

**Article Title:** Why sustainability still matters in 2009

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## Why sustainability still matters in 2009

ALEX LANKESTER reveals findings from 2degrees' recent survey into corporate attitudes towards sustainability – and why it matters to SMEs

ZDEGREES recently undertook a survey of UK managers responsible for their organisation's sustainable business and corporate social responsibility strategies, which found that 90% of British businesses are still committed to sustainable business and CSR strategies despite the current economic downturn.

The research identified why CEO's are still committed to keeping sustainability and energy efficiency high on the corporate agenda, why communication is crucial, and where the opportunities lies for entrepreneurs.

### Sustainability and cost management

It is intuitive to assume that businesses will shelve their green strategies during a recession. Yet the research found that 61.3% of respondents believe that the implementation of their sustainability strategy is as high a priority as ever during the present economic climate, because of the need to generate efficiencies in the organisation's consumption of energy, resources and travel. Reinforcing this finding, two-thirds of all respondents cited cost savings as the main reason for their chief executive's commitment to sustainability.

However, a similar percentage (61.8%) believes that budget allocations for sustainability projects are under pressure. This suggests that there will need to be a greater emphasis on driving general efficiencies across departments and business units rather than specific CSR or sustainability initiatives. By examining every aspect of their business, manufacturing and working processes with a view to reducing resource consumption, a business is more likely to identify inefficient working practices. The resulting changes are likely to increase organisational efficiency, conserve resources, reduce costs and maximise profitability – the goal of every organisation, particularly during a recession.

### Communication is key

The reputation of sustainable business has suffered from "greenwashing", as organisations have claimed environmental commitments that are not necessarily reflected in their actions.

However, communications do have an important role to play in this field; the survey found that 60%



of respondents view marketing, communications and engagement with stakeholders as essential to the delivery of the organisation's sustainability strategy. This reflects the fact that when organisations develop and execute strategies to become more sustainable, they may be embarking upon a far-reaching organisational change programme, where internal and external communication is critical to success. CSR and sustainability managers use communications to embed change in the organisation; to demonstrate the need for sustainability and illustrate the benefits to stakeholders, from the Board, to existing and potential employees, to suppliers and customers.

In addition, over 40% of respondents cited PR or corporate reputation management as one of the key reasons for their chief executive's commitment to sustainability.

### The opportunity for SMEs

Whilst cost-cutting and 'being seen to be green' were revealed as key motivators, only 15% of respondents mentioned new product development as one of the top three priorities on their organisation's sustainability agenda. Similarly, only 8% mentioned new product development when asked for their top

three tips for defending the organisation's sustainability strategy. Furthermore, there was little additional evidence in the survey of UK companies committing to investment in research and innovation to progress their green business strategies.

Many experts in climate change and sustainability believe the only way to effectively manage these issues is through the generation of new technologies, products and processes. Reductions in costs and resource use will only carry the UK so far along the line to meeting its carbon reduction commitments - it is only through innovation that we will be able to generate the levels of efficiency needed to meet climate change obligations.

If it is unlikely this innovation will come from larger businesses, due to a lack of investment and new product development; instead, the UK will look to the entrepreneurs and SMEs who can identify and fulfil the gaps in the market.

But it is worth remembering that climate change is a global issue. The products and services delivered to support sustainable business strategies in the UK may be equally useful in export markets around the world. For a successful SME, the right product could open up massive opportunities for new business and revenues.

Knowledge is key; SMEs not already familiar with the issues can use the web to research topics around their area of expertise and forge links with like-minded organisations. There is a huge amount of potential regulation, both nationally and internationally, but the business press is increasingly stepping up to the mark to explain the main issues. Business and economic history demonstrates that the organisations who continue to innovate and launch carefully considered new products during a recession are the ones that deliver the best performance once the economy returns to normal. Sustainability – rather than being a challenge – offers a tantalising opportunity for many SMEs to take the next step in their business growth. The business leaders of tomorrow may be able to tackle climate change and a poor economic climate by creating new products, services, jobs and wealth.

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