

'Our sustainable brands grew faster in 2015'

By [Peter Cowan](#)

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Modern organisations face a tough operating environment in which they have to overcome challenges such as resource risks, and disruption from technology-enabled competitors, while simultaneously having to raise their performance and productivity bars by using fewer resources and reducing their environmental footprint.



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Keeping this complex juggling act going requires fundamental shifts in the way businesses operate and a commitment towards sustainable business practices.

The key to any sustainability programme is just that - that it is sustainable, and has a long term view of sustainability or the company's long term survival. However, when it comes to corporate sustainability programmes, there are key hallmarks that will drive their success.

These include the fact that sustainability needs to be embedded into the code, business charter, or mission statement of the company which, needs to be completely transparent, tracked and reported on.

Another key hallmark of a successful sustainability programme is that the company must take a long term view. There needs to be recognition that we are part of an eco-system and that if that eco-system is not healthy, the company cannot perform optimally.

It is extremely important that we understand the impact that we have as a business on our eco-system. Not just environmentally, but socially and economically too. This extends across our value chain; from our use of sustainable raw materials through to the consumers' use of our products.

Also required is stakeholder engagement, both internally and externally, as companies must be open to the views and criticisms of all stakeholders in the markets within which they operate. This extends to government, NGO's, associations, academia and other industry leaders. In this way, there is a continuous check and balance system in place, which strengthens strategy, as well as collaborative efforts.

For the whole process to work, senior management must buy into the initiative and guide the sustainability programme.

Strong leadership is needed

If a company is not pursuing sustainability activities, because of a lack of leadership prioritisation, staff need to push their employers to adopt a longer term strategy. They have clear evidence to support this approach.

In 2015, the UN Sustainable Development Goals were adopted, and the COP21 led to the signing of the historic Paris Agreement on climate by 190 countries. There was unprecedented support for both these initiatives by the broader business communities. This demonstrates that the business community as a whole, is no longer standing on the side-lines; they are prepared to advocate for change. Companies not taking this stance will be left behind.

Beyond having senior management as the drivers of the process, sustainability also needs to be incorporated into key organisational processes like performance management.

At Unilever for instance, sustainability targets form part of the key performance indicators, work plans, and targets of employees. This ensures that our core business framework, the Unilever Sustainable Living Plan, is filtered throughout the organisation, and becomes the responsibility and purpose of each individual within the organisation. At its core, this is about inclusivity and purpose. Employees need to feel included and purpose driven and that they are part of the systemic solution.

A challenge related to the execution of a sustainability initiative is the absence of performance incentives; and the presence of short-term earnings pressure that are at odds with the longer-term nature of sustainability issues. Longer term sustainability is key to the remedy to this dilemma.

Unilever was founded on brands with purpose. To assess product and purpose, we developed a methodology to help us determine how, and to what extent, each brand responsibly delivers against two criteria, purpose and product. The methodology enables brands to generate a systematic view of a brand's progress across social and environmental factors. We call brands that deliver against both criteria, Sustainable Living brands.

In 2016 we analysed our top global brands using this methodology. Our analysis revealed that sustainable living brands grew faster.

As an FMCG company, we strive to run a successful business, but not at the cost of society or our environment. We ensure that all of our sustainability initiatives, ranging from eco-efficiencies in our operations, such as our Zero Hazardous Waste to Landfill from our factories, to our livelihoods programmes, like the Ola ice-cream Vendor programme, are at the very least cost neutral. In many instances our eco-efficiency initiatives lead to longer term cost savings. We have also seen that our brands with purpose, such as Lifebuoy and Domestos, actually drive brand preference, and experience brand growth ahead of the market.

Driver of business growth

Sustainability programmes are good for driving a positive reputation for a company, but can they actually be a key driver of business growth? Our analysis revealed that in 2015, sustainable living brands grew even faster than they did in 2014.

Often, business executives view reputation as the most valuable 'dividend' of a sustainability initiative, but even when they do, the company struggles to pursue the right reputation-building activities that would maximise that financial value of the

programme.

Key to doing this is integrity, a set of values and intent, and then action that reflects those values and intent. Values need to guide the core of the business. Once sustainability is at the core of the business and the internal integrity is in check, then and only then, can reputational activities hold the gravitas that they need to withstand internal and external scrutiny, leading to consumer support and financial value.

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