

Adopting the right sustainability strategy for your business



Making sustainability an integral part of your business is smart, and can help grow your business in a number of ways.

You'll save money, eliminate waste and be more efficient in the way you use energy and materials. You'll discover innovations, build a stronger connection to your customers and stay attuned to their changing preferences. An advantage in sustainability can provide a clear point of difference that helps you win customers from your competitors.

Sustainability initiatives are increasingly being aligned with overall business strategy, as a way to provide differentiation and underpin growth. With the bigger players in the market moving this way, changes are being pushed down their supply chains – which is why it's so important to keep up.

Strategy: Simple as you like

Strategic planning doesn't have to be complex. It's not about creating a masterful document that will just gather dust in the drawer; it's about creating an exciting, shared mental picture of future success in the minds of decision-makers and key operational team members. That's the best way to bring it to life.

Strategic planning processes should always **include the stakeholders you engage**, and provide an unhurried opportunity for open discussion and healthy decision-making.

[The Natural Step's ABCD planning method](#) sets out four simple steps to analyse the right issues and align the response with your business goals. The method is based on solid science and plenty of experience. It comprises four sustainability principles which provide a decision-making compass that will help you navigate the journey.

The strategic nature of the process is based on the concept of 'backcasting'. Backcasting involves imagining a successful future outcome for your business, and then asking yourself: 'what do we need to do today to make that happen?'.

Materiality: Foundation of a robust sustainability strategy

For businesses at a serious crossroads on sustainability, or new to the game, there is an approach that has become the baseline for strategic business planning over the long-term: materiality.

Materiality is a process to identify the most critical sustainability issues for your business.

Once you have figured out which issues matter most, these issues can inform and guide the strategic decisions your business has to take.

Gary Niekerk from Intel Corporation sums it up well:

“Materiality is like packing a backpack for a hike: you can only bring the supplies that are absolutely critical, otherwise the weight will slow you down and eventually bring you to your knees.”

By understanding what is material to your business you can:

- Identify and communicate issues of importance to your company and stakeholders.
- Make better overall decisions because sustainability issues have been prioritised.
- Effectively manage operations and set strategies for the long term.

Material issues for a business include the things that have a direct impact on its ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

For your business, some material impacts will be immediately obvious, while others may be less evident. Sometimes the link between a social or environmental impact and your business may not be clear.

By identifying the most significant issues for your business, you will be able to leverage those issues to create the biggest possible positive impact.

How do I figure out what is material for my business?

Short answer: By engaging stakeholders.

Longer answer: By engaging both internal and external stakeholders across a range of positions/relationships, in a carefully facilitated, deliberative process.

Materiality assessments allow organisations to scan their horizons with the help of their stakeholders.

This gives them a better understanding of their future operating environment, as well as how their business can position itself - in terms of resources, strategic direction, etc. - for continued success.

Materiality assessments form any reporting against most major reporting frameworks, such as the Global Reporting Initiative and Integrated Reporting. These frameworks also provide good definitions for which issues are material.

The GRI defines material issues as those that:

- Reflect the organisation’s significant economic, environmental or social impacts;
- OR

- Substantively influence the assessments and decisions of stakeholders.

In Integrated Reporting:

- A matter is material if it could substantively affect the organisation's ability to create value in the short, medium or long term.

Contact us

SBN guides businesses through the materiality process as part of the SBN Advisory Service. Some of our members, such as Proxima and Thinkstep, can do likewise.

If it would be valuable, SBN can work with you to help clarify your motivations, audiences and scope. We can make recommendations for providers on that basis.