

Sustainability

—What It Means and Why It's Important to Business

By
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September 11, 2007

Business for a Better World
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Sustainability in the News

- Wal-Mart
- GE
- Al Gore, Tony Blair and Climate Change
- Katrina
- Water Shortages
- Socially Responsible Investing
- Bono
- Bill & Melinda Gates
- Nobel Peace Prize



Top Reasons For Increased Focus on Sustainability by Companies

(Source: 2007 Conference Board study of 18 major corporations.)

1. Reputation, brand
2. Stakeholder pressure (esp. customers)
3. Reduce waste (and costs), increase productivity
4. Employee morale, motivation and recruitment
5. Peer pressure (competitors, high-visibility companies)
6. Marketing opportunities
7. Publicity on climate change



What is Sustainability?

Digging Deeper into the Definition of Sustainability

- Intuitive definition

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- General definition



General Definition of Sustainable Development- UN Brundtland Commission (1987)

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

General Definition of Sustainability- Triple Bottom Line (Elkington 1997)

Meeting the bottom line of not just economic (financial) performance, but social and environmental performance as well.

General Definition of Sustainability-

Dow Jones Sustainability Index

“A business approach to creating shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.”

General Definition of Sustainability-

2R's

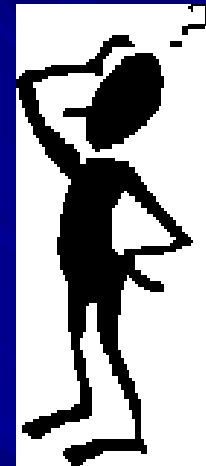
(Blackburn 2007)

- Respect: respect for people and other living things
- Resources: the wise use of economic and natural resources

---for the purpose of promoting the long-term well-being of the organization and society.

Sustainability vs Other Terms

- Sustainable Development
- Sustainable Growth
- Social Responsibility/ CSR
- Corporate (Global) Citizenship
- Corporate Responsibility



Digging Deeper into the Definition of Sustainability

- Intuitive definition



- General definition



- Expected organizational behaviors

A Corporate Commitment to Sustainability

(A Sample Sustainability Policy)

It is within the best interests of our company and society as a whole that our company move along the path to sustainability. To that end, we will strive to achieve the following vision of performance:



1. Economic success: the wise use of financial resources

a. Company Economic Prosperity

Our business is positioned to survive and prosper economically.

b. Community Economic Prosperity

We are helping our community survive and prosper economically.

2. Social responsibility: respect for people

a. Respect for Employees

We treat our employees in a respectful, fair, non-exploitative way, especially with regard to compensation and benefits; promotion; training; open, constructive dialogue with management; involvement in decision-making; working conditions that are safe, healthy and non-coercive; rights of association, collective bargaining and privacy; employment-termination practices; and work-life balance.

b. Diversity, Fair Hiring Practices

We promote diversity and use hiring practices that are fair, responsible, non-discriminatory, and non-exploitative for our employees, board members, and suppliers.

c. Responsible Governance

We manage our risks properly, use our economic power responsibly and operate our business in a way that is ethical and legal.

d. Respect for Stakeholders

We are transparent, respectful and fair to local populations, investors, suppliers and other stakeholders outside our organization who may be affected by our operations. We work collaboratively with our communities to enhance the well-being of others.

e. Fair Dealing With Customers

We are honest and fair with our customers, competing fairly for their business, respecting their privacy, and providing them safe and effective products and services under the conditions we promise.



3. Environmental responsibility: respect for life; the wise management and use of natural resources



a. Resource Conservation

We conserve our use of natural resources to the extent practicable.

b. Waste Prevention and Management

We reduce to the extent practicable the volume and degree of hazard of the wastes we generate from our operations, and handle them in a safe, legal and responsible way to minimize their environmental effects.

c. Environmental Risk Control and Restoration

We minimize the risk of spills and other potentially harmful environmental incidents, restore the environment where damaged by us, and enhance it to better support biodiversity.

d. Supply Chain Impacts

We work with others in our supply chain to help assure environmental impacts and risks associated with our products and services are reduced and properly controlled.

e. Collaboration With Communities

We collaborate with our communities to protect and improve the environment.

Digging Deeper into the Definition of Sustainability

- Intuitive definition



- General definition



- Expected organizational behaviors



- Common sustainability topics

Examples of Economic Topics

Sales

Profits

Dividends

Cash flow

R&D investment

Capital expenditures

Debt and interest

Wages

Market share

Retained earnings

Liabilities

Brand strength

Community donations

Taxes

Tax subsidies

Local purchasing

Credit rating

Return on investment

Examples of Social Topics

Ethics	Workplace safety	Employee shared values
Product usefulness	Corporate governance	Employee work-life balance
Product quality	Employee relations	Human rights (security policies, etc.)
Product safety	Product labeling	Fair advertising and labeling
Union relations	Board diversity	Impacts on local cultures
Producer responsibility	Supplier diversity	Employee diversity
Consumer privacy	Employee privacy	Employee training and development
Emergency preparedness	Non-discrimination policies	Employee wellness programs
Child labor	Community outreach	Employee assistance programs
Forced labor	Employment	Employee turnover
Disciplinary practices	Transparent public reporting	Employee layoff policies
Flexible work options	Dependent care benefits	Anti-sexual harassment policies
Charitable donations	Bribery and corruption	Political contributions
Antitrust practices	Securities regulation	Helping the disadvantaged
Occupational health	Industrial hygiene	Food product nutrition
Bioterrorism	Worker violence	Support for community services
Indoor air pollution	Indigenous rights	Access to healthcare by the poor
Legal compliance concerning the above topics		

