

This is "Next Steps: Sustainability Strategy", chapter 9 from the book <u>An Introduction to Sustainable Business</u> (index.html) (v. 1.0).

This book is licensed under a <u>Creative Commons by-nc-sa 3.0 (http://creativecommons.org/licenses/by-nc-sa/3.0/</u>) license. See the license for more details, but that basically means you can share this book as long as you credit the author (but see below), don't make money from it, and do make it available to everyone else under the same terms.

This content was accessible as of December 29, 2012, and it was downloaded then by <u>Andy Schmitz</u> (<u>http://lardbucket.org</u>) in an effort to preserve the availability of this book.

Normally, the author and publisher would be credited here. However, the publisher has asked for the customary Creative Commons attribution to the original publisher, authors, title, and book URI to be removed. Additionally, per the publisher's request, their name has been removed in some passages. More information is available on this project's <u>attribution page (http://2012books.lardbucket.org/attribution.html?utm_source=header)</u>.

For more information on the source of this book, or why it is available for free, please see <u>the project's home page</u> (<u>http://2012books.lardbucket.org/</u>). You can browse or download additional books there.

Next Steps: Sustainability Strategy

So where do you go from here? By now, it should be apparent that sustainability infiltrates every aspect of the business. Although individuals may champion sustainability initiatives at various points throughout the organization, a sustainable business incorporates sustainability into every aspect of the firm; sustainability becomes central to the overall direction and strategy of the firm. That is, one can never actually pursue the goal of a sustainable business without integrating sustainability into the fabric of the organization's strategic direction. Sustainability is recognized as being more than an initiative, a program, or an activity; it is recognized as a new worldview or mindset regarding how business operates. This requires commitment and buy-in by those in top positions who are responsible for the overall management of the company. But what if your company's senior executives are not yet convinced that sustainability is a worthwhile pursuit?

9.1 Sustainability as Incremental Improvements

It is not unusual for sustainability to be championed by one person, department, or division. If this is the case in your company, we applaud you for your initiative and foresight! Or perhaps there has not yet been any particular sustainability emphasis within your company and you wonder where to start. As such, we make these suggestions:

- 1. **Prove the business case.** Start with a small project in your division or department. Over time, refine the project so that it can be scaled and transferred to other areas of the company. Above all, make the business case by calculating the positive impacts and results of the project (often quantified in terms of savings, other improvements, or both).
- 2. Establish a green team. A green team can explore options for sustainability and identify the low-hanging fruit (easy-to-implement projects that are low cost but offer high returns). Work with others who share your vision for a sustainable workplace.
- 3. **Raise awareness**. Education and awareness are critical for change. Use a newsletter, Web site, discussion group, bulletin board, or other means of communication to publicize successes and educate others on sustainability impacts. One thing we have learned is that you must show people how sustainability (and its impacts) relates to them.

If your company has moved beyond the stage of sustainability as incremental improvements, then your company is well on its way toward embracing sustainability as **strategy**¹. We devote the rest of this chapter to a discussion of how sustainability is deeply embedded throughout the organization as a strategic priority of the company.

1. A method for guiding management's choices about where to compete—which customers to serve, with what products and services, and how to deliver those products to customers effectively and profitably.

9.2 Sustainability as Strategy

Sustainability as strategy will encompass all aspects of the company's operations, as demonstrated in the previous chapters. Sustainability as strategy entails a new perspective, recognizing that financial gain is not the only imperative of the firm. Rather, social, environmental, and economic gains can be enjoyed by all and business is the vehicle through which it can happen. Your business can be used to make the world a better place. This idea gains much resistance from those who have been trained to believe that profit is the only purpose of business. That is, some may balk at the idea that a business has any responsibility beyond that to its shareholders.Friedman (1970). For those sharing this perspective, consider the future risks inherent in current operational practices if more stringent social, environmental, or economic regulations emerge. Every executive and Board of Directors should be attuned to world trends impacting the global business environmentDoering et al. (2002). and conduct a risk audit of current operations (and the supply chain) to identify vulnerabilities in light of these global trends. A risk audit would entail an honest evaluation of energy usage, water usage, waste produced, toxins used or produced (or both), human resources practices, value and supply chain operations, community relations, regulations and standards, customer relations, technology, and the like. Furthermore, an honest assessment of strengths, weaknesses, opportunities, and threats is in order. The progressive company will view potential risks as opportunities to improve the organization and to seize new market opportunities. In the words of Peter Drucker, "Every single social and global issue of our day is a business opportunity in disguise." Cooperider (2008).

