Sustainable leaders

The environmental case for sustainability is clear. Now more and more companies are discovering it makes sense for business too, as Gail Rajgor discovers

For any manager wondering how to future-proof their business in a world demanding the highest standards of sustainable management – driven increasingly by legislation, market forces and public expectation alike – look no further than the example of some of our leading retailers.

In recent months, Asda, Marks & Spencer and Tesco have shown “that smart companies are already rethinking their strategies, developing new low-carbon products and services, and future-proofing their businesses,” according to Peter Madden, Chief Executive of Forum for the Future.

Asda’s US parent company Wal-Mart took the initiative in 2005 when the company’s president Lee Scott announced a US$500 million plan to go carbon neutral by 2009, pledging to use 100% renewable energy and create zero waste in its operations. In February this year, Asda confirmed plans to cut food packaging by 25% over the next 12 months. More fresh produce will be sold loose from boxes while the range of pre-packed items on sale will be restricted substantially.

A NATURAL NEXT STEP

When it comes to developing a sustainability strategy for your own company, Forum for the Future is a good place to start. “A sustainable perspective can provoke fresh thinking and cost savings in any part of a business,” says the Forum. “Our work with partners covers everything from corporate strategy to procurement and marketing, and delivers benefits at every stage.”

Designed to help all types of business, its Natural Step Framework, for example, is a simple tool for analysing the complex issues associated with sustainable development, identifying problems and more importantly, providing a means of developing practical solutions. For further information and advice, visit the website at www.forumforthefuture.org.uk.

The organisation has been working with npower for several years to help develop its sustainability strategy, which now includes expanding its range of renewable energy supplies, investing in green technology, increasing energy efficiency of operations and minimising waste throughout the business. As a result, npower has become a Foundation Corporate Partner, a status awarded to companies recognised as leaders in sustainability within their sector.

npower business has also independently established a Sustainability Forum to share sustainability best practice throughout its business division.

“npower’s Sustainability Forum meets once a month to discuss key sustainability issues from across the business.”

Kate Garth, Strategic Planning Manager for npower business
"We believe our customers would prefer to shop in this traditional way if it means reducing waste and protecting our environment," explains Asda's Emma Sinclair-Morris.

Asda has also banned the sale of monkfish from its stores as a result of concerns for its long-term survival. This is just one step in a long-term plan whereby within the next three to five years, the company will only stock wild-caught fish from fisheries that meet the Marine Stewardship Council's (MSC) environmental standard. And for any sceptics, Asda notes that sales of eco-friendly fish are already growing at between 40-50% a year, while the global retail value of MSC-labelled seafood in 2005/06 was already around £121m.

"This type of precautionary approach shows real leadership and should be noted by the other major supermarkets," says Oliver Knowles of Greenpeace. Wal-Mart's competitors have indeed taken note.

This January, both Tesco and Marks & Spencer (M&S) announced bold plans. While the UK's biggest retailer Tesco already had a ten-point 'good neighbour' plan which included pledges to increase use of renewables and locally-sourced produce, this year it swore to cut emissions by 50% by 2020, introduce carbon-cost labelling on all products, and provide customers with more energy-efficient products at lower cost.

Building profits sustainably

The M&S plan goes even further. Like Wal-Mart's strategy, M&S's £200m 'eco-plan' will impact on every part of its operations. Dubbed 'Plan A', the ambitious 100-point plan was devised with the support of Forum for the Future (see box, left) and means that by 2012, M&S will become carbon neutral, send no waste to landfill, set new standards in ethical trading, extend sustainable sourcing and help staff and customers live a healthier lifestyle.

"We believe a responsible business can be a profitable business," says M&S chief executive, Stuart Rose. And in case you were wondering, he explains: "We are calling this Plan A because there is no Plan B."

M&S has been widely praised for its initiative. "This plan sets a new benchmark in the way businesses should be tackling critical sustainability challenges like waste, fairtrade and climate change," comments Forum for the Future's founder Jonathon Porritt. "It raises the bar for everyone else - not just retailers, but businesses in every sector."

Eliminating negative impact

Indeed, in its 2006 report, Are You a Leader Business?, Forum for the Future highlighted how companies from a range of business sectors are leading by example.

Interface, a global flooring manufacturer, is one of the best examples. The company plans to eliminate any negative impact it may have on the environment by 2020, with a longer-term goal of actually generating a positive environmental impact through its operations. And it's already making significant progress. Interface has introduced the industry's first climate-neutral flooring, Cool Carpet. Waste reduction and recycling programmes have reduced solid waste to landfill by 65% since 1996. And through shifting towards leasing rather than selling carpeting, Interface can reclaim worn out carpet tiles and re-use rather than work new material.

Meanwhile, with a £4bn annual procurement budget, BT has identified a clear business case for a more sustainable supply chain, with benefits including brand enhancement, efficiency savings and improved supplier performance. An analysis of environmental productivity gains showed a total benefit of £410m in 2005, a proportion of which is attributed to improved procurement and management of transport and energy (see page 11 for more on BT).

BT is a good example of sustainable business being good news for the bottom line. As Environment Secretary David Milliband said at the FTSE4Good conference in February: "Ethical and environmental concerns are becoming core to business - not as an alternative to making profit but as a route to it."

Gail Rajgor also writes for Director, Wind Power Monthly and used to publish Sustainable Energy Developments.