

The Business of Sustainability

SURVEY 2011

Attitudes and approaches of leading green businesses in Ireland



Prepared by

RealEyes

Success through Sustainability

Introduction

Recent international research has given us valuable insight into how companies across the globe are generating corporate value by evolving their operations, products, services and even their positioning toward sustainability.¹

We wanted to understand how leading green companies here at home were embracing the green wave and whether the downturn had slowed their momentum. We were delighted therefore when we got the opportunity to work with the green awards. Their database of award entrants provided us with a list of company's with direct experience with sustainability in Ireland. We invited over 1,000 of them to answer ten questions as part of an online survey between February and March, 2011. We asked about the importance of sustainability to the future of their organisation, the value it generates and how. We also asked what would further help address sustainability issues in the future.

The results and accompanying comments offer insights into the direction of green business in Ireland and highlight areas where further research is necessary.

John Harrington
Managing Director
RealEyes Sustainability Ltd.

¹ The business of sustainability, First annual business of Sustainability Survey, MIT Sloan Management review, 2009

**{1 in 4
companies said
sustainability
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**{Almost
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sustainability was
that it improved
their company
or brand
image}**

Executive Summary



The vast majority of green businesses surveyed agree that sustainability is critical to their future success. Why?, because sustainability delivers key business benefits such as increased competitive advantage, better brand image and increased innovation.

Not even the worst recession in recent Irish history has dented respondents commitment to it. Quite the contrary. It would appear, especially from comments submitted, that sustainability makes more sense now than ever.

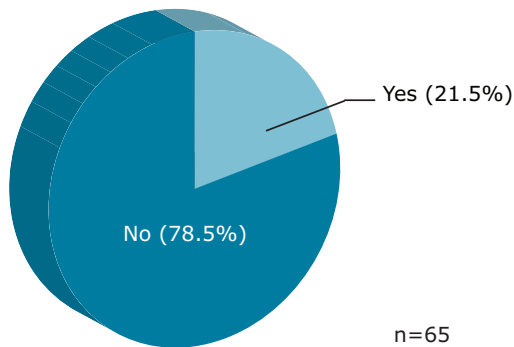
Most company's are generating value from sustainability in the short term by addressing tangible inefficiencies in energy, waste, water etc. The majority are also building capacity through training in pursuit of intangible benefits such as higher staff retention, innovation and productivity rates.

In general company's favour sustainability strategies they can control internally, fewer companies for example, are trying to influence government policy or their supply chains although we expect the latter will grow in importance over the medium term.

Company's also indicated that they need "new" frameworks and approaches and "new" methodologies and techniques to better address sustainability issues in the future. More research is needed to clarify exactly what respondents mean here but the word "new", may be significant. Perhaps they feel that "old", *business-as-usual* approaches are insufficient to plan and operate a modern, sustainable business. Respondents did offer the names of organisations they consider examples of world class in sustainability and some of these (e.g Interface carpets) are at the forefront of developing such novel business models. However, less than one in eight respondents consider their organisations as world class in sustainability signifying that although Irish business has a lot done in sustainability, they clearly believe there's a lot more to do.

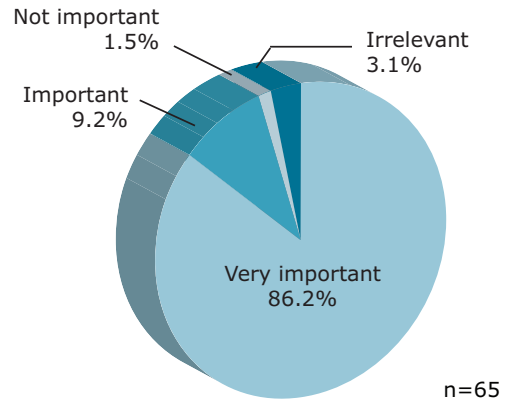
Survey Findings

Has the current economic downturn affected your organisations commitment to addressing sustainability issues?



{fig.1}

How important are sustainability issues to the future success of your business?



