

An ethic needing a board's buy-in

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CORPORATE sustainability appears to be a fickle master. On the one hand it is emblazoned across glossy annual reports as the new business approach of long-term worth, while on the other it is begrudged as nothing more than a synonym for "greenwashing".

Surely it is time to move beyond this contrary quagmire by firmly grounding sustainability in the corporate mind-set? One way to do this is by appointing full-time sustainability directors at executive level within companies.

While observers like me see numerous benefits in a sustainability director, others view such a position as an unnecessary formalisation of a business ethic that should already be embedded in the wider corporate culture.

Those supporting my argument would argue that it sends out a firm message of commitment to triple-bottom-line issues. In addition, if the appointee is worth his or her salt, serious competitive advantage would accrue as the intangible benefits of safety, health and stakeholder relations are converted into real bottom-line profit.

A sustainability director would also keep a company firmly on track with regards the growing volume of reporting requirements around corporate safety, health, environmental impact, and social investment. For those passionate about sustainability, the indexes and tools to measure sustainability are opportunities to benchmark their companies against the best in the world, promote their own good practice, and identify new potentials for better operational performance.

With a strong and innovative sustainability director at the helm, a company would easily participate in voluntary initiatives that are beneficial in terms of operations, as well as earning kudos in the public perception. An example could be a company's reduction of greenhouse gas emissions that would align it with the Energy Efficiency Accord that is driven by the minerals and energy department and the National Business Initiative.

Other opportunities could be captured to represent the company in prestigious forums such as the World Business Council for Sustainable Development, the World Economic Forum, or Tomorrow's Company — all tracking the trends of business and industry.

There is every reason for a sustainability director to be given the task of seeking, and reporting on, the financial benefits of good sustainability practice. In 2004, SA's commercial fishing industry reduced its freshwater consumption 47%. For one prominent west coast company, this equated to a direct saving of R40 000 a month in reduced water and discharge fees, and a payback period on the technological investments of just 10 months. This is sustainability at its best and should be aggressively driven by any sustainability director.

However, not everyone is in full agreement. Prof Derick de Jongh, of Unisa's Centre for Corporate Citizenship, believes the appointment of a sustainability director per se would have little effect without a wider corporate commitment to sustainability. At the heart of his argument is the belief that sustainability is of such fundamental importance that it should routinely permeate every aspect of a company's activity.

"It (sustainability) is not the responsibility of just one person. It has to be adopted as a core business principle by all directors and their departments. If this isn't the case, a sustainability director ... would still have to shout loud to get the sustainability agenda heard," explains De Jongh.

Mark Drewell, group executive at Barloworld and a strong proponent of the sustainability cause, believes sustainability is generally not deemed of high enough importance in corporate SA to shift it beyond the rhetoric of which it is accused. He advocates having an expert on sustainability to give direction to a company's executive and, especially, its CEO.

Both De Jongh and Drewell argue a common point, which is the importance of a CEO in driving sustainability throughout an organisation. Under De Jongh's model, sustainability is most effectively implemented when the CEO actively promotes it, allowing its principles to "cascade" into every corporate activity.

If CEOs are the necessary catalyst for sustainability, the question must then centre on how to create their initial buy-in and ensure they are supported in their determination to promote sustainability throughout their operations.

The position of a sustainability director at executive level might just be the answer.

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