

Sustainable Solutions Boost Goodwill

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Sustainability is no longer a novel idea. What is interesting to note, though, is that companies have a variety of ways to develop initiatives through which they can convey their own interpretation of the word. These initiatives often include the idea that sustainable development is closely linked to modern business practices, and some leading global companies have become pioneers in this respect.

For example, in 2005 General Electric (GE) came up with the concept of “Ecomagination”. After a decade of development, the company’s green products include planes, motors, engines, clean coal technology and water treatment. They combine profitability with energy and environmental conservation solutions. Similarly Nespresso has become one of the fastest growing departments within Nestlé, primarily because it established agricultural, technological, financial and logistical companies in each of its coffee producing areas, providing support for improving the quality and efficiency of local coffee production.

Why are enterprises making sustainability a priority? Answers may be found in the fact that many of them have

seen the results of their goodwill pay off in the form of strategic competitiveness:

- Brand awareness. This makes customers, particularly those in developed markets, more loyal to the brand and more willing to pay a premium for its products or services.
- Talent pooling. Employees can find meaning in their work and are therefore more loyal to a company that has a greater sense of responsibility and duty.
- Improved efficiency. Saving energy and reducing emissions can significantly reduce a company’s costs.
- Maintaining relationships. Companies make strategic investments in order to maintain good relationships with stakeholders, in a “social contract”. Such investments are sometimes defensive, for example to meet higher policy requirements from the government. Sometimes they are an active investment that is aimed, for example, at fostering a better environment for community operations.
- Innovation. This is often the most important and strategic reason. It can be operational and managerial, aiming to improve efficiency, or it can involve changes in business models. For example Michelin transformed itself from a tire seller into a mileage seller through its “Fleet Solutions”.

Read on to learn about four cases studied by the CEIBS Euro-China Centre for Leadership and Responsibility (ECCLAR): -



DOW: INNOVATE FOR THE ENVIRONMENT



Dow is a diversified multinational chemical industry giant that leverages the power of science, technology, and the “human element”. As far back as 1995, Dow decided to focus on areas such as environmental protection, along with the mental and physical well-being and security of people. It planned to achieve its goals in these areas over the next decade with an investment of US\$1 billion. Surprisingly, achieving these goals lowered emissions and reduced its costs, resulting in cost savings of over US\$5 billion.

Dow set even higher goals in 2006, developing several groundbreaking products to meet this “2nd-generation sustainable development” initiative. For example, together



with Dow, Haier Group developed the first Casarte eco-friendly washing machine enabled with DOW Ultrafiltration (UF) Technology, a kind of technology that enhances the cleaning effect of laundry detergent so that washing a load of laundry requires less water. In the life cycle of the average washing machine, the technology can help to save as much as 70 tons of water, nearly 1,300 kwh of electricity, and the CO2 emission reduction amounts to the planting of six trees. Another example is the Omega-9 healthy oil independently developed by Dow. Since 2005, it has helped North Americans reduce their intake of trans-fats and saturated fats by over 1 billion pounds, contributing to lowering the number of cases of heart disease and Type-II diabetes.

MARY KAY: ENTREPRENEURSHIP THAT SUPPORTS WOMEN



After being the victim of gender discrimination, Mary Kay resolved to help women achieve success both in career growth and personal wealth. From a small makeup display room in Dallas, Texas in 1963 she launched what today has become a



thriving cosmetics company that has provided job opportunities for over 3 million people, most of whom are women.

Mary Kay established the Women's Entrepreneurship Fund in China, and encourages women to participate in its cultural industry projects. During the 2016 Autumn and Winter Shanghai Fashion Week, the Fund presented designer works featuring a combination of ethnic Yi embroidery from Yunnan in China and Nepalese cashmere in a fashion show. The event, which had "Lost & Resurfacing" as its theme, raised funds for the victims of the Nepal earthquake who were still struggling for survival. The Yi embroidery work was done by women weavers who have benefited from the Mary Kay Women's Entrepreneurship Fund.

TFF: CREATING A PLATFORM FOR BUSINESS INNOVATION



Thought for Food (TFF) is an innovation platform created by the Swiss agricultural giant Syngenta. Through an entrepreneurship contest that asks the question "How do we feed 9 billion people?" it challenges teams of university students around the world to develop innovative businesses that propose solutions.

TFF introduced counsellors, tools and other resources to help competing teams put their ideas into practice, and realise their business plans. By 2015, TFF had successfully incubated 10 start-up companies in agricultural technology innovation, among which "Vertical Farm" has begun its commercialisation phase through its cooperation with TFF. TFF provides a platform for young people around the world



who are passionate about agriculture to “turn their crazy ideas into business opportunities”. Through this project, TFF has facilitated innovation in the sector.

Earlier this year, TFF became an independent non-profit foundation, providing opportunities for more companies to leverage this new era with fresh knowledge and new technology.

SVP: DEVELOP SOCIAL PURPOSE ORGANISATIONS WITH BUSINESS ACUMEN



Venture Philanthropy (VP), an innovative investment and philanthropy approach that applies business acumen to the development of social purpose organisations is becoming increasingly popular.

Mark Holloway is Executive Director of one such venture philanthropy organisations based in Portland, USA, a company called Social Venture Partners (SVP). In March 2016, Holloway shared his experiences in public welfare entrepreneurial investment. He explained that, to answer a need for early education in the local community, SVP had helped a number of social organisations (including

ABOUT THE EURO-CHINA CENTRE FOR LEADERSHIP AND RESPONSIBILITY (ECCLAR)



CEIBS is committed to educating socially responsible leaders versed in “China Depth, Global Breadth” in line with its motto of “Conscientiousness, Innovation and Excellence”.

Since its founding, CEIBS Euro-China Leadership and Responsibility Research Centre (ECCLAR) has been committed to the research and teaching of the social and environmental development problems China is facing. ECCLAR strives to improve the awareness and ability of enterprises to realise sustainable development, to push for responsible business practice, and to help companies integrate sustainable development into their strategies, in order to realise both profits and sustainable development.

For more information about the centre, visit <http://en.ceibs.edu/leadership-and-responsibility>

non-profit institutions and social enterprises) improve their abilities, coordinate community resources (capital, venues, and personnel) and form a leadership network. Ultimately, they leveraged more than US\$3.8 million in government financial support by investing US\$400,000 and 10,000 volunteer hours.

Traditionally, many people perceive business as the source of social and environmental problems. However, the four examples here illustrate how business can provide sustainable solutions. It can be argued that the resource rich business sector (in the US, corporate revenue was seven times the income the government earned from taxes in 2013) is well positioned to tackle these issues head on. More importantly, businesses can scale up once solutions prove to be effective.