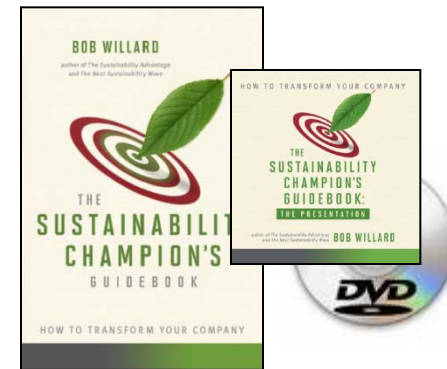


# Communicating the **BUSINESS CA\$E** for Sustainability



Sustainability Expo  
**Sustainability 3.0:  
Redefining Green**

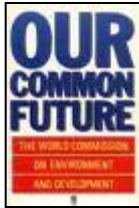
Strathcona BIA  
September 28, 2010



# Definitions of Sustainability

## **Sustainable Development (SD)**

Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs



-- Brundtland Commission, 1987 --

## **Sustainability**

The possibility that human and other forms of life on earth will flourish forever

-- John Ehrenfeld, Professor Emeritus. MIT --

## **Sustainable Development (SD)**

Enough - for all - forever

-- African Delegate to Johannesburg (Rio+10) --

# Core Concepts of Sustainability



**Futures Thinking**  
Intergenerational responsibility



**(Eco-)Systems Thinking**  
Carrying capacity of the planet  
to absorb waste and support life



**Social Justice**  
Equity, Dignity, Basic services, Human rights,  
Stakeholder voices

\*\*\*\*\*

**Economic, Environmental, Social/Cultural**  
responsibilities

# Sustainability 3-Legged Stool

## Sustainability

### Economic Leg

Good Jobs  
Fair wages  
Security  
Infrastructure  
Fair Trade



### Environmental Leg

0 Pollution & Waste  
Renewable Energy  
Conservation  
Restoration

### Social Leg

Working conditions  
Health services  
Education services  
Community & Culture  
Social justice

**Quality of Life / Genuine Wealth / Genuine Progress**

# Municipal “3-Legged Stool”

## Sustainable Community

### Economic Security

Responsible  
businesses,  
Jobs, Tax base

### Infrastructure and Built Environment

Public transit,  
Energy-efficient  
buildings



### Ecological Integrity

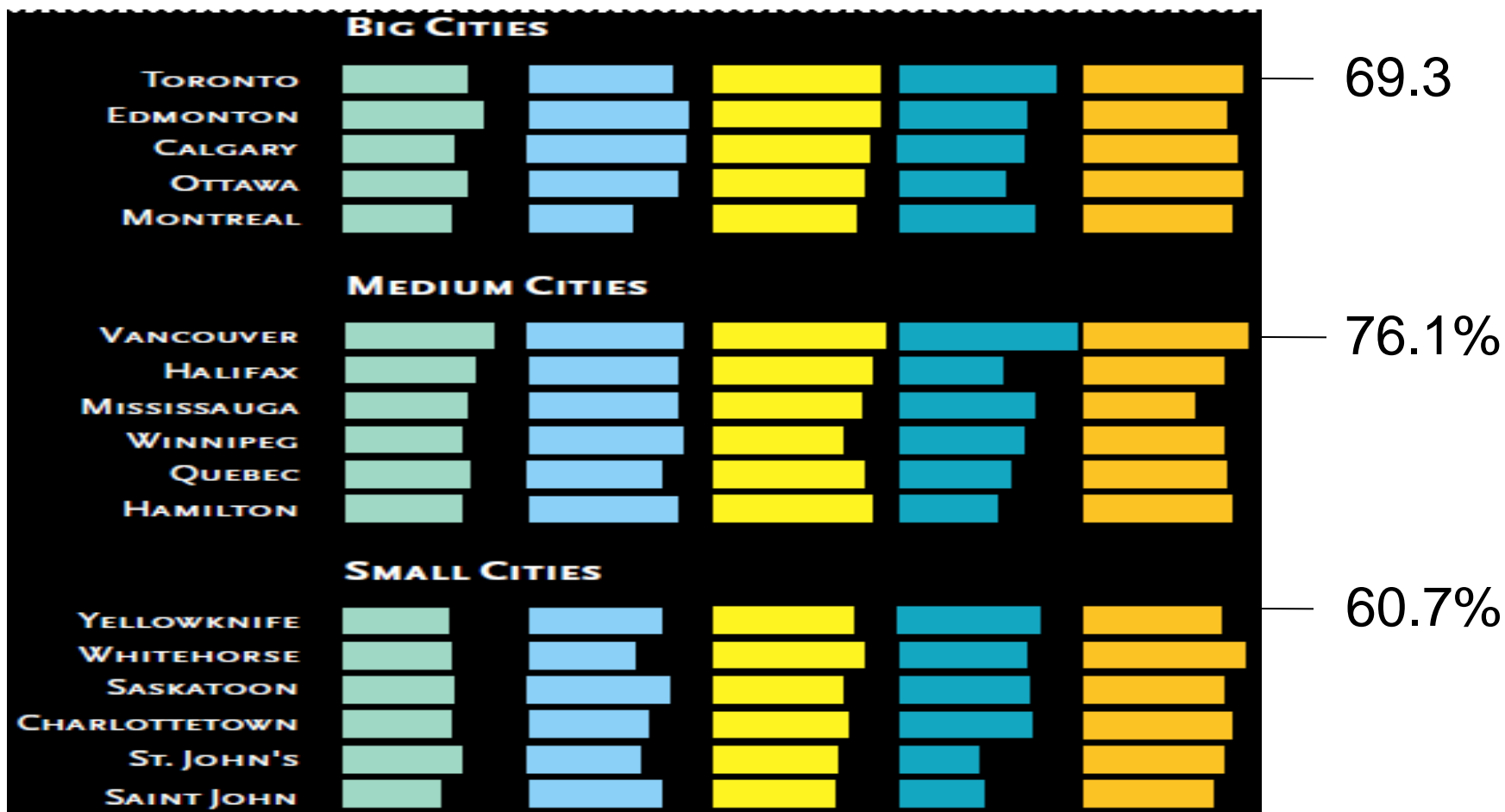
Air, Land, Water,  
Biodiversity, Local  
renewable energy,  
Zero waste

