The Henley Centre for Customer Management

Enabling Sustainability in a Business-to-Business Context: How Can Suppliers Enable and Support their Clients' Sustainability Initiatives Most Effectively?

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Table of Contents

Table of Figures

1. Executive Summary

This research study aims to provide insights into how suppliers can enable and support their clients' sustainability initiatives most effectively, in a business-to-business context. A detailed review of recent articles on the subject of sustainability, from academic and practitioner journals, was undertaken. A qualitative research approach was followed: eight semi-structured, in-depth interviews were carried out with senior managers from three different organisations.

The literature provides evidence of an increasing belief among business leaders in the competitive advantage that sustainable approaches can bring organisations. Collaboration and engagement with all key stakeholders are critical to the success of sustainability initiatives. An organisation should first develop a clear sustainability strategy of its own, before attempting to support its clients' sustainability initiatives. Sustainability strategy must be embedded in the firm's overall business strategy, linked to business needs, and aligned with the organisation's values. The following factors should be taken into account when developing a sustainability strategy:

- The degree and type of environmental impact that the firm has;
- The firm's value chain and its customers' requirements;
- The firm's level of maturity regarding sustainability issues;
- The extent of regulation, requirements for transparency, and other external environmental factors;
- The firm's motivations relating to sustainability issues, along with its values and culture;
- The shared concerns that exist between the firm and its stakeholders;
- The areas of sustainability that the firm is able to address: capabilities and expertise;
- Competitors' achievements on sustainability, in order to benchmark industry best practice.

Having developed its own sustainability strategy, the supplier firm should then determine the areas of sustainability in which it has the most capability and expertise: these are the areas where it will have the most credibility with clients. The authors recommend that the supplier should then carry out a 'customer sustainability diagnosis' with the client, to help the latter identify the most important areas to address: together, the supplier and client should examine all the factors that will have a bearing on determining the best sustainability strategy for the client (see bullet point list above). The supplier needs to build credibility with the client by providing evidence of success in the area of sustainability, and providing relevant benchmarking data. This should improve the supplier's access to business decision-makers, and help the supplier to become a trusted adviser. The authors believe that suppliers should take a strongly collaborative approach with clients, focusing on understanding each client's particular needs, and demonstrating that they have the capabilities and expertise to address their client's sustainability issues. If they can achieve this, suppliers will be in an excellent position to enable and support their clients' sustainability initiatives in the most effective way. It would be interesting for a future qualitative research study to explore sustainability issues in different supplier-client contexts, and in different industry settings.

2. Introduction

In recent years, sustainability issues have moved steadily up the corporate agenda, as pressure from Governments, institutions and non-Governmental organisations (NGOs) attempts to keep sustainability in the spotlight. Experts warn of the potentially dire consequences of global warming with, *"100 million climate refugees by 2050, sea level rising by up to 20 feet over the same period, and world shortages of food and fresh water; [...] global populations rising to 2.5 billion people"* (Smith, 2007). Similarly, Gore and Blood (2006) caution that, *"We are operating the Earth like it's a business in liquidation"* (Gore & Blood, 2006). Despite organisations' good intentions, however, many have difficulty in turning rhetoric into reality, lacking the systems, tools and skills to implement their initiatives successfully, and to report and evaluate their performance (www.sustainabilityatwork.org.uk, January 21st, 2011). This report examines sustainability issues from the supplier's perspective, seeking to answer the question of how suppliers can enable and support their clients' sustainability initiatives most effectively.

3. Project Objectives

The aim of this research is to provide insights into how suppliers can enable and support their clients' sustainability objectives most effectively, in a business-to-business context. To achieve this, we need to understand client organisations' needs and motivations concerning sustainability issues, as well as suppliers' needs and motivations. We also aim to provide best practice examples of suppliers who have successfully enabled and supported their customers' or other stakeholders' initiatives, and how this has been achieved.

The following questions will be addressed in the course of this study:

- What are client organisations' needs and motivations concerning sustainability issues?
- How do client organisations want to engage with suppliers (and vice versa) on sustainability initiatives?
- Looking at specific examples, what evidence of value is there in supporting and enabling clients' sustainability initiatives?
- How can suppliers' enable and support their clients' sustainability initiatives most effectively?

4. Research Methods

A detailed review of recent academic and practitioner journals was undertaken to assess how suppliers currently support their clients' sustainability initiatives, and to identify best practice in this area.

A qualitative research approach was followed: eight, semi-structured, in-depth (60 – 90 minute) interviews were conducted with senior managers from three different organisations. The interviews focused predominantly on Organisation 1, but respondents from two other organisations were questioned in order to elicit supplementary data. The interviews contained probing, open-ended questions, and were recorded (except in two cases where permission was not granted) and transcribed. A discussion guide was sent to each respondent in advance to allow them to prepare for the interview (see Appendix 1: Discussion Guide – Enabling Sustainability in a Business-to-Business Context: How can Suppliers Enable and Support their Clients' Sustainability Initiatives Most Effectively – Client Perspective; and Appendix 2: Enabling Sustainability in a Business-to-Business Context: How can Suppliers Enable and Support their Clients' Sustainability Initiatives Most Effectively – Supplier Perspective). All data were analysed using content analysis. Key issues emerged from this analysis, and these were then developed into thematic groupings.

The following in-depth interviews were conducted:

Organisation	Key Contacts Interviewed	Code for Respondents
The world's most complete, open, and integrated business software and hardware systems company	Group Director, Global Customer Services Management	Org 1, R1
	Sustainable IT Lead	Org 1, R2
	CIO	Org 1, R3
	Vice President and Fellow	Org 1, R4
	Product Strategy Director, Supply Chain Management	Org 1, R5
Leading research-based pharmaceutical and healthcare company	Procurement Manager	Org 2, R6
	Sustainability and Environment Manager	Org 2, R7
UK brewer, hotelier and wine merchant	Researcher	Org 3, R8

5. Literature Review

5.1. What is Sustainability?

Let us first put our research study in context by defining the term, 'sustainability'. In the Stern report (2006), sustainability is defined as follows:

"Environmental sustainability covers a range of areas all aimed at reducing the carbon footprint of an organisation. Economic sustainability refers to business practices that help an organisation continue to prosper. Social sustainability refers to organisations contributing to the development of the organisations they affect" (www.biggerthinking.com, 2008).

The concept, therefore, contains environmental, economic and social dimensions within it; our study focuses mainly on the area of environmental sustainability. The UN World Commission on Environment and Development summarises succinctly what achieving sustainability means:

"Meeting the needs of the present without compromising the ability of future generations to meet their own needs" (UN, WCED, 1987).

5.2. A New Management Mindset

There is strong evidence in the literature that the attitude of senior executives towards sustainability has changed in the last few years, and continues to change. The belief in organisations, *"doing well by doing good"* (Long, 2008), is moving incrementally into mainstream business practice:

"In what might be considered a sea change, some very important customers now want to talk to supplier company CEOs and managers about their sustainability efforts, as do a growing number of consumers" (Long, 2008).

According to Long (2008), if business leaders do not pay close attention to the economic, social and environmental conditions and impacts of their operations, they are exposing themselves to potential problems:

"They risk coming up short in terms of ingredients, materials, employees, customers, and consumers. By embracing sustainability as a core operating principle, we actually can help mitigate problems that affect our quality of life in fundamentally important ways" (Long, 2008).

Bekefi and Epstein (2008) also reflect on how the concept of sustainability has matured in recent years:

"No longer is it only about risk and compliance – it's also about innovation and the opportunity to simultaneously achieve excellence in social and financial performance" (Bekefi & Epstein, 2008).

The authors go on to argue that organisations can reap substantial rewards, if business leaders can stop viewing environmental issues simply as hazards to be avoided:

"They can actually be opportunities that propel business growth and provide significant possibilities for new competitive advantage" (Bekefi & Epstein, 2008).

Similarly, Skapinker (2008) argues that behind the drive for sustainability lies a growing belief that environmental and social projects not only improve corporate reputations, but also foster innovation, cut costs and open up new markets.

Moss Kanter (2009) carried out a study of firms such as IBM, Procter & Gamble, and Diageo, and uses the term, *"vanguard companies"* to describe those who are, *"ahead of the pack and potentially the wave of the future [aspiring to be] big but human, efficient but innovative, global but concerned about local communities [and] try to use their power and influence to develop solutions to problems the public cares about"* (Kanter, 2009). This approach, it is argued, will create strategic advantages, so long as its commitments have an economic logic that attracts resources to the firm (Kanter, 2009). Piercy and Lane (2009) describe this concept of a vanguard company as reaching, *"for a post-CSR setting of successful businesses sustained by moral purpose as well as economic achievement"* (Piercy and Lane, 2009).

The argument that pursuing sustainable approaches brings many benefits to firms is borne out by much recent research. Kaynak and Montiel's (2009) study finds that environmental management practices are positively related to quality, inventory performance, and environmental performance. Similarly, Srivastava's (2007) literature review article documents findings that green supply chain management can reduce the ecological impact of industrial activity without sacrificing quality, cost, reliability, performance or energy utilisation efficiency (cited in Kaynak & Montiel, 2009).

