

True Business Sustainability

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Our planet isn't in good shape. Currently, we are using the resources of one and a half planets. Make that two, if everybody was living by European standards. Four if we were all Americans. And even worse: Studies conclude that we've crossed several of nine planetary boundaries that are necessary for a safe and sustainable life.

We want to ask: How can companies and corporations foster sustainable development? What is "true business sustainability" that helps overcome society's longterm problems?

Business and sustainability – that doesn't go together! Yep, that's what the traditional economic paradigm preaches. "The business of business is business" the American economist Milton Friedman once said: Only economic concerns like turnover, profit, market share or shareholder value matter. Societal or ecological concerns mustn't distract private companies. That's what the government is for.

We call this approach "**Business Sustainability 0.0**".

Jack Welch was a prominent advocate of this traditional model. As CEO of General Electric he measured everything in terms of shareholder value. "Neutron-Jack" laid off tens of thousands employees and was widely admired and celebrated for his economic "success".

So how DOES sustainability enter the world of business? What role does it play there? In the first phase of business sustainability, companies react to social and ecological concerns. Economic objectives, however, remain the only priority. They just recognize that sustainability management may help them save costs, reduce risks, improve their attractiveness as an employer and differentiate themselves from their nasty competitors. Sustainability Management is all about managing the chances and risks that stem from economic, ecological and social chances issues. And yes... that's where most companies are today. On the level of "Business Sustainability 1.0", also called a "refined shareholder value-management". Sustainability as a means to an end; the end being economic success.

A good example for this is Walmart, the world's largest retailer. Its sustainability strategy focuses on reducing things: Energy, water, packaging materials and transport routes. Which fits perfectly well into Walmart's strategy: Every day low prices.

In the second phase of sustainability management, companies rethink their one-sided goal of profit maximization and pursue a triple bottom line approach. Value creation now goes beyond share holders: Business is not only about economic but also about environmental and social goals.

In order to achieve these goals, organisations implement sustainability strategies and plans, using sustainability management systems and proper reporting.

This is Business Sustainability 2.0. The organisation embeds the triple bottom line in its structure and defines and implements responsibilities and programmes accordingly.

For example: In 2010, Unilever, a fast moving consumer goods giant, launched its "Sustainable Living Plan". Its ambitious goals for 2020 include doubling of sales, while cutting its environmental footprint in half and improving living conditions of millions of people along its supply chains.

Time for a quick recap. There are three levels of business sustainability.

Traditional management does not include social and economic sustainability. It's all about the shareholders.

In Business Sustainability 1.0 social and environmental concerns are means to an end. The end being: economic success. We call it: Refined shareholder value management.

Business Sustainability 2.0 takes it up a notch, by assuming a triple bottom line that includes not only economic but also environmental and social goals.

All three approaches share an inside-out view. How can companies avoid negative side effects?

Of course, this IS important...yet it doesn't go far enough.

True Business Sustainability 3.0 isn't about reducing negative effects but about creating positive ones: It is about active contributions to the world's sustainability problems. Which requires shifting from "Inside-Out" to "Outside-In-Thinking": First look at the challenges out there and then start addressing them using your own resources.

Particularly Start-Ups and Social Business see these challenges as opportunities. They address societal and ecological issues without forgetting that at some point they have to become profitable and self-sufficient.

Among the bigger and more established companies, only few companies have renewed their business models by shifting from inside-out to outside-in thinking.

One example is «SV Group», a provider of catering services (for companies) in Switzerland. Together with World Wide Fund (WWF) it has recently launched «One Two We», a new food programme that helps clients provide healthy food to their employees AND reduce their carbon footprint at the same time. With this program «SV Group» directly addresses the sustainability issue "Climate Change" by making it an integral part of its offering.

A second example is IKEA, a Swedish furniture giant. Through its foundation and in collaboration with the United Nations High Commissioner for Refugees, it has developed an emergency refugee shelter that costs only 1000 euros per piece, weighs 100 kg and provides shelter for 5 people on 17.5 square meters. It is foldable, easy to transport, and already in use in Iraq, Ethiopia and Syria and parts of Europe.

The challenges society faces are manifold and span across many fields. Nutrition, energy, mobility, economy and agriculture – to name a few. Solution driven approaches not only require different business models but also new forms of collaboration: Collaboration within supply chains, across industries, between private, public and non-governmental actors: ultimately transforming the rules of the game.

It may come as a surprise, but "True Business Sustainability" isn't such a new idea!

Management-Guru Peter Drucker pointed out: "Every single social and global issue of our day is a business opportunity in disguise."

Let's have a look at history: Corporations like Nestlé or Unilever only came into existence because their founders set out to address pressing societal matters – such as infant mortality in Switzerland and hygienic problems in Victorian England.

Which is why returning to the original purpose of business wouldn't hurt. We must directly link the sustainability goals of companies with the sustainability challenges of the world. THEN we will be talking about "true business sustainability".