{fig.2}

Sustainability Is Recession Proof

Almost 8 out of 10 companies (78.5 %) say that the current economic downturn has not affected their commitment to sustainability (see Fig. 1). Commenting on why they remain committed to sustainability during an economic recession, businesses emphasised the financial benefits. *“We have seen the financial benefits of good environmental practice prior to the recession. This is even more relevant now,”* Another said that the recession had made them more determined to improve and maintain savings. The recession and sustainability it seems are compatible in that both provide the context to trim company fat while punctuating the need to differentiate and innovate. Both represent constraints that test a company’s ability to adjust to changing market conditions. Leading company’s adapt and thrive under such conditions, positioning them well to take advantage of any future economic recovery.

Sustainability is essential for doing business in the 21st Century

The survey also found that 95 % of businesses claim that sustainability issues are either very important or important to the future success of their business (see Fig. 2). The vast majority therefore believe that sustainability is an essential ingredient of modern business practice and strategy. This concurs with the UN Global Compact-Accenture study of CEO’s attitudes to sustainability (A New Era of Sustainability, the UN Compact Accenture Global Study of CEO’s, 2010) which found that a similar per cent (93 %) of CEO’s believed that sustainability will be crucial to the future success of their business.

Green Priorities

When asked which sustainability strategies their

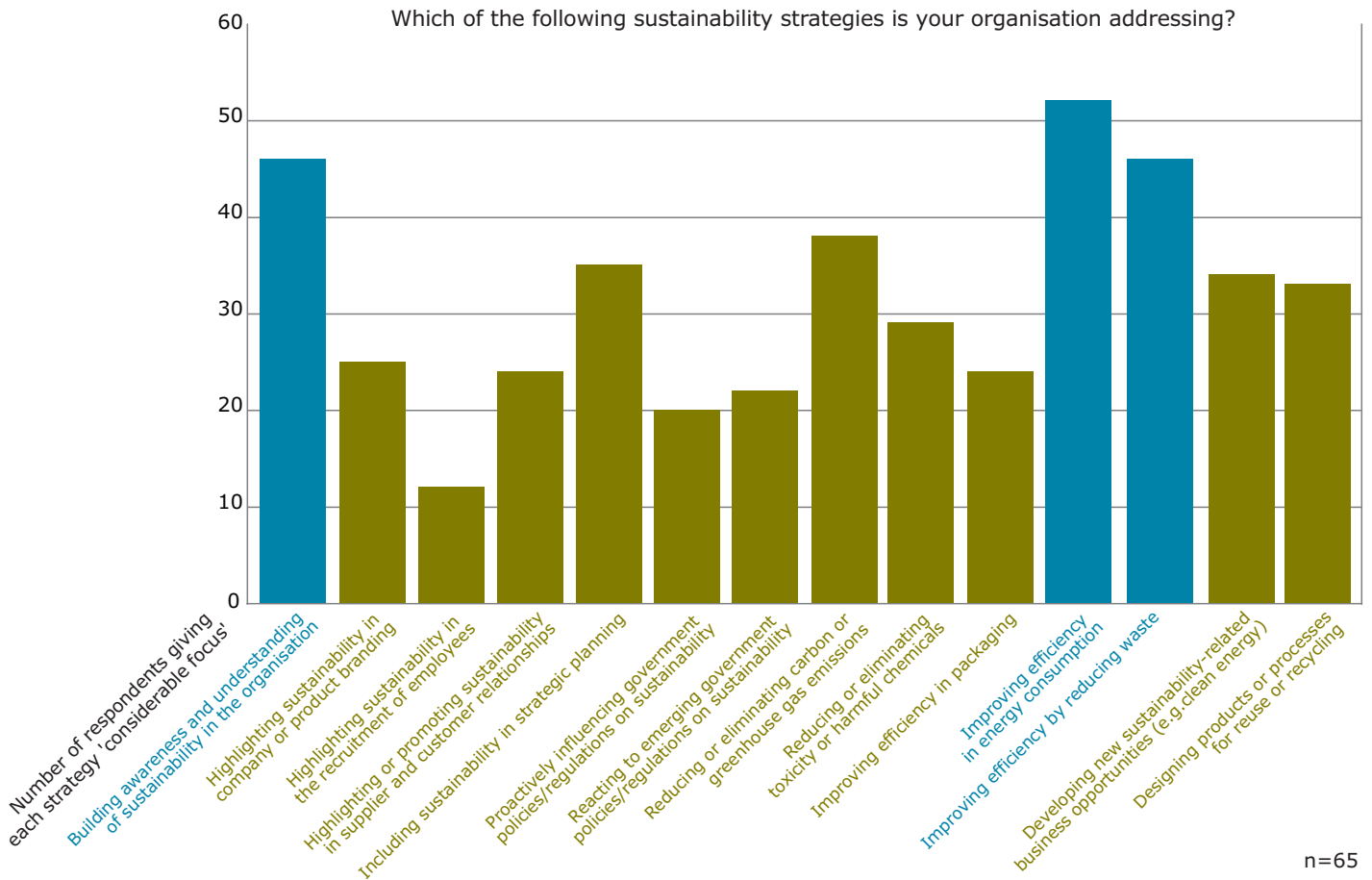
organisations were addressing, 80% of companies chose “improving efficiency in energy consumption” and 72 % chose “Improving efficiency by reducing waste”. Interestingly, an almost equal number of companies (71%) chose “building awareness and understanding of sustainability in the organisation”. Influencing governmental policies and regulations on sustainability and highlighting sustainability issues when dealing with suppliers and customers were seen to be lower priorities (see Fig. 3)

