he does, in every meeting he is involved in, he continues to keep it on the agenda."

However, what do you do if sustainability initiatives are not leader led? How do you cajole your chief executive, who is risk averse, and how do you cajole the chairman and board to get behind sustainability, allow you to deliver it and get the outcomes the project deserves in a risk managed way? "It's not easy. You have to force it and, every time the lawyer comes to you and says how and why you can't do things, you have to go back and say 'well I don't want to know how you can't, tell me how you can'," says Peter.

Jon Bentley, Energy and Environment Partner, IBM Global Business Services UK&I says, "A sustainable culture is one in which people are motivated both by values - doing the right thing - and by performance - doing things which make sense for the business as well as for society and the environment. The role of leadership is to create the enablers of this culture so that people at

Hubert Patricot, President of Europe, Coca-Cola Enterprises, says "I am incredibly proud of our employees and the personal commitment that many of them have made to our corporate responsibility and sustainability (CRS) goals. We don't have a sustainability function or department. While our commitment to sustainability is led from the top, it's our employees who are really behind our progress and are driving change within every part of our business. A recent survey also told us that CRS is one of the top two drivers of engagement among our employees. This feedback from our employees drives us to ask questions about how we can improve everything we do."

SUPPLY CHAIN

It is not enough though to create a culture within the organisation. To have a truly sustainable product, the practices of the suppliers must be investigated.

Jon says, "Use the power of your procurement. Insist that your suppliers adhere to a 'code of conduct', which sets out sustainable behaviours and standards. You can start with a light touch and then gradually raise the bar year-on-year. Working in conjunction with other procurement organisations can add weight to your efforts if you are not a large organisation or don't have large spend with particular suppliers. Collaborating

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all levels in the company can take action which makes a difference. In IBM, this starts with our Chairman and through our values reaches down to every IBMer, whatever our role in the corporation."

Sustainability initiatives can be different throughout an organisation. Some organisations may base a certain percentage of management's cash bonuses on sustainability but it can mean something different for employees working 'on the shop floor'. For example, when Peter asked some shop assistants at a Marks & Spencer store what sustainability means to them, they responded that Plan A means recycling hangers: "we are doing our bit by recycling our coat hangers".

This drives home the point that not all initiatives need to be huge - everyday things can be very helpful and work to get everyone on board.

with your suppliers will help find solutions which benefit their business and yours."

"Interestingly," continues Peter. "We have found that, if you give suppliers throughout the chain early enough warning, for example, explaining that 20 per cent of their evaluation is about environmental sustainability, then they will innovate to deliver. In the end, you pay less for products because, when people innovate, they find ways of minimising resources and waste, and optimising efficiency."

SUCCESS

"You know you have been successful when you don't need a 'Plan A' or 'Plan U' - when sustainability is ingrained in the business," said Peter.

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