



# Sustainable Development

*Walking the sustainable development talk to achieve business value*

By Richard MacLean

*Sustainable development is the buzzword de jour. Pick up any corporate environmental report and it will wax eloquently on the company's total commitment to sustainability, sustainable growth or some variant of this concept. Are companies doing the easy talk or the serious walk? And is there really any business value in walking the talk?*

**D**orothea Brande, author of the classic *Becoming a Writer* (J.P. Tarcher, 1981) declared, "A problem clearly stated is a problem half solved." When I review corporate environmental and social responsibility reports, the first thing I look for is a clear and compelling definition of sustainability as it relates to the company's business.

It is rare to find a clear definition and even more unusual to find a sustainable development policy. Typically, one finds platitudes such as "we pledge to provide the stewardship and care that fragile, complex and irreplaceable ecosystems require" next to the picture of the CEO in earth-tone outdoor clothing touching flowers in a field. (You think I could make this up?) Can you imagine going into a plant manager's office and giving her these marching orders? Her reply would most certainly be, "You want me to do *what*?"

The most common definition I find (and typically not even this is provided) is the Brundtland Commission's "satisfying present needs without compromising the ability of future generations, to meet their own needs." One researcher found over 60 definitions of the term by various government and non-governmental organizations (NGOs). While these groups may have developed definitions to suit their needs, it appears that few companies have thoroughly developed this issue into a comprehensive

and actionable business strategy. And that is why the issue is an opportunity.

## Life Cycle of an Issue

Deborah Anderson, President of Farsight Associates Inc. specializes in issue management. She states that "issues have a very predictable path towards resolution. If you understand the dynamics at play, you can manage the emerging issue to your company's strategic advantage." Issues typically evolve along the track illustrated in Figure 1.

The overall time scale may vary from weeks to decades and the resources may vary from the trivial to massive investments in the world's capital, but the dynamics and sequences remain essentially the same. The key point to her diagram is that the most opportune time to gain competitive advantage is early in the development of the issue (emergence stage) as others are still ignoring or attempting to define the issue for themselves. This stage arrives long before the politicians and the press become involved; once it reaches that point, it is crisis as usual (i.e., lobbyists are called into action).

Although Figure 1 is generic in its application, it applies particularly well to environmental issues. These issues can be overarching in scope (such as the control of harmful substances in the environment) or very specific concerns (such as the ozone hole, actually a subset of the former). Regardless of scope, the issues follow the steps on the curve.

Broadly speaking, both the "control of harmful substances in the environment" and the "ozone hole" examples have reached full maturity along this evolutionary curve. For example, if one considers the past 30 years as the "pollution control and prevention era," we can better understand why business

management believes that the issue has largely run its course, at least from a strategic and competitive standpoint. The systems and strategies to address these issues are largely in place. They have become cost savings issues, not strategic issues.

For sustainable development and its subset issue, global warming, most companies are still in the early stages of defining their competitive strategy, assuming that they have even reached this first step at all. They are somewhere between states one and four in my irreverent sidebar "Eight Stages of a Corporate Environmental Problem." However, by examining Figure 1 again, one sees that companies are now in their best position to turn this issue into a competitive opportunity.

## Walking the Talk

There are a few companies that have very serious efforts underway to define their strategies for sustainable development. Companies such as Ford, Shell, Lever and BP Amoco come to mind. A few industry sectors are collectively defining the strategic implications. For example, the World Business Council For Sustainable Development is currently working with the mining and cement industries. The participating companies may not yet have their own policies together, but the outcome of these studies will no doubt have a profound effect on their industry.

Companies that completely embrace a sustainable development philosophy are still very rare, what John Elkington (founder and chairman of SustainAbility Ltd.) defines as the "butterflies" of industry. These companies may be beautiful in their approach, but they carry no weight to move others. The field is still ripe for change.

So what does all this mean to you, the environmental professional?

First, do not confuse all the talk and anecdotal case studies as evidence of companies with a comprehensive and fully integrated action plan. Sustainability as a business issue is still largely in play. All too often companies have done a few projects that demonstrate the characteristics of sustainable development and then imply/declare/believe they are well along the path to sustainability. But where does the path lead and how does one get there? Corporate reports are filled with this anecdotal evidence. No company has really worked this out to the resolution stage and that is why it presents a competitive opportunity.

