

## The Business Case for Sustainability

Locally and globally, sustainability is becoming increasingly important to companies' long-term strategies, their customers and other stakeholders.



From increasing demand for natural resources to economic disparity and climate change, companies now face a complex array of trade-offs and risks across their value chains. However sustainability can also bring wide-ranging business opportunities. It has become an important consideration in business strategy; with a bit of planning, sustainability can create value for your business.

### The advantages of having a sustainable business include:

#### 1. Meeting procurement expectations

Many NZ businesses and organisations are starting to ask sustainability related questions when it comes to procurement. For example, there is now increasing competition among businesses to meet procurement requirements for local government. A business which has supply chain transparency is in a stronger position to meet these standards.

#### 2. Improved brand value and reputation

Sharing your sustainability story is a marketing tool. Brand reputation or 'goodwill' is one of the most valuable assets a business can have. Your reputation is a form of capital which must be built over time, as a long term strategy. If your sustainability strategy aligns with your business' product or brand, this will help you to tap into what the market cares about, while reinforcing your company's culture.

#### 3. Meeting consumer demand and marketing advantage

Sustainability issues are now becoming mainstream, and are becoming harder to ignore. Colmar Brunton's Better Business Better World [research](#) shows that consumers are willing to pay more for ethical and sustainably produced products. People want to feel good about what they are buying and where it comes from. As Generation Y grows up, so does their income and their market share. A sustainable business will be better placed to meet this growing demand.

To keep up with consumer demand for socially and environmentally responsible products and services, companies must recreate old products and innovate to create new products. This will differentiate a business from its competition, command higher selling prices, increase customer loyalty and market share, and produce a higher return on investment.

#### **4. Providing a platform for innovation**

Social and environmental issues present new business opportunities for companies that recognise the potential new revenue sources available to those who develop solutions to the challenges we face. Manufacturing, technology, construction, transport, fashion and retail are a few examples of areas where innovation is driving change and, in turn, creating new markets.

#### **5. Business continuity and risk management**

Sustainability is about protecting your business from the risks of today, while ensuring that it can respond to the challenges and opportunities of tomorrow. It's important to have a long term outlook to ensure longevity, and to make sure your business remains successful in the future.

#### **6. Increased resource efficiency**

Many of the resources we previously considered renewable, like forests and fresh water, have become finite now that human demands are exceeding the ability of natural processes to replenish them. Businesses need to plan for increasing resource costs in the future, the cost of adaptation to climate change, and a policy environment that is increasingly hostile towards carbon emissions. Embedding sustainability into your business will allow you to do this.

Through the development of more sustainable business practices, efficiency in operations will increase. With better use and conservation of resources, operations will be streamlined and costs will decrease. Implementing water and energy efficiency initiatives, and recycling, reusing and reducing waste will help you protect your bottom line, while ensuring the sustainability of your business.

#### **7. Staff retention and attraction**

Employees and job candidates, particularly those from Generation Y, seek work that is meaningful and demonstrates value to society. Top talent is seeking out employers that have a clear vision for their contribution to a sustainable global economy and look to drive improvements internally. Embedding sustainability into your business allows you to attract and retain talent.

#### **8. Strengthening stakeholder relations**

Stakeholders recognise the value of proactively anticipating, managing and responding to business risks. By having a sustainability policy, you will attract investors who are interested in companies with long-term, sustainable business plans that minimise operating risks and costs in the future.

#### **9. Understanding emerging trends in your sector**

What are the next big shifts in your sector? In our rapidly changing world, a successful business is one that can effectively manage change. It's important to be able to have a view to the future, and to be willing to adapt to change.