Many successful businesses are exemplars of sustainable and responsible business practices; some before it was "fashionable." Classic examples include Ben & Jerry's (now owned by Unilever), Whole Foods Market, Body Shop (now owned by L'Oréal), ShoreBank, Interface, Newman's Own, Burt's Bees, Seventh Generation, Tom's of Maine (now owned by Colgate), Greyston Bakery, Green Mountain Coffee Roasters, Armstrong International, Virgin Group, Golden Temple, and many others. Today we see a new generation of companies continuing and even expanding on sustainable and responsible business models. A brief overview of a very small selection of these companies is provided in <u>Chapter 10 "Sustainable Business: Case Examples"</u> of this book. These companies serve as role models for others pursuing sustainability.

While many businesses will forge their own path toward sustainability, there is a growing infrastructure of principles and standards to help guide and provide direction to companies. Adoption of these principles and standards is voluntary, allowing businesses the flexibility to choose among the many options available. We will discuss the most commonly adopted principles and standards.

Principles of Corporate Conduct

There currently exists a growing body of protocols for businesses that seek to be sustainable. In addition to creating a strong values-based and ethical corporate culture, many businesses will explore the numerous principles for corporate behavior. Principles of corporate behavior are broad sweeping guidelines to which the business subscribes and which reflect the values and goals of the business. Companies will select one or more that are most appropriate to the type of business and that reflects the outcomes the business wishes to achieve. Whether or not the business elects to become an official signatory of the principles, they can still offer guidance on the type of values the corporation will seek to uphold. We will briefly explain the most common principles for corporate behavior.

United Nations Global Compact. Among the most commonly referenced set of principles for corporate conduct is the **United Nations Global Compact**². The UN Global Compact contains 10 principles for responsible and sustainable business activity in the areas of human rights, labor, the environment, and anticorruption. Over 4,700 businesses worldwide have become signatories (participation is also open to nonprofits, academic institutions, and municipalities).United Nations Global Compact (2008). The UN Global Compact is the business extension of broader UN goals, including the UN Millennium Development Goals (MDG) for governments and international organizations. The UN MDG set forth eight goals (with 21 accompanying targets) related to poverty, education, gender equality, child mortality, maternal health, disease, the environment, and global partnerships. The MDG initiative has been signed by 189 UN member states and international organizations with the goal of achievement by 2015.

AA1000 Framework. Another popular set of principles for corporate conduct is the AccountAbility 1000 (AA1000) series. The AA1000 Framework seeks to engage all stakeholders in determining the organization's course toward its vision. The AA1000 Framework is designed to complement the Global Reporting Initiative (GRI), the most frequently used sustainability reporting framework worldwide (discussed in <u>Chapter 8 "Accounting"</u>).

Caux Round Table Principles. The Caux Round Table Principles provide a global vision for business conduct based upon shared values. The principles were developed in 1994 and offer a self-assessment and improvement process self-appraisal tool for organizations to assess their progress.

ISO 26000. The International Standards Organization's (ISO) 26000 guidelines were released in 2010 and serve as a set of principles or guidelines on corporate responsibility, or the relationship between a business and all its stakeholders. The

2. One of the most commonly referenced set of principles for corporate conduct, it contains 10 principles for responsible and sustainable business activity in the areas of human rights, labor, the environment, and anticorruption. ISO 26000 standards serve as guidelines only and are not part of the ISO certification process.