### Governance and Empowerment

Social Well-being  
Health care, Safety,  
Education, Housing,  
Culture

# Ranking of Sustainable Canadian Cities

Ecological Integrity    Economic Security    Governance & Empowerment    Infrastructure & Built Envir't    Social Well-Being



# Vancouver 2020 Goals

1. Green **Economy** Capital: 20,000 new **green jobs**
2. **Climate** Leadership: **Reduce GHGs 33%** from 2007 levels
3. All new **construction** carbon neutral. Improve efficiency of existing buildings by 20%
4. Green **Mobility**: 50% of trips on foot, bicycle, public transit
5. Reduce solid **waste** per capita going to landfill by 40%
6. Every person lives within a 5 minute **walk** of a green space.
7. Reduce per capita **ecological footprint** by 33%
8. Clean **Water**: Reduce per capita consumption by 33%
9. Clean **Air**: Meet or beat WHO air quality guidelines
10. Reduce **carbon footprint of food** by 33% per capita



# Company Sustainability 3-Legged Stool

**Sustainability = Sustainable Development (SD)**  
**= Environmental, Social, Governance (ESG)**  
**= Corporate Social Responsibility (CSR)**  
**= Corporate Responsibility (CR) = Green**  
**= Triple Bottom Line (TBL) = 3Es = 3Ps**

