

Business Case for Sustainability

Sustainability is such an all-encompassing concept that it can sometimes sound like an empty buzzword. Indeed as one sustainability officer said, a challenge in making progress on sustainability is “the joke that nobody knows what it all means”. Because the concept seems to speak to such large global issues, it also may appear that individual companies can’t do anything regarding sustainability that will make a meaningful difference. None of these perceptions, however, are accurate. While it is a big concept, sustainability will have particular, practical meaning for every organization and will offer opportunities to every company both to improve the bottom line and strengthen the communities they rely on for success.

Sustainability as a concept is deeply rooted in the interlinked ability of individuals, companies, and communities to continue to prosper well into the future only by making balanced far-sighted decisions now. Because economic growth has often depended on patterns of natural resource use which cannot be continued indefinitely sustainability has a crucial environmental component. According to the World Wildlife fund, our planet's natural capital is being depleted at a rate that would require 1.5 earth to replenish it, and if the entire world consumed at the rate of the United States, we would need 3.5 earths to sustain ourselves. Ultimately, though sustainability serves people and their quality of life: ensuring that communities have a strong foundation for continued prosperity, and helping businesses see the opportunities that come with the challenges of changing long term economic and social sector realities. It's easy to see the relationship between sustainability and solid long term business thinking. Importantly, though sustainability is an especially important topic for business because of changes that are being felt right now. A changing climate and increasing pressure on limited water resources are just two realities that countries face. At the same time markets are changing, as millennials and top talent look for sustainability-conscious employees, while consumers and clients increasingly factor sustainability to their own purchasing decisions. While the practical meaning of sustainability varies from organization to organization the overall business case for sustainability offers a big opportunity.

Reducing cost: Making the most of resources Much of the sustainability’s momentum is rooted in the reality that many of society’s typical consumption patterns either cannot be continued from a practical standpoint or have long-term costs that are hidden from a resource’s main users. For a business, being more efficient in dealing with resources, therefore, has a potentially big impact on both sustainability and the bottom line. Using less water or energy or finding new ways to re-use a particular product or input might sometimes require an upfront investment but can significantly reduce both organization’s footprint and cost. Along with reducing what resources are consumed as part of doing business, making the most of resources also entails a newer way of thinking about an organization’s waste. Much of the leading-edge work on sustainability has to do with thinking about how what’s traditionally considered waste to be disposed of, can instead be viewed as assets to be capitalized upon, through recycling or innovative projects which also means to convert the linear model of take-make-waste into a circular model of consumption. T

Increasing revenues: Finding new markets New opportunities engage with every change. As sustainability becomes a bigger and bigger focus- amid larger shifts in which more and more people are rethinking what needs to change to ensure a healthy environment and society- the marketplace is also changing. As more types of buyers of more types of products and services increasingly factor sustainability into their decisions, major opportunities arise for businesses that can provide what this new marketplace demands. On the one hand, the users of products and services are increasingly thinking about sustainability in making their decisions. A Nielsen 2019 report on sustainability says that consumers aren’t just demanding that companies make changes to better the world. As their conscientiousness grows, they’re also making a few adjustments themselves. The majority (73%) of

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consumers say they would definitely or probably change their consumption habits to reduce their impact on the environment. Half of Nielsen global respondents (49%) say they're inclined to pay higher-than average prices for products with high-quality/safety standards, which consumers often associate with strong sustainability practices. Just behind safety and function, consumers are willing to open their wallets for organic products (41%), made with sustainable materials (38%), or deliver on socially responsible claims (30%). The aspect of the sustainability marketplace is not becoming important just for companies geared towards consumer markets but also for enterprises opening up their supply chains. As companies increasingly investigate their footprint and try to adopt sustainable practices their supply chain management becomes part of the equation. Buyers not only look for suppliers who are resource conscious in their operations, but who produce the type of reusable, minimal packaging low consumption products.

Personnel: Winning the top talent in a changing workforce Developing a sustainability-conscious approach is about the resources a company uses and the products and services it puts into the marketplace- but it's also about the people who fuel the company's success. For organizations working to attract and retain top talent, adopting sustainability as a driving business concept is often an important tool." Employees often want to work for companies that care about social and environmental issues. A large part of this is driven by generational shift which is also how millennials are thinking. Millennials have often grown up with a heightened concept of the importance of sustainability issues and a more intuitive sense of what sustainability means. This gives companies with strong sustainability profiles a competitive edge of attracting top talent and also the chance to capitalize the sustainability-conscious employees in improving the business

Risk and Strategy: Resilience and major changes It's inherent in the term sustainability that one of the reasons businesses are increasingly thinking on such lines is because current practices cannot be sustained. As access to a whole range of resources is liable to become increasingly strained in the future, sustainability including beginning to use resources more smartly sooner rather than later becomes a key part of building an organization's strategy for market leadership and long term resilience. The resiliency benefits offered by a strong sustainability approach are becoming more important as businesses across the world face the threat of climate change and more limited water supply. Sustainability can offer ways to both mitigate and manage changes.

Stakeholders: Reaping rewards from stronger communities On a larger scale, sustainability means communities whose prosperity is built on solid foundations and practices that can be counted to work well in the future. Ultimately communities form the foundation on which businesses succeed. So while it seems that sustainability is about global issues nearly every organization can take action on sustainability which can make meaningful differences in the community call home. The current COVID crisis brings not only the urgent need for improving the environment, community, and quality of life but also creating jobs locally which will feed into economic growth, creating a virtuous cycle.

The triple bottom line: The sustainability concepts present opportunities to improve companies' financial bottom line by decreasing costs and increasing source of revenues, recruiting and retaining talent, limiting risk, and engaging better with stakeholders and community. Currently, the economy is at an inflection point and sustainability presents huge opportunities for companies.

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