Not surprisingly, these findings show that companies are more interested in issues like dealing with energy and waste that give them an immediate financial return. These are also internally focused issues which companies have direct control over. The survey shows that companies seem less willing to branch out and address more complex external issues like influencing government policy and promoting sustainability in supplier and customer relationships. However, we expect businesses – especially larger ones – will become more interested in these areas in the future, particularly with the growth in green procurement.

Benefits of Sustainability to Businesses

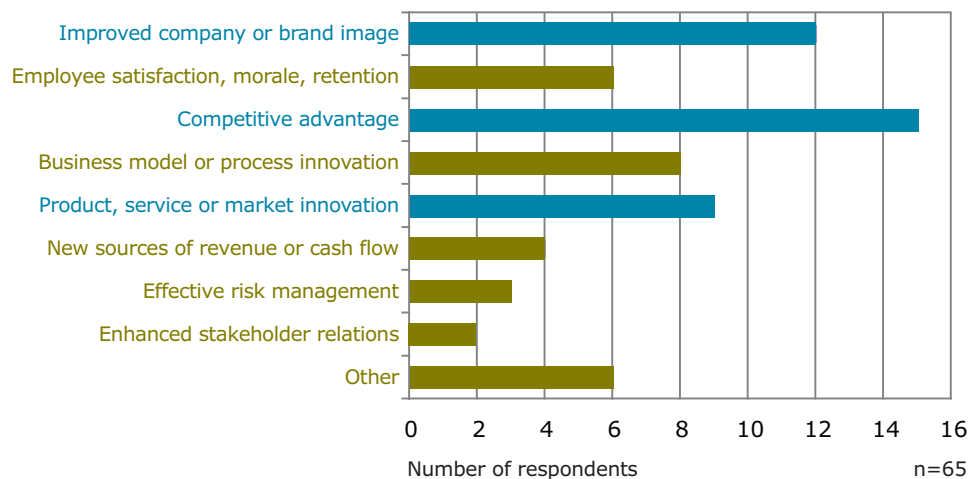
Businesses were also asked what the greatest benefits of addressing sustainability issues were to their company (see Fig. 4). Here, opinions varied significantly. 1 in 4 companies felt it gave them a competitive advantage. A similar number said that it allowed them to be innovative. Almost 1 in 5 said the greatest benefit was that it improved their company or brand image. Smaller numbers of companies (9.2%) found that improving employee satisfaction and morale was the greatest benefit to addressing sustainability issues.

Any one of the above benefits would be a reason to



{fig.3}

What are the greatest benefits to your organisation in addressing sustainability issues?

