



October 2013

Ten Steps Towards a Sustainable Business

WWS Series 1





WWS Series 1

TEN STEPS TOWARDS A SUSTAINABLE BUSINESS

October 2013

Second Edition

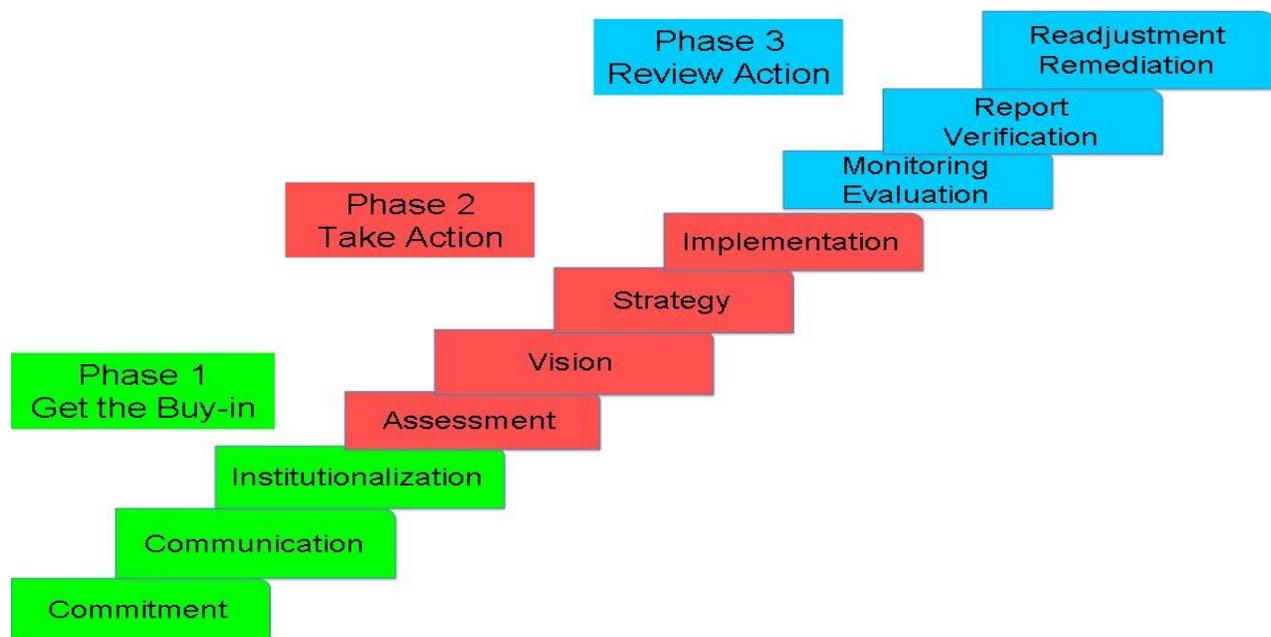
Ulrike Hoessle

INTRODUCTION

Companies use different approaches to merge sustainability into all aspects of their operations and to create business policies that integrates financial, environmental and social issues. However, there are basic elements that should be incorporated into every sustainability strategy. The *Ten Steps Towards a Sustainable Business* describes these elements, which are based on a research analyzing the sustainability reports and strategies of more than 130 United Nations Global Compact signatories, and on the *UN Guiding Principles on Business and Human Rights*. The following paper outlines the necessary steps for the successful implementation of a sustainability strategy. It shows how this implementation is a comprehensive, long-term process that involves many different stakeholders, measures, and issues, which together lead to a continuous restructuring of how a business operates. The paper concludes that this process is not a simple, linear process, rather, it is a long, continuous journey with detours and obstacles where the final destination lies far ahead and what matters are the steps in the right direction.



The Ten Steps Towards a Sustainable Business



STEP 1: DECISION-MAKING AND COMMITMENT

Implementing sustainability involves considering many stakeholders and analyzing different factors. It is a never-ending continuous process and time and money intensive. The decision-making processes are demanding and raise perhaps more questions than are answerable. The financial outlook for sustainability is long-term – bottom-line ROI is neither near-term nor inevitable. Sustainability must be integrated throughout the organization such as in mission and vision statements, organizational structure, decision-making processes, financial and strategic planning and reporting. The commitment to sustainability should set the expectations, be approved by the senior level and board members and enlightened by internal and external expertise.