Corbett and Klassen's (2006) research supports the view that environmental excellence is key to improving operations, and they comment on the unexpected nature of some of the benefits:

"The view that adopting an environmental perspective on operations can lead to improved operations is in itself not novel; phrases such as 'lean is green' are increasingly commonplace. The implication is that any operational system that has minimised inefficiencies is also more environmentally sustainable. [...] More recently, the environmental perspective extended the definition of customers to stakeholders and defects to any form of waste. The environmental perspective draws attention to aspects such as reverse flows and end-of-life product disposal, again potentially improving the performance of the overall supply chain. In both cases, these developments were initially driven by practice, where many of the benefits of adopting an environmental perspective were unexpected" (Corbett & Klassen, 2006).

As well as the benefits of operational efficiencies and supply chain innovation, Kaynak & Montiel (2009) propose that an extended code of conduct within a firm is positively related to financial and market performance. They cite Verschoor (1998) who found that, out of five hundred of the largest US public corporations, those that commit to ethical behaviour towards their stakeholders, or emphasise compliance with their code of conduct in their annual report to shareholders, perform better than those who do not express that commitment (Kaynak & Montiel, 2009). They also assert that an analysis of the United Nations' Global Compact (a code of conduct established by the UN) indicates that participation in the Global Compact leads to increased network opportunities and improved corporate image (Kaynak & Montiel, 2009). Kaynak and Montiel (2009) argue that improved environmental performance enables firms to enter 'green' markets and guarantee long-term profits that can result from an improved image and better community relations. Thus, they propose that environmental performance is positively related to financial and market performance (Kaynak & Montiel, 2009).

In Porter and Kramer's (2006) paper on the link between competitive advantage and corporate social responsibility, they assert that:

"CSR strategy and capabilities represent a new kind of corporate resource which has implications for building a sustainable and defensible competitive position. [...] Increasingly, corporate social responsibility should be viewed not as purely altruistic, but as an element of competitive advantage and a critical dimension of new business models" (Porter and Kramer, 2006).

In summary, then, this increasing belief in the competitive advantage that sustainable approaches can bring organisations, encompasses operational and supply chain efficiencies and innovation, as well as the positive reputational effects of demonstrating humanistic values and attention to societal needs.

5.3. The Power of Collaboration with Stakeholders

The importance of collaboration is a theme that recurs frequently in the literature. In the Sunday Times Green List (2010), Sue Leonard reports:

"The results of our third Sunday Times Green List, which celebrates those companies that continue to make the environment a top priority in spite of other business pressures, show how much more firms can achieve together than they can in isolation. We found collaboration a common theme among our sixty winning entries, with firms working closely with employees, customers and suppliers as well as local, national and global environmental and community groups to make life greener" (Leonard, 2010).

Will Ullstein, Director of Innovation at market research company Munro Global, a partner in producing the Green List (2010), comments that:

"People realise we are all in this together, so there has to be a greater sense of collaboration" (Leonard, 2010).

An organisation's success is significantly affected by its ability to identify and engage with key stakeholders. According to Brown and Flynn (2008):

"The value of stakeholder engagement is amplified when businesses face broad and rapidly changing conditions" (Brown and Flynn, 2008). They discuss how stakeholder profiles expand under the conditions of two significant meta-trends: decreased freshwater access and global climate change. Brown and Flynn conclude:

"Smart bottom-line strategy will rely on the proactive engagement of a broad and evolving profile of company stakeholders. Rather than calling a meeting of individuals affected by corporate crises, companies can mitigate and prevent salient risks as well as realise new market opportunities by proactively including stakeholders that are impacted by the business and/or by the changing environment throughout a company's lifetime. Frequent and dynamic stakeholder engagement across broader participants will provide companies with highly informed decisions, increased investment and commitment from stakeholders and insight into new opportunities" (Brown and Flynn, 2008).

In a similar vein, University of Manchester specialists describe stakeholder engagement as, *"a core element of sustainable development, lifecycle management and socially responsible business practices"* (Espinosa-Orias and Sharratt, 2006).

In Long's (2008) study on sustainability, he comments that:

"Corporations cannot address the challenges of ensuring a truly sustainable supply chain without working in partnership within their particular industry and, increasingly, without the help of outside NGOs and civil society" (Long, 2008).

Hansen et al (2010) discuss the benefits of community involvement by firms, but caution that both community and business goals should be fully integrated.

Stakeholder engagement and collaboration are critical, then, to the success of sustainability initiatives. The range of stakeholders with whom collaboration is key, encompasses not just employees, suppliers and customers, but also industry specialists, knowledge partners, the wider community, NGOs, other environmental groups, legal, Governmental and regulatory bodies and institutions, expert advisers, and consultants. Let us move on now to consider, more specifically, the insights we can gain from the literature in relation to the development of organisations' sustainability strategies, and their relationship with suppliers and customers.

5.4. Organisations' Development of Sustainability Strategies

There are many issues that will have an impact on how an organisation can best support its customers' sustainability objectives However, there is little in the literature that directly addresses this specific question. What does emerge from the literature, is a set of variables relating to reasons for differences in organisations' sustainability strategies and their relationships with stakeholders. This data provides us with useful insights that we can apply to the question of how organisations can support their customers' sustainability initiatives most effectively. Of course, a company cannot begin to consider supporting its clients' sustainability initiatives, if it does not, first, have a clear sustainability strategy of its own.

5.4.1. Advice for companies building a sustainability strategy

To develop a successful sustainability strategy, Long (2008) offers the following advice: *"Don't just react to outside pressures and internal enthusiasms"* (Long, 2008). Firms need to have a clear focus on business strategy, to ensure that sustainability priorities are linked to business needs. All efforts must fully engage the organisation and deliver measurable, transparent progress against goals over time (Long, 2008). Long also advises taking time to benchmark industry best practices, understand what competitors are doing, and discuss sustainability issues with key customers, suppliers and consumers. We return to the issue of the need for close collaboration with all key stakeholders, raised in the previous section. Long recommends building close relationships with industry-wide forums to share best practice, as well as with NGOs and activists, to ensure robust, transparent, credible thinking. It is then important to work hard at engaging the organisation in the development and execution of sustainability efforts, while also engaging as part of a broader industry effort (Long, 2008).

Bekefi and Epstein's (2008) advice reiterates Long's (2008) point that firms must develop proactive rather than reactive sustainability strategies:

"Companies can become leaders in corporate sustainability by developing proactive strategies that create opportunities and increase profits rather than using only reactive strategies that respond to government regulation, industry standards, or consumer protests" (Bekefi and Epstein, 2008). They go on to stress the importance of commitment to sustainability from the top, and the development of strategies that cascade throughout the company. *"Effective management controls, performance measures, and organizational capacity to integrate sustainability into corporate strategy are also critical"* (Bekefi and Epstein, 2008). They describe a three-step process for transforming social and environmental risks into opportunities for market success:

"1. Identifying opportunities; 2. Aligning opportunities with strategy; and 3. Evaluating opportunities" (Bekefi and Epstein, 2008).

Methods for identifying opportunities include: learning from the past, customer and market sensitivity, learning from others, scanning, seeing the market gaps and changing the game, and scenario planning, including envisioning ideal solutions. Once opportunities have been aligned with business strategy, they can be evaluated by attempting to calculate costs and estimate ROI (Bekefi and Epstein, 2008).

Piercy and Lane's (2009) research echoes the need for sustainability strategies to fit with the firm's business strategy, adding the importance of aligning any corporate social responsibility initiatives with the firm's values:

"There is a compelling argument that to be effective, social initiatives must be consistent with a firm's operating objectives and values. Indeed, there is evidence that when social initiatives are not aligned with corporate objectives and values, CSR may become a liability and diminish previously held beliefs about the firm. There is some priority for social initiatives and responses to be chosen carefully to reflect the firm's values and domain, so that consumers perceive initiatives as proactive and socially motivated" (Piercy and Lane, 2009).

5.4.2. Inputs to organisations' sustainability strategies: What degree and type of environmental and social impact does the firm have?

One of the variables that will affect the appropriateness of a firm's sustainability strategy is the degree and type of environmental and social impact that the firm has. Some companies have a huge carbon footprint, others have a lesser impact. The information and communication technology sector, for instance, is reported to have a carbon footprint as big as the aviation industry (www.guardian.co.uk, December 3rd, 2007). Pratima Bansal has focused her sustainability research on resource-based companies in primary goods-producing industries: for example, chemical and forestry companies, oil and gas and mining companies. Her view is that, "There's no question that being socially responsible is more important for them than it is for companies in some other industries. This is because of their heavy impact on the land and local communities" (Bernhut, 2002). The extractive sector (oil, gas and mining) it is claimed, requires clear, focused sustainability and corporate social responsibility strategies, perhaps more than any other sector, as it *"utterly dominates"* reports of human rights abuses, with two thirds of the total in a UN interim report (Ruggie, 2006). There is now increasing co-operation among companies in these industries to set their own industry standards, rather than relying on government regulation (Bernhut, 2002).

In addition to firms exploiting natural resources, Maitland (2004) lists several other types of firm that are subjected to great scrutiny: *"those with dominant market positions, such as former state-owned utilities; those dealing directly with customers, such as banks and retailers; those producing essentials such as food or drugs; and those [...] depending on supply chains in low-income countries, such as [...] clothing manufacturers"* (Maitland, 2004). For these companies, sustainability issues will almost certainly be near the top of the corporate agenda.

Hershey provides a good example of a firm depending on a supply chain in low-income countries. It has had to face many long-standing, complicated issues relating to sustainability, due to the environmental, social and economic challenges involved in sourcing much of its cocoa from West Africa. The fragility of the tropical eco-system, pests and disease mean that crop loss is fairly common, so Hershey is focusing its efforts on a truly sustainable cocoa sector delivering benefits across the entire supply chain (Long, 2008).

