



ACHIEVING A SUSTAINABILITY STRATEGY THAT WORKS

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- » FIVE REASONS WHY SUSTAINABILITY STRATEGY AND PROGRAMS MAY FAIL TO ACHIEVE THEIR FULL BENEFITS
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A Sustainability Strategy or Program

A prioritized set of actions with an agreed framework to focus on key materiality issues & a path to drive performance and engage stakeholders



Five Key Reasons Why Sustainability Strategy And Programs May Fail To Achieve Their Full Benefits

- ‘Corporate DNA’ Dissonance
- Poor Stakeholder Engagement
- Unprioritized Issues
- No Monitoring Or Evaluation Of Progress
- Losing Steam



1. 'CORPORATE DNA' DISSONANCE



Corporate DNA :

- The Mission for the long-term Vision of a Company
- Its culture, values, and work-ethic
- The foundation for establishing growth and direction
- A good place to look for the most personal sustainability concerns



- » The Sustainability Strategy takes elements of corporate DNA & is developed in line with corporate values
- » Well thought-out with relevant actions set for mitigation of impacts
- » Strategy developed as a framework of guiding principles

- » The Sustainability Strategy is superficial & implemented for compliance sake
- » No clear connection on what it means to the company
- » Misunderstanding the link between sustainability & the company's purpose – making it a cost rather than profit



CASE STUDY : UNILEVER



Unilever's 'Sustainable Living Plan' launched in 2010 is a comprehensive strategy that focuses on the power of its products and brands to address social, environmental, and economic issues by taking a 'value-chain' approach - from better sourcing, to investing in sustainable technology, to funding research and development to improve products to minimize impacts.

With a global daily consumer base of 2.5 million, it has chosen to make this an opportunity to 'make sustainable living commonplace'. Embedding sustainability into its DNA has helped shift people's perspective of this corporate giant.



2. POOR STAKEHOLDER ENGAGEMENT

- Internal stakeholders like C-Suite & Middle Management and external stakeholders such as shareholders, customers, suppliers etc. play a major role in the successful implementation of a Sustainability Strategy/Program
- Consistent dialogs are imperative with these groups to get feedback on the Sustainability Strategy
- Engaging stakeholders help determine which elements of a SMART (Specific, Measurable, Attainable, Relevant and Timely) Strategy works best for the company
 - Risk identification, scenario planning, benchmarking, and performance measures to engage involve senior management
 - Middle management engaged through communication of impacts and action-plans
 - Regular Awareness/Training programs on sustainability issues & mitigation conducted

- A watered-down strategy that does not consider the impacts on stakeholders
- No communication on relevance of strategy to the business model
- Lack of engagement to get feedback from these important groups





CASE STUDY : SIEMENS



A 2004 study on Siemens Australia found that only 40% of business units participated in Siemens' top sustainability program as employees considered it too general, unclear and a waste of time.

There was a lack of incentives, awareness, and performance benchmarks outside of strict emphases on financial performance.

It was evident that Siemens needed to better harness, engage with, and optimize its human resources for a successful program.



3. UNPRIORITYZED ISSUES

- A 'Materiality Assessment' is important to determine core impacts through a realistic tracking of the company's activities to map out the Sustainability Strategy
- A framework that channels into several key areas with a hierarchy and focus on the right issues to be targeted is indicative of a successful Strategy/Program



- Highlighting issues that are the most material to a company – i.e. areas of greatest environmental, economic or social impact & highest risk
- Interim objectives set - starting with relatively simpler issues then moving toward more complex ones
- Incentives for delivery, and raising awareness on the company's progress

- A poorly focused and indecisive Sustainability Strategy set in place
- Haphazard targeting of issues that are material to the company
- A bold end-goal with no milestones in between or a fixation on annual targets, leading to demoralization & failure to provide long-term direction for company growth



CASE STUDY : GUESS



Fashion retailer GUESS conducted a Sustainability Materiality Assessment in 2017 guided by AccountAbility's 'AA1000 Standard' for stakeholder engagement to evaluate and prioritize risks and opportunities for the sustainable growth of the company and mapped them out in a matrix (Importance to Stakeholders Vs. Significance of Impact).

This effective exercise generated a set of key actions to address concerns in the following year, such as launching a global GUESS Eco Collection and establishing steps to have 20% of materials certified sustainable by 2021.

IMAGE SOURCE: <https://christinamack.wordpress.com/2013/10/24/sharleen-ernster-lazear-of-guess/>



4. NO MONITORING OR EVALUATION OF PROGRESS

- Establishing systems and processes to drive the strategy allow the company to ‘walk its talk’, increases corporate governance, and accountability & engagement
- Science-based and measurable targets are a sign of performance ambition and are becoming a way of increasing transparency in sustainability reporting
- Consistent monitoring and evaluation and feedback on performance will determine areas for improvement



- Potential opportunities around sustainability practices for implementation are seized and any associated risks minimized
- Driving factors determined and commitment to achieving its sustainability goals established through quantitative, time-bound, and science-based targets
- Well-defined indicators & KPIs are set in place with incentives for achieving them

- Targets are predominantly qualitative & unfocused
- No adherence of objectives or targets to global or industry standards
- False promises of future commitments to sustainability that cannot be measured are dished out, putting the company’s reputation at risk



CASE STUDY : PHILIPS



Philips' sustainability information undergoes a third-party verification and validation of its Corporate Social Responsibility through various means such as analyzing systems for collecting information, visiting product sites to validate source data, and providing constructive feedback on any potential limitations.

This advanced level of M&E involves a separate body to ensure transparency and meticulousness of data, targets, and achievements for the sustainability strategy.



5. LOSING STEAM

- A sustainability strategy that is clearly and creatively communicated can be a powerful tool set to engage employees through feedback and encouragement
- Once all the planning, development and processes have been set in place, it is imperative to keep the momentum going, through constant engagement and a touch of creativity



- The strategy is collectively pushed through engagement and feedback, training & awareness, and momentum is kept going through incentives & novel ideas
- Transparent and evolves with the maturity of the company and its vision to transform it into something great.
- Progress is tracked via action plans/programs and actions are communicated

- Intangible goals and no incentives to achieve them
- A 'siloed' approach is taken, where there is minimal communication amongst the company's departments
- The excitement dies down after a while as there is no consistent engagement or evolution



CASE STUDY : PATAGONIA



Patagonia has been a leader in showcasing its commitment to sustainability over decades of operations.

Through consistent sustainability programs that are driven through awareness of issues at hand, and an understanding that there is still a lot more to be done despite all the initiatives that have been successfully implemented.

Therefore, the momentum is kept going through constant research and development of solutions, funding and supporting grassroots level programs and shedding light on the need to take action on climate change and overarching sustainability issues

A Holistic and Well-Thought Out Sustainability Strategy:

Builds better relationships with stakeholders & improves investor and consumer trust

Increases resilience to a changing world with sustainability issues that can no longer be avoided



Creates opportunities for innovation to stimulate growth and further brand identity

Minimizes costs, motivates and attracts talented employees



THANKS!

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