Second, recognize that unless your business management has a very clear definition of sustainable development as it relates to your business, you have not even taken the first baby step along its path. How many definitions of sustainability have you read that you could turn over to business management who would then have both a clear understanding of what needs to be done and be inspired to apply resources to accomplish it? These things are inevitably crafted for public relations.

What I see is an emergence of very specific indices of performance that will define where companies stand relative to their sustainable development performance. These indices will become the *de facto* business definitions of sustainability and the measure of competitive positioning just as return on investment and other financial indices are measures of business success. Companies are only just now undergoing the necessary research to determine what is significant, let alone having the systems in place to measure them. The sustainability metrics are such an important topic that I will cover them in upcoming *Manager's Notebook* columns.

Third, explore the tools to transform the concept of sustainability into business value. Practical material is just now appearing. Two of my favorites are *Sustainability through the Markets - Seven Keys to Success*<sup>1</sup> and *Buried Treasure - Uncovering the Business Case for Corporate Sustainability*<sup>2</sup>. These give insight into how you might develop an integrated approach to sustainability, but ultimately it will be up to you to devise a strategic plan that suits the company needs. Unfortunately, the standard approach taken by many is to form an internal team, and like

the Nike ad, "Just do it!" That might work for playing a great game of basketball, but for hardball business completion, forget it. There are much better ways to go about this.

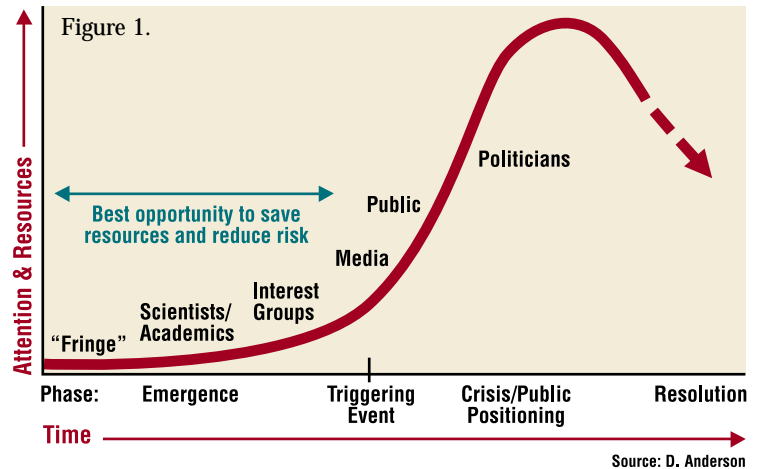
Fourth, seek much greater stakeholder input than you have in the past during the "pollution control and prevention era." This past era was largely an exercise in technical innovation (i.e., fixing the legacy of polluting processes), but sustainability is more than just another round of technical innovation aimed at the product side of the business. Sustainability involves cultural and societal issues and there is a decreasing bright line between industry's role to produce and government's role to regulate. That is what corporate social responsibility is all about.


Competitive advantage can be maximized through stakeholder input on a much broader scope, including a reality check from management consultants, such as Deborah Anderson and myself. If you doubt this for a minute, investigate the effort that Shell undertook to define its sustainability indices of performance. There are new stakeholder tools in use, and a visit to Deborah Anderson's Web site ([www.farsightassociates.com](http://www.farsightassociates.com)) might be a good next step.

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# Eight Stages of a Corporate Environmental Problem

1. It is not a problem.
2. The problem has no scientific basis.
3. It is not my problem.
4. Good public relations will handle the problem.
5. This problem will have no material impact.
6. We need to react to this problem fast.
7. The problem is under control.
8. We no longer have to think about this problem.



The stakeholder world is uncomfortable stuff for business. “Outsiders” may flatly tell you that the company’s favorite project is not the “end all” effort. Without this input, however, you are just living in your own unsustainable world. 

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## References

- <sup>1</sup> *Sustainability through the Markets - Seven Keys to Success*, World Business Council for Sustainable Development, Geneva Switzerland, April 2001.
- <sup>2</sup> *Buried Treasure - Uncovering the Business Case for Corporate Sustainability*, joint project of the United Nations Programme (UNEP) and SustainAbility, published by SustainAbility, London, 2001.

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