

Brand Green: 10 features for success

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Abstract

Hardly a day goes by without some mention of sustainability in the media. Coverage is not always positive, but it is certainly more widespread. Big business and brands are in the thick of it – launching campaigns, commitments and sustainability programmes at breakneck speed. But is any of this real or any good? What's genuine leadership and what's 'greenwash'? This paper is based on an analysis of case studies and commentary by key sustainability opinion-formers. Its aim is to present primary research into 10 cases of green branding and business leadership. It presents the findings from these cases as 10 success factors for 'greening' business and brands.

Introduction

Sustainability seems to be on everyone's mind at the moment. The time most environmentalists had hoped and campaigned for, when corporate CEOs finally 'get it', when sustainable business programmes, commitments and initiatives are launched almost daily and when green issues seem- well - cool, sexy, aspirational and even profitable, is finally upon us. In the last couple of years millions have seen the film 'An Inconvenient Truth', raising mainstream awareness of climate change, and helping win its star Al Gore the Nobel Peace Prize along the way. Similarly the *Stern Review on the Economics of Climate Change* gained widespread coverage, by proving that it will be far cheaper to avoid climate change by acting now than to adapt to it in the longer term. This finally put the last nail in the coffin of any remaining financial doubts or arguments against acting now.

Action is taking place at many levels of society, but most interesting, and even surprising, is the rate at which business is taking a leadership role on sustainability. What was once an agenda of either denial or compliance moved on to an agenda of efficiency and cost-reduction, or else PR and communications – depending on your point of view. Today the debate appears to be about growth, differentiation and market opportunity. Some big businesses and brands have launched quite remarkable commitments – for instance, between conducting the research presented here and writing this article, P&G announced its 2012 goals to generate at least \$20 billion in cumulative sales from 'green brands' (products with reduced environmental impact) – making it difficult to follow the sheer volume of corporate campaigns, programmes and commitments.

This all looks like progress, but our aim is to dig a little deeper and determine which of the many eye-catching initiatives are resulting in real change and which are 'greenwash'. Essentially we want to determine what all these developments tell us about progress on green brands and where brands are going in relation to sustainability.

Research method/process

Forum for the Future advises, helps and works in partnership with several brands to develop high-profile and leading sustainability initiatives (for example with Tesco and M&S). The Forum helps organisations through a variety of strategic, innovation or brand-related sustainability processes. Given the increased level of activity in this area, we thought we would take a look in further detail – to try to make sense of all the noise. We did this through a two-stage research process:

1. **Selection:** We conducted opinion-former and thought-leader interviews – to highlight leadership examples and help define key trends on sustainable business and branding.
2. **Analysis:** We selected sustainability or brand leadership case studies for further in-depth analysis based on both interviews and our own insights – in order to identify key themes, commonalities and conclusions.

Selection process

We asked nine opinion-formers and thought-leaders on sustainability and branding (three sustainable business strategists; three NGOs; three brand/marketing experts) to comment on recent brand and sustainability leadership cases in this area, on their details and performance. These were:

1. Jonathon Porritt – Founder Director, Forum for the Future and Chair, UK Sustainable Development Commission;
2. John Elkington – Founder and Chief Entrepreneur, SustainAbility;
3. Stuart Hart – Samuel Johnson Chair in Sustainable Global Enterprise, Professor of Management, Cornell University;
4. Chris Perceval – Corporate Development Manager, Earthwatch Institute;
5. William J. Kramer – Director, World Resource Institute;
6. Anthony Kleanthous – Senior Policy Adviser, Corporate Accountability and Innovation, WWF;
7. Rita Clifton - Chairman, Interbrand;
8. Dan Esty - Director, Yale Centre for Environmental Law and Policy;
9. Solange Montillaud-Joyel - Associate Programme Officer, Sustainability and Advertising programme, United Nations Environment Programme.

We consulted opinion-formers about trends, opportunities and challenges, asking them to comment on the sustainability activities of some of the leading brands. Interviews highlighted a series of leadership cases for further analysis and we went on to do further in-depth analysis on areas of leadership; issues covered; levels of coherence and consistency and gaps.

