

## Sustainable Enterprise: Making it happen

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**‘I think that the world has reached a tipping point now. We’re beyond debates over whether addressing sustainability is something that needs to be done – it’s now mostly about how we do it.’ Steve Fludder, Vice President, Eco-Imagination, General Electric.**

Recently, the UN Global Compact, in partnership with Accenture, undertook reportedly the largest-ever CEO survey on sustainability, conducting more than 800 surveys and interviews.<sup>1</sup> The Global Compact supports businesses to align their strategy and operations with practices and behaviours that lead to a safer, fairer and greener society.<sup>2</sup>

At first glance, the survey appears to herald a new era in awareness and action on sustainable development within the private sector. The headline results show that 93 per cent of CEOs surveyed see sustainability as important to their company’s future success. Further, 96 per cent of CEOs believe that sustainability should be fully integrated into the strategy and operations of a company. (It should be noted that most respondents were Global Compact members – which may explain the surprisingly positive findings.)

According to the survey, the shift towards sustainability thinking among participating CEOs is driven by three main factors: rising demand for more sustainable products and services; new technologies to increase operational efficiencies, decrease production wastes and emissions, and develop new products and services; and a growing need to develop mutually beneficial relationships across industries and sectors to address sustainability outcomes.

Despite this apparent progress, the report notes that significant challenges remain in translating strategic intent into action and outcomes.

A 2009 report from the MIT Sloan Management Review<sup>3</sup> reveals more about this gap between corporate positioning and tangible actions and outcomes when it comes to sustainability.

The report notes that although 92 per cent of its 1500-plus corporate respondents said their companies were addressing sustainability in some way, most of the actions cited appear to be limited to meeting regulatory requirements. In fact, more than 70 per cent of respondents said their company had not developed a clear business case for sustainability.

So, the challenge remains that while sustainability may be on the corporate radar and seen as fundamental to future business success, there is a long way to go to translate this into business strategy, and to embed sustainability principles and practices into operations and behaviours.

The Sloan Management Review report points to three reasons why companies struggle to tackle sustainability more decisively. First, they often lack the right information upon which to base decisions. Second, they struggle to define the business case for value creation. And third, when they do act, their execution is often flawed.

Nevertheless, there are a few notable examples of leadership in which companies have brought sustainability considerations into their business strategy, achieving tangible outcomes for themselves – in the form of financial returns, competitive advantage and reputation – as well as better environmental, social and economic outcomes for wider society.

For example, in 2005, General Electric (GE) initiated its ‘ecoimagination’ environmental solutions, which weren’t just for customers, but helped make the company’s operations more sustainable. Ecoimagination sold solutions within GE such as installing LED lights on a factory floor, or offering combined heat and power generation units. It was just not about selling a product, but a mindset to improve GE’s business in a carbon-constrained world.

1 A new era of sustainability: UN Global Compact-Accenture CEO study 2010, <http://tiny.cc/dowgfw>

2 The UN Global Compact asks companies to embrace, within their sphere of influence, a set of ten core principles in the areas of human rights, labour standards, the environment and anti-corruption.

3 <http://sloanreview.mit.edu/special-report/the-business-of-sustainability>

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