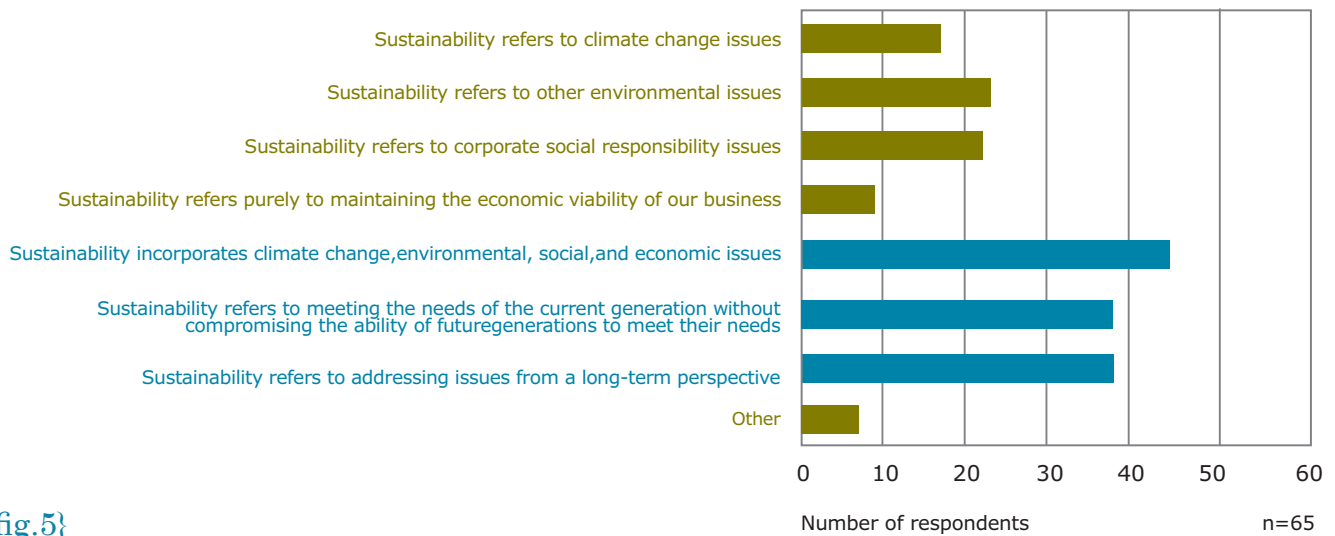


{fig.4}

Survey Findings

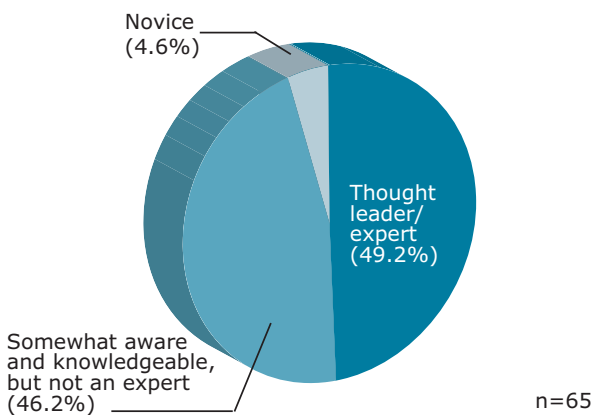


Which of the following statements best describes the way in which your organisation defines sustainability?



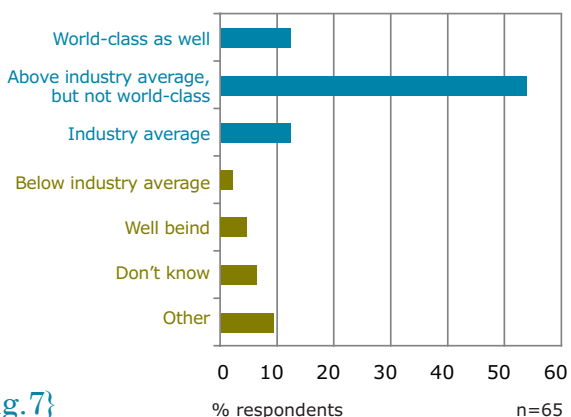
{fig.5}

Which statement best describes your awareness of and expertise on sustainability?



{fig.6}

How would you benchmark your organisation against a company you look to as world class in sustainability?



{fig.7}

continue to invest in sustainability. A longer-term view of sustainability means realising all of the above benefits. We believe that companies who embrace sustainability will not only have a priceless competitive advantage but also enjoy improved brand image, increased innovation and higher employee satisfaction.

Good Understanding of Sustainability

The majority of companies who responded to the survey showed a good understanding of what sustainability means: 7 out of 10 agreed that it incorporates climate change, environmental, social and economic issues while 6 out of 10 said that it refers to addressing issues from a long term perspective and meeting the needs of the current generation without compromising the needs of future generations (see Fig. 5).