Examples of Environmental Topics

Waste disposal

Chemical spills

Water conservation

Pollution prevention

Packaging reduction

Natural habitat restoration

Animal rights

Precautionary Principle

Endangered species

Compliance with environmental laws and permits

Air pollution

Greenhouse gases

Energy conservation

Recycling

Soil contamination

Wetlands protection

Product energy use

Spill prevention

Soil erosion/depletion

Water pollution

Ozone-depleting substances

Natural resource usage

Biodiversity

Product take-back

Wildlife conservation

Customer disposal of products

Renewable energy and materials

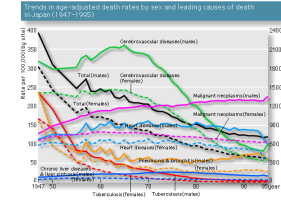
Environmentally sensitive design

Some Observations About Business and Sustainability



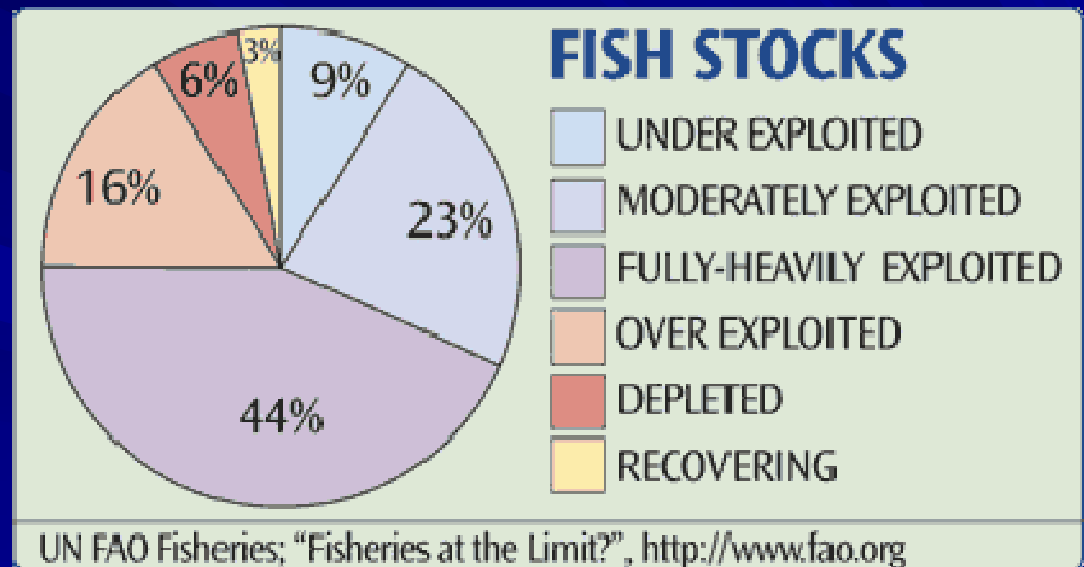
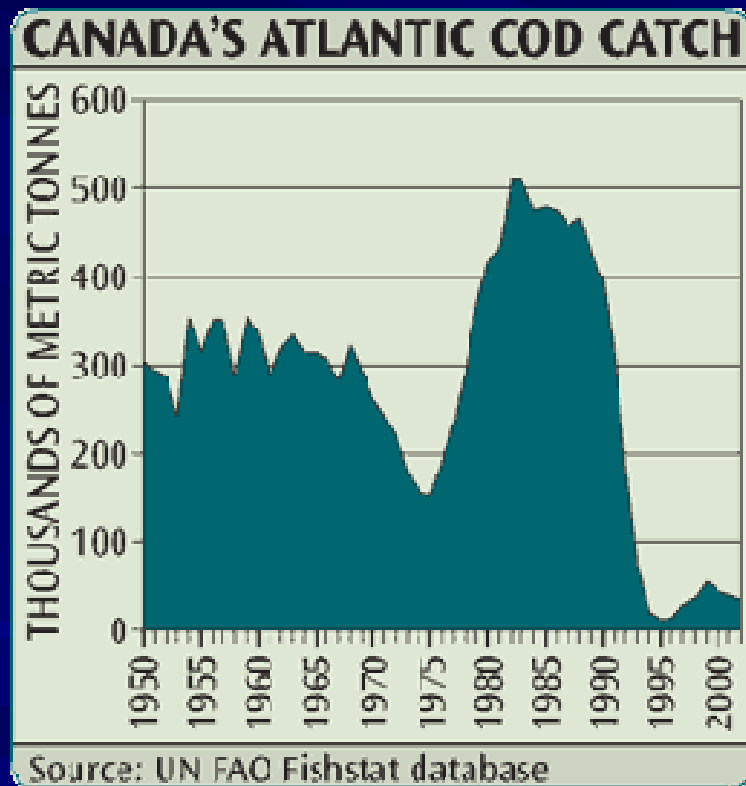
- Sustainability is not about one thing.
- The business case for sustainability is really the business case for a process that looks at sustainability trends and issues and prioritizes among the opportunities and threats to an organization to select those for action that contribute the most value.

