

CREATING SUSTAINABLE ORGANISATIONS

In a change for our **changeXchange** thinktank, we applied our knowledge of changing behaviours to understand the truth behind the commitments and why organisations find it so hard to achieve.

changeXchange



DEFINITION

One barrier to the success of sustainability is the **variety of definitions** in use.

Many originate from the 1987 UN World Commission on Environment and Development report, known as the [Brundtland report](#) which states:

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

More recently the definitions have been expanded to include the impact on **society** and **economy** as well as the **environment**, recognising the interdependencies across each dimension.

For the purpose of our exercise, we used the simplified version from National Geographic:

*“Sustainability is the practice of using **natural resources responsibly today**, so they are **available for future generations tomorrow**.”*

A HOT TOPIC

Sustainability is a hot topic with most organisations having statements of their intent, making commitments to targets and promoting their new-found beliefs. In a competitive and challenging business environment, is this **‘greenwashing’**, or a genuine belief?

WHY IS IT HARD TO BE SUSTAINABLE?

A root cause analysis of the challenges facing sustainability in our organisations offered **three** macro themes:

1 The threat to immediate profitability

- The pressure of short term earnings delivery is at odds with the long term investment required for sustainability
- Consumer preferences and their current willingness to pay for sustainable practices
- Competitive pressure to maintain low prices in saturated markets
- Availability of competitively priced sustainable methods, materials and resources
- Shareholders continue to reward companies for unsustainable behaviour

2 Inertia in Leadership

- Commitments, even public, are not held to account, with few **consequences**
- Lack of need, desire or understanding of the importance or role of sustainability
- Competing priorities resulting in resource and capacity constraints
- Assuming someone else will fix sustainability, it is often outsourced to a small sustainability team
- Leaders **lack empathy** with those impacted by their legacy practices

3 Lack of immediate penalties

- Lax legislation and lack of **consequences**
- **Inconsistent** standards and definitions
- Promises made are **not kept**, deadlines and targets are often **missed**
- Shareholder and consumer activism has **not created** enough pressure yet
- The lag between what organisations **say** they will do and **what they deliver**

This paper is brought to you by **changeXchange**, a thinktank sponsored by the team at [Irrational Change](#).

We solve behavioural change challenges for the benefit of all change agents. For more details visit our [website](#) for examples of our papers and details of how to join us.

If you would like advice on how to create a sustainability friendly organisation, using the latest in behavioural science, [contact us](#).

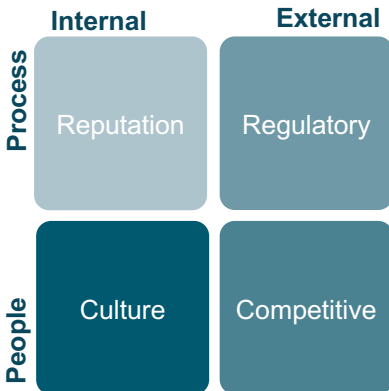
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WHAT ARE THE CONSEQUENCES?

We asked 'What are the consequences of not adopting sustainable practices?'

The lack of focus, being slow, or not adopting sustainability highlights that many of the consequences are **emerging**, rather than realised.

They fall into four themes; **Regulatory** and **Reputational, Culture** and **Competitive**.



REPUTATION

Damage to an organisations reputation or trust can be one of the most value destroying risks.

- Loss of **consumers**, or poor **consumer sentiment** due to unsustainable practices
- Targeted by **negative press**, or **activists** using social media
- Loss of future growth opportunities due to a **poor reputation**
- **Shareholder revolt**, demanding different practices
- **Reputation risk** by association with suppliers who provide unsustainable materials

CULTURE

Your approach to sustainability is a clear indication of your **employer brand** and what you care about.

Employees are increasingly **more demanding** of their employers and their beliefs.

