

What's all this business sustainability about?

We are doing poorly looking after people in the workplace here in New Zealand with our injury rate record twice that of Australia and six times higher than UK figuresⁱ. The Government response has been to establish an independent Crown Agency to 'more effectively develop, promote and enforce standards'. Many would say that this is long overdue. Most of us were appalled that the tragedy at Pike River occurred and there is little doubt that changes following recommendations from the Royal Commission report will have a major impact on all workplaces in New Zealand.

As I write the aftershocks continue after a weekend that Wellingtonians would hope to not see again for a long while. This is a timely reminder that all organisations face the risk of disruption – and these can strike at any time. As was observed from the Christchurch earthquakes, businesses that had prepared for such events fared much better with little if any disruption to customers while behind the scenes they balanced delivering critical functions with recovery efforts.

During May this year, scientists at the Mauna Loa volcano in Hawaii reported that average daily levels of carbon dioxide in the atmosphere surpassed 400 parts per million for the first time in at least 3 million years, beyond the 'tipping point' that NASA scientist James Hansen described that mankind would have trouble adapting to climate change. As the scientists and politicians argue over whether this even matters and what to do about, we watch and observe our planet changing with ice caps melting, sea levels rising, and the increasing intensity and frequency of severe storms.

The World Business Council for Sustainable Development has been established 'to meet our present needs without compromising the needs of future generations'. This means that member organisations move beyond compliance (e.g. health and safety) and into the 'voluntary' space including for example how we deal with risks of disruptions and carbon emissions. Here in New Zealand the Sustainable Business Council boasts members including Fonterra, The Warehouse, Toyota, Sanford, OCS and Les Mills. Many of its members voluntarily provide sustainability reports which include their environmental performance as part of annual reporting to stakeholders.

In November 2010 ISO released ISO 26000, their guidance standard on social responsibility. Organisations appear slow to realise that they need to act in a socially responsible manner in addition to meeting compliance requirements like health and safety. The Global Reporting Initiative (www.globalreporting.org) provides a consistent approach to sustainability reporting with many local organisations becoming involved.

You could very easily ask well if I don't have to comply, then why should I bother?

We only need to be reminded of what happened to Cadbury during 2009 when they decided to reduce slab size by 50mg and replace cocoa butter with palm oil in order to cut costs. Clearly they had not anticipated the public response that led to customers switching to Whittaker product. Despite removing palm oil in 2010 they lost their No 1 spot in Readers Digest's "New Zealand's most trusted brand" slipping to number 36ⁱⁱ. Whittaker promoted their chocolate as palm oil free and sales increased by \$10m to \$27.6m in the year to May 2010. Whittaker's market share increased to 33%, where they report it has remainedⁱⁱⁱ. Cadbury in attempting to cut costs failed to put

themselves in their customers 'shoes' and as a result lost market share and damaged their reputation. We cannot use compliance as the reason for deciding what we need to manage, it is the customer that we should care about when building a sustainable organisation. Cadbury learnt that customers actually do care about land in areas that endangered orang-utans live being deforested for palm tree plantations.

We must move on from our present compliance mentality to thinking what means to act sustainably. Through embracing sustainability we will see our organisations prosper and as citizens of earth will all be much better off.

About Michael Voss

Michael worked for the New Zealand and US governments before moving to private enterprise. At PEC (NZ) Ltd Michael held a variety of positions including 5 years at senior management team level with staff in New Zealand, Australia, United Kingdom, South Africa and Malaysia where he was accountable for quality management, business improvement and world-wide strategy and planning.

Michael has worked with the Baldrige (business excellence) model for over 15 years involving the assessment of over 200 organisations from two person partnerships to multi-site companies.

In July 1999 Michael established his own business improvement consultancy, PYXIS.co.nz to focus on raising the performance of organisations. He has designed organisational assessment processes, simplified versions of the business excellence model more appropriate for New Zealand SMEs, designed a number of organisational improvement tools, is co-developer of a best practice benchmarking methodology and a frequent commentator on organisational excellence.

ⁱ Buddle Findlay article 'Changes to New Zealand's Workplace Health and Safety Regime' 26 March 2013

ⁱⁱ New Zealand Herald article 'Cadbury fights for bigger bite of chocolate market' 7 April 2012

ⁱⁱⁱ Stuff.co.nz 'Honest to goodness Kiwi success' 7 January 2013