Sustainability Trends



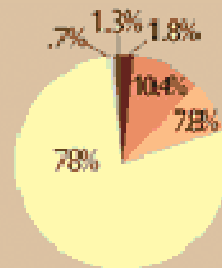
- Growth in Global Business Competition
- Opposition to Globalization
- Speed of Communications/ Digital Divide
- Widening Prosperity Gap (Health, Income, Services)
- Population Growth
- Increased Immigration; Lower Fertility in Industrialized Nations
- Education Needs for the Disenfranchised
- Urbanization
- Over-consumption of Resources
- Fossil Fuel Depletion
- Climate Change
- Deforestation
- Threats to Biodiversity
- Fresh Water Depletion/Water Contamination
- Wetlands Destruction
- Fish Depletion
- Coral Reef Destruction
- Spread of Hazardous Pollutants
- Declining Soil Quality
- Ozone Depletion
- Declining Corporate Credibility
- Extended Producer Responsibility
- Green Products
- Green Marketing/Labeling
- Green Product Certification
- Obesity
- Rise in Socially Responsible Investing
- Investor Concerns about Corporate Governance
- Increased Demands for Transparency/ Public Reporting
- Growing Power of NGOs/CSOs
- Increasing Global Terrorism

Natural Fish Stocks: “The Last Great Buffalo Hunt”

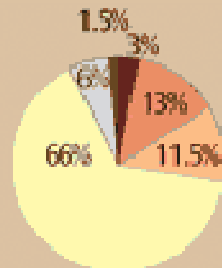


30% of Amphibians, 40% of Primates, All Elephants Endangered

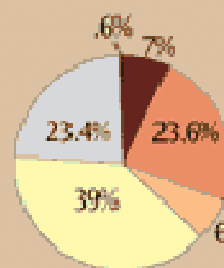
SPECIES AT RISK OF EXTINCTION



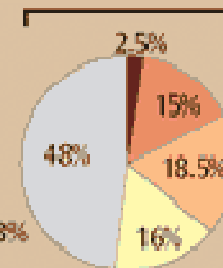
AVES
(BIRDS)



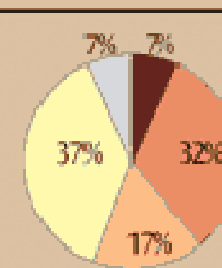
RODENTIA
(RODENTS)



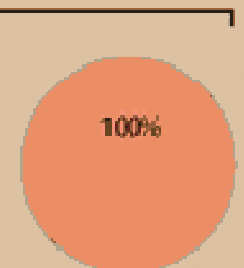
AMPHIBIA
(AMPHIBIANS)



CETACEA
(WHALES, DOLPHINS,
PORPOISES)



PRIMATES
(LEMURS,
MONKEYS, APES)



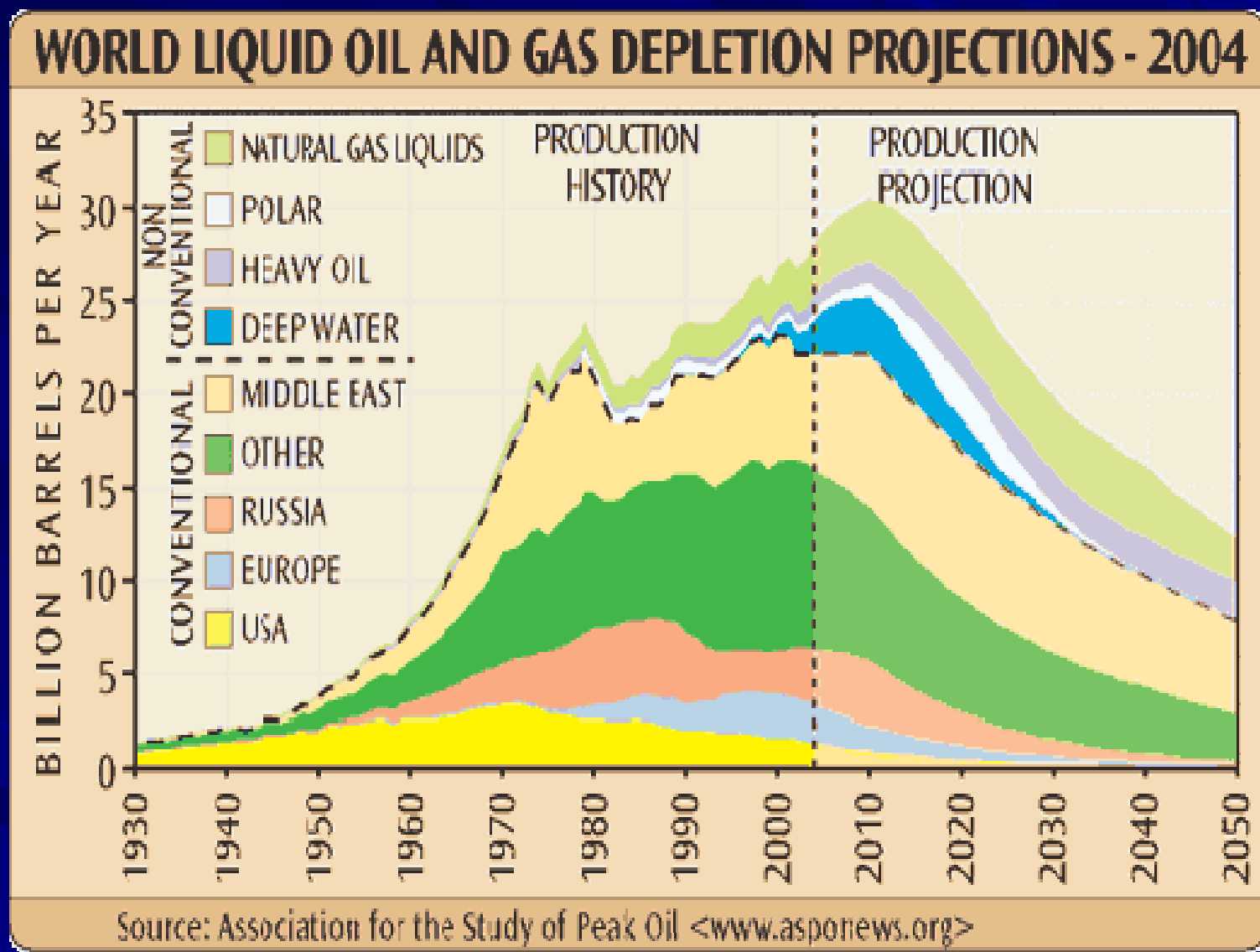
PROBOSCIDEA
(ELEPHANTS)