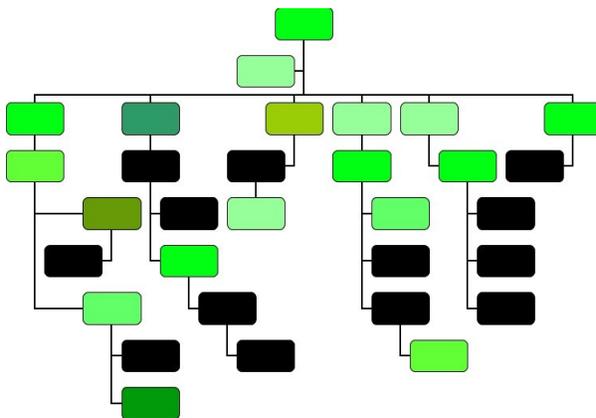
STEP 2: COMMUNICATION OF THE DECISION

It is crucial for a successful implementation to communicate the commitment to sustainability internally and externally. Raising awareness of, fostering passion and creating a sense of urgency for sustainability issues – within and outside of the organization – is essential for successfully implementing sustainability. Implementing sustainability requires fundamental changes to a business's operations: all stakeholders must internalize and communicate this effectively. Some stakeholders may be resistant to integrating sustainability into their business practices, while others may embrace it. Therefore, successfully identifying supportive stakeholders as well as their potential roles is crucial for a successful implementation. Moreover, minimizing moral hazard and any potential principal-agent problems is paramount.



STEP 3: INSTITUTIONALIZATION OF SUSTAINABILITY

All the operational policies of a company should reflect the commitment to sustainability. A company needs a forum, a responsible person, or a group of people that accompany the on-



going process. In large companies this could be a whole department, whereas in a smaller company, this could be a task force of dedicated individuals, a set of regular team meetings, or a newsletter that reports progress frequently. It will prove useful to establish an incentive system that rewards the sustainability performance of single employees or a team.

STEP 4: ASSESSMENT OF THE CURRENT SITUATION

Assessing the current situation requires a due-diligence process that determines to what extent the business is exposed to environmental or social challenges. There are useful approaches: (i) *materiality analysis*, identifying and prioritizing issues; (ii) *life cycle assessment*, providing a complete analysis of a product's environmental and social impact; (iii) SWOT—analysis that can help you to discover strengths, weaknesses, opportunities and threats of sustainable business models, or (iv) any other impact assessment framework with an emphasis on data collection and challenge identification. Collaboration between all business units, departments, and stakeholders is crucial for the assessment. At this point, it is important to identify and handle any competing commitments.

STEP 5: FORMULATION OF A VISION, MISSION, AND PHILOSOPHY STATEMENT

Sustainability must be integral to the company's vision, mission, and philosophy statement. The aim is to define what the desired outcome regarding the implementation of sustainability is, what the essential issues and the policy options are, and which principles, standards, values or labels the company would like to adhere to.

STEP 6: DEVELOPMENT OF A STRATEGY, INCLUDING POLICIES AND ACTIVITIES



Based on the identified challenges, the strategy should set priorities on the most salient or severe issues, formulate concrete objectives and goals, determine measurable indicators, and develop specific measures and activities, including short-term wins, and a timeframe for their implementation. It should define the output (= creation and introduction of rules), the outcome (= measurable changes), and the impact (=the contribution to the solution of a problem).

STEP 7: IMPLEMENTATION OF THE STRATEGY



Implementing a strategy begins with the elaboration of new policies, codes of conduct, posters and signs with key information regarding the sustainability strategy. Implementation continues with revised screening and contracts with suppliers, and employee and supplier training so that everyone is familiar with the new policies. Making the new strategy successful requires active feedback, and openness such as establishing a hotline for ideas, accolades, and critical comments. A thorough and timely follow-up guarantees that all planned measures and activities are implemented as planned.

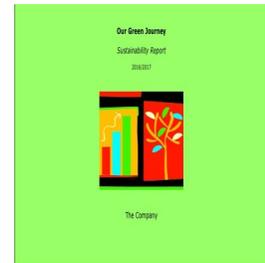
STEP 8: MONITORING AND EVALUATION

The more precise and the clearer the company's objectives and indicators are articulated and outlined; the easier it will be to monitor and evaluate progress regularly. At a certain point it is important to redefine objectives and indicators if they prove too ambitious or too easy to achieve. An evaluative process not only assesses the measures implemented, but also whether or not or to what extent the impact of such measures contributes to the solution of the challenges identified in the strategy.



STEP 9: REPORT AND VERIFICATION

A company must define reporting contents as well as internal and external recipients. Reports may include achievements, recommendations, description of the challenges, and how the company plans to handle them. Reports should formulate concrete outcomes for the next defined progress period. An auditor or a group of competent and knowledgeable stakeholders should verify the report objectively.