## **Economy - Profits**

Growth, Jobs,  
Taxes,  
Products,  
Services



## **Environment - Planet**

Eco-efficiencies,  
Eco-effectiveness

## **Equity - People**

Employees,  
Community / Culture,  
World

# Smart Business 3-Legged Stool

## Asset Management

Financial  
Capital

Built  
Capital



Natural  
Capital

Human  
Capital

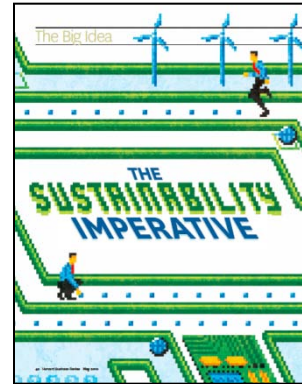
Social  
Capital

## Sustainable Value Creation

# The “Sustainability Imperative”

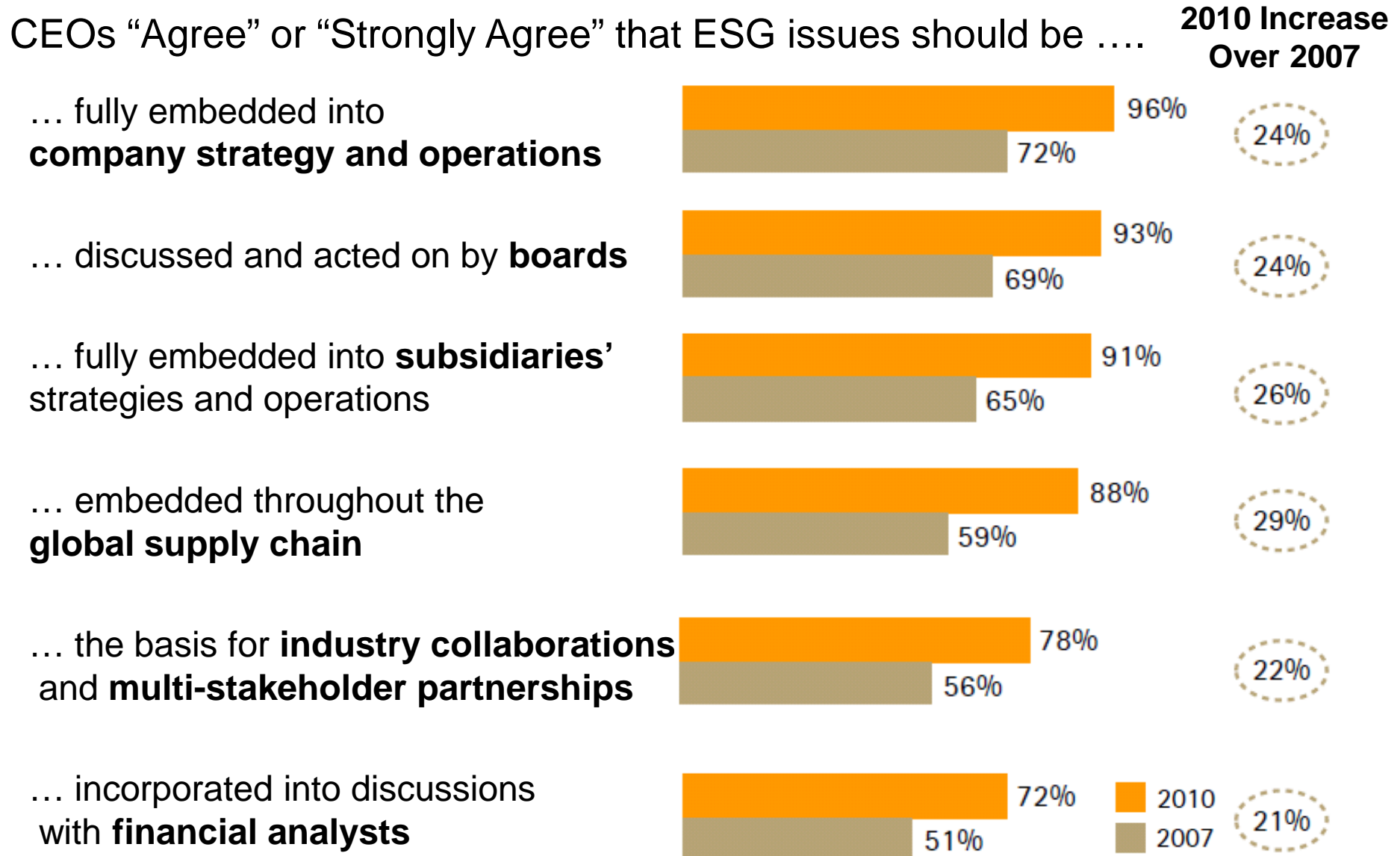


**Megatrend:** “A fundamental shift in the competitive landscape that creates inescapable threats and game-changing opportunities ... profoundly affects companies’ competitiveness and even their survival.”



Over the last 10 years, the “**Sustainability Imperative**” has emerged. Environmental issues have steadily encroached on businesses’ capacity to create value for customers, shareholders, and other stakeholders ... magnified by **escalating public and governmental concern** about climate change, industrial pollution, food safety, and natural resource depletion, among other issues.”

