

SUSTAINABILITY : A Business Strategy

“In the last year or two, everything has changed. People are starting to suspect that sustainability is really a strategic issue that will shape the future of our businesses. The specifics are different depending upon industry and context, but we’re in the beginning of a historic wake-up.”¹

Some are calling it a “Mega Trend” because it is taking on a life of its own. It is being driven by forces bigger than any one organization or industry, and therefore must be addressed in order to remain competitive.

What is Sustainability?

Some think of it as “greening” an organization. While that is part of the definition, when done properly it is much bigger and cuts a wider path.

One definition of sustainability is that it is a business approach that creates long-term shareholder value by embracing opportunities and managing risks derived from economic, environmental, and social developments.

Sustainability from an organizational perspective also includes an increase in productivity and/or reduction of consumed resources without compromising product or service quality, competitiveness, or profitability.

How does it affect costs?

Initially it was thought that sustainability would increase the cost of doing business. As with the quality movement this has been proven to be false. As a matter of fact, improving quality and becoming sustainable will actually reduce costs, improve profits, and help the environment.

For this reason we view sustainability as having four core areas: people, process, environment, and profit.

Benefits:

The benefits have been shown to include:

- A stronger brand
- Greater pricing power
- Greater operational efficiencies
- More efficient use of resources
- Supply chain optimization
- Enhanced ability to enter new markets
- Enhanced ability to attract, retain, and motivate employees
- Increased customer loyalty
- Reduced environmental impact
- Improved innovation

Implementation:

Sustainability has the greatest chance of success when a proven implementation model is used. “You cannot implement these kinds of programs bottom-up; it’s impossible. It’s always top-down ... Always. Because it’s such a cultural change, you cannot do it organically.”² Often improvements go across departmental lines and this requires top management’s involvement.

In our experience when sustainability is strategically based, management driven, employee supported, and stakeholder/customer focused, it’s a winner. However, without management’s focus, a change of this magnitude simply becomes relegated to another “program-of-the-month.” When that happens, its power is lost and the employees become disillusioned with their management.

1. Peter Senge, Sloan School of Management

2. Georges Kern, CEO, IWC