



A new sustainability playing field

In 2006, Brendan May, then managing director of Planet 2050, Weber Shandwick's corporate responsibility and sustainability practice, received an email message: "Hi. Can you look into getting some CSR -- how much does it cost, what does it involve?" Forwarded by a friend, it came from someone in a small American company who had read something about CSR on the plane. "Can you help?" his friend asked.

May said he didn't think he could, because "this is a state of mind. This is not something you can get out and buy or outsource what should be a whole way of doing business something that has to be woven into the core DNA of your business. That's not how you do sustainability."

Sustainability as a concept has changed enormously since then.

Speaking to INSEAD Knowledge recently on the sidelines of base's (Business and a Sustainable Environment), 'Where Business meets Sustainability' 2010 conference, May said there is no longer any escape from our collective environmental challenge - no sector or company, large or small, is immune.

Supply chains are coming under real pressure now to improve their sustainability performance - if it hasn't reached your business yet, it doesn't mean it won't.

"Inevitably, consumer-facing brands on the frontline have had to move faster than B2B businesses who are to some degree hidden further down the value chain. But those consumer-facing brands cannot make good on their public pledges without the active support of their suppliers doing the same," argues May. "The 'pull effect' by companies like Wal-Mart is starting to cause major shifts in the global

business world - because very few companies in the world don't ultimately have Wal-Mart as an end customer."

A new playing field

So what are some of the forces that are driving these changes throughout the business world and how should you approach sustainability today?

Linked to economic globalisation, issues are emerging "which are not specific to sector, country (or) even region, but issues that affect us all such as climate change; health issues such as global obesity which is now becoming a problem in India and China; government scandals such as Enron, and so forth. This is the landscape in which all businesses must now operate," argues May.

In the political arena, the environment has become a mainstream issue of every party at local and national levels, with politicians now using the sustainability agenda for political ends.

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“In a sense, you see a race where they try to show how green they are compared to their competitors. The politics in which we operate has changed,” says May, who recently founded the Robertsbridge Group, which consults on environmental issues.

The environment has become a hot topic for the media. “Some 15 years ago, it might be on half a page, on page 12 of the Guardian; today it is front page news. It has been woven into the mainstream and fabric of media culture,” observes May.

The digital revolution

One of the future trends as this agenda develops is the digital revolution. May cites Trafigura, a company that few had heard of a couple of months ago until it made the headlines. “Trafigura is not a consumer-face of business - it was found out (for allegedly dumping toxic waste in the Ivory Coast) and became famous because Stephen Fry posted something on twitter which was a rerun of the Guardian piece and suddenly the entire story went global within a matter of hours.” (The shipping company had tried to use a superinjunction to suppress media coverage.)

Companies can use social media to create specific communities. They need not only be consumer communities, but communities in the sphere that your sector needs to reach.

Social media is going to be pivotal for reputation and business survival in the coming years, says May. “Communications need to be authentic, transparent, and real. There is no scope for greenwash in a world fuelled by 24-hour media and a social media phenomenon that can make the most unheard of businesses famous for all the wrong reasons in about two hours flat. Never overclaim, but start communicating your sustainability credentials to gain market advantage.”

Be accessible

New companies seem to be influencing older companies, particularly in their language and the way they communicate. Innocent Drinks, for example, uses accessible communication. Unilever has recently given up its text-heavy corporate responsibility literature and now talks about tea in the very same language which Innocent was pioneering and marketing five years ago: “In a recent visit to one of the PG tips farm, I met a lovely chap from the Rainforest Alliance...”

“That authenticity, that lack of pomposity and that transparency of communication is something that is appearing by osmosis into businesses which are older and more traditional,” May says.

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Your brand is never safe

According to May, no matter what business you are in, how big or small, famous or not, somebody is watching your performance in this area. It might be a campaign group or non-governmental organisation; it could be a local community who is concerned about the impact of your operation in a particular geographic location; it may be a regulator who wants to come in and impose some standards on your sector, welcomed or otherwise; it could be your employees who want to know how you are performing on these issues. Plus, investors are increasingly looking to measure the degree of risk or exposure of the company.

“There is no shortage of people wanting to tarnish ‘brats’: brands who do one thing, but say another.”

Reap the benefits

May believes that if the agenda is raised successfully and sustainability implemented well, financial performance will improve.

“There are huge brand reputation advantages with businesses and consumers to be had and that generates increased sales, customer loyalty, and trust in the brand. It naturally reduces long-term operating costs if you use things more prudently: less paper, water, energy. You get increased productivity and quality. For example, you will attract better people and graduates want to come and work for you because they grew up on this agenda.”

Crucially, it potentially reduces regulatory oversight. May says the government is far less likely to come in and regulate if they feel a sector has already created a gold standard for itself. They tend to go where they feel a particular sector is not delivering.

For those who think they can ignore this agenda and just ride out the campaigners and scrutiny, May cites The Economist: ‘If you’re not at the table, you’re on the menu.’

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