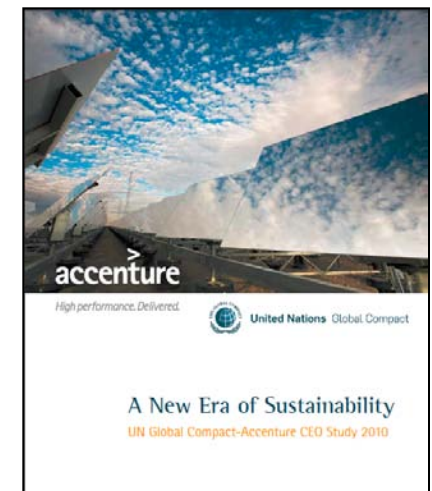
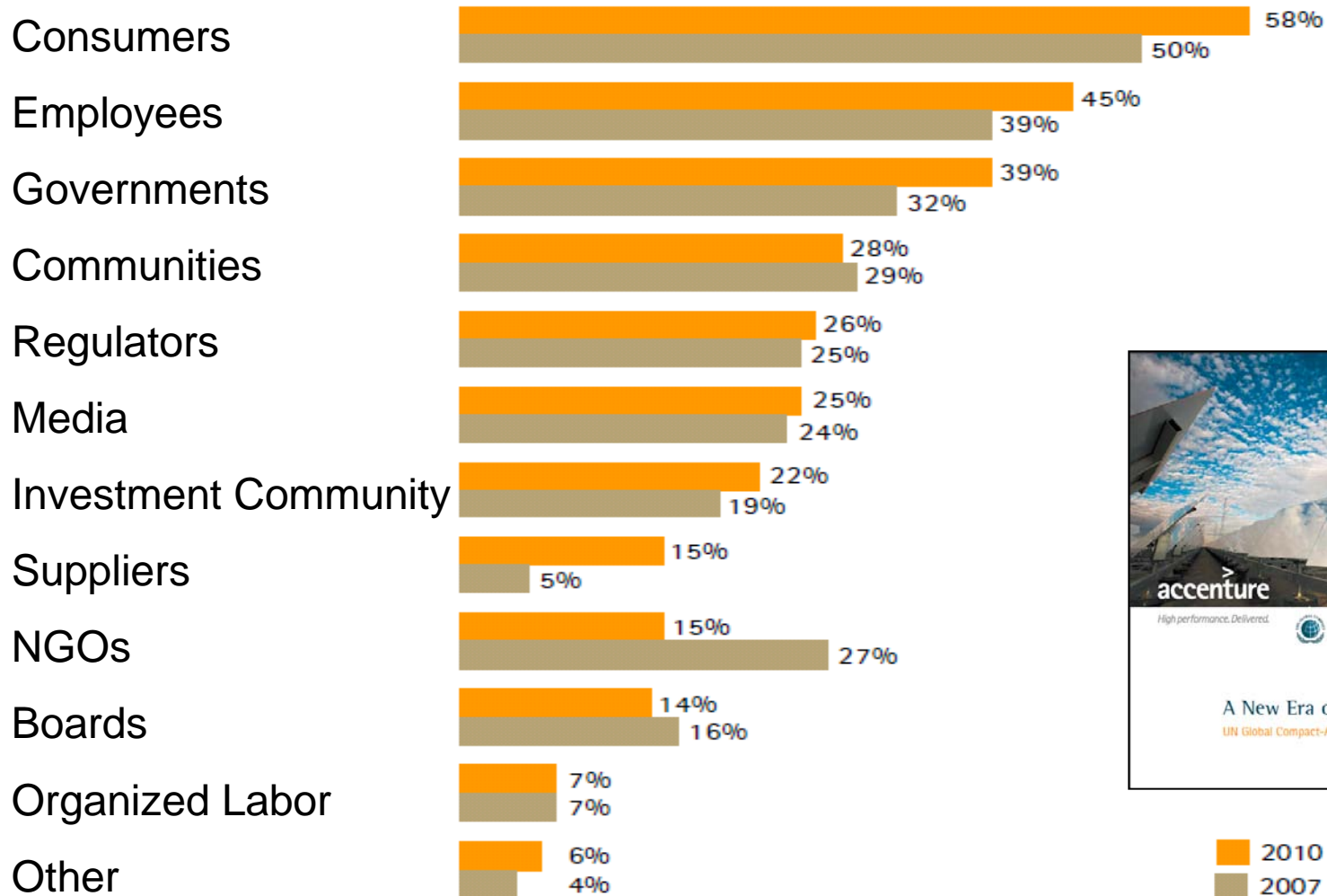
# Significant CEO Mindset Shift



Survey of 766 worldwide CEOs, including 50 in-depth interviews  
UN Global Compact and Accenture study, “A New Era of Sustainability,” June 2010

# Stakeholders Driving Sustainability

Stakeholders who CEOs believe will have the greatest impact on the way they manage societal expectations