The highlighted brands and programmes that we investigated in further depth were:

1. M&S – Plan A
2. Toyota – Earth Charter
3. GE – Ecomagination
4. Wal*Mart – Sustainability 360
5. Tesco – Community Plan
6. Unilever – Vitality mission and sustainability programme
7. HSBC – Commitment to Change & Corporate Responsibility programme
8. Vodafone – Corporate Responsibility programme
9. BSkyB – The Bigger Picture
10. Virgin – Project Aware and Virgin Unite

Findings

What follows is a description of the key findings from our research, mapped under three headings of trends; aspects; and gaps. These are interspersed with quotes from our opinion-former interviews or example case studies to explain and illustrate conclusions.

TRENDS:

1. Opportunity rising

Sustainability is becoming an issue of new business and growth, linked to entrepreneurship, value, differentiation and competitiveness. Some brands set commercial goals, or programmes are measured against financial value rather than on sustainability metrics – showing sustainability is no longer just about charity, philanthropy or ethics alone but increasingly about real business.

For example: GE has set revenue and R&D targets (up from \$10 to 20bn and \$900m to \$1.5bn from 2006-10 respectively) for Ecomagination products. Branson's Virgin Group plans to reinvest profits from Virgin Travel (air and rail) to grow its biofuel business – an estimated £3bn over 10 years.

2. Sustainability as brand

Sustainability programmes and initiatives are being launched as umbrella brands or brands within their own right. As such, they are developed using the same criteria – with names, slogans and identities – and are subject to the same rules as traditional brands. This is important, as they will be judged against the same rules of performance and good practice in the future – such as clarity and consistency.

For example: GE's Ecomagination, M&S's quite brilliant 'Plan A' (because there is no plan B), and BSkyB's 'The Bigger Picture' are strong examples of the rise of the sustainability programme as brands.

3. Business in the driving seat

At present sustainability isn't entirely driven by customer or consumer needs, as companies do, and need to, show leadership. Though consumer and customer awareness is important and rising in many cases, it may not be the key driver going forward. Pioneering brands will be ahead of their customers and show them how to make sustainable choices, in ways the consumer cannot yet articulate, doesn't yet know or doesn't understand.

"Consumers will [drive this], but don't over-emphasise this. Their behaviour is usually driven by the media and NGO agenda. They are a real challenge because of the difference between what they say they'll do and what they actually do. The important thing here is being ahead of consumers" (opinion-former).

We need more of this kind of brand and business leadership going forward.

ASPECTS:

4. Seeing is believing

Setting targets and performing against these is essential in delivering sustainability as the business case is most convincing when there is evidence of progress, improvement and delivery on commitments. It is also critical to get internal alignment before communicating externally on sustainability, getting your 'own house in order' and 'walking the talk' first. The key to success is to 'show' as well as 'tell' and for companies to 'prove it'.

For example: Performance within M&S's Plan A is monitored internally through a senior sponsor reporting results and delivery directly to the CEO. External achievements are communicated and regularly updated on the website against M&S's five key priority areas.

5. Take it to the core

Sustainability needs full and strategic integration – into the *core* and *all* of the organisation– to be really successful. It works best and looks most convincing when it touches all areas and functions of brands and companies. *"The future will need to see companies moving through performance optimisation to real strategic transformation. We need to bring SD into the heart of the company and have a truly integrated approach"* (opinion-former).

6. Citizen CEO

CEOs seem to play an important role as drivers for sustainability. Our research showed that senior staff can contribute to the success of an initiative by showing personal commitment to sustainability and getting involved in the launch, promotion and take-up of programmes.

For example: On launching Wal*Mart's Sustainability 360, CEO Lee Scott announced sustainability as *"the single biggest business opportunity of 21st century... it will be the next source of competitive advantage"*. Virgin, Tesco and BSkyB all have similarly high-profile CEO involvement.