Firms in certain industries are far more likely than others to be targeted by environmental non-governmental organisations (ENGOs). According to Hendry (2006), ENGOs focus their attention on industries and particular firms with the greatest impact on the following areas: *"a) energy (energy efficiency, fossil fuels, alternative fuels), b) climate change (can be related to fossil fuels, may include air pollution), c) biodiversity, d) deforestation (related to both climate change and biodiversity), e) toxics and public health, f) genetic engineering and protection of the food supply, and g) oceans and fisheries"* (Hendry, 2006). Other, related environmental impacts monitored by firms are: a specific focus on CO2 emissions; waste stream; materials used (hazardous materials, packaging, paper usage); water usage; sanitation; depletion of resources; and contamination.

It is clear, then, that each firm must assess the degree and nature of its environmental impact, in order to understand how critical sustainability issues will be to the company's strategy, and also to understand the type of sustainability initiatives that will be most appropriate for the organisation.

5.4.3. Inputs to organisations' sustainability strategies: Level of maturity

Some organisations are clearly further along the maturity curve than others when it comes to their sustainability strategies. The award winners in the Sunday Times 'Green List' (Leonard et al, 2010) for example, have a mature approach to sustainability. The Sunday Times uses the following criteria in order to establish who the *"best green companies"* are: 'greenest' employees; size and environmental impact; sharing best environmental practice; leading the way in environmental management; receiving adequate environmental training; checking waste to see if it can be recycled; encouraging employees to commute using 'greener' forms of transport; cutting environmental impact; younger members of staff driving environmental change; understanding what a carbon footprint is. These are evidently important measures that managers could apply to their own firms, to determine their degree of maturity where sustainability practices are concerned.

Marks and Spencer (M&S) is often cited as a leading company in the area of sustainability. It launched 'Plan A' in 2007; a ground-breaking five year strategy to reduce its environmental and social impacts, and become a more sustainable business. The plan includes 100 commitments to improve performance on climate change, waste, raw materials, health and ethics by 2012 (Richens, 2009). The reductions in greenhouse gases achieved thus far may be questionable, and 'green' groups argue that more could be done; nonetheless, these groups praise M&S' leadership on sustainability. Mike Barry, the head of sustainable business, says the company is among the top 40-50 in making progress towards being a sustainable business, and integrating environmental and social considerations into its culture (Richens, 2009).

Among M&S' targets is a goal to source all its energy from renewable resources; and an objective to improve fuel efficiency and energy use in warehouses and offices by 20%, by 2012. Richens' overall assessment of its sustainability performance is that, *"M&S remains strongly committed to big improvements in its performance. Its image as a green leader in its sector has yet to come under serious attack. But delivering major parts of Plan A is proving difficult."* (Richens, 2009).

Remaining with the retail sector, Wal-Mart has also focused significant effort on sustainability initiatives. These range from, *"improving operational efficiencies through packaging and waste reduction, to reducing energy usage and [...] upgrading employee health benefits. Wal-Mart has led the way in packaging reduction efforts by calling on more than 60,000 worldwide suppliers to reduce their overall material use. [...] All liquid laundry detergent is now concentrated; [...] 75 of Wal-Mart's private label products have been redesigned to eliminate PVC packaging. [...] Efforts prevent approximately 667,000 metric tons of CO_2 from entering the atmosphere, keep 213,000 trucks off the road and save 66.7 million gallons of diesel fuel annually"* (KG, 2008).

The plethora of initiatives attempts to address the wide range of impacts the organisation has on the environment. In Fromartz's (2009) mini-case reviews, he suggests that sustainability is well embedded in the firm, and is becoming a source of competitive advantage for Wal-Mart:

"Sustainability is less a target than an approach, which is why it is continually being refined. As companies ramp up understanding, they also push the envelope of what can be accomplished. Though it takes investment and commitment, the rewards are seen in cost savings, new products, customer engagement and employee commitment. In this way, sustainability becomes a competitive advantage" (Fromartz, 2009).

In Piercy and Lane's (2009) paper exploring the impact of corporate social responsibility on strategic marketing, they list companies in eight different industry sectors who they believe are leading in sustainability. For example, in the computer industry they cite HP, Toshiba and Dell as leaders, for the following reasons:

"HP: rates high on ecological standards and digital technology for the poor; Toshiba: leading designer of eco-efficient products, such as fuel cells for notebook PCs; Dell: among the first in the US to take hardware back from customers and recycle it for free" (Piercy & Lane, 2009, pg.338).

All the sustainability initiatives mentioned deliver relevant benefits to customers and other stakeholders, and this fact plays a large part in the success of these initiatives. The companies considered to be leading in sustainability are all firms where eco-friendly and socially responsible practices enhance company performance and profitability.

Piercy and Lane (2009) go on to describe the different responses by companies to sustainability issues and corporate social responsibility. These range from 'denial/rejection' to 'limited engagement' to 'defensive approaches' (responding to customer or competitor moves). More proactive responses are 'strategic moves' where, *"CSR is an active part of how the company plans and delivers value"*, and finally 'new business models' where, *"new ways of doing business focus on social and commercial value delivery"* (Piercy & Lane, 2009, pg.348). The latter two responses are clearly associated with firms which demonstrate a mature understanding and acceptance of sustainability issues.

One could argue that global organisations have the resources to respond positively to sustainability issues, but what of the small and medium-sized enterprises (SMEs)? According to Revell et al (2010), many studies portray owner-managers of SMEs as laggards in this area. Revell et al's (2010) recent research, however, surveying 220 UK SMEs suggests otherwise:

"Business owners were motivated not just by the 'push' of legislation and environmental concern, but by the 'pull' of potential cost savings, new customers, higher staff retention, and good publicity for their firms." (Revell et al, 2010).

The size of the firm, then, does not necessarily determine the degree of maturity a company demonstrates regarding sustainability issues.

5.4.4. Inputs to organisations' sustainability strategies: Motivations

Clearly, different firms have different motivations when it comes to sustainability issues and these will, in part, determine the sustainability strategy that the firm develops. General Electric Company, for example, are motivated by the cost-saving possibilities of sustainability initiatives, but also by the potential to sell sustainability solutions to other companies; hence, its investment in a $17bn ecomagination unit (Fromartz, 2009).

We saw in section 5.2 that there is much recent evidence of a 'new management mindset' which recognises the many advantages of clear sustainability strategies, and 'doing well by doing good'. At the most 'enlightened' end of the spectrum, are organisations in which the CEOs profess to be driven by strong ethical values. For example, Paul Polman, CEO of Unilever, discusses the role of his values-driven organisation, and how Unilever tries to gain the trust of its customers with regard to sustainability:

"Doing the right thing for the long term, operating with a high level of integrity and trust, investing in their people, wanting the communities where they operate to be as successful as the companies themselves. Purpose and value are very important." (Bird, 2010).

Paul Polman talks of the important role companies and brands can play in addressing the environmental challenges facing the planet:

"It's very important that our brands have what we call 'the social missions.' Ben and Jerry's is a good example of that; they are a key player in addressing climate change and the use of nuclear weapons. But we have other brands: Lipton with the Rainforest Alignment on sustainable tea, and Dove with women's health awareness" (Bird, 2010).

Polman firmly believes that consumers will increasingly demand 'ethical' brands: *"So, companies with a strong social mission will be companies that are more successful in the long term."* (Bird, 2010). His enlightened values, then, have the additional benefit of reflecting enlightened self-interest. He does, however, express support for a very Christian, self-effacing style of leadership, which he believes is what we need in today's world:

"If you seek enlightenment for yourself just to enhance yourself, you missed the purpose. If you seek enlightenment for yourself by helping others, you are with purpose" (Bird, 2010).

Clearly, then, the priorities and values driving organisations will have an impact on the type of sustainability strategy that is developed.

5.4.5. Inputs to organisations' sustainability strategies: Identifying key stakeholders' concerns

It is evident from the literature that firms need to consider their sustainability strategies, not just in the light of their customers' or suppliers' concerns, but with an awareness of all key stakeholders' concerns. The sustainability strategy should, then, be developed around **shared** concerns between the organisation and its stakeholders. Long (2008) discusses how many companies now routinely receive enquiries relating to sustainability issues from consumers, advocacy groups, investment firms, local community leaders, elected officials, and current and prospective employees (Long, 2008). Long (2008) cites Hershey as an example of a company that has built excellent community and stakeholder relations, and responsible supply chain management. According to Long (2008), Hershey understands the importance of attempting to improve the lives of farmers, so that they continue to want to grow crops, and of growing crops responsibly, so that customers continue to buy products made from commodities. Hershey actively plays a leadership role in the World Cocoa Foundation, an industry partnership of nearly 70 companies, and works with suppliers and other partners to lay out a shared vision of what sustainability could mean at the cocoa farm level:

"Forming partnerships across stakeholder groups that share a vision is an important step in the change process. It begins the shift within the corporate environment from sequential, reactive thinking to thoughtful, holistic strategizing (Long, 2008).