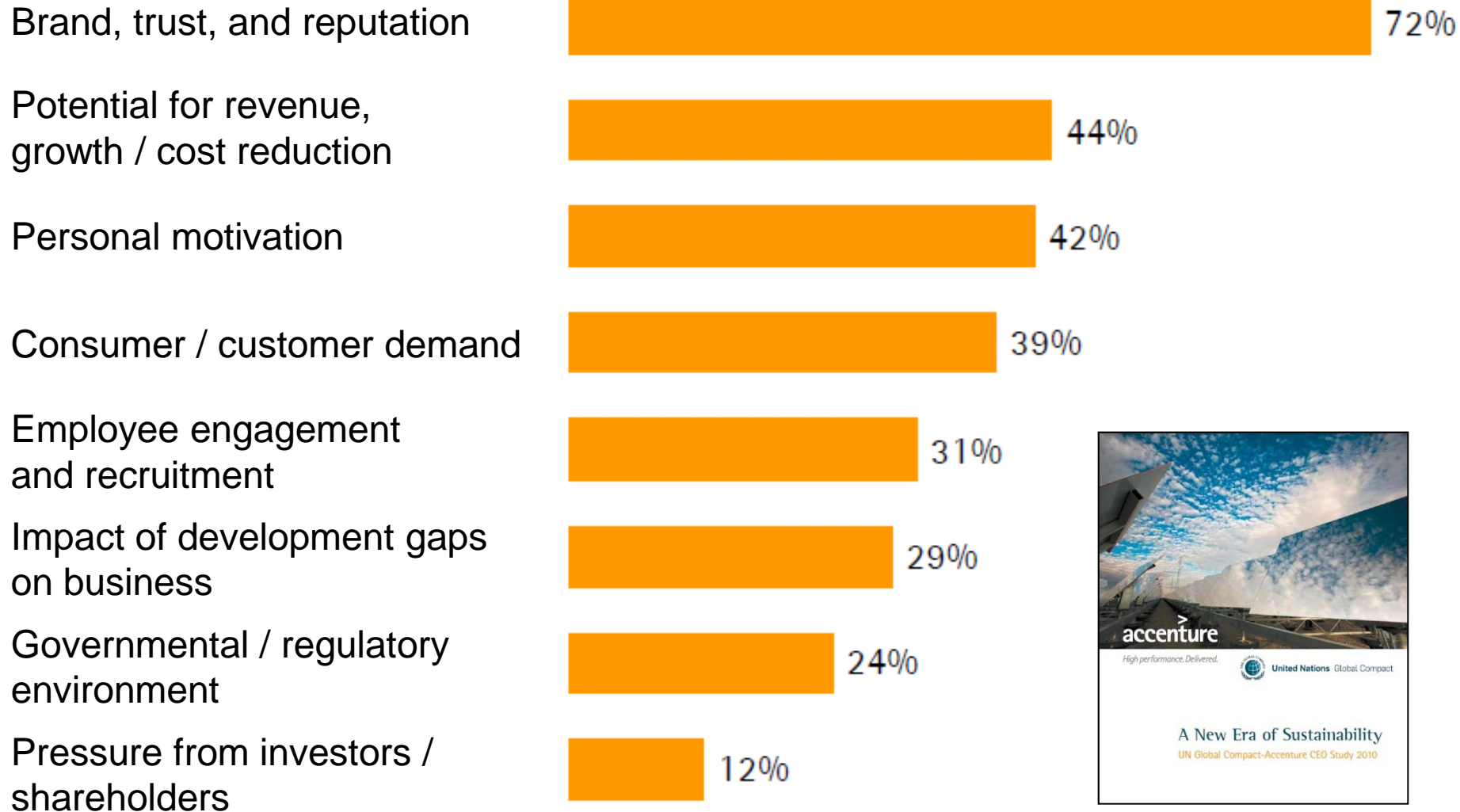


2010  
2007

Survey of 766 worldwide CEOs, including 50 in-depth interviews  
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

