

Making \$ense of Sustainability: The Business Case for Sustainable Practices

9th Canadian Pollution Prevention Roundtable

**Victoria, BC
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**Lisa Princic, Small Business Program Manager
Canadian Business for Social Responsibility
lisa@cbsr.ca**

**Jack Luskin, Director
Program for the Practice of Sustainability
Jack_Luskin@uml.edu**

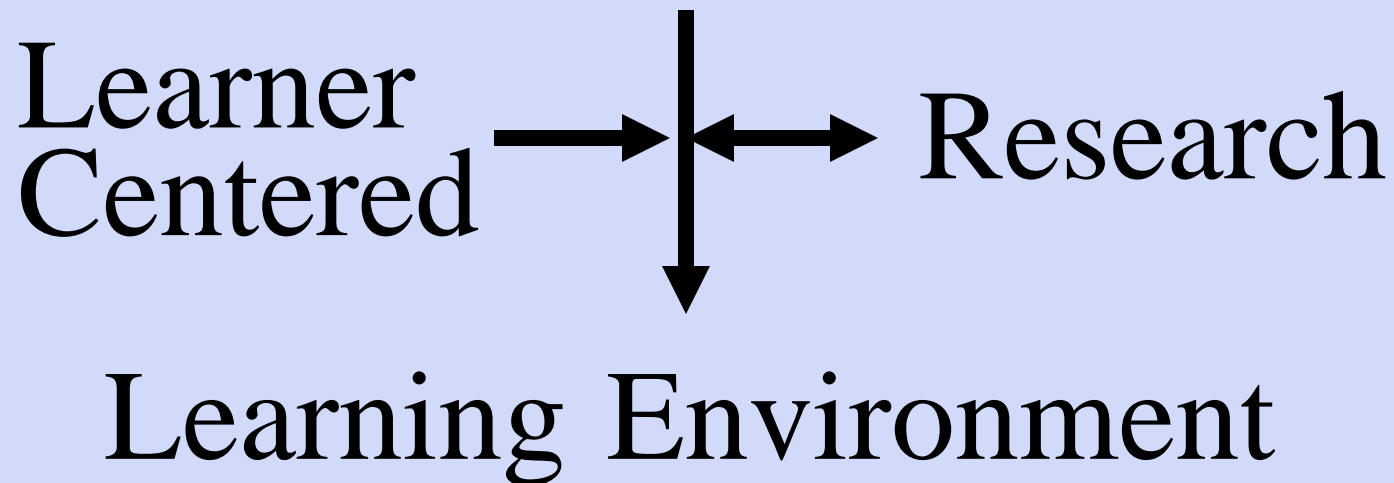
Local philosopher:

“It ain’t all about technology!”

**The human/social/cultural
aspect of supply chains**

Learning for a Sustainable Future

Training Event





Program for the Practice of Sustainability **Working with companies to implement sustainable practices**

- Educational programs
- Tools
- Deployment assistance

Program for the Practice of Sustainability **Focus Area**

Enhancing the competitiveness of
Small- and Medium-sized Enterprises (SMEs)
through sustainability

- ✓ environmental and social performance of supply chain companies
- ✓ strategic customer/supplier partnerships

Program for the Practice of Sustainability Activities

- US- Massachusetts
- Canada – Canadian Roundtable
- Costa Rica – NCPC
- Europe – ERSCP
- Brazil – Federal University



**“Strategic Sustainable Positioning:
Making Your Company More Attractive to Customers”
June 2003 Focus Group**

- **The University brought together senior executives from New England SMEs**
- **Participants explored the current and future state of customer-supplier relationships and identified gaps between where they felt relationships were and where they felt they should be**

Seven critical areas for strengthening supplier-customer relationships

1. Competitiveness
2. Supplier Partnerships
3. Awareness & Education
4. Supplier Performance Attributes
5. Environmental Liability
6. Certification Agencies and Government
7. Company Public Image



Making \$ense of Sustainability: Competitive Advantage Strategies for Suppliers

**A one-day conference for
Senior Executives of Small- and Medium- Sized Enterprises
October 2004
Raytheon Global Headquarters**

Conference Agenda

Morning Session

Customer/Supplier Perspectives on the Business Case for Sustainability