If we return to Marks and Spencer's five year strategy to reduce environmental and social impacts, what is striking is that, here too, many sustainability initiatives are being enabled through collaborations with stakeholders. The diagram below presents a summary of these collaborations:

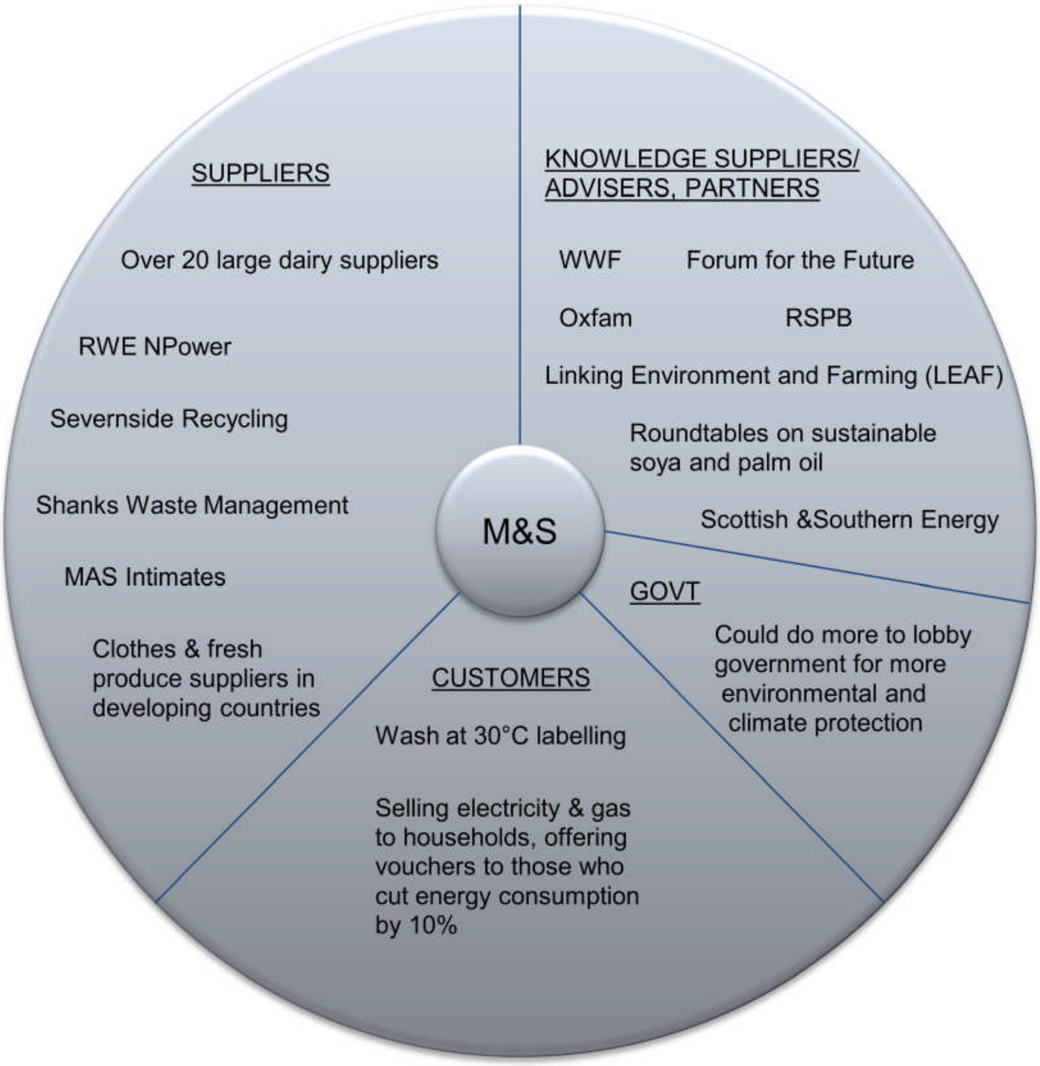

Figure 1:
M&S – Summary of Sustainability Collaborations with Stakeholders

WWF and Forum for the Future, for example, work with M&S on various aspects of Plan A and together they address a wide range of supply chain issues. M&S's collaboration with Oxfam aims to boost clothes recycling; so far, more than three million garments have been received, providing £1.9 million to Oxfam (Richens, 2009). M&S are attempting to become a force for change, helping both suppliers and customers become more sustainable. For example, M&S has supported construction of a new 'green factory' owned by MAS Intimates in Sri Lanka which makes lingerie. 10% of the site's electricity is supplied by solar panels, which M&S helped to pay for; it uses 50% less water than a conventional facility. M&S also focuses on agricultural practices. It is working with one of the largest dairy suppliers to 'carbon footprint' individual farms, and set actions for them. It is also working with 20 large food suppliers to develop carbon performance indicators (Richens, 2009).

On the customer side, M&S is aiming to sensitise consumers to environmental issues, so that they make more sustainable decisions in their wider lives, for example, by suggesting through their product labelling, that consumers wash clothes at 30°c (Richens, 2009).

It is worth noting that, when attempting to identify shared concerns with consumers in different geographic markets, the concerns relating to sustainability may be slightly different from one country to the next. For example, Piercy and Lane (2009) make the point that, while in South Africa what matters most is a contribution to social needs such as healthcare, in the UK, Canada, Australia and Indonesia, environmental protection is top of the agenda (Piercy and Lane, 2009). The particular environmental concerns that companies share with their stakeholders should clearly be a key input to the firm's sustainability strategy.

5.4.6. Inputs to organisations' sustainability strategies: Pressure, regulation, and the requirement for transparency

While different industries face different degrees of regulation and pressure from stakeholders, organisations in general are facing increased demands for transparency on sustainability issues. A plethora of certifications and consumer-facing sustainability labels exists, all designed to tell the consumer a story that he or she can trust about what's happening in the rest of the value chain: *"This story serves to create demand for more sustainable products by influencing or affirming positive actions by consumers, retailers, manufacturers and producers alike"* (Watanatada, 2010).

Von Geibler et al (2006) comment on the increasing demand for transparency relating to sustainability issues, from internal and external stakeholders (Geibler et al, 2006). M&S, for example, is placing more and more demands on suppliers, as it considers the impacts of goods made by suppliers on water resources in developing countries. It measures the water footprint for some clothing ranges and fresh products, and ensures its wood and fish all come from sustainable sources (Richens, 2009).

Von Geibler et al (2006) comment on how many companies now strategically and proactively account for their environmental performance: *"The goal is to identify and implement improvement opportunities, and to report on sustainability performance objectives and improvements"* (Von Geibler et al, 2006).

Lu, Wu and Kuo (2007) present a framework for 'green' supplier evaluation, which includes environmental criteria applicable to all stages of the supply chain. It lists questions relating to: pre-manufacturing; manufacturing; packaging and distribution; use and maintenance; and end of life. Lu et al (2007) believe that the emergence of the green supply chain is one of the most significant developments in recent year, *"offering the opportunity for companies to align their supply chains in accordance with environmental and sustainability goals"* (Lu et al, 2007).

Evidently, while some companies and industries are subject to more regulation than others, all firms increasingly need to take on board the growing requirement for transparency around environmental practices, and build this requirement into their sustainability strategies.

Let us turn now to a summary of findings from the in-depth interviews.

6. Key Findings from Interviews

6.1. How Important is Sustainability to the Organisations Participating in this Study?

Organisation 1 takes the area of sustainability very seriously. The organisation offers integrated business software and hardware systems. The Lead Manager for sustainable IT comments that, on the hardware side:

"There's an environmental impact we're aware of, and it's important for us to manage [...]. It's an opportunity to develop resource-efficient, energy-efficient, durable IT equipment that can help an IT organisation, and make itself more sustainable" (Org.1, R.2).

The Group Director for global customer services management talks of how the firm's commitment to sustainability has evolved:

"Now it's 'front and fore' of the agenda. We try to bring sustainability onto the agenda in everything we do" (Org.1, R1). For example, he describes how at the organisation's global user group meeting, attended by around 50,000 people, there is an emphasis on sustainable practices: from the provision of bicycles for transport, to recycled cups for refreshments. The respondent firmly believes that:

"We can only be credible in talking about sustainability ourselves, if we can turn around to those we're preaching to, and say, 'this is what we've done.' (Org.1, R1).

The CIO's views concur with this assertion. He emphasises the huge focus that has been placed on reducing energy consumption within the organisation, and the holistic approach that is taken. He comments that over 60% of the firm's energy use is consumed in data centres; data centre consolidation has therefore become a priority, with the objective being to consume as little power as possible. As a result, radical reductions in power usage have been achieved (Org.1, R3). Work stations and laptops are the next largest energy consumer, so power settings have been introduced to power down monitors. In addition, paper usage has been dramatically reduced: the firm has eliminated 96% of the paper it used a few years ago. The sustainability-driven culture has led to a belief that almost any job can be done anywhere, without the need to travel, and flexi-working and flexi-officing are commonplace.

Respondent 3 emphasises that sustainable practices are good for the 'bottom-line':

"I could fill the wall with bullet points about what we're doing on sustainability. The majority of initiatives just make good business sense – making facilities energy-efficient, cutting out paper, waste... it's good for the environment and good business sense" (Org.1, R3).

Respondent 3 believes that the firm's strength of purpose around sustainability, along with its capabilities, puts their organisation in a strong position. He comments that many firms will agree with statement 1 below; fewer will agree with statement 1 and 2, while very few firms will be able to say that all three statements apply to them:

"1. We have the intuition, we understand the market opportunity, we know the right thing to do. 2. We know what to do, and we have the guts and fortitude to make tough decisions. 3. We know what to do, we make the hard calls and take the tough decisions, and we have the ability to execute this. Having all three is rare!" (Org.1, R3).

