Sustainability Assessments

What is Sustainability?

Conventional business has assumed an inexhaustible supply of raw materials from nature. It has used a "take-make-waste" model, in which virtually all materials eventually wind up in a landfill from which they cannot easily be used by future generations. For 200 years we have been able to find substitutes, often better ones, for materials that were running out. But this model is not sustainable for the long term, because every material that is easy to obtain will already be in use.

Sustainability assumes that resources are finite, and therefore that resources should be re-used as many times as possible. In addition, anything that damages the ability of earth to sustain life should be reduced or eliminated. Viewed in this way, the take-make-waste model is both appallingly wasteful and highly detrimental.

The first rule of sustainability is to preserve "natural capital," our finite natural resources, especially the soil, air, and water on which life depends. Sustainability uses the concept of "natural income," the resources that nature replaces daily in large quantities, mostly solar energy and derivatives from it, like wind and power. Earth receives about 15,000 times more solar energy daily than all the energy we use in all forms. Our fossil energy sources are merely stored versions of natural income. However, their supplies are finite, and burning fossil energy negatively impacts our environment. Sustainability encourages organizations to reduce or eliminate reliance on fossil energy, replacing it with natural income energy.

Costs, Paybacks, and Risks

From a business strategy viewpoint starting down the sustainability path is a no lose proposition. The company attracts customers with similar values and can obtain better supplier partnerships, and if it must survive using more limited resources, it has a head start learning how to do so. The real risk is in being a sustainability laggard.

Why Go for Sustainability?

The quantifiable business benefits from a well-designed sustainability program fall into the following three categories:

Reducing Operating Costs. When done by eliminating waste, environmental improvement should also reduce cost. Companies that adopt socially-friendly policies reduce operating costs due to lower employee turnover, and improve profitability due to their ability to attract and retain brighter and more creative employees.

Attracting and Retaining Better Customers. A company focused on sustainability offers more than price/delivery/quality to potential customers and potential supplies. Customers interested in more than price are better long-term partners. They have a lower credit risk and better chance of enduring.

Reducing Risks. Companies that have embraced sustainability have outperformed the broader stock market indices since the inception of the Dow Jones Sustainability Index. And market analysts are starting to realize that socially responsible businesses are lower risk than "profit-is-the-only-goal" businesses. A company that embraces sustainability does not worry about increasingly stringent regulations. And sustainable companies are positioned to favor tighter environmental and social regulations that can seriously damage competitors.

Projected effects of climate change:

- Temperature increase
- Sea level rise
- Changes in precipitation and humidity patterns
- Extreme wind, storms and other events
- Accelerated glacier loss
- Reduction in and warming of permafrost

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The Business Case of Sustainability

Sustainability has three dimensions: economic, social, and environmental. In the business community the term "triple bottom line" was coined to explain the importance of achieving sustainability. It implies that industry has to expand the traditional economic focus to include environmental and social dimensions, in order to create a more sustainable business.

Over the past few decades, organizations have taken more responsibility for the environment and have demonstrated that environmental initiatives and improvements can bring economic benefits. In the 1990's organizations began to implement environmental management systems (EMS) such as ISO 14001 to secure continuous improvement of their environmental performance. Integrating quality, workplace and an EMS created new opportunities for organizations, such as lower resource consumption, enhanced image recognition, and improved relationships with external stakeholders. Many businesses now embrace the life cycle concept, understanding that products have environmental impacts over their entire product life, i.e., product use, disposal, and distribution. Through improvements introduced over the product's life, businesses can potentially find further economic benefits, both in the product (less material waste, substituted hazardous materials) and in the market (improved image and competitive advantage). The concept of "eco-efficiency" was introduced to highlight the link between environmental improvements and economic benefits.

What Should a Sustainability Plan Contain?

While any plan needs to be tailored to the organization it serves, they all should contain five basic components:

1. **Framework.** The direction your efforts will take will be determined by the way you define sustainability. The point of the framework is to provide a shared vision and common language with which to speak about sustainability.

2. **Rationale.** Your efforts should also have a solid link to your organization's strategic plan. Be sure that all the people involved in your efforts understand the compelling reason for pursuing sustainability. This rationale elevates the importance of your intentions and establishes the justification for the commitment of resources.

3. **Vision.** Using your framework, paint a picture of a sustainable version of your organization. Ask yourself what your organization would look like, what it would be doing, and what it would contribute in a fully sustainable world.

4. **Key Impacts.** An analysis of your key impacts will form the basis of your effort. Start with some basic questions: What comes into your organization? What happens inside your facilities? What comes out of your operation? What impact does your business have on the community? What is your impact on your industry?

5. **Action Plan.** The impacts assessment should reveal opportunities for improvements. Once you have prioritized your action ideas, flesh out your intents for each action item.