STEP 10: READJUSTMENT OF STRATEGY

During the implementation process, a company may become aware of additionally relevant issues, requiring not only the reformulation of the vision and the mission, but also a corresponding adjustment of the strategy with additional measures and activities. A company should disseminate internally and externally positive outcomes and reward the employee in charge of it. There might be cases in which a company's operation led to negative impacts that need to be



addressed by establishing a legitimate, accessible, transparent, rights-compatible, dialogue-based grievance mechanism. Importantly, if companies address these problems as well as include other emerging issues head on, their strategy implementation becomes more sustainable: it is a positive sign of a company's openness to change and willingness to innovate thoughtfully when new issues

are identified and addressed rather than ignored or pushed aside. Short-term it might be easier to stick to a defined plan, long-term it is more beneficial to stem present problems that could come to be debilitating company weaknesses were it not for preventative, sustainable measures early on. Reconsider your strategy, find its weaknesses, handle its negative externalities (if any exist), promote best practices and lessons learned, as an inextricable part of your company's long-term functioning: sustainable business achieved.

CONCLUSION

The implementation of sustainability is not a simple, linear process, and there is no single recipe for how to implement a coherent sustainability strategy (or set of strategies) in a business. Although there are certain milestones that are crucial for a successful strategy, it may be that some of the aforementioned steps need to be repeated several times, reversed, or a company may oscillate between two or three steps until the desired outcome is achieved. Successfully implementing sustainability is a continuous journey in which the directions and the paths of implementation vary and matter just as much as the outcome of achieving the long-term objective lying ahead in the future: sustainable business for people, profit, and planet.



Copyright 2013 by WWS Worldwide, ISBN 978-0-9898270-0-3



This work is licensed under a [Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Unported License](https://creativecommons.org/licenses/by-nc-nd/3.0/).

The publication or parts of it are free for use with the following citation: Hoessle, Ulrike (2013): Ten Steps Towards a Sustainable Business (=WWS Series 1). Seattle: WWS Worldwide.

Editing: Alex Korbonits, layout: Hillary Green

Cover Photo by Courtesy of: Tursiart.

DISCLAIMER WWS Worldwide's papers give an overview on a broad variety of issues that summarizes results of researches or opinions on various themes. The information provided is for education purposes only. WWS Worldwide may not be held liable for any use of the materials, nor any inaccuracies. The views expressed in this publication are those of its author and do not necessarily reflect those of WWS Worldwide.

The author: Ulrike Hoessle has a Master Degree in Cultural Anthropology and a Ph.D. in Political Science. She worked for nearly 20 years in Europe, Africa and Latin America with non-governmental organizations and the United Nations, where she managed programs in the area of human rights and environmental issues. With her doctoral research on the United Nations Global Compact, she shifted her focus to businesses and the implementation of human rights, social and environmental standards. In 2012, she joined WWS Worldwide in Seattle as a consultant.



WWS Worldwide

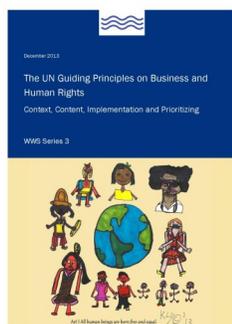
www.wsworldwide.com

16040 Christensen Road, Suite 320

Seattle, WA 98188

 [@wwssustainable](https://twitter.com/wwssustainable)

Check out the other publications from the WWS Series:



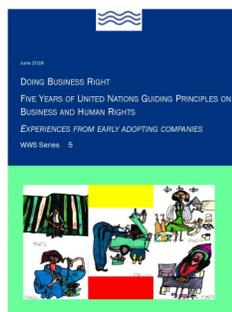
The UN Guiding Principles on Business and Human Rights - Context, Content, Implementation and Prioritizing

What are the UN Guiding Principles on Business and Human Rights? Get familiar with the Guiding Principles' framework: Protect, Respect, Remedy, and the relevant human rights treaties and covenants on which they are based. Check out the relevant questions that might arise in the different departments of a company, depending on its activity and the countries of its operations.



Participating in the UN Global Compact. Best Practices and Challenges from German Businesses

Check out the best practices, challenges, and unresolved issues of German businesses participating in the Global Compact.



DOING BUSINESS RIGHT—

Five Years of UN Guiding Principles on Business and Human Rights

Five years ago, the Human Rights Council approved the Guiding Principles on Business and Human Rights. Find out how governments implemented the first action plans and how five companies from five different sectors put these principles into action with different initiatives, challenges and lessons learned.



Reconciling Work and Life. Experiences from Germany

Reconciling Work and Life describes the long history of women as food providers, and the very short history of women as housewives and mothers. It discusses the downside of the traditional family model, and the current challenges of “having it all”—and it presents the successes and challenges Germany has experienced in its efforts to reconcile work and family life.