Respondent 4's views echo comments made in section 5.4.5, as he describes sustainability as, *"looking at stakeholder requirements and contributions, and connecting them"* (Org.1, R4). For him, the firm is an eco-system, and every stakeholder in the eco-system adds value to the other stakeholders.

Overall, then, Organisation 1 has a mature approach to sustainability issues. It focuses on addressing its areas of environmental impact, especially energy usage, and recognises that embedding sustainable practices in the organisation makes good business sense.

Organisation 2, a leading research-based pharmaceutical and healthcare company, is also strongly committed to the area of sustainability, and the respondents talk of the need to balance the economic, environmental and social aspects. Focusing on the environmental aspect, *"It's all about understanding our impact and how you can improve that"* (Org.2, R7). The respondent talks of the need to use natural resources responsibly across the life cycle. The firm focuses on improvements in mass efficiency, water, climate change and packaging, as well as recognising the importance of other areas of environmental stewardship, such as sustainable supply chains, and how to deal with hazardous waste ((Org.2, R7).

For Organisation 3, a brewer, hotelier and wine merchant, sustainability runs right through the core of the business. They deliver their sustainability objectives, "*by doing things locally, through the people in their business; [...] trying to live in harmony with the environment"* (Org.3, R8). Authenticity and provenance are very important to Organisation 3; suppliers are all local, and the firm supports the local community in numerous ways – from supporting artists, to athletes, to 'adopting' a beach to clean up. It is a family business with a long heritage, but in the last 15 years has invested significant sums of money in upgrading the business; this includes investment in a number of sustainability initiatives. For example, a new distribution centre has been constructed which has dramatically reduced the amount of energy and water used: water is collected from the curved roof, recycled, and used to flush the toilets.

A recent article on the company's web-site sums up their approach to sustainability:

"At [Organisation 3] we believe in doing the right thing – not just because it makes us feel good, but because it makes business sense. From investment in our eco-distribution centre and energy-efficient brewhouse, through to our lightweight bottle and Environmental Action Group, we believe that [Organisation 3] is at the forefront of the environmental agenda. [...] Our essential aim is to become carbon neutral." (Company website, November, 2010).

It is clear, then, that all respondents interviewed work in organisations that are at the more enlightened, mature end of the spectrum when it comes to sustainability issues.

6.2. What are the Client Organisations' Needs and Motivations Concerning Sustainability Issues?

The respondents believe that organisations' motivations concerning sustainability issues vary greatly. Respondent 3 comments that organisations are attacking the problem from different angles: some are concentrating on energy use, some carbon footprint, others transportation and logistics, others product design or technology. He makes the point that, *"companies have different things that are most important to them"* (Org.1, R3).

Respondents 6 and 7 were able to attribute different needs to customers from different sectors. For example, the National Health Service in the UK is focusing on its carbon footprint, so Organisation 2 has given them feedback on this subject. Retailers such as Tesco and Walmart, on the other hand, have stringent requirements regarding Organisation 2's packaging materials; Organisation 2 is also required to report on certain aspects of sustainability to these retailers, to enable the latter firms to achieve their sustainability goals. Respondents 6 and 7 also comment on how needs and motivations vary from one geographic area to another. They assert that sustainability is beginning to be a big issue in the UK, but that the global landscape is more mixed; in the US, for example, they see focus on specific issues such as 'take-back' schemes, but the approach to sustainability is less holistic.

The following motivations were identified by respondents. As you move from the top to the bottom of the following list of bullet points, you move, more or less, from the least committed to most committed businesses regarding sustainability:

- Reduce costs
- Risk management – compliance with regulations
- Desire to protect reputation and brands
- Reduce costs and increase revenues by 'doing good'
- Desire to meet growing customer/consumer demand
- Offer a point of differentiation for customers
- 'Doing the right thing' is the main focus.

Respondent 5 from Organisation 1 believes that there are customers at both ends of the spectrum, from those who are *"in the dark,"* to those who express *"full support"* for sustainability initiatives. In all interviews, however, respondents noted that in the past 6-12 months, there has been an increase in requests relating to sustainability requirements from customers. For organisation 1, many requests for help relate to sustainability reporting. Cost reduction is still viewed by all respondents as the biggest single driver for firms to pursue sustainability initiatives. In part, the rising cost of energy has propelled sustainability higher up the corporate agenda, as CIOs can see the impact of energy costs on their bottom line (Org.1, R1). Longer term investment is felt to be difficult for clients, who are often faced with challenging ROI hurdles to overcome:

"No-one buys anything from us without wanting to know what the payback period will be" (Org.1, R1).

In all the interviews, a sense emerges that, little by little, sustainability issues are gaining momentum, and are gradually becoming an accepted part of a company's overall strategy.

6.3. How do Client Organisations Want to Engage with Suppliers (and Vice Versa) on Sustainability Initiatives?

In Organisation 1's experience, sustainability has an increasing role to play in conversations with clients, and cost reduction is usually at the fore-front of the client's mind:

"From the first conversation we have with clients, they want to know that we have a concern for the environment, and that they're trading with an ethical organisation. At every invitation to tender, customers ask us what we do on sustainability. As we get into the sales cycle, we

expand upon that, then they purchase and expect to see the result! [...] Through the entire lifecycle of the customer it's on the agenda – now everyone knows there's a cost [to not taking sustainability seriously]. [...] The first conversation is always, 'how do we take cost out?' (Org.1, R1).

Respondent 2 believes that client organisations are much more prepared to have collaborative conversations on the subject of sustainability, than was the case in the past, with greater transparency and information sharing. This allows the supplier team to increase the number of contacts in the client organisation. This increases the supplier's 'influence map', and improves the relationship overall:

"We've had far more collaborative conversations with customers now, where they invite in key suppliers and discuss these things. [...] The depth and breadth of the relationship increases, it opens up new areas" (Org.1, R2).

Respondent 1 emphasises the importance of building long-term relationships with clients:

The goal is always to be a trusted adviser. You bring together good frameworks, [and] proof that we've got our own backyard in order [...]. We're not a 'hit and run' company when we do the sell – there's a lot of collaboration" (Org.1, R1).

Respondents 1 and 2 describe the need for holistic conversations with clients regarding sustainability, rather than the client just focusing on a single issue such as carbon. It is their belief that holistic discussions leading to holistic solutions will ultimately bring most benefit to both parties:

"We'd like to avoid the client investing in lots of separate solutions. [It's important] to look overall at measuring what you're using, monitoring where it's coming from or going to, and putting something in place to help reduce that. If we can abstract it to a level of sustainability rather than just carbon, that will give the client, and us, more benefit" (Org.1, R2).

Respondent 3 concurs wholeheartedly with this view:

"We'll come in and look for specific opportunities for a client. It's better for a customer to take a holistic view, whether the issues are infrastructure or data collection or reporting, [Org.1] can play a role and bring solutions forward" ()rg.1, R3).

In respondent 2's experience, retailers and telecommunications companies are taking the lead on sustainability initiatives with suppliers. Retailers often look for efficiencies in managing their huge logistics networks, while telcos also want to improve operational efficiencies. Sometimes the client will ask, *"What can you do for us?"* and sometimes they will say, *"This is what we've got, what can we learn from you?[...] We have to have our own IT operations up to scratch, if we want to advise clients on theirs "* (Org.1, R2). He emphasises that the important thing is to have a collaborative approach, even when working with competitive vendors. For example, 'green grid' is a collaboration of organisations working together to set voluntary standards to reduce the environmental impact of IT.

Respondent 2 stresses the importance of understanding the values of the client organisation, which will be revealed in dialogue with the management team:

"You need to look beyond the technology and understand the client – the values of the individuals and the management team: Where are they now, and what's their desired outcome? [...] If you've got people with different values, and if you don't understand what the values are, it's hard to make that change" (Org.1, R2).

He gives the example of flexible working, and says that if the client's organisational culture is right, Organisation 1 can talk to the client about the technology that supports flexi-working: *"It's not just technology; there's a significant people bit"* (Org.1, R2).

Both respondents 1 and 2 comment that the engagement will be different depending on who you are talking to within the client organisation. Procurement managers are more likely to focus on how to save money, while sales or marketing managers or an enlightened CEO are more likely to understand the potential competitive advantage of sustainability. Respondent 1 comments on the need for his organisation to tailor its message in a way that is relevant to its different audiences. Respondent 3 also stresses the importance of being connected with the right part of the organisation:

"There may be a disconnect with the folks we're dealing with. If you're not dealing with the right people, it'll be very hard to make progress. You've got to get to the real business owners" (Org.1, R3).

In respondent 4's experience, the most engaged conversations with clients take place either with people at the very top of the organisation, who have a clear vision of a sustainability strategy, or with people on the 'shop floor', who feel a personal passion for the subject.

Respondents 1 and 2 are aware that they must have a clear understanding of how their products and services can solve their clients' particular problems. For example, data centre optimisation is an effective way of *"getting more from what you've already got"* (Org.1, R1), cutting energy use dramatically, thereby reducing costs. Respondent 2 also comments that it is important to inform their clients that Organisation 1 has got software applications that can improve clients' transport and logistics, and make sustainability reporting easier:

"We do look at all areas where we can help clients. Being less unsustainable is not the goal, they have to be at least sustainable – anything less and we've failed. [...] It's important to introduce a new solution or a new way of thinking to the client" (Org.1, R2).

