

# What to say when your CEO says 'no' to sustainability

For a start, don't say 'sustainability'. Be prepared with concrete examples to show how your business is affected by the world around you **By Kulvech Janvatanavit**

**S**o you believe in sustainability and have already convinced your CEO? And he or she wholeheartedly embraces the concept and changed the organisation? Congratulations! Please raise your hand, as many in the business community, including myself, have something to learn from you.

For most of us, selling sustainability to the CEO is one of the biggest challenges of implementing change. Why?

Let's take two common answers heard when the question of sustainability arises: what's the business benefit, and if it's a compliance issue, talk to someone else.

Before we consider these two responses, let's step back a bit and think about the term "sustainability" itself.

Sustainability has become one of the most overused and misused terms in the past couple of years. *Advertising Age* named it one of the "jargoniest jargon" words in 2010. Triple Pundit has vividly described "sustainability" as "a good concept gone bad by mis- and overuse".

So be careful not to confuse our CEO by using the generic term. It's better to be specific about how it relates to our business.

## SO, WHAT'S OUR BUSINESS BENEFIT?

Many CEOs have been misled by the "feel good" or "tree hugging" aspect of sustainability. They can't mentally link the concept of sustainability to the survival of their own business.

Many leading businesses have embedded sustainability into their business risk models. Estrata, a global mining company, has specified that social issues — such as unhappy communities — can cause schedule overruns at its mining projects, which may cripple its return on investment. That's why its strong and fair relationships with key stakeholders — communities and local governments — are so crucial to its future income stream.

Estrata has also tried to raise local skills in the communities in which it operates in order to create a more reliable workforce. For this company, actively obtaining a "social blessing" or "social licence" from the local community is considered a crucial business mission.

Even if your business is not mining, a "social licence" is still critical. If your business success depends on your geographic or community growth, your company's sustainability will depend on the community's perception of you. Whether your business is in retail, property development, financial services, infrastructure or agribusiness, sustainability can help you proactively manage your social licence.

Sustainability can help you win. Consider how Corio N.V., a large European shopping mall investment company, transformed its strategy from traditional shopping centres to create "community meeting places".

The company suffered major losses during the euro crisis in 2007 and 2008. Customers were also increasingly avoiding shopping malls in favour of online shopping. Corio decided to transform its model to emphasise community needs at each location, under the idea of building "favourite meeting places". Malls are not just places to shop, but places for members of the community to socialise.

With social media, the importance of understanding and managing your social licence is more important than ever before. But this is just one sustainability issue that companies face today as a key business risk. The important point is that companies that fail to pay attention to their key stakeholders and how global trends affect their business are at risk.

## IF IT'S ABOUT COMPLIANCE AND REPORTING, PLEASE TALK TO SOMEONE ELSE.

Have you ever wondered whether top-ranked "green" businesses are truly sus-

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Kulvech: "Many CEOs can't mentally link the concept of sustainability to the survival of their own business."

tainable? Will their stakeholders give them a second chance? You can measure and report on the compliance of a business process to standards. But how do you benchmark qualities of leadership such as passion, compassion and inner values? These are all intangible aspects of sustainability.

If you are sceptical about "green rankings", no doubt so is your CEO. I am not saying that compliance is not good. I am just saying that a ranking should not be seen as a goal, but simply a means. We are lost in a world of compliance and face enough difficulty in linking our businesses back to our purpose and our stakeholders. It's more important to talk "purpose" than "compliance".

There is one story of a CEO who made this very change. Sustainability icon Ray Anderson founded and built Interface Inc into a leading carpet manufacturer. He admitted that he did not have a vision besides the thought, "comply, comply, comply".

Sustainability did not dawn on him until he was asked to talk about his environmental vision in August 1994. Seeking inspiration for his speech, Mr Anderson read Paul Hawken's seminal work *The Ecology of Commerce*. That's when he realised that his carpet business was a part of the environmental problem.

At the time, the traditional way of making, using and destroying carpets was fossil-based and chemical-intensive. That guilt weighed on his chest, and ultimately resulted in a new era at Interface Inc.

Today, sustainability has become the backbone of business innovation at Interface, leading to initiatives such as no-glue installation and 100% recycled-backing processes. Sustainability and the leadership transformation of Ray Anderson have helped Interface rise to become the global market leader of modular carpet manufacturing. And today Interface is ranked among the greenest businesses in the world.

For sustainability champions, selling

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change to your CEO is a profound job. Please don't be discouraged even when it might seem like a lonely battle. It will make you stronger. First, you see things that most people don't, because they are busy with day-to-day operation. Second, this is the mission that will stretch all of your leadership skills.

For CEOs, I don't mean to sound negative. If you are already aware of the importance of sustainability, please support your sustainability team and demonstrate that sustainability must be placed right at the forefront of considering business risk and opportunities. Be a "sustainability ambassador" and help inspire your CEO peers.

Finally, I would like to offer several questions that we use with CEOs to help in considering how sustainability relates to their core business and goals:

- ♦ Will our next site or branch be welcomed by the local community? How do we know?
- ♦ If our business causes a major accident affecting the community, will it give us the second chance? Or will the social anger cause a domino effect that could hurt our entire business?
- ♦ In this increasingly volatile world, our business is only as strong as the weakest link in our value chain. Have we looked beyond ourselves and identified where the weak links might be?
- ♦ Why does our business exist? If it's not purely for our shareholders, then for who else? Have we ever let them know? Do they believe it when we say so?
- ♦ Younger employees are looking for jobs that satisfy their personal values. What does our business have to offer to our young talents?
- ♦ If people say that our business takes advantage of society, what should I do?

Good luck and thank you.

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