

Sustained leadership

What is the good behaviour that sets certain brands apart from the competition? Femke de Man and Aysa September reveal experts' advice about how to become a successful and sustainable company

Concerns about climate change have increased dramatically among global consumers in recent years. Environmental concerns are on the public agenda; many people link recent extreme weather events to global warming. It is therefore likely that consumers will increasingly recognise and appreciate companies' efforts to reduce the impact of their operations and contribute to global climate change mitigation initiatives.

Many companies strive to become socially and environmentally sustainable in their operations as well as financially stable. A rise in communications around sustainable development (SD) is evident, as many companies attempt to tie their brand to elements of sustainability and corporate responsibility.

Our biannual survey of sustainability experts reveals that opinion leaders are paying attention to corporate initiatives and communications in the area of SD. These recognised authorities are making clear which companies are most successful at branding their leadership in sustainability. Experts' reasons for identifying certain companies as SD leaders provide valuable insight into how others might emulate this success.

Companies with the greatest commitment to sustainability, 2005

(Unprompted up to three mentions)

1. BP
2. Interface
3. Shell
4. Toyota
5. DuPont
6. Novo Nordisk
7. Unilever
8. Nike
9. Hewlett-Packard
10. General Electric
11. Starbucks

Source: Globescan's Survey of Sustainability Experts 2005

Long-term commitment

Each year, experts are asked to name individual companies that show leading commitment to sustainable development.

In 2005, we also asked respondents to explain the reasons for their positive view of these companies. Experts who mention BP often point to its position on climate change and use of renewable energy. One expert in particular says:

"BP is a leader for continuing to follow up on its commitments to reduce greenhouse gases, and for public reporting on its own accountability."

Another states:

"It is committed to transforming its business to the era of 'beyond petroleum,' looking to renewable energies as its next core business."

Other experts mention strong leadership, specifically:

"The chief executive has done a good job of bringing change to the oil industry, reducing greenhouse gas emissions, providing corporate social responsibility reports, and engaging other industry leaders to get involved."

Interface, the US-based flooring company, is also named as a leader in sustainability because experts see the CEO's commitment to sustainability. One respondent commented:

"Founder and chairman Ray Anderson has seen the need for a 'restorative economy' and for re-designing all industrial systems to reduce waste, energy use, and even the effects of used products to a minimum of ecological effect."

Experts recognise and value this comprehensive system-wide approach to sustainability within other companies as well. For example, DuPont has long been cited among sustainability experts for its "measurable commitments to reduce toxins, lower CO2 emissions, and boost the use of renewables and recycling across the company."

Shell, like BP, is commended for being

an oil company that is shifting to alternative energy sources. As one expert stated:

"Shell is demonstrating a clear change of strategy from oil to energy, which implies in the long term a change from non-renewable to renewable energy".

Moreover, messages from these leading oil companies about their investment in renewable energy sources appear to be getting through to the general public.

As part of our Corporate Social Responsibility Monitor survey, consumers around the world were asked to name a large company that they consider to be fulfilling its responsibilities to society better than others. Across the 33 countries surveyed this year, Shell and BP are mentioned more frequently than any other oil companies as socially responsible. When asked for their reasons, people most often point to environmental protection. These findings illustrate that it is possible for companies to differentiate themselves from their competitors through sustainability initiatives. Our research shows that oil production is generally rated among the least responsible industries.

A nod to Toyota

Toyota has also gained considerable ground over the past three years, in contrast to the top three leading SD companies mentioned by experts, which have been long-recognised as leaders in sustainability. The company is well regarded for its environmental management practices in the manufacturing process as well as leadership in the hybrid gas-electric car market. One respondent confirmed:

"Toyota has very detailed environmental action plans, and most targets are reached as scheduled. Toyota also had the first hybrid car to be mass produced".

Clearly, Toyota's mitigation of the environmental impacts of its products

also resonates well with consumers. The general public strongly desires that companies develop safer and healthier products as the best way to make a positive contribution to society. Product health and safety is also the responsibility that consumers most strongly expect companies to fulfill.