Respondent 5 describes the need to keep raising clients' awareness of the potential that IT solutions offer to help them achieve their sustainability objectives.

Overall, then, successful engagements with clients will take place if the supplier has the right contacts in the organisation, and can build a collaborative partnership, understanding the client's needs and motivations, and proposing appropriate solutions.

6.4. Examples of Enabling and Supporting Clients' Sustainability Initiatives, and Associated Value

There are many ways in which organisations can address their environmental impacts. For example:

- Supply chain processes
- Technology development and IT infrastructure
- Transport, logistics and shipping
- Working practices
- Agricultural practices
- Recycling; assessing materials used
- Product design

- Buildings and facilities – reducing heat, lighting and overall energy used
- Travel policies
- Data collection and reporting on the above

Organisation 1 provides the technology infrastructure that can help customers achieve their environmental initiatives. Their product/service offering is grouped under the following three areas:

Eco-efficiency: reducing environmental impact and cutting costs by increasing efficiencies in existing operations. More efficient resource management leads to a reduction in waste and energy usage.

Eco-innovation: designing or re-designing products and processes to reduce costs and increase revenues, while lowering environmental impact.

Eco-transparency: helping companies measure and report on relevant environmental factors, to drive on-going process improvement, comply with regulations, and minimise risk.

The products and services that come under these three banners can be applied to customers':

- IT infrastructure
- Supply chain and business operations management
- Reporting and data collection
- Risk and performance management.

Respondent 2 gives an example that falls into the eco-efficiency category: an on-line betting company was experiencing dramatic growth; the number of transactions per week was predicted to double:

"Their data centre couldn't cope, there wasn't any more space. We were able to, using the same data centre footprint, cope with that doubling of transactions, but we also reduced the energy consumption at the rack level, reduced the heat generated, and reduced carbon emissions" (Org.1, R2).

Respondents from Organisation 1 referred the researcher to their company website which contains a plethora of examples of how their firm has enabled customers' sustainability initiatives. An example similar to the one cited above, is of a customer whose data centre energy costs were reduced by 50% through virtualization. The client needed to expand or replace its existing IT infrastructure, which had reached the limits of its performance. It also needed to cut the high costs of energy supply, cooling, space requirements and administration. Organisation 1 offered a solution which allowed more than one operating system to be implemented on the same physical hardware, with no loss of performance. Organisation 1 also cut procurement costs for the new server hardware by approximately 60%, lowered electricity and air conditioning costs for the server farm by approximately 50%, and reduced maintenance and related tasks carried out by the system and database administrators.

An example of eco-innovation is seen when Organisation1 helped a client to reduce its travel and associated carbon footprint by providing a variety of conferencing technologies. This allowed the client to avoid the production of nearly a ton of carbon dioxide on the company's designated 'zero travel day', when 47% of employees worked from home and 74% hosted meetings using conferencing.

Respondent 5 gives an example of how Organisation 1 has enabled eco-transparency, with the example of a pulp and paper manufacturer who wanted to achieve seamless integration between key sustainability information and financial information. Organisation 1 offered a solution that extended their financial management system. The key benefits were that group environmental performance targets could be followed quarterly, CO_2 emission targets could be followed at different organisational levels, and proven sustainability data could be used for external reporting.

Respondents 6 and 7 give examples of how suppliers have supported Organisation 2's sustainability targets. For example, suppliers have switched to using completely renewable resources, and have reduced the amount of materials used in products, at Organisation 2's request.

The collaborations exemplified in this section provide positive evidence of suppliers supporting their clients' sustainability initiatives in effective and imaginative ways. These initiatives provide value which is reputational, as well as environmental and financial.

6.5. How Can Suppliers Enable and Support their Clients' Sustainability Objectives More Effectively?

Respondent 2 believes that more value could be created for both Organisation 1 and its clients, if Organisation 1 was genuinely considered a trusted adviser in collaborations on sustainability:

"You can then introduce new projects, ideas, or spot new opportunities, before the client is aware of them. [...] Because you're embedded in their business, you can spot how a bit of technology, for example, can provide them with benefits" (Org.1, R2).

Respondent 1 comments that to become a trusted adviser, *"You have to do it yourself first, to be credible; you have to be your own 1st reference customer. [...] By having credibility, this influences the number of people you can reach, and find innovative ways of trying to help them understand. It is a partnership [...]. Sometimes we're not invited to the table to talk, even though it's our football they're playing with. It's our hardware and software. If we're the innovator, there's a story we can tell"* (Org.1, R1).

He goes on to say that trust is clearly required, and this has to be earned. Organisation 1 needs to be able to *"tell clients a good story"* (Org.1, R1) about their achievements on sustainability, and make sure they have a relationship with people at the right levels within the client organisation:

"It takes work finding the right people and being backed up by the right processes – but if we're at the top table, then we can give good value" (Org.1, R1).

Respondent 5 shares the view that Organisation 1 needs to *"get the information out there as best we can"* (Org.1, R5), sharing Organisation1's story with clients, and informing them of the tools and support they can offer to address their clients' sustainability needs.

Respondent 2 emphasises the importance of allowing themselves to be educated by the client, as each sector and client is different:

"We can't just go in with 'one size fits all.' Also, we need to recognise it's not just the technology – there's the people aspect to it" (Org.1, R2).

Respondents 6 and 7 from Organisation 2 also highlight the need to keep communication open, and take the time to understand what each company is focusing on with regard to sustainability. They believe that, in the future, there will be increasing opportunity for industry-wide collaborations to set standards that all companies in that sector will adhere to.

Respondent 5 concurs that *"we are still relatively early on"* in the journey towards improved sustainability, and that further legislation and industry standards will clarify the nature of requirements. He emphasises that continuous dialogue and interaction are crucial, and that eventually:

"[Sustainability will] become part of the fabric of doing business, and having an awareness of environmental impact will just be part of operating a business" (Org.1, R5).

Respondent 1 argues that to create more value from supplier-client interactions on sustainability, the role of the account manager should become more strategic: he or she should be able to challenge the client, and understand and assess the client's business as a whole:

"The role of the account manager should be to challenge everything the customer is doing, so if they're going down an 'Emperor's new clothes' route, there's someone there to challenge them and advise them. [He or she needs to] look at the client's business as a whole [and ask] 'What can we do to help the broader organisation be more sustainable?'" (Org.1, R1).

Respondent 2 concurs that it is crucial to assess the business operation as well as the IT operation, to maximise the benefit to both parties, for example, exploring whether Organisation 1 can help with data collection and reporting.

The final area where it is felt that suppliers can improve the way they support clients' sustainability initiatives is through providing benchmarking information:

"Showing them how they stack up against other customers. [...] The more we can gather information about what people are achieving on sustainability, and publish this, and personalise it, the better. [So we can say, for example,] 'this is how you, as a retailer, stack up on sustainability compared to other retailers.' No-one likes to be lagging behind. There's always a bit of a challenge throwing the gauntlet down to customers, because then they throw the gauntlet down to us. For instance, they might say, 'We just saw supplier X down the road, and they've got a fantastic story! What can you do?' We need to be ready and able to respond to this!" (Org.1, R1).

It is important, then, not only that the supplier can inform the client of actions it needs to take to compare favourably to its competitors on sustainability, but also that the supplier ensures that it, too, compares well to other firms in its industry.

7. Discussion and Conclusions

Through our research study, we have identified the factors that affect the type of sustainability strategy that is most suited to an organisation. A supplier organisation should ensure that its own sustainability strategy has been carefully developed before attempting to advise clients on aspects of their sustainability plans. When developing a sustainability strategy, firms should take a proactive, analytical approach, rather than reacting to what appears to be the 'flavour of the month' regarding sustainability. The sustainability strategy should be embedded within the firm's overall business strategy, and should be aligned with the company's values, vision and mission. The supplier firm should be a good 'role model' and a leader within its industry on sustainability, in order to build credibility with clients. The firm should have a strong organisational eco-system, and audit its own sustainability achievements rigorously. The following factors should be taken into account when developing a sustainability strategy:

- The degree and type of environmental impact that the firm has;
- The firm's value chain and its customers' requirements;
- The firm's level of maturity regarding sustainability issues;
- The extent of regulation, requirement for transparency, and other external environmental factors;
- The firm's motivations relating to sustainability issues, along with its values and culture;
- The shared concerns that exist between the firm and its stakeholders;
- The areas of sustainability that the firm is able to address: capabilities and expertise;
- Competitors' achievements on sustainability, in order to benchmark industry best practice.

The recommended inputs to a firm's sustainability strategy are represented diagrammatically below:

Figure 2:
Inputs to Organisation's Sustainability Strategy

Having developed its own sustainability strategy, the supplier firm should then determine the areas of sustainability in which it has the most capability and expertise: these are the areas where it will have the most credibility with clients, and the areas it can seek to improve and address for its clients. Organisation 1 provides a good example of a firm that has clearly identified its areas of expertise regarding sustainability, and understands how its products and services can address clients' issues and support their sustainability initiatives. It helps clients achieve the following broad sustainability aims: eco-efficiency, eco-innovation, and eco-transparency.

Eco-efficiency: a comprehensive approach to resource management resulting in reduced waste and energy consumption.

Eco-innovation: innovation to create environmentally sound practices.

Eco-transparency: a strong commitment to provide oversight and transparency on sustainability metrics.

(Source: Company presentation document, August 2010).