- **Employee dissatisfaction** due to the reputation damage of unsustainable practices
- **Talent retention** and acquisition, as ethics do not align
- Need to **replace leaders** who do not believe in sustainability as ethically important
- **Employee trust erodes**, reducing empowerment and flexibility

REGULATORY

There is an advantage in self-regulation. **If you do not shape your own future, someone else will shape it for you.**

- **Greater legislation** can be expected to target non-sustainable practices through taxation or regulation
- **Increased scrutiny** and oversight by regulatory bodies
- **Exclusion** from markets due to lack of compliance to sustainability requirements
- Resources you rely on (energy, infrastructure) **are no longer available** to you
- **Loss of quality marks** which require sustainable practices

COMPETITIVE

A **tipping point** is likely, when customers or consumers **demand sustainability** and are prepared to walk if it is not provided.

- Competitors, with sustainable credentials thrive as **consumer sentiment shifts**
- **Resources may dry up**, as your supply chain moves to sustainable practices
- **Loss of consumer trust** by 'greenwashing'; marketing sustainability without evidence
- Loss of government and other tenders which require sustainable practices
- **Increased cost** of goods and margin pressure due to higher, sustainable input costs

WHAT MAKES A DIFFERENCE?

What makes the most difference in creating more sustainable organisations?

Applying our expertise in behaviour change, business and communication suggests a range of tactics that make the most difference.

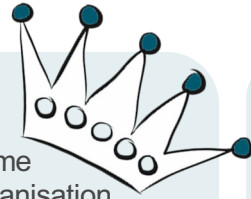
Unsurprisingly the **genuine conviction of leaders** rated the highest, closely followed by **being proactive** and **embedding into existing business practices**.

TACTICS

The **changeXchange** participants offered **twenty five** tactics to creating a **more sustainable** organisation ▶



LEADERSHIP



To successfully become sustainable as an organisation it is critical that you **foster an environment and culture which genuinely values it**.

To achieve this, you need **genuine leadership conviction** in being sustainable. These tactics help.

- **Know your why** and the consequences of failure
- **Accept responsibility** for the current situation. Call it out, name it so that it can be addressed
- Stand for what **you believe in**. Make **sacrifices** for your beliefs
- Be **decisive, bold** and **brave**. Embrace the uncertainty
- **Start at the top**, create actionable evidence of conviction, lead from the front
- **Commit** organisational resources to solving sustainability for your products and consumers
- Incentivise sustainable practices, create **non-negotiability**
- **Chunk the change** into smaller actionable steps which builds leaders confidence

BE PROACTIVE

Do not wait for legislation, or the turn of consumer or employee sentiment. Act now. **Be proactive and shape your future**.



- **Increase awareness** of the consequences, and the need to be proactive
- **Listen to your consumers**, your customers, your organisation, and your suppliers
- Leverage sustainability to **target new consumers**, products and markets
- **Be innovative**, think outside of the box and do not rely on others, recruit your consumers
- **Build the capability** to market sustainable solutions effectively
- **Commit funding** to research and development of sustainable practices, and sources of competitive advantage
- **Empower your organisation** to be sustainable in what they do
- **Reduce your dependency** on natural resources
- **Collaborate** within your industry to demonstrate good practices and reduce the risk of legislation
- **Leverage scale** to push your supply chain to offer sustainable solutions

NORMALISE IT

Embed sustainability into existing business practices.

Make it part of what you do and measure, in the same way that organisations have normalised Health and Safety practices.



Remember, **what gets measured gets done**.

- Include sustainability in your KPI's, make them as **prominent** as income or margin
- Create an environment which **protects a focus** on the longer term, without sacrificing for short term targets
- **Hire for diversity, capability and sustainable beliefs**
- Create accountability for sustainability
- Be prepared to try and fail fast, the road to sustainability is uncertain
- Repeat, Repeat, Repeat. **Sustainability is long term**, not a short-term fashion
- Talk about sustainability, **normalise it**