JUNE 7, 2019 BY CHRISTOPHER GLEADLE

Leveraging Sustainability For Economic Profit

More and more organisations see the importance of sustainability. Yet still, too many organisations fail to convert cost centres to value enhancing development activities.

Research

Studies indicate the valuation differential between the most and least eco-efficient companies' increases over time. This suggests poor environmental performance is a sign of operational inefficiency. Furthermore, professional investment managers have started to view the quality of sustainability integration as a proxy for how effectively a business is managed.

It follows, support needs to be garnered from CFOs, and their teams, as they see operations from a purely financial paradigm. Such a view reveals that a circular approach to economics will track the interdependent environmental, social and economic costs. When systemically integrated with impact accounting foregone opportunities can be seen. This reveals economic weaknesses and opportunities. As a result, the management of both financial and resource waste becomes ubiquitous with reduction of risk.

CFO's

For CFOs to become more engaged with sustainability, it is necessary to holistically connect all operational functions. This action can deliver assurance of current and future energy and resource project savings claims. Furthermore, since "green or low-carbon" technology is seen as a key to eco-efficiency, to reduce waste and optimise their use, it's important that the procurement of such technologies is systemically coupled to all organisational processes. As a result, since eco-efficiency spans not only energy intensity and energy efficiency, but also the durability and recyclability of a product or service life cycle, teams become more comfortable with interdepartmental collaboration. Moreover, they become energised too, as they naturally reorient from being process obsessed to outcome focussed.

It follows that integrated life cycle analysis becomes a tool of choice as companies become familiar with all impacts and better understand what is material. And, by performing regular benchmarks to determine which factors render least impact, companies develop a sensitive understanding of where material can be reused and recycled back into another life cycle process, creating new revenue streams.

CEO's

For CEOs to robustly integrate sustainability can deliver clear insights to environmental, social and economic oversight. Naturally, such insights assist in the defence against economic vulnerability from the momentum of changing market forces and enables reliable reporting. For, merely to meet environmental and social compliance hardly allows a company to distinguish itself from its competitors, since most intra-industry peers are affected by compliance in a similar way. Indeed, the real benefits to organisations will come from more rigorous forms of environmental and social performance. It follows, decision makers must take themselves on the enlightening journey of sustainable viability. This will create experiences which help them instinctively grasp the mismatches that may

Remove the Silo's

Furthermore, by connecting the board, senior managers and employees, there is a support base for all influencers to feel connected to the strategy and create a positive halo for the brand amongst staff. Developing the right experience, chemistry and attitudes. It creates the right spirit with which customers are engaged. Additionally, a framework of robust and contextualised reporting can be used to refine sustainability messages. It follows, such action supports both brand and reputation. As a result, the increasing ethical demands and expectations of customers and other stakeholders can be framed and met. Indeed, with reputation being viewed as a strategic asset, leveraged correctly, sustainable viability aids gaining competitive advantage. For, is it not the firm's responsibility for the image projected to customers, suppliers, investors and other societal stakeholders? To engender trust. And, society does render legitimacy for the organisation to exist.

Attract Best Talent

Similarly, experience shows that as highly qualified eco-boomers enter the work market from university, they are choosing whom to work for with more consideration as to the values of the employer. This makes sustainability a major factor in decision-making. In response, business has to adapt to attract best talent. It follows, with such talent, there is a natural progression toward evolving eco-products and services to reduce customer impact. Such action helps improve cost management, value creation and economic profit over the long-term.

Furthermore, validated sustainable viability helps protect against the vulnerability of employee instability. For example: unequal and disengaged employees foster discontent. As a result, this applies a negative affect to productivity. It follows, optimal outcomes require sustainability to be clear on economic performance, employee development and cohesion. This means that goods, services, labour, resource productivity and financial

In conclusion, repeated evidence indicates a positive relationship between validated sustainable viability performance and higher value. As a strategy, it's about optimising the allocation and use of resource. Expose hidden costs and risks. Additionally, an excellent reputation gives an organisation character, which is a strategic asset. Leveraged properly, it delivers competitive advantage and improving economic profit. And, a company driving eco-efficient products and services lowers the negative impact and burden on its customers, the environment and society. A sustainably viable business is naturally one that makes it more attractive to do business with. Such a business will reap positional advantage in a highly charged, cost-conscious, highly competitive market place.

Revised from Leveraging Sustainability For Economic Profit, published by Environmental Leader and others 2012.

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