Organisation 1 has a strong product offering in the areas of: IT infrastructure; enterprise reporting and data collection; supply chain and business operations management; and risk and performance management; it then uses these products to enable clients to achieve eco-efficiency, eco-innovation or eco-transparency, depending on the client's particular needs.

The following diagram illustrates how suppliers can identify their core sustainability offering:

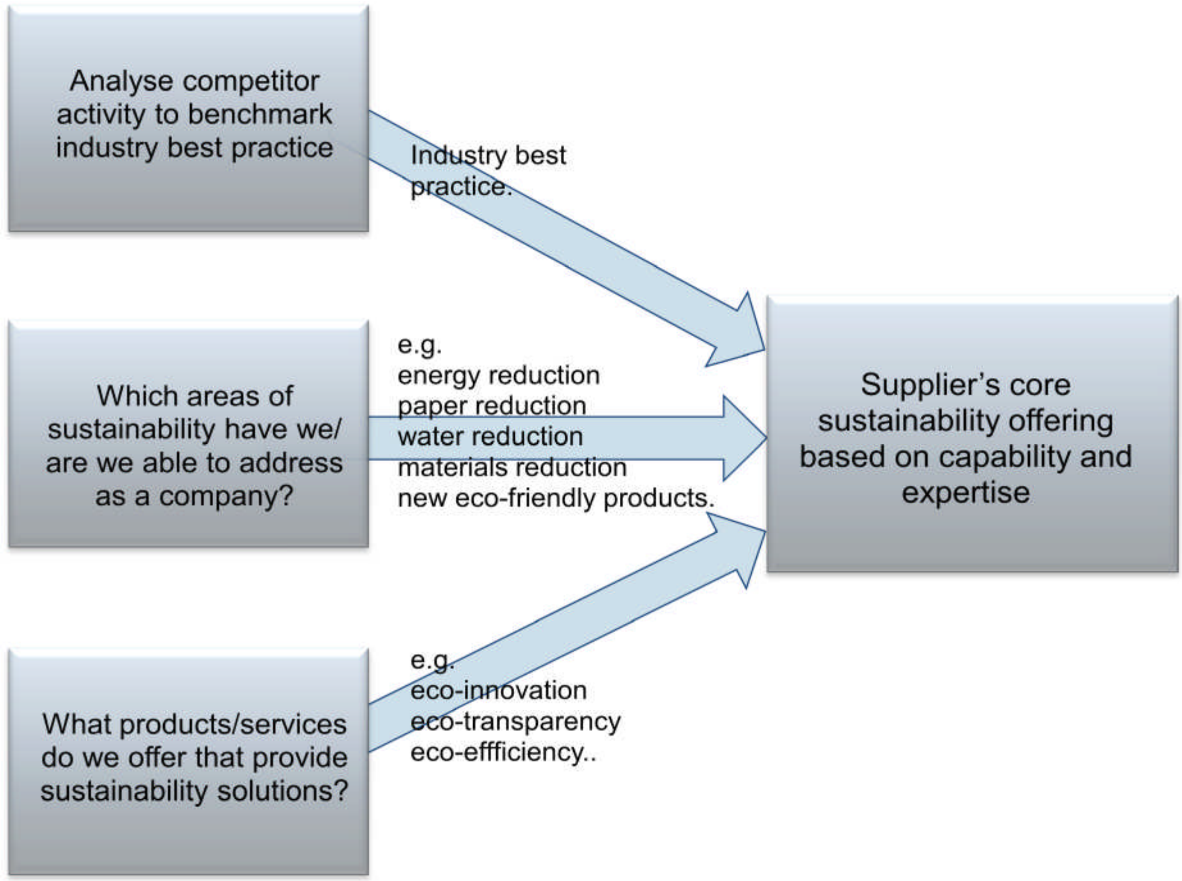

Figure 3:
Supplier's Sustainability Strategy and Offering

Having determined its best sustainability product/service offering, the authors then recommend that the supplier carries out a 'customer sustainability diagnosis,' to help the client to identify the most important areas of sustainability to address. Ideally, the supplier and client should, together, examine all the factors that will have a bearing on determining the best sustainability strategy for the latter: degree and type of environmental impact; motivations, culture and values; level of maturity regarding sustainability; shared concerns with stakeholders; competitor activity and achievements; requirements relating to transparency and regulation. Use of this diagnosis tool allows suppliers to take a more collaborative approach to understanding and supporting clients' sustainability initiatives (as advocated by respondents in the depth interviews); it also allows both parties to frame sustainability issues in a wider business context (as recommended in the literature review).

The diagram below illustrates the proposed Customer Sustainability Diagnosis tool:

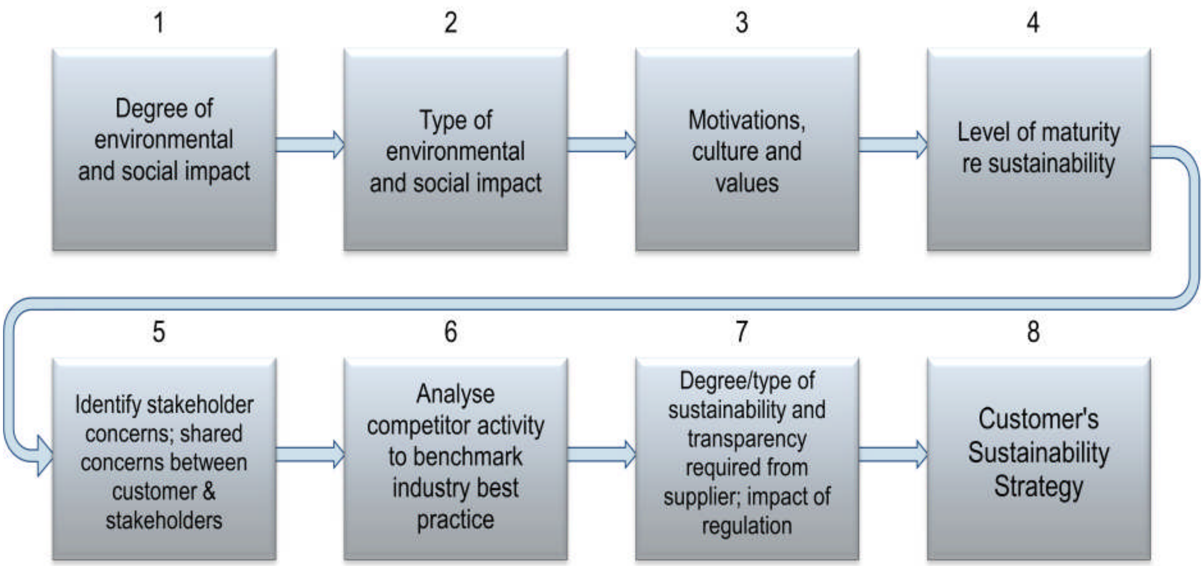

Figure 4:
Customer Sustainability Diagnosis Tool

The supplier and client could agree on a measurement scale for factors 1, 4 and 7. This could take the form of, for example, a rating of 'low' 'medium' or 'high,' or a 1 – 5 scale could be applied.

The final stage in the process is for the supplier to match its own expertise and capabilities with the client's potential needs, as seen in the diagram below:

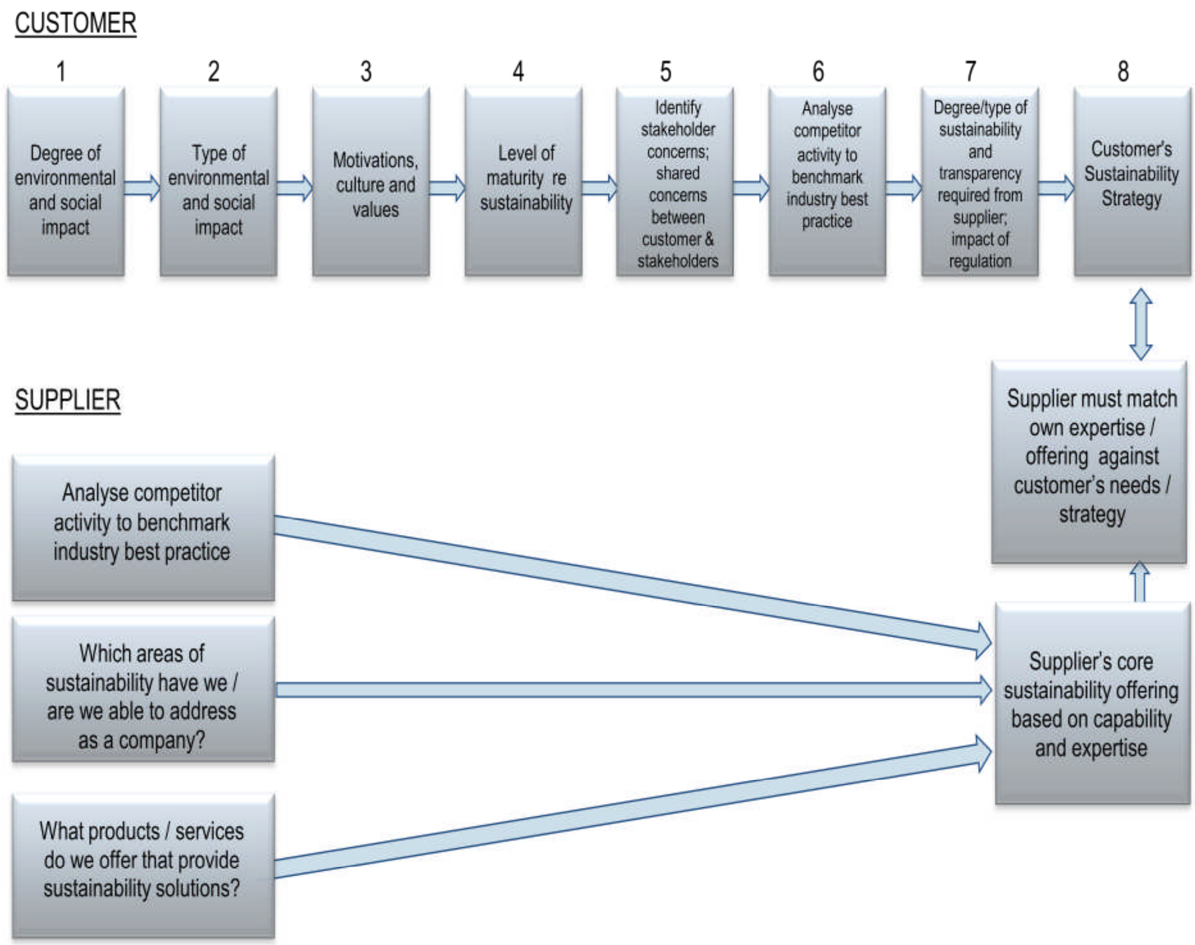

Figure 5:
Customer Sustainability Diagnosis Tool – Matching with Supplier's Sustainability Offering

As we saw in the key findings from the interviews (section 6.5), the supplier should aim to become a trusted adviser to the client on sustainability issues, in order to create more value for both parties. In order to achieve this, the supplier must be credible and have a strong story to tell about sustainability, giving evidence of success in this area, and providing relevant benchmarking data to the client. Building credibility with the client will help improve the supplier's access to the right people at the right levels within the client organisation. Use of the Customer Sustainability Diagnosis tool proposed above will help stimulate the dialogue and two-way communication required to allow the supplier to be educated on the client's needs, rather than taking a 'one size fits all' approach. The proposed tool will also allow the Account Manager to take a more strategic role, enabling him or her to understand the issues affecting the client's business overall. In addition, collaboration within industries to set ever tougher sustainability standards will increasingly focus attention on this area.

Overall, the authors believe that suppliers should take a strongly collaborative approach with clients, should focus on understanding each client's particular needs, and demonstrate that they have the capabilities and expertise to address their clients' sustainability issues. If they can achieve this, suppliers will be in an excellent position to enable and support their clients' sustainability initiatives in the most effective way.

8. Managerial Implications, Limitations and Opportunities for Further research

The Customer Sustainability Diagnosis tool provides managers from supplier firms with a clear, step-by-step process to help clients identify the most appropriate sustainability strategy. Suppliers can then match their own capabilities and expertise against their clients' needs, and thereby improve the manner in which they support and enable their clients' sustainability initiatives.

A limitation of this study is that a relatively small number of interviews was conducted, and the qualitative research focused primarily on one organisation. The focus on one company provides a useful depth of insight into that organisation. Given that the findings from the interviews were strongly supplemented by findings from the literature review, the authors believe that the conclusions and recommendations from the study are applicable across different supplier-client scenarios. However, it would be useful for a future qualitative research study to explore sustainability issues in different supplier-client contexts, and in different industry settings. This would enable the authors to validate further their conclusions from this study.

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Appendix 1 - Discussion Guide: Client Perspective

Enabling Sustainability in a Business-to-Business Context: How Can Suppliers Enable and Support their Clients' Sustainability Initiatives Most Effectively?

1. Client organisations' needs and motivations concerning sustainability issues

What do you, as a client, want from suppliers/partners to support your 'green'/sustainability initiatives?

What is your organisation motivated by when it comes to sustainability issues?

~ Desire to protect the environment?

~ Desire to reduce costs?

~ Desire to increase revenues?

~ Desire to reduce risks?

~ Desire to produce eco-friendly products/services to meet growing customer/consumer demand?

~ Need to comply with increasing government regulation?

~ Desire to improve your brands?

What is your 'green' agenda? How does your organisation define its 'green' initiatives (cost vs. Benefit vs. Corporate citizenship)?

What are the trade-offs your organisation has to consider? E.g. What is the importance of being seen to be 'green' vs. Immediate payback? What are the financial vs. Social/environmental motivations?

2. How does your organisation want to engage with suppliers on sustainability issues?

Do you proactively ask for support for your sustainability initiatives?

What kind of sustainability initiatives do you tend to ask for support with?

Do you have lots of ideas about how suppliers can help you with sustainability initiatives, or do suppliers tend to come to you with ideas?

Does your organisation tend to drive the emphasis on sustainability issues, or do your suppliers? How much education would you like to receive on sustainability issues from your suppliers? Do you want suppliers to tell you what the possibilities are?

How does working with suppliers on supporting sustainability issues impact on the supplier/client or partner/partner relationship? Do you believe it has a positive/strengthening/negative/neutral effect? What effect does it have on issues such as trust, involvement, strategic partnership?

In your view, what effect does a Chief Carbon Officer have on supplier/client relations with regard to sustainability issues? E.g. if CCO is tracking emissions across the supply chain?

3. Examples of enabling and supporting a client's sustainability initiative?

Can you give some examples of **how** a supplier has supported/enabled your organisation's sustainability initiative/objective?

What were the issues and challenges?

What were the positive outcomes? Any negative outcomes?

What were the results in terms of benefits and value to your organisation and to the supplier?

4. Evidence of value in supporting/enabling clients' sustainability initiatives

In your opinion, is there value in suppliers' supporting/enabling your organisation's sustainability initiatives? Can you describe this value? What evidence of value is there?

How do you believe more value could be created (for your organisation and for your suppliers) from having suppliers support/enable your organisation's sustainability initiatives?

5. Specific initiatives

Are there any specific initiatives you would like to comment on, in terms of their impact on your organisation? (E.g. working from home).

6. How to enable and support clients' sustainability objectives most effectively

How do you believe that suppliers can gain a better understanding of your organisation's perspective, and its desire for sustainability?

How do you feel that suppliers can/should help your organisation to be greener?

Are there any other issues we haven't covered that are important in understanding how suppliers can enable and support their clients' sustainability objectives most effectively?

Thank you for your time.

Appendix 2 - Discussion Guide: Supplier Perspective

Enabling Sustainability in a Business-to-Business Context: How Can Suppliers Enable and Support their Clients' Sustainability Initiatives Most Effectively?

1. Background on your organisation's expertise in and commitment to sustainability issues

What are your organisation's needs and priorities in the area of sustainability? E.g. To be perceived as a leader? To put sustainability at the heart of the company?

How much focus on sustainability /'green' issues is there in your organisation?

Is there commitment and buy-in from all stakeholders?

2. Client organisations' needs and motivations concerning sustainability issues

In your experience, what do clients want from suppliers/partners to support their 'green'/sustainability initiatives?

What are the client organisations motivated by when it comes to sustainability issues?

~ Desire to protect the environment?

~ Desire to reduce costs?

~ Desire to increase revenues?

~ Desire to reduce risks?

~ Desire to produce eco-friendly products/services to meet growing customer/consumer demand?

~ Need to comply with increasing government regulation?

~ Desire to improve their brands?

What is the client's 'green' agenda? How do client organisations define their 'green' initiatives (cost vs. benefit vs. corporate citizenship)?

What are the client organisations' trade-offs? E.g. What is the importance of being seen to be 'green' vs. immediate payback? What are the financial vs. social/environmental motivations?

3. How do client organisations want to engage with suppliers on sustainability issues?

Do clients proactively ask for support for their sustainability initiatives?

What kind of sustainability initiatives do clients tend to ask for support with?

Do clients have lots of ideas about how you can help them with sustainability initiatives, or do you go to them with ideas?

Does your organisation tend to drive the emphasis on sustainability issues, or do the clients? How much do you need to educate the clients on sustainability issues, and tell them what is possible?

How does enabling and supporting clients' sustainability issues impact on the supplier/client or partner/partner relationship? Do you believe it has a positive/strengthening/negative/neutral effect? What effect does it have on issues such as trust, involvement, strategic partnership?

In your view, what effect does a Chief Carbon Officer have on supplier/client relations with regard to sustainability issues? E.g. if CCO is tracking emissions across the supply chain?

4. Examples of enabling and supporting a client's sustainability initiative?

Can you give some examples of **how** you have supported/enabled a client's sustainability initiative/objective?

What were the issues and challenges?

What were the positive outcomes? Any negative outcomes?

What were the results in terms of benefits and value to the client organisation and to the supplier?

5. Evidence of value in supporting/enabling clients' sustainability initiatives

In your opinion, is there value in supporting/enabling clients' sustainability initiatives? Can you describe this value? What evidence of value is there?

How do you believe suppliers can create more value (for themselves and their clients) from helping clients to be 'greener'?

6. Specific initiatives

Are there any specific initiatives you would like to comment on, in terms of their impact on the customer? E.g. working from home.

7. How to enable and support clients' sustainability objectives most effectively

How do you believe that suppliers can gain a better understanding of the client's perspective, and its desire for sustainability?

How do you feel that suppliers can/should help their clients to be greener?

Are there any other issues we haven't covered that are important in understanding how suppliers can enable and support their clients' sustainability objectives most effectively?

Thank you for your time.

The Henley Centre for Customer Management

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The Henley Centre for Customer Management

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