



business sustainability

primer

business sustainability *n.* the creation of resilient organizations through integrated economic, social and environmental systems

Sustainable businesses are resilient. They create economic value, healthy ecosystems and strong communities. These businesses survive external shocks because they are intimately connected to healthy economic, social and environmental systems.

Sustainable Development

Sustainable development is achieved when industrial development subscribes to the three principles of economic efficiency, social equity and environmental accountability. These three impacts are sometimes referred to as profits, people, and planet.



Why Be Sustainable?

There is a relationship among all three components of the triple bottom line. Firms that lead on environmental and social issues also lead in financial performance. Also, these firms more easily attract and retain employees and experience less financial and reputation risk. Finally, these firms are innovative and adapt to their environments.

Major Issues in Sustainable Development

For industrial development to be sustainable, it must address important issues at the macro level, such as:

Principles	Issues
Economic efficiency	Innovation Prosperity Productivity
Social equity	Poverty Community Health and wellness Human rights Equitable sharing of resources and risks
Environmental accountability	Climate change Land use Water quality and quantity Biodiversity Responsible use of renewable and non-renewable resources

Businesses play an important role in addressing these issues of sustainable development. And by responding to these issues, organizations affect their triple bottom line, which includes their financial, social and environmental performance.

Some of the actions businesses can take that affect both sustainability and their triple bottom line are shown in the following table.

Financial	Social	Environmental
Revenues	Employee health and safety	Resource use
Costs	Ethical sourcing	Waste and emissions
Share price	Governance (e.g., diversity, accountability, transparency)	Noise, smells, congestion
	Community support and social legitimacy	Product stewardship
	Employee compensation	
	Philanthropy	

What Can Organizations Do?

A number of best practices exist to help firms become more sustainable, moving them from laggards to leaders.

Stakeholder Engagement: Organizations can learn from customers, employees, and their surrounding community. Engagement is not only about pushing out messages, but understanding opposition, finding common ground and involving stakeholders in joint decision-making.

Environmental Management Systems: These systems provide the structures and processes that help embed environmental efficiency into a firm's culture and mitigate risks. The most widely recognized standard worldwide is ISO 14001, but numerous other industry-specific (e.g. [Responsible Care](#) for the chemical industry) and country-specific (e.g. the [EU Eco-Management and Audit Scheme](#)) standards exist.

Reporting and Disclosure: Measurement and control are at the heart of instituting sustainable practices. Not only can organizations collect and collate the information, they can also be entirely transparent with outsiders. The [Global Reporting Initiative](#) is one of many examples of well-recognized reporting standards.

Life Cycle Analysis: Those organizations wanting to take a large leap forward should systematically analyze the environmental and social impact of the products they use and produce through life cycle analysis, which more accurately measures impacts.

For More Information

Our [Leadership Council](#) of leading Canadian businesses creates a fresh list of their [top sustainability issues](#) each year. These have included culture, measuring ecological impacts, [socially conscious consumerism](#), [adaptation to climate change](#), [valuing business sustainability](#), and [engaging the community](#).

- Our [Research Insights](#) provide highlights from top-notch research articles chosen especially for managers.
- Our [Systematic Reviews](#) summarize what we know about a particular topic based on a thorough evaluation of research in that area.
- Our [Community](#) lets you find NBS members interested in similar issues.

This Primer on Business Sustainability was developed by Dr. Tima Bansal, Professor at the Richard Ivey School of Business at the University of Western Ontario.

Case Study - Sustainability in Action

Interface, Inc.

Interface is the world's largest manufacturer of modular carpet and is often touted as a leader in sustainability. The company's goal is to have zero impact -- what they term Mission Zero. They offer considerable data on their progress to Mission Zero and have realized significant product innovations, including modular carpets, which helped them gain leadership in the market

See Ray Anderson, the founder and Chairman of Interface, speak about his 1995 commitment and how far they have come since then: [Video Link](#).