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# **Sustainability as a Mega Trend: Is it Right for Your Organization?**

- INTRODUCTION -

The world around us is ever changing. The opportunities and challenges of business are always evolving. Throughout recent decades business has been exposed to mega trends that have positively contributed to permanent change in the way business thinks, leads, and operates.

What is a mega trend? It is a large, over-arching direction that shapes the business world for a decade or more. There have been many mega trends that have impacted business such as the quality movement, laptop computing, and social media. Now a new mega trend is emerging in the area of the environment. It is called sustainability.

The mega trend of sustainability is built on the foundation of protecting our planet and its resources. It has become part

of a global commitment to protect the environment while providing a future for many generations to come. While sustainability was introduced over two decades ago, it is still far from cresting. The true application of sustainability is much broader and runs much deeper, especially for businesses. Society is demanding organizations become responsible corporate citizens and many consumers are putting their money behind those decisions. They are buying the products of, advocating for, and supporting organizations committed to sustainability.

Business sustainability emerged out of the concept of being or going green. Due to outside pressure from community special interest groups and in an effort to meet new regulatory requirements, some industries have been forced to change how their processes and products impact the environment and their customers. While they may have been reluctant at first, what early adopters came to realize is the powerful impact of business sustainability on the environment and their bottom line. Early adopters have seen a tremendous benefit in the areas of profitability, customer satisfaction, stakeholder benefits, and community relations due specifically to their business sustainability initiatives.

Although many early adopters are large companies like Walmart, Proctor & Gamble, Philips, 3M, Adidas, The Coca-Cola Company, GE, Boeing, Cisco, IBM, Nike, and McDonalds to name a few, organizations of all sizes can implement business sustainability and reap the benefits of this mega trend. The question is, how?

The purpose of this book is to help you with the how. This book will provide a common sense approach to incorporate sustainability throughout your organization in order to protect and conserve resources while positively impacting your bottom line.

No organization should tackle sustainability without first understanding its strategic intent. An organization needs to understand what it is doing, why it is doing it, and what it is going to measure. Most importantly, sustainability requires commitment from the senior leadership team of the organization. “You cannot implement these kinds of programs bottom up; it is impossible. It is always top-down, always. Because it is a cultural change, you cannot do it organically.” Georges Kern, CEO, IWC (International Watch Co.) Therefore, if you want to grow your business through sustainability then it has to be driven by senior leadership. It is not a program that is implemented, but a business strategy that is defined and aligned through your people, processes, and the structure of your organization.

According to Walmart’s President and CEO, Mike Duke, “The fact is sustainability at Walmart is not a stand alone issue that is separate from or unrelated to our business. It is not an abstract or philanthropic program. We don’t even see it as corporate social responsibility. Sustainability is built into our business. It is completely aligned with our model, our mission, and our culture.

**Simply put, sustainability is built into our business because it is so good for our business.**

Sustainability helps us deliver on our Every Day Low Price business model. Using more renewable energy, reducing waste, and selling sustainable products helps us take costs out of the system. This year, for instance, we surpassed our goal of achieving 25% greater fleet efficiency. The savings from this and other sustainability initiatives translate into lower costs and lower prices for our customers.”

So why have small and midsize businesses found it difficult to embrace sustainability as a business practice? Most organizations not forced to comply with regulations need to be presented with measurable reasons, a return on investment, as to why embracing or incorporating a new strategy like sustainability makes sense. Early adopters like Walmart, IBM, Nike, and GE are measuring value in key business areas and smaller organizations can too. It is our experience that the outcomes large companies have achieved are just as possible in the small and midsize markets. Examples of those benefits include:

- A stronger brand
- Improved customer loyalty
- New revenue sources
- Access to new markets

- Stronger pricing power
- Process and operational improvements  
– efficiency/effectiveness
- Lower costs
- Greater ability to attract employees
- Increased employee productivity and loyalty
- More efficient use of resources
- Innovation

The benefits are real. Take a look at a smaller organization that has embraced a sustainability strategy and is seeing a return on its investment of time and resources.

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## **Case Study**

Johnson Financial Group—founded in 1970, it is a full service financial services company that employs 1,267 people. As a privately held company, the leadership team believed showing its customers Johnson’s commitment to keep operating costs down in tough economic times was a message of strength. Johnson’s sustainability campaign focuses on improving operations while generating social, environmental, and economic success. Its current campaign includes:

- Reducing transportation
- Development of green buildings

- Reducing energy use
- Education
- Paper reduction and recycling
- Waste reduction

The results are clear. Johnson Financial has reduced energy consumption at its corporate headquarters for three consecutive years. One project alone saved 500,000 kilowatt hours of electricity, 17,000 therms of natural gas, and eliminated more than one million pounds of carbon dioxide per year.

What does this mean in terms of dollars? Use a sample rate of 15¢ per kilowatt x 500,000 kilowatt hours of electricity, and it generates a savings of \$75,000.00. In our experience most small to midsized organizations can use an extra \$75,000.00.

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The process of embracing sustainability is similar no matter what industry you are in or the size of your organization. After senior leadership has made the commitment, sustainability needs to be specifically defined for your organization. If the definition is not specific to your organization it will not be successful. Once defined, the next step is to build a sustainability framework and incorporate that framework into your overall strategic plan. You must align your structure to support sustainability, align your people's knowledge and attitudes to implement it, and put metrics in place to measure results.

At this point, you may put this book down and say it is not worth it, but it is only a matter of time until sustainability is no longer a new strategy but rather a permanent thread in the fabric of society and a requirement for all successful businesses creating the next wave of progress.

According to the SBA, small firms represent 99.7% of all U.S. employee firms; they employ over one-half of the private sector, and they have generated 64% of the new jobs over the past fifteen years. It is clear that small and midsize organizations are a significant economic driver for the U.S. economy and will not be exempt from the driving forces of sustainability. Ignoring sustainability is bad for business, no matter the size of your organization.

If your organization recognizes that sustainability is not going away and positions itself as a sustainable organization, you can achieve a sizeable competitive advantage. Those organizations that capitalize on business sustainability will benefit not just by optimizing resources but increasing their bottom line as well.

Jeffrey Immelt, CEO of General Electric is quoted as saying, “As CEO, my job is to get out in front of it (sustainability) because if you are not out in front of it, you’re going to get plowed under.”

Is your company going to be in the forefront of business sustainability or get plowed under? The choice is yours.