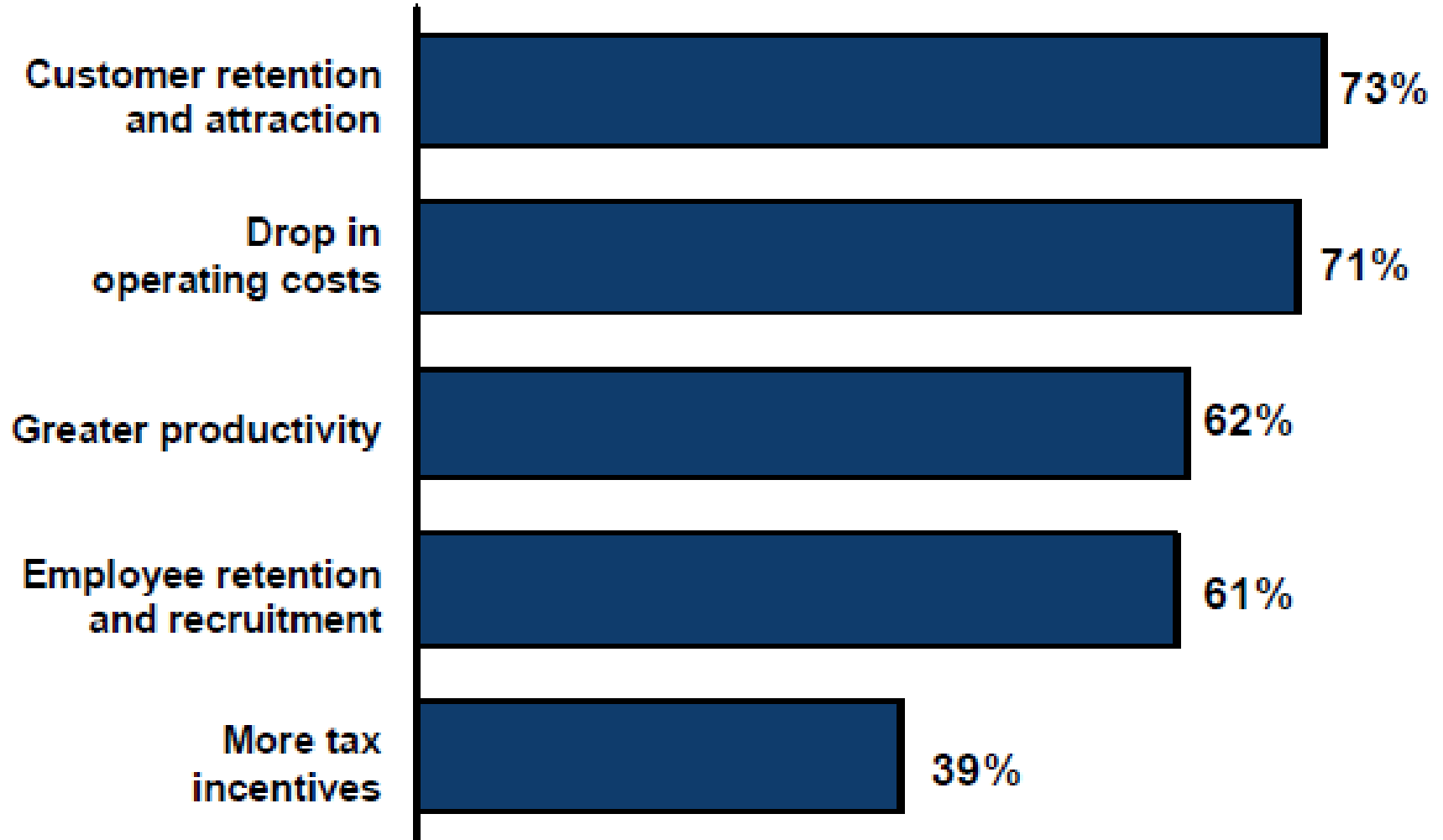
# CEOs: Sustainability Drivers

## Top 3 drivers of CEOs' action on sustainability issues



Survey of 766 worldwide CEOs, including 50 in-depth interviews  
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

# Benefits of Sustainability Strategies



C-suite survey of 203 large U.S. enterprises, Feb.-Mar. 2009

# 5-Stage Sustainability Journey



## 5. Purpose/Passion

Values-driven founder / CEO

---

## 4. Integrated Strategy

Enhanced business value

## 3. Beyond Compliance

Eco-efficiencies

PR crisis

Regulatory threat

## 2. Compliance

Regulatory enforcement

## 1. Pre-Compliance

# One More Goal ... or an Enabling Strategy?

Profit

Innovation

Share price

Speed to market

Growth

New markets

Revenue

Talent wars

Customer care

Productivity

Expense savings

Motivation

Competition

Brand image

Market share

Managing risks

Leadership

Compliance

Governance

Supply security



# Potential SME Profit Increase

Potential profit increase: +66%

- + Energized employees
- + Improved corporate image
- + Competitive advantage
- + Positioned for the future



# 6 Benefit Areas

1. Reduced recruiting costs
2. Reduced attrition costs
3. Increased employee productivity
4. Eco-efficiencies: savings in energy, water, materials, waste handling
5. Increased revenue / market share
6. Lower insurance & borrowing costs

Usual  
focus

... yielding a profit increase of **+66%**

REPUTATION



# Potential Improvements

- |  |      |
|--|------|
| 1. Reduced recruiting costs  | -1%  |
| 2. Reduced attrition costs   | -2%  |
| 3. Increased employee productivity                                       | +6%  |
| 4. Eco-efficiencies: savings in energy, water, materials, waste handling | -10% |
| 5. Increased revenue / market share                                      | +5%  |
| 6. Lower insurance & borrowing costs                                     | -5%  |

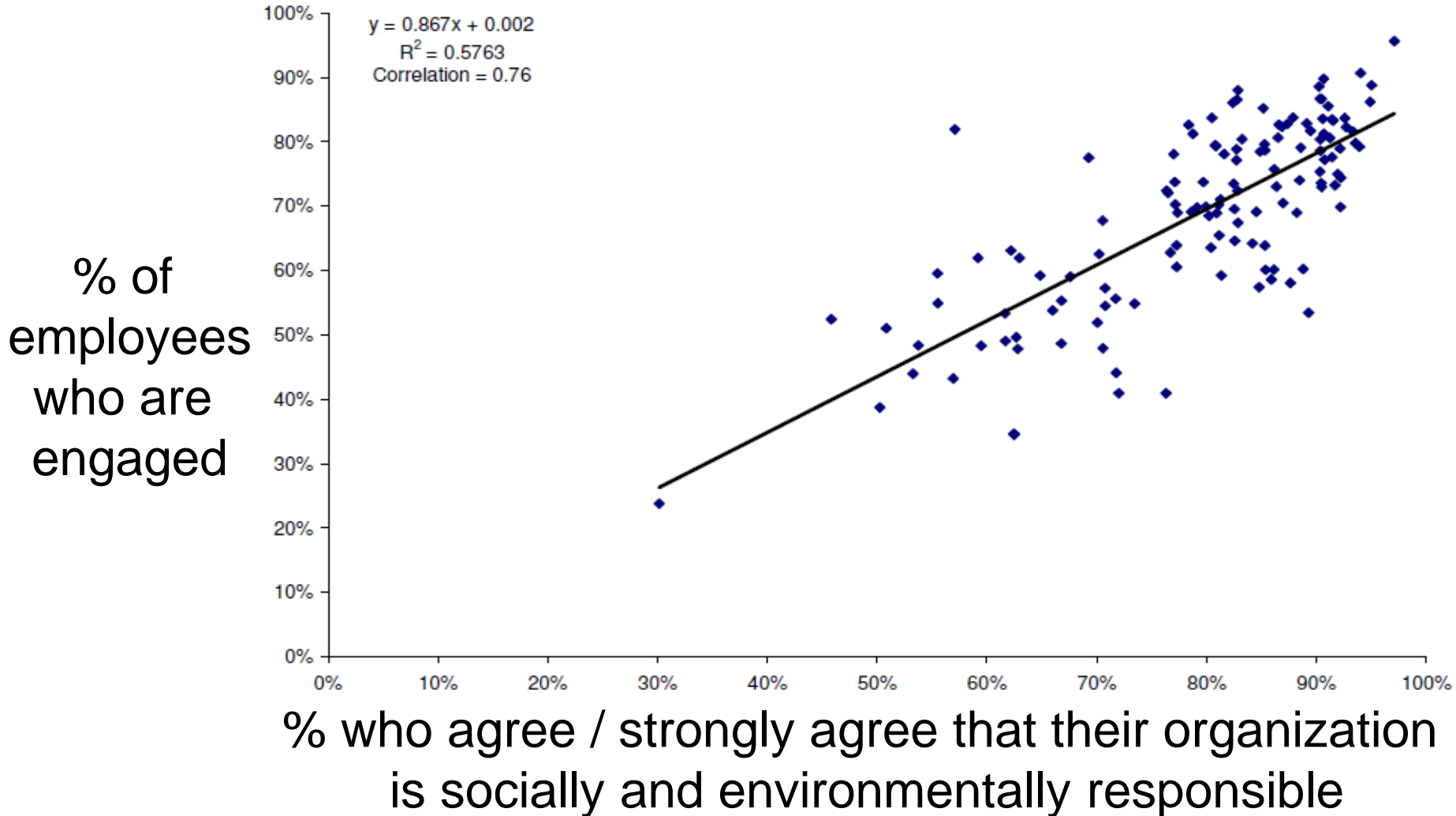
... yielding a profit increase of **+66%**