	AVES (BIRDS)	RODENTIA (RODENTS)	AMPHIBIA (AMPHIBIANS)	CETACEA (WHALES, DOLPHINS, PORPOISES)	PRIMATES (LEMURS, MONKEYS, APES)	PROBOSCIDEA (ELEPHANTS)
APPROX. NO. KNOWN SPECIES	9,917	2,041	5,743	81	296	2
PER CENT EVALUATED	100%	100%	100%	100%	85%	100%
TOTAL NO. SPECIES AT RISK *	1,986	549	2,129	29	164	2

* Includes IUCN Red List categories: critically endangered, endangered, vulnerable, lower risk/conservation dependent, and near threatened. Does not include low risk category. IUCN does not assess subspecies, which are more prone to extinction because they have smaller ranges and populations than full species.

Sources: IUCN Red List of Threatened Species; Summary Statistics, www.redlist.org/info/tables.html; Center for Biological Diversity, "A House on Fire", www.anima.org

Nearing Peak in World Oil Production



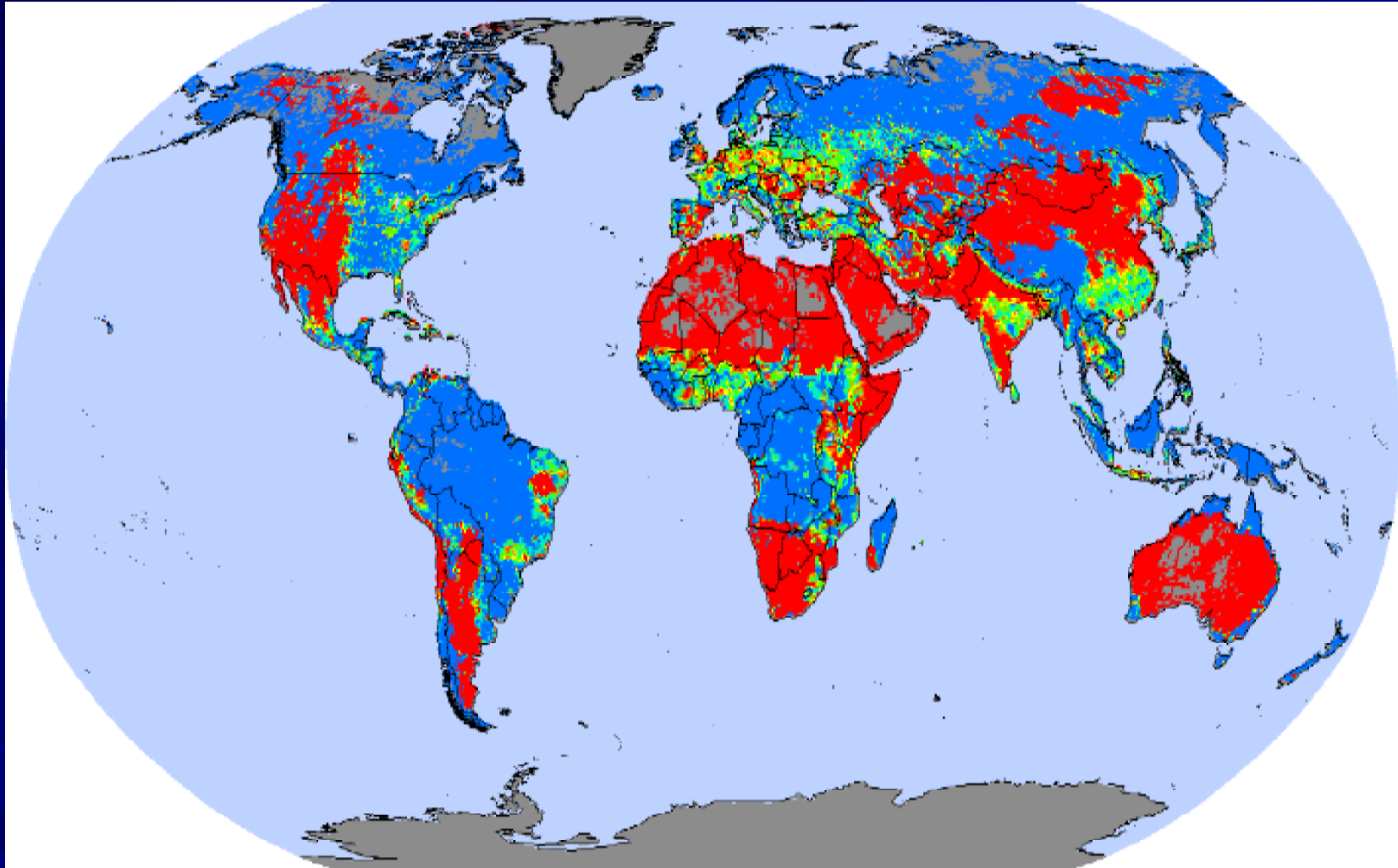
Climate Change Visible



NASA

SHRINKING CAP: satellite views of the Arctic icecap, in 1970 (left) and 2003

40% of the World Will Live in Water-Scarce Regions by 2025



<0.5

Extreme
Scarcity

0.5-1.0

Scarcity

1.0-1.7

Stress

1.7-4.0

Adequate

4.0-10

Abundant

>10

Surplus

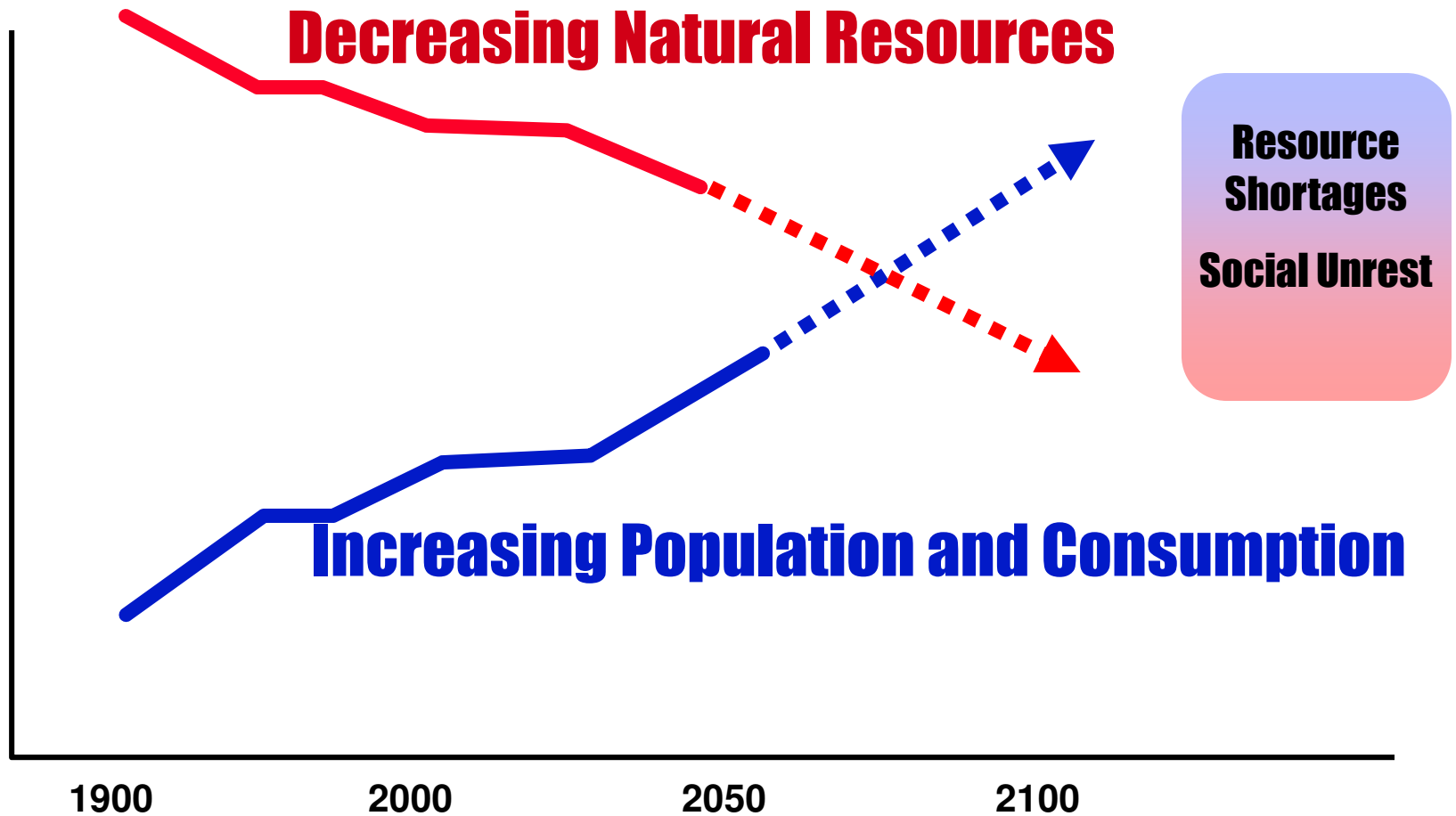
Ocean/
Inland Water

Ocean/
Inland Water

No Data

No Data

1000 m³/person/year



The "Big Squeeze"

Factors Contributing to the Big Squeeze

Use:

1. Resource consumption per person
2. Number of consumers

Destruction:

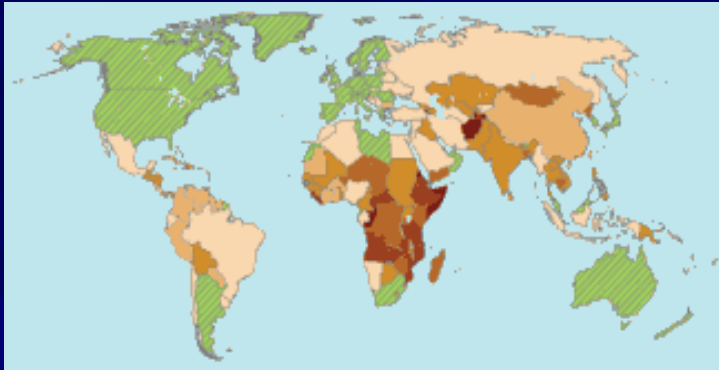
3. Rate of waste of resources (inefficiency)
4. Rate of destruction of resources
5. Rate of contamination of resources