The Natural Step. The Natural Step puts forth four broad beliefs or philosophies on how business should operate within the natural environment. For those who subscribe to these value statements, the Natural Step offers a framework and tools to assist businesses.

The Aspen Principles. The Aspen Institute's Business and Society Program provides educators and executives with research, information, and opportunities for sustainability and values-based leadership. The Aspen Institute's Business and Society Program has put forth the Aspen Principles. These principles suggest that a long-term focus will ultimately lead to value creation for the corporation. Specifically, they promote improved corporate governance as a means toward long-term value creation for the company, economic growth for the nation, and better service to society.

Coalition of Environmentally Responsible Economies Principles. For the business that chooses to focus only on environmental impact, the Coalition of Environmentally Responsible Economies (CERES) Principles focus on the environment and climate change.

There are a number of less frequently used principles for corporate conduct. These include the defunct UN Human Rights Norms for Business, the Organization for Economic Cooperation and Development Principles of Corporate Governance and Guidelines for Multinational Enterprises, the International Chamber of Commerce Business Charter for Sustainable Development, and the Global Sullivan Principles of Social Responsibility.

Standards

After determining the principles to which a business will subscribe, the next step is to select standards for performance. Some standards identify specific guidelines for corporate behavior while others detail specific quantifiable benchmarks to achieve. There have been efforts to create uniform standards that apply to all organizations and all industries; these have had mixed success. Uniform standards include the Sustainability-Integrated Guidelines for Management, or SIGMA Project, Certified B Corporations, the Corporate Responsibility Index, and the now defunct Social Venture Network Standards of Corporate Responsibility. In addition, there are a growing number of local, regional, and national organizations that identify required criteria to become certified as a sustainable or green business (e.g., Bay Area Green Business Program).

SIGMA Project. Project SIGMA offers guidelines for companies on social, environmental, and economic performance. The guidelines attempt to integrate five types of capital (human, financial, social, manufactured, and natural) while practicing accountability and transparency with all stakeholders.

Certified B Corporations. B corporations are a new type of corporation. To be certified as a B corporation requires companies to (a) meet comprehensive and transparent social and environmental performance standards, (b) amend governance documents to incorporate the interests of all stakeholders, and (c) build collective voice through the power of a unifying brand.

Corporate Responsibility Index. Business in the Community's Corporate Responsibility Index is an online survey of participating companies' performance in seven areas of corporate responsibility: strategy, integration, management, social impact, environmental impact, assurance, and disclosure. The annual results are compiled to create a benchmark of corporate responsibility. Participating companies receive a personalized report to compare their own practices to the average benchmark. This process highlights the gap between current performance and the industry benchmark.

Not all standards address the full three-dimensional realm of sustainability. Some standards focus only on the social or environmental performance of an organization; other standards apply only to a particular industry.

Standards for Social Performance. Standards with a more narrow focus on socially related concerns include ISO 9000 (labor standards), SA 8000 (labor standards), Ethical Trading Initiative (ETI, labor standards), OHSAS 18001 (occupational health and safety), FairTrade (agriculture and handicrafts from emerging economies), and the Standards of Excellence in corporate community involvement (corporate citizenship).

Standards for Environmental Performance. Standards with a more narrow focus on environmentally related concerns include ISO 14000, the Kyoto Protocol, LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council, and the Forest Stewardship Council. In addition, there is explosive growth in the number of local, regional, and national organizations offering certification as a green business.

Standards for Industry Performance. Standards with a focus on a particular industry are too numerous to mention and exist for every known industry. However, among the more well-known industry standards are the Apparel Industries Partnership

(apparel), Fair Labor Association (apparel), Common Codes for the Coffee Community (coffee), Responsible Care (chemicals), Extractive Industries Transparency Initiative (mining, oil, gas, etc.), Green Computing Maturity Model Process (computing), RugMark (handwoven rugs), Equator Principles (banking and finance), and the AIChE Sustainablity Index (engineering and scientific firms), just to mention a few.