Although less known among the general public, Novo Nordisk is frequently recognised among experts as a leader in sustainability for its dedication to a single issue: diabetes care. One expert explained:

"The company has built the triple bottom line into its core strategy and is developing such initiatives as Oxford Vision 2020 [a sight charity], to prevent the diabetes that represents its future market opportunity, on the basis that the public healthcare costs would be unsustainable."

Sustainability throughout the supply chain is another important consideration for experts when evaluating the leadership of companies. They point to Unilever as a leader in commitment to sustainability because of its "full supply chain analysis of sustainable impacts followed by implementation of action plans agreed with a wide stakeholder community." Similarly, Nike is seen to be looking at the upstream supply chain to guarantee workers' rights and showing concern for the environment in product production.

The general public also appreciates the importance of supply chain responsibility. Consumers have very high expectations for companies to ensure that all materials used to make products have been produced in a socially and environmentally responsible manner. This responsibility ranks third behind ensur-

ing product health and safety and not harming the environment.

General Electric (GE) gained more support in 2005 than in previous years. Reasons for this could include its May 2005 launch of Ecomagination, the company's commitment to developing ecologically-sound solutions to current and future environmental issues. Experts who see GE as a leader mention its "greening of technology". One expert noted that:

"GE purchased wind and solar companies to position itself as a zero carbon energy provider, and launched the PR campaign Ecomagination."

Job satisfaction

Starbucks (pictured, right) is also mentioned by more experts in 2005 than previously, which could be a result of its 11th place on *Fortune* magazine's 2005 Best Places to Work list. It may also relate to the spring announcement of the company's commitment to purchase renewable energy certificates for its com-

pany-operated stores, a move which places it among the top 25 US purchasers of renewable energy.

Those who mention Starbucks also often cite involvement in the community, supply chain issues, and employee treatment. For example, one expert's reasoning behind Starbucks as a leader in sustainability is that:

"The company is developing stronger awareness of its buying practices vis-à-

vis living conditions of growers, providing excellent employee benefits, and educating its customers."

It appears that the respondents' reasons for identifying companies as leaders in their commitment to sustainability are often based on an alignment of initiatives with core business practices. For example, petroleum companies gain recognition for their steps to shift toward renewable energy sources, while food and beverage firms are lauded for their commitment to sustainable supply chains.

Experts emphasise the importance of companies not only stating their commit-

ment to sustainability, but setting measurable targets and following through with action plans. They highlight the need for systemic change in production processes and applaud companies that are demonstrating their commitment to this challenge. Although corporate leadership in sustainability is not easy to attain, experts in this area signal that dedicated efforts will

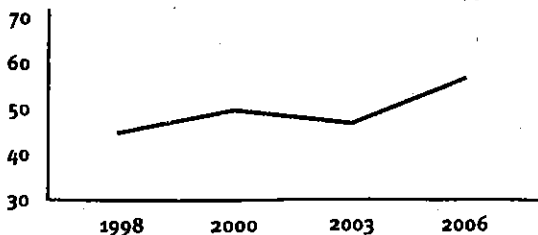


be recognised. ■

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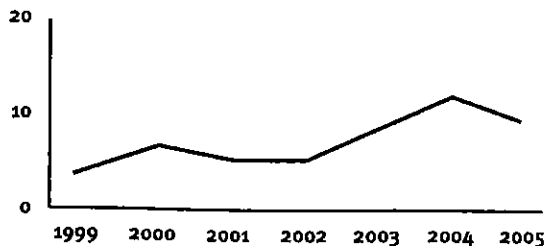
Seriousness of climate change

"Very serious" average of 16 tracking countries, 1998-2006



Source: Globescan's 2006 Corporate Social Responsibility Monitor

Recognition of Toyota's commitment to sustainability



Source: Globescan's survey of Sustainability Experts, 2005