Supply:

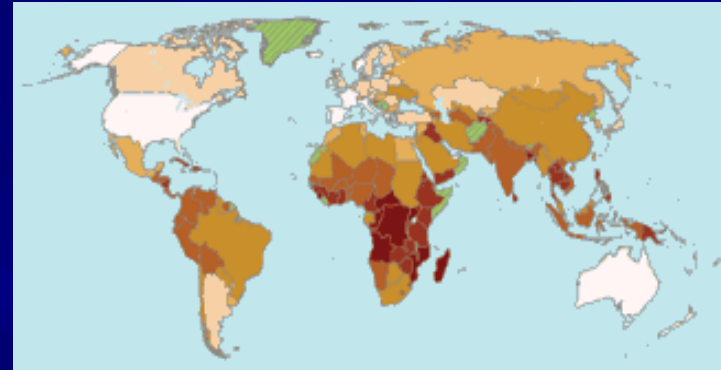
6. Rate of production/replenishment of resources
7. Rate of reuse/recycling of resources
8. Rate of introducing resource substitutes

Global Malnutrition

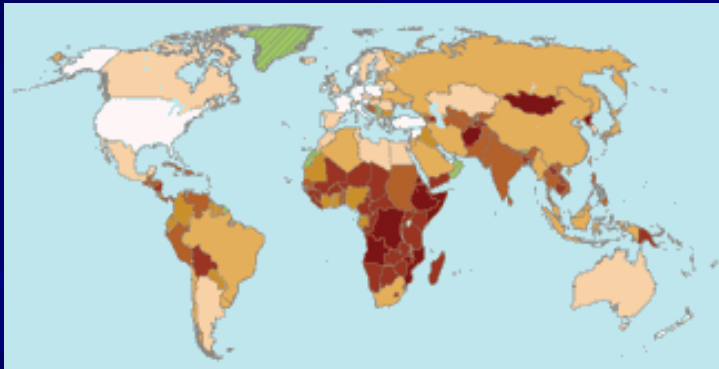
Percentage of population that is undernourished