7. Partner up

Partnerships and co-development (with NGOs, suppliers or other stakeholders) play an important role in the development and delivery of sustainability programmes. At launch, brands benefit greatly from support and endorsement from external stakeholders or opinion-formers. Beyond launch, several cases show sophisticated stakeholder management, dialogue and input throughout – helping to build integrity and trust.

For example: Unilever has strategic partnerships at corporate-level with the World Food Programme and UNESCO as well as numerous fantastic partnerships at brand level (i.e. Signal with the World Dental Federation). Vodafone has a well-structured CR Dialogues process to engage stakeholders on key issues systematically and regularly.

CHALLENGES:

8. Portfolio contradictions

Whilst several programmes show examples of individual 'hero' products or pioneering initiatives, other brands still have contradictions in their product or business portfolios. This can devalue individual initiatives and, in extreme cases, positive benefits may be cancelled out in the minds of stakeholders. Whilst brands are unlikely to be squeaky clean on sustainability when they start out, it is important to recognise, work with and manage this from the outset. Our recommendation is to critically appraise your organisation yourself before someone else does it for you.

For example: At the same time as launching progressive campaigns such as a \$25m competition for technology for Carbon Capture and Storage and a £3bn investment in biofuels, Virgin also launched Virgin Galactic – its leisure product taking consumers on brief trips to space i.e. through that same delicate biosphere other programmes are trying to protect. Wal*Mart has handled similar contradictions well by talking honestly about starting on a sustainability journey, with CEO Lee Scott stating that, *“others are talking about low-hanging fruit, we're still picking up our fruit from the ground.”*

9. Mind the gap

There is often a commitment-performance gap as companies can and do miss their targets or disappoint in performance. Results sometimes don't match the size of promotional activities or financial investment at launch. We suggest three strategies for avoiding this pitfall. First, don't miss your targets – for the reasons pointed out in success factor 4 (*seeing is believing*). Second, be open about any missed targets with all your stakeholders as they are likely to find out. It also helps to explain why. Third, no matter how difficult it seems, strike a balance between realistic and aspirational targets.

For example: Whilst HSBC is undoubtedly doing great work, it is disappointing to see its own energy use and waste increasing in 2006 despite its internal reduction targets. We would strongly encourage not allowing the focus on communication and customers to draw attention away from internal improvements.

10. Don't ignore the elephant in the boardroom

It will be difficult to develop a coherent or convincing sustainability story if there are fundamental questions about the nature of your business model. Sustainability raises major questions about brands which some companies are unwilling to ask, possibly because the answers to those questions would require radical change in the organisations approach.

One opinion-former quipped, *“the main challenges are falling into traditional models of thinking about selling products.... We need new business process [where] the aim is not to sell but to build a trusting relationship based on understanding each other and building societies together that neither could build alone”*. The more advanced cases do tend to grasp this, whoever prickly nettle in an open, honest and transparent way.

Conclusions

The research has shown that there are real signs of progress within these leadership cases – but that there is still some way to go before these brands can be described as really sustainable. These example cases – and the 10 factors that characterise them – present a blueprint for leadership in this area. We hope the brands that deliver them continue these levels of commitment and that others will borrow, learn from and join them. And we wait excitedly for further commitments to deliver real change and improved performance.

About the authors:

Chris Sherwin is Head of Innovation at Forum for the Future, the sustainable development charity. The Forum works through partnerships to move towards the vision of businesses and communities thriving in a future that's environmentally sustainable and socially just. The Forum's work on innovation has the goal of delivering more sustainable products and services, working mostly with R&D, marketing and design or development people within companies such as BP, ICI, Unilever, Corus, Philips, among others. Chris recently joined Interbrand as their sustainability consultant to work more on sustainability and branding

Lena Staafgard is Senior Sustainability Adviser at Forum for the Future and runs the Forum's work on business leadership in sustainability. She is currently developing hallmarks of leadership in business sustainability and is researching new case studies and evidence of progress across the full range of business functions.