While adoption of principles and standards are neither required nor necessary for sustainability, they do add credibility to the organization's sustainability efforts. Upon determining principles for corporate conduct and specific standards to follow, the sustainable business turns to the task of implementing the sustainability strategy throughout the various functional areas of the company and tracking and measuring sustainability performance (as explained in each of the preceding chapters).

9.3 Making the Sustainability Commitment

As a strategy, sustainability requires leadership and top-level commitment, strong values and ethics deeply embedded in the corporate culture, and incorporation throughout all business activities. Sustainability must be embedded in the core competencies and competitive position of the company and engage all stakeholders. Finally, reexamination of the business model, organizational structure, reward system, and other management systems are in order. We will examine each of these in further detail.

Leadership and Top-Level Commitment

Sustainability requires commitment by the Board of Directors, CEO, and top management team. This commitment and leadership begins at an executive level and is spread throughout the organization. Leadership and top-level commitment demonstrate that sustainability is a priority for the organization. Many corporations have created new positions, such as Corporate Responsibility Officer or Corporate Sustainability Officer, to oversee this aspect of company operations.

In addition to supporting sustainability as a value of the organization, many organizations, such as the U.S. Green Building Council, have turned to **dynamic governance**³ (also termed sociocracy)Endenburg (1998); Siong and Chen (2007); Buck and Villines (2007). as a model for corporate governance, decision making, and organizational structure. The sociocratic model has four principles: decisions are made by consent, the organization is a hierarchy of semiautonomous circles, circles are double-linked with two representatives from each circle serving on the next circle up in the hierarchy, and elections are held by consent. The model is inclusive, gives everyone a voice, and reaches consensus easier and faster than traditional governance, decision making, or organizational structure models.

Values and Ethics

One thing we see in common throughout sustainable organizations is a strong values-based and ethical corporate culture. In fact, it is argued that the strategic deployment of corporate values is a necessary building block for competitive advantage in this new era of sustainable business.Landrum, Boje, and Gardner (2009); Rochlin and Googins (2005). Training and development opportunities for employees will focus on personal growth and development, instilling corporate values and ethics, and promoting sustainability.Landrum, Boje, et al. (2009).

3. A model for corporate

governance, decision making, and organizational structure that consists of four principles: decisions are made by consent, the organization is a hierarchy of semiautonomous circles, circles are double-linked with two representatives from each circle serving on the next circle up in the hierarchy, and elections are held by consent. Also referred to as sociocracy.

Core Competencies and Competitive Position

As we have seen throughout this book, sustainability encompasses the entire organization. Sustainability is deeply integrated throughout all activities, functions, operations, and business activities. Sustainability should also be deeply embedded in the company's core competenciesHamel and Prahalad (1990). and contribute to a strong competitive position for the company. That is, your business must develop strengths, competencies, and expertise in a way that sets it apart from its competitors (which makes the business unique, one-of-a-kind, and different) and that produces a result that is valued by customers.Hamel and Prahalad (1990). The business must develop a skill set that promotes its core competencies and strengthens its competitive position so that the business becomes known as the place to patronize for those who seek out that particular core competence.

As an example, if you think of a business that has the absolute lowest prices, one particular business may come to mind. Or if you think of a business that has combined low prices and stylish or trendy items, another particular business may come to mind. These descriptions might identify the particular business's core competency (or what they are known for, the business's area of expertise). It is also certain that a broad skill set has been developed across all functions and dimensions of the business to promote and advance the core competency, thereby strengthening its competitive position in the market place.

A sustainable business must identify its core competency (what it is known for), identify the set of skills across the entire range of business functions that must be developed in order to perfect the core competency, and use this information to strengthen its competitive position against rivals. Sustainability must be rooted in the core competencies and must contribute to strengthening the company's competitive position; sustainability should be the linchpin of, rather than peripheral to, the company's strategy.