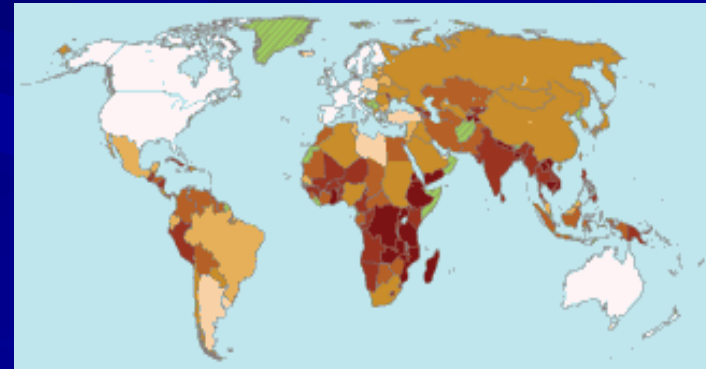
Daily grams of protein per person



Daily calories per person

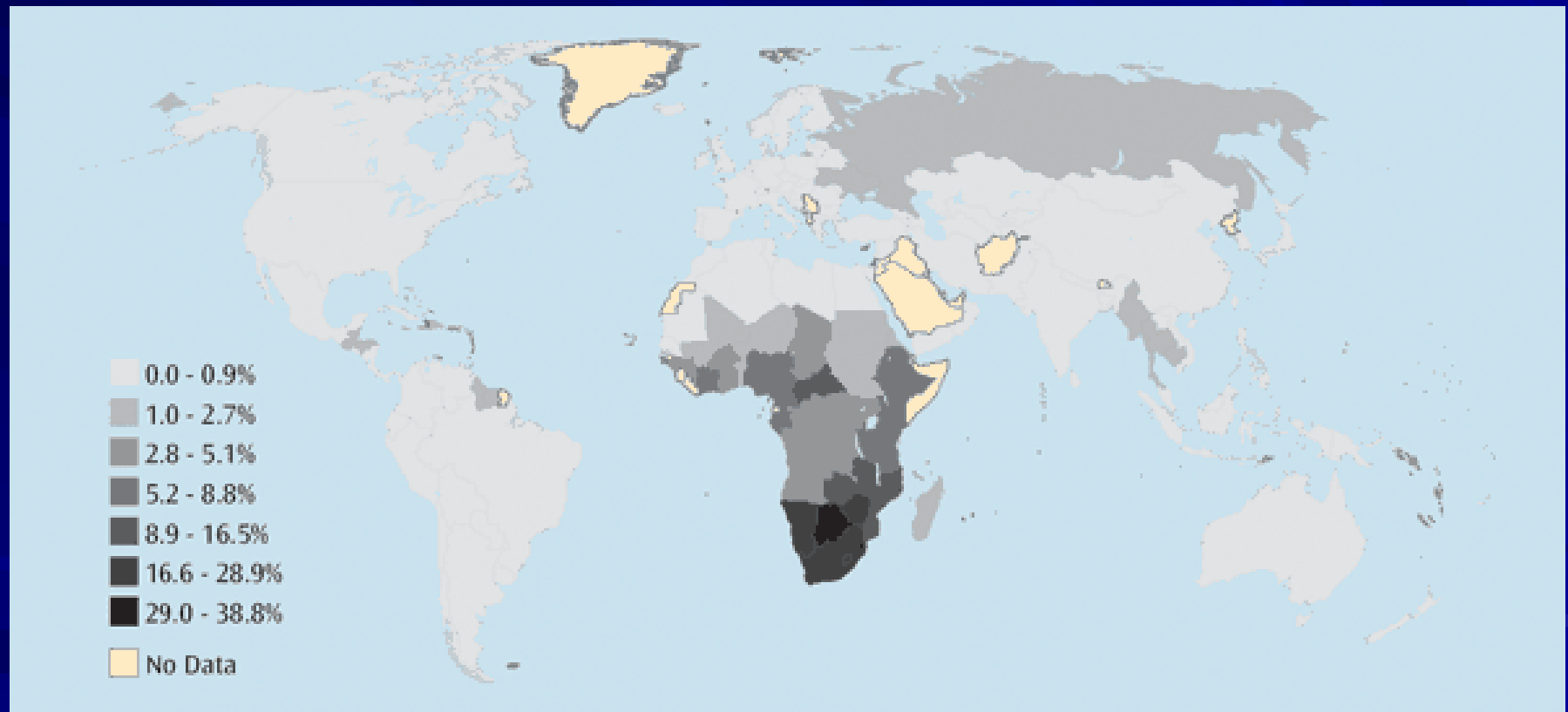


Daily grams of fat per person



	---	3-9%	10-18%	19-29%	30-41%	42-53%	54-75%	NO DATA
% OF POPULATION UNDERNOURISHED	---	3-9%	10-18%	19-29%	30-41%	42-53%	54-75%	NO DATA
DAILY CALORIES PER PERSON	3395-3699	3091-3394	2786-3090	2481-2785	2176-2480	1872-2175	1566-1871	NO DATA
DAILY GRAMS OF PROTEIN PER PERSON	104-115	91-103	80-90	69-79	57-68	47-56	28-46	NO DATA
DAILY GRAMS OF FAT PER PERSON	122-164	99-121	84-98	69-83	51-68	37-50	11-36	NO DATA

Percent of Population Aged 15-49 Living with HIV



Common Business Threats & Opportunities

Threats	Opportunities
<ul style="list-style-type: none">-Legal-Financial-Reputational-Competitive-Operational	<ul style="list-style-type: none">-Productivity, cost-Employee relations-Reputation-License to operate, community appeal-Sales, new markets, customer appeal-Innovation, new products and services

Figure 6.5

Sample SWOT Analysis for Sustainability Issues

Issue	Threat	Opportunity	Strength	Weakness	Possible Objectives
<p>Depletion of Fresh Water Resources</p> 	<p>1. Water shortage could jeopardize operations</p> <p>2. Some competitors have long-term water rights</p>	<p>1. Water conservation projects can save money, help secure supply</p> <p>2. More on-site water treatment and reuse are possible</p> <p>3. May be able to secure long-term water rights in some locations</p>	<p>1. Some water conservation projects underway</p> <p>2. Internal engineering expertise</p>	<p>No long-term water rights secured in some growth regions; some communities serving our factories have poor water supply infrastructure</p>	<p>Investigate water risks on site-by-site basis and develop actions to address them; consider more aggressive water treatment, reuse and conservation programs using internal engineers; explore possibility of securing long-term water supplies in high risk areas while respecting community needs</p>

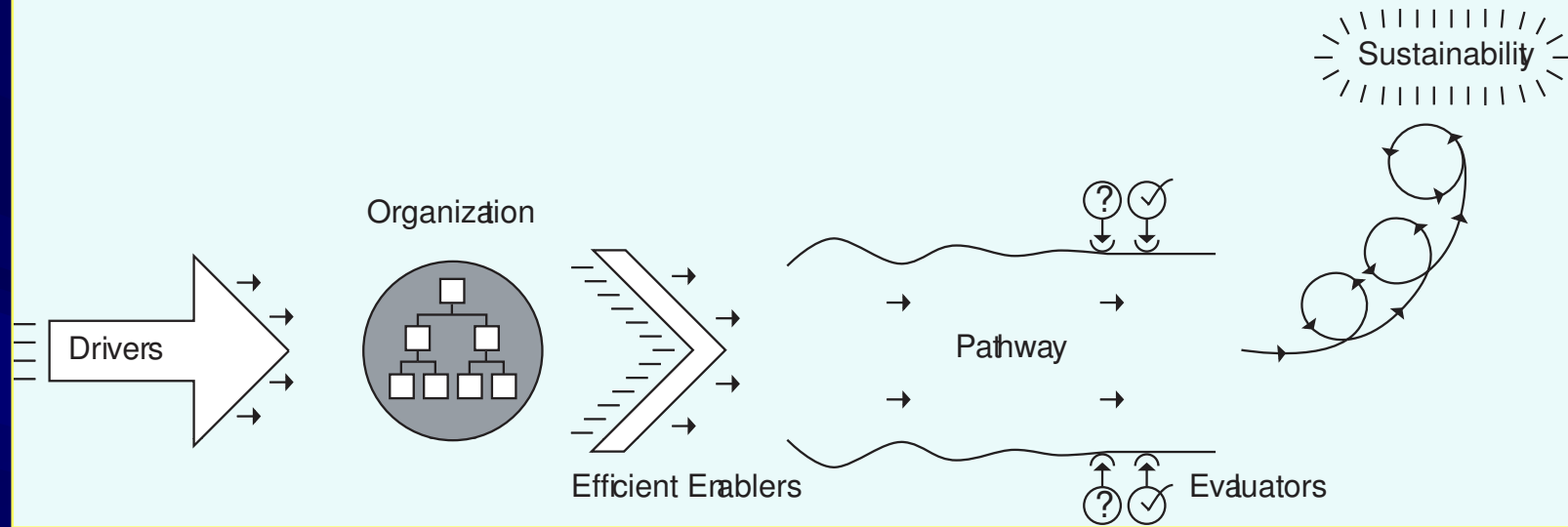
Some Observations About Business and Sustainability



- Sustainability is not about one thing.
- The business case for sustainability is really the business case for a process that looks at sustainability trends and issues and prioritizes among the opportunities and threats to an organization to select those for action that contribute the most value.
- Integrating sustainability into high-level planning and execution is essential to driving it into the culture of an organization.