REPUTATION

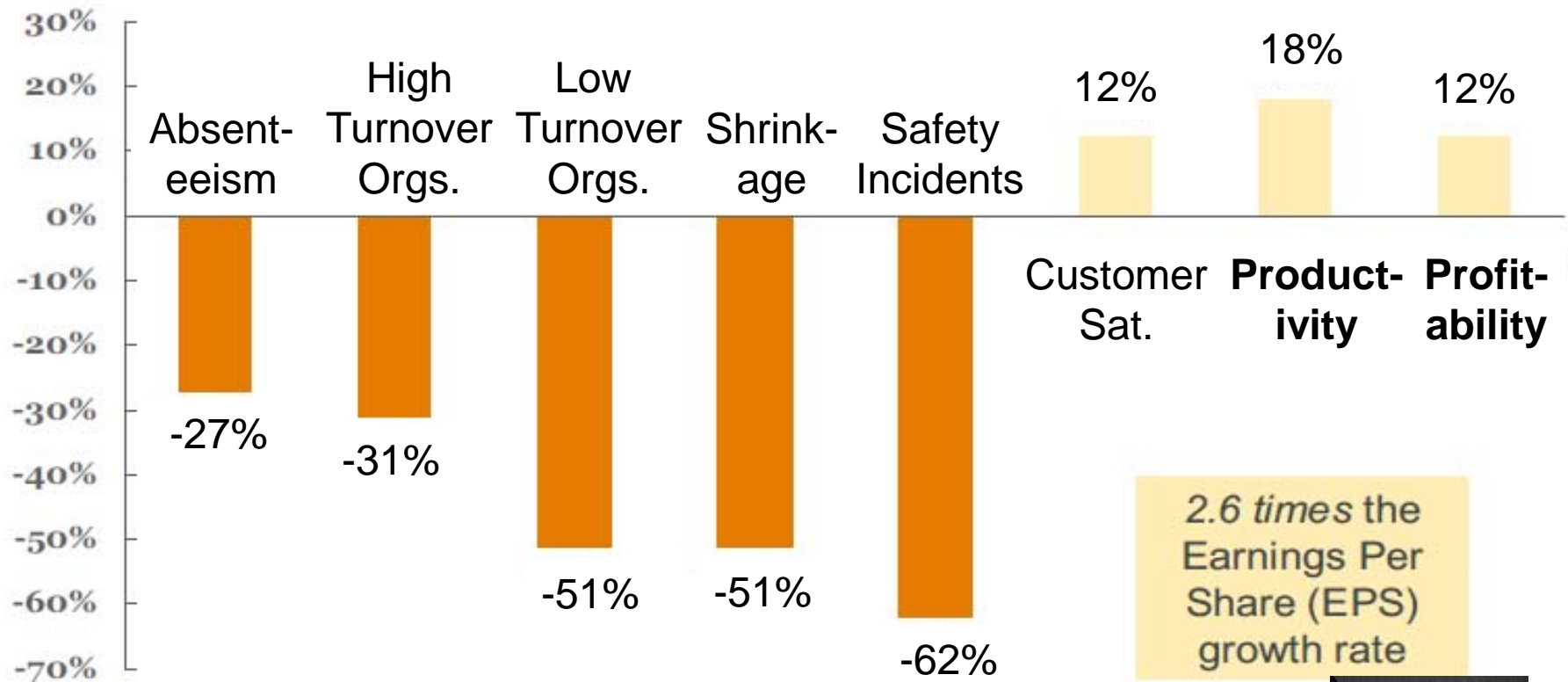


# Engagement Correlates with CSR

Engagement vs. Corporate Social Responsibility Driver Question  
(This is a socially and environmentally responsible organization)