Stakeholder Engagement and Assurance

Sustainability requires a shift in mindset in the way companies interact with stakeholders. Companies have historically viewed stakeholders in terms of their threat and power and have developed strategies for managing stakeholders in order to reduce their threat and neutralize their power.Freeman (1984); Mitchell, Agle, and Wood (1997). By contrast, a sustainable business will interact with stakeholders, including critics, listen to their concerns, and will seek to engage them in identifying plausible solutions. There appears to be no prominently used stakeholder engagement standard although several exist, including AA1000 Stakeholder Engagement Tool (both discussed in <u>Chapter 8 "Accounting"</u>). It appears that most

companies develop their own approach to stakeholder engagement. As such, companies must consider how each stakeholder will be impacted within the sustainability efforts.

Suppliers. A commitment to sustainability will require that the company engage its suppliers in the move toward more sustainable business practices. This will require a critical analysis of suppliers' current social, environmental, and economic impacts. It is of critical importance to engage suppliers in your transition toward sustainability so that your business has a complete understanding of the supplies being used, the conditions under which they were produced, and their associated impacts. Sustainable businesses often work with suppliers to help them become more sustainable. Furthermore, suppliers need to understand what types of products and services you seek to support your sustainability strategy.

Customers. Customers can offer valuable insights regarding your business and should be engaged in sustainability efforts. In addition, customers should be part of the sustainable business's education and communication efforts related to sustainability. This group of stakeholders might ultimately be affected by changes in product or service offerings.

Employees. Employees can be engaged in the sustainability process in a number of ways. Training and education will be critical (as discussed in <u>Chapter 3 "Human</u> <u>Resources"</u>). For example, employees must understand their role in the sustainability strategy, rewards for achieving sustainability goals, and the change in corporate emphasis from a profit orientation to a more balanced triple bottom line orientation. Employees must also frequently receive communications related to sustainability progress. Lastly, employees can be an invaluable source of sustainability-related innovations.

Shareholders. Shareholders must also understand the change in corporate emphasis from profit orientation to triple bottom line. Studies show that sustainability-focused companies outperform other companies. Most recently, a study of companies with a commitment to sustainability showed that they continued to outperform other companies even during the midst of the economic crisis during the period of May through November 2008.A. T. Kearney, Inc. (2009).

Society. Communities and society at large are important stakeholders that must be included in a company's sustainability efforts. Americans are skeptical of and generally do not trust businesses, particularly big businesses.Deutsch (2005). Furthermore, it may be more difficult to overcome image and reputation problems.

As we discuss society as a stakeholder, globalization and international strategies bear mention here. Once a company begins conducting business outside its own borders, the sustainable business will become cognizant of the unintended consequences of traditional international strategies.Landrum (2009). Companies have been accused of exploiting human and natural resources in areas in which they have business operations.

Base of the pyramid (BOP) strategies⁴ seek to address these concerns and improve the social, environmental, and economic performance of corporations conducting business in emerging economies.Prahalad and Hart (2002). Not without criticism,Landrum (2007). BOP strategies are an effort to adopt localized nonethnocentric partnership-based approaches to conducting business in emerging markets. BOP strategies also seek social, environmental, and economic benefits for all partners involved. The Base of the Pyramid Protocol 2.0Simanis and Hart (2008). provides an excellent standard for conducting business in emerging economies.

One example of a BOP strategy is Grameen Bank. Muhammad Yunus started Grameen Bank as a means of providing credit to the poorest residents in rural India. Loans are made to an individual, without collateral, whose family and friends guarantee the loan. Loans are typically small, or microloans, but can make a significant impact in residents' quality of life. Yunus was awarded the Nobel Peace Prize in 2006 for this social banking model and strategy that ultimately fights poverty and promotes self-sufficiency in BOP communities.

Other stakeholders. The list of a company's potential stakeholders is much larger than the five groups of stakeholders mentioned here. Other possible stakeholders include creditors, environmental organizations, nonprofits, government, and many more. The sustainable organization will engage each group in a cooperative dialogue to generate mutual benefit.