The Sustainability Handbook– The Complete Management Guide to Achieving Social, Economic and Environmental Responsibility (order thru www.WBlackburnConsulting.com)

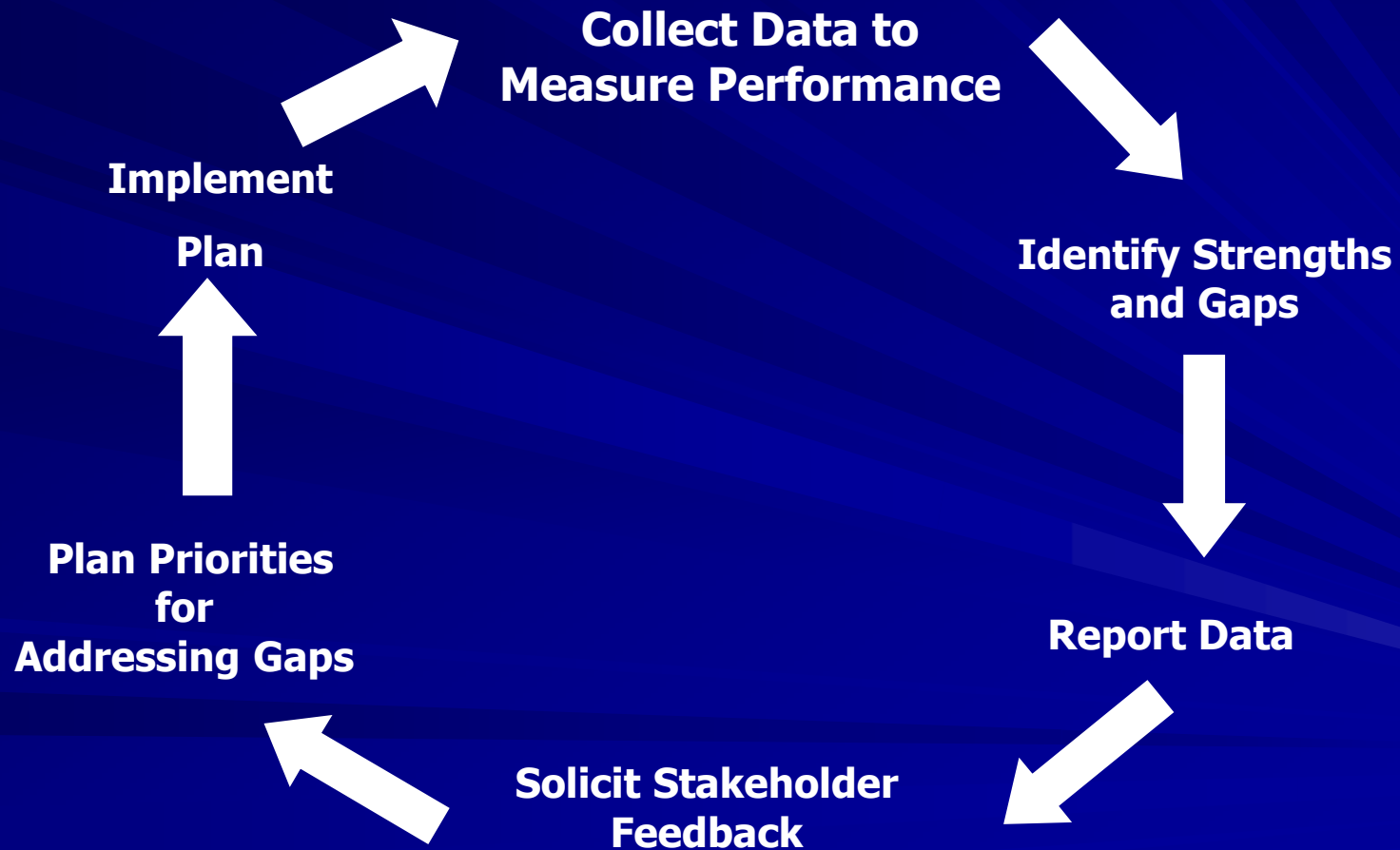
Figure 4.1 Sustainability Operating System (S.O.S.)



The Drivers	The Efficient Enablers	The Pathway	The Evaluators
<p>A champion/leader</p> <p>Approach for selling the organization on sustainability</p> <p>Accountability mechanisms</p>	<p>Organizational structure</p> <p>Deployment and integration</p>	<p>Vision and policy</p> <p>Operating system standards</p> <p>Strategic planning for aligned priorities</p>	<p>Indicators and goals</p> <p>Measuring and reporting progress</p> <p>Stakeholder engagement and feedback</p>

Continual Improvement Cycle

(Sustainable quantum leap in performance)



Preparing Future Leaders to Address Sustainability----

An Integrated Approach at Universities

- Administration (planning and leadership)
- Campus operations
- Curriculum
- Research
- Student activities
- Community outreach

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Book: *The Sustainability Handbook—
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to Social, Economic and
Environmental Responsibility*
(See Web site)