# Engagement Drives Business Results



Difference Between Top and Bottom Quartile Performance



# Examples of Eco-Efficiency Savings

**3M**

Pollution Prevention Pays (3P)

**employee suggestion program**

**\$1B** in first-year savings over 30 years (1975-2005)

**XEROX®**

**21% energy** savings since 2002-2007,

saving **\$18M** in 2006;

saved another **\$7.5M** in 2008

from 20 **employee-suggested Earth Awards projects**

to eliminate 1.3M pounds of **waste**

and reduce energy use by 500,000 kilowatt hours

# Examples of Eco-Efficiency Savings



## Employee-led enthusiastic 2.5-day “Treasure Hunts”

Look for unnecessary lights and underperforming equipment; between 2005 and 2010, more than 200 Treasure Hunts found **energy savings exceeding \$130M**

Expanding the program to include hospitals, universities, city buildings and private sites through a new collaboration with the Environmental Defense Fund.

**A Treasure Hunt at a New York hospital found \$2.1M energy savings, with a payback of 2.6 years.**

# Employees Are Key to Eco-Efficiencies



## Community Centre Conservation Challenge (CCCC)

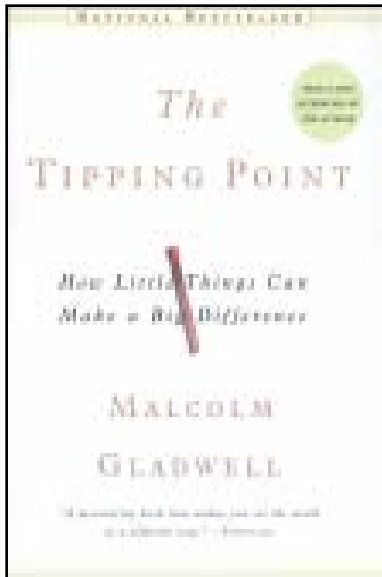
8 Community Centres; June – August 2009

Annual verified energy savings of **\$90,000**

### “Low cost / No cost” employee engagement approach

- Classy “no pizza boxes” luncheon to launch the challenge
- Trained maintenance staff and programs facilitators
- Engaged staff in inventory of plugs and savings ideas
- Presented winning team leaders with trophies at Council
- Classy thank-you closing luncheon for all participants
- Results included in City’s Leisure Guide

# The “Tipping Point”?



20%

**5. Purpose/Passion**

**4. Integrated Strategy**

Enhanced business value

**3.3: Sustainable governance**

**3.2: New products, services, markets**

**3.1: Improved supply chain conditions**

**3. Beyond Compliance**

**2. Compliance**

**1. Pre-Compliance**

# The New Economy

- **Low-carbon economy** vs. fossil fuel-based economy
- **Local supply chains** vs. global supply chains
- **Services** vs. products
- **“Dematerialization”** vs. physical goods, processes, or travel using “virtual” alternatives like videoconferencing or online shopping
- **Responsible consumption / thrift** vs. over-consumption
- **Low / No-growth model** vs. “grow or die” model
- **New ownership models:** employees, customers, co-ops, social venture funds, government funding
- **New company purposes:** “For-Benefit / B-companies,” “Social enterprises,” “Fourth sector,” “Hybrid organizations”



# Business Alliance for Local Living Economies (BALLE)

Started in 2001 by [Judy Wicks](#) (owner, White Dog Café), [David Korten](#) (author, *When Corporations Rule the World*), [Laury Hammel](#) (co-founder of Business for Social Responsibility), and the [Social Venture Network](#)

To **create an alternative economic system** comprised of an **international network of local living economies** that enhance community life and natural systems

80 community networks in NA representing 22,000 local businesses in 30 States and Provinces (as of 9/2010)  
e.g. Green Enterprise Ontario (GEO)  
e.g. LoCo BC



# In Summary ...

Sustainability is **smart business**

**Business language** applies

**Important stakeholders' expectations** are rising

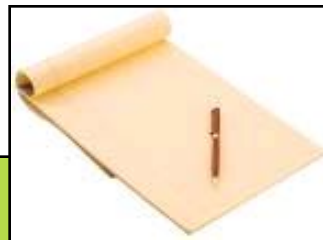
New **market forces & risks** are in play

Relevant to **existing organizational priorities**

Can **protect & enhance organizational values**

Many willing, helpful **partners**

Opportunity for **leadership ... by example**



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