The acceptance of the complexity and integrated nature of sustainability combined with the understanding that it introduces a longer term perspective to business planning demonstrates a maturity and sophistication among survey respondents toward sustainability. This is supported by the fact that less than 5% consider themselves novices in the area with over 50% describing themselves as experts / thoughtleaders (Fig. 6)

Interestingly, while over 50% of respondents consider their organisation to be above industry average in sustainability only 12.3% would rate them as world class, signifying a perception among respondents of a gap between domestic and international standards on sustainability (see Fig. 7).

This could also point to the fact that although organisations have the experts in house (Fig. 6) as described

“We have seen the financial benefits of good environmental practice prior to the recession. This is even more relevant now.”

Although the downturn has impacted the business in a variety of ways the drive towards sustainability has accelerated rather than slowed.”



Survey Findings



above, this expertise has not been captured in the organisational practices and performance required to compete at an international level. Sustainability is still a relatively new idea for Irish business and it will take a number of years before it's concepts become embedded and then reflected in every aspect of operations and service.

New Tools Required to Help Businesses Embrace More Sustainable Practices

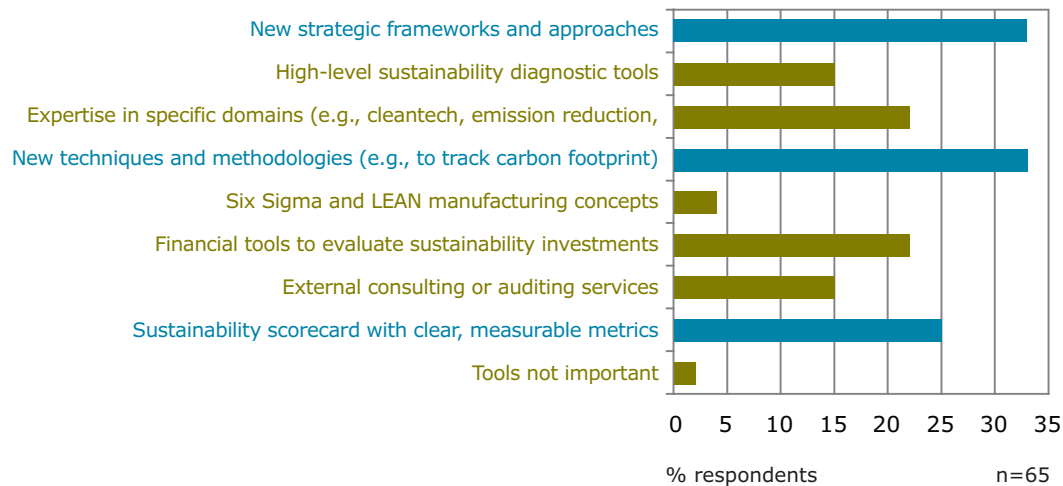
The survey asked businesses what tools would be most valuable to help their organisation better address sustainability, and while views differed significantly, over 50% said that new strategic frameworks and techniques would be most valuable (see Fig. 8)

Considering that companies surveyed have a good understanding of what sustainability embraces and also

see themselves as knowledgeable in the area of sustainability for business, it is hugely significant that they perceive the need for new tools and techniques to help them move beyond where they are today and realise the benefits of sustainability more fully. An American study of executives (MIT Sloan First Annual Sustainability and Innovative Survey, 2010) found that the greatest internal roadblocks to sustainability are outdated mental models and perspectives.

This indicates that new strategic frameworks should help companies embrace sustainability and really integrate it into the DNA of their organisations. More research is required to see which specific new tools and techniques would help companies in different sectors further integrate sustainability practices into their day-to-day management and operations. This is the challenge for businesses like ours to help them do so.

What tools would be most valuable to your organisation in better addressing sustainability?



{fig.8}

Conclusions

Leading green businesses in Ireland have a mature and sophisticated understanding of sustainability

The vast majority of leading green businesses feel that sustainability is critical to the future of their business and more important than ever, despite the recession

The majority of leading green businesses are upskilling internally on sustainability

For now, companies favour sustainability strategies they can control internally, such as eco-efficiencies from energy, waste and water

Companies indicate that they need new strategic frameworks and approaches to address sustainability in the future, i.e sustainability 2.0

Only a small number of respondents feel that their organisations could compete with world-class organisations on sustainability

Further information

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“The
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Success through Sustainability