

## **Making Sustainability Mainstream**

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### **The Business case**

There is growing evidence that the business case for sustainable enterprise exists! More and more companies are aiming for societal influence more broadly conceived than the supply of products and services suited to their clients. They are broadening their 'value proposition' towards creation 'shared value' or coming up with real solutions to societal problems.

Companies actively study how their operations relate to societal and environmental challenges. They are guided not by what they legally *must* do with respect to society, but rather by the expectations of various interested parties (stakeholders), by what they *can* do. Within the economic framework of enterprise, companies help form a society in which the fulfilment of the needs of the current generation's needs does not infringe upon the fulfilment of the needs of future generations. This can be achieved in all kinds of different ways, such as energy saving products, codes of conduct prohibiting child labour, partnerships with non-governmental organisations to pool resources for societal causes, or initiatives aimed at promoting animal wellbeing.

### **Ambivalent consumers require corporate leadership**

Today, companies are expected to have their own vision for these societal issues. Consumers are more empowered and attach greater value to sustainability, investors recognise its risks and opportunities, and companies come under scrutiny from societal organisations. Rapid exchange of information over the internet and social media completes the conditions needed for real change. The attitude of consumers to sustainability is, however, ambivalent and paradoxical. Various companies offer recognisable and prominently positioned sustainable alternatives, trying ever harder to make it easy for their clients to choose sustainability. Purchasing behaviour, however, still lags behind. While we expect companies to prioritise sustainability, consumers still choose the 'cheapest' product instead of more sustainable alternatives. This is paradoxical because sustainable products need not be more expensive, but are perceived as such by the consumer. Studies show that consumer awareness of sustainability has grown, but action lags behind. Nevertheless, thanks to the transparency of the internet and speed of news, consumers observe business behaviour. A negative attitude to sustainability can be expected to result in negative consumer attitudes and behaviour.

Similar patterns are detectable in the business to business market. Companies demand more from one another when it comes to sustainability of products and services. In some cases this is associated with financial rewards. Earning societal appreciation for much further reaching societal and environmental initiatives is more crucial than ever to an organisation's continuity. Where in the past people spoke of a 'licence to operate', this concept is increasingly seen as the minimum standard. After all, permission to proceed with operations is a pretty meagre step in the direction of sustainable enterprise. Sustainability is about societal contribution and reaping the benefits of societal value. It therefore goes beyond compliance.

### **Crises spur the search for new sense-making**

A series of crises, from food safety to climate change to human rights violations, have hit society hard, making the societal responsibilities of businesses painfully visible. They emphasise the fact that a company's first responsibility is providing products and services which benefit the continuity and stability of both society and the company itself. This is also referred to as the 'value proposition' of companies, while related to its so called 'fiduciary

duty'. Society must be able to trust that promises to clients will be fulfilled, without small print or snakes in the grass. A company with a progressive climate programme for carbon dioxide reduction sells itself and society short if accounting regulations are violated and fraud rears its head in the same head office. This is a question of the full scope of sustainability and integrity: *People, Planet and Profit*.

Growing numbers of business leaders understand this situation. Such leaders decide the societal aspects of their activities based on dialogue with stakeholders, reflect on their roles, formulate goals for issues such as transparency and institute implementation programmes to shape the sustainability of their enterprises. They make product and service innovations, and adjust processes and initiatives targeting their suppliers.

### **From philanthropy to strategic choice**

The movement of these companies towards sustainability is often a well-considered strategic choice. Nevertheless, the path of transition is not necessarily obvious; it is often full of bumps and pitfalls. Sometimes the trail seems to run cold and it is necessary to take a step back and find a different route. Eventually it often turns out to be possible, and indeed necessary, to pick up speed.

One of the problems in effectively managing this transition is that the academic literature often lags behind societal reality. A clear and unambiguous business case for sustainable enterprise has not yet been formulated. There are no magic formulae; sustainability is context dependent and difficult to replicate from one situation to another.

Despite this sometimes difficult journey, a substantial number of companies have overcome considerable barriers, ensuring that the course of sustainability is irreversible; tipping points have been passed and sustainability robustly anchored. We have a great deal to learn from these companies. Their insights and experiences are valuable to managers and others contemplating a similar task.

### **Making it work for you and your organisation**

The book [\*Managing the Transition to a Sustainable Enterprise\*](#) provides you with a large number of examples and management interventions for how a number of frontrunner companies have taken advantage of these tipping points.