Numerous academic centers, research centers, and nonprofit organizations around the world work with businesses toward a sustainable future. Among those centers and organizations are the Applied Sustainability Center, Business Alliance for Local Living Economies, Center for Business as an Agent of World Benefit, Center for Companies That Care, Center for Corporate Citizenship, Center for Responsible Business, Center for Sustainable Business Practices, Center for Sustainable Enterprise, Center for Sustainable Global Enterprise, Consortium on Green Design and Manufacturing, Enterprise for a Sustainable World, Erb Institute for Sustainable Global Enterprise, Ethical Trading Initiative, Forum for Corporate Sustainability Management, Global Institute of Sustainability, Green Design Institute, Minnesota Center for Corporate Responsibility, National Association of Socially Responsible Organizations, Peace Through Commerce, World Business Council for Sustainable

4. Sustainability strategies that seek to improve the social, environmental, and economic performance of corporations conducting business in emerging economies. Development, and World Resources Institute. Sustainable businesses recognize the importance of mutual learning and networking with others in order to generate a shared knowledge base.

Assurance. It is important to provide assurance (a social audit, ethical audit, or monitoring) that systems are in place to track and measure sustainability claims made by a company. There are two widely used assurance standards that companies will want to consider: AccountAbility's AA1000 Assurance Standard 2008 and the International Auditing and Assurance Standards Board's International Standard for Assurance Engagements (ISAE 3000). Both are discussed in detail in <u>Chapter 8</u> <u>"Accounting"</u>.

Business Model, Systems, and Structure

Incorporating sustainability throughout all functional areas of the business and across the entire supply chain of the business will require closer examination of the business model being used, the various management systems in place (including reward systems), and the organizational design or structure in place; changes may be in order. A business model is the way in which a company's value chain is organized in order to be most efficient and effective in achieving its social, environmental, and economic goals while making a profit.

A particular example of an innovative business model emerging in this era of sustainable business is a social or open business model that engages stakeholders in determining and defining how the business will operate. Stakeholders are the decision makers and contribute to the ongoing operations of the business. First termed crowdsourcing,Howe (2006). social business models leverage the power of mass collaboration in creating a successful business.Tapscott and Williams (2006). One example of a successful **social business model**⁵ is the sports apparel company nvohk where anyone can become a partner for \$50. Partners contribute apparel and logo designs, vote on designs, vote on advertising, sponsorships, and which charities receive 10% of the company profits, and make many other company-related decisions.

5. An open-business model that leverages the power of mass collaboration in creating a successful business. First termed crowdsourcing, stakeholders are the decision makers and contribute to the ongoing operations of the business. Furthermore, the company may need to reexamine its management and control systems (including corporate governance and reward systems), organizational structure, corporate culture, and other aspects of the business (such as the discussion on dynamic governance earlier in this chapter). For example, as with all aspects of strategy and strategic planning, the company must set sustainability-related goals, measure results, train, educate, and involve employees and other stakeholders, and tie rewards to the achievement of goals. The organizational hierarchy in place must be one that supports the sustainability-related goals and

objectives of the strategic plan. Sustainability is well planned and coordinated across all activities of the corporation, and the business model, systems, and structure must support the sustainability-related goals of the strategic plan.

9.4 Conclusion

We have presented an enormous amount of information throughout this book that may appear overwhelming. At this point you are probably wondering where to begin. First, keep in mind that there is no easy one-step approach to becoming sustainable; sustainability is a *continuous* process that requires critical self-analysis, honesty, innovation, and risk. That is, before beginning this journey toward sustainability, a business should be prepared to be self-reflective, critical, and honest about all its operations and associated impacts, and a business should be ready to take risks and be innovative, moving beyond its comfort zone, or business as usual.

Second, consider that sustainability encompasses the operations of the entire business: every process, every activity, and every function. A business will not be able to implement one or a few changes and proclaim that the business has achieved sustainability. A business should be prepared to apply the aforementioned critical self-analysis, honesty, innovation, and risk across all processes, all activities, and every function of the business. Sustainability is a company-wide change in mindset, philosophy, views, and practices related to how the business operates.

Lastly, realize that sustainability incorporates a triple bottom line in evaluating company performance: the environmental, social, and economic impact of the business (also referred to as planet, people, and profit). Since pursuit of this triple bottom line is central to sustainability, our discussion on this point bears repeating.

The efforts that a business makes to reduce its environmental impact are equated with the term going green. Since green modifications can often be translated into financial terms (cost, return on investment, savings), this is often the first step a business will pursue in beginning the sustainability journey. Among some of the commonly implemented activities here are creating company "green teams" to explore and champion ways to become more environmentally friendly, recycling and reducing waste, using recycled products, changing to compact fluorescent lightbulbs and retrofitting other lighting, implementing energy-saving activities, pursuing LEED certification, and implementing ISO 14001 standards.

The efforts that a business makes to increase its social impact often refer to the impact of company policies, procedures, practices, and operations on employees, on those employed by its suppliers, and on communities, cultures, and society. A business should critically evaluate the impact of its own practices and policies on employees. A business should also demand transparency from suppliers to

understand where all supplies were generated and the conditions under which they were produced. Common activities of a sustainable business include the use of Fair Trade products (such as coffee in the break room), avoidance of products that may have been made with child or forced labor, contributions to solving social problems, implementation of SA 8000 standards, providing fair and safe working conditions, living wages, insurance and other benefits, and a offering employees a work–life balance.

The efforts that a business makes to maximize its economic impact often refer to the economic impact the business has on communities or societies within which it operates. This does not refer to the "profit" the company shows on financial statements but rather refers to how the community or society "profits" from the presence of the business, which, in turn, will result in continued profitability for the company. That is, economic impact refers to the community or society. Common activities include the payment of fair and living wages, providing positive impacts on the local economy and on local economic development (job creation, tax dollars, property values), and assessing the stress or relief created for local public service systems as a result of the business's operations.

So how can your business become a sustainable business? To begin your journey, we recommend that you pick one thing, one process, one activity, or one department. Be prepared to apply critical self-analysis and be honest in identifying the associated environmental, social, and economic impact of current business practices, processes, and operations. Begin by measuring the current impact, set goals and timelines for improvement, and then track and measure those improvements and results. Do not be afraid to experiment and learn what other companies are doing. Involve and listen to employees, suppliers, customers, and others, including critics.

As your company begins its sustainability journey, remember that changes will impact operations company-wide. Therefore, sustainability education is important for employees, suppliers, and customers alike, as is communication of progress toward sustainability goals. It is also important not to overstate claims or accomplishments (referred to as greenwashing). Yet another word of caution is to remember that sustainability is three-dimensional. While the concept of green is becoming mainstream, sustainability requires that you not overlook the other areas of impact (social and economic impacts). As a company begins to build a track record of changes and successes, continue bringing more processes, activities, and departments into the fold until the entire organization is focused on the triple bottom line of sustainability. Above all, remember that as a company pursues sustainability, there is no end to this journey; it is a continuous process and refinement of the way we view business within the context of society. Refer to <u>Note</u> <u>9.6 "How to Begin the Journey Toward Sustainability"</u> for additional tips.

We return to our definition introduced at the beginning of the book: a sustainable business is one that operates in the interest of all current and future stakeholders in a manner that ensures the long-term health and survival of the business and its associated economic, social, and environmental systems. Sustainability requires a new view of business and a new philosophy on how business should be conducted. Armed with this new perspective, we believe that business can become a vehicle for positive change.

How to Begin the Journey Toward Sustainability

- 1. Educate, inform, and engage stakeholders.
- 2. Pick one thing (one process, one activity, or one department).
- 3. Identify and measure its associated environmental, social, and economic impact as a result of current business practices, processes, and operations.
- 4. Engage stakeholders in identifying areas for improvement, creating measurable goals, and setting timelines for achievement.
- 5. Assign specific tasks and responsibilities.
- 6. Track, measure, and document results.
- 7. Refine and adjust as needed.
- 8. Communicate progress.
- 9. Expand efforts to other processes, activities, and departments (and repeat the previous steps).
- 10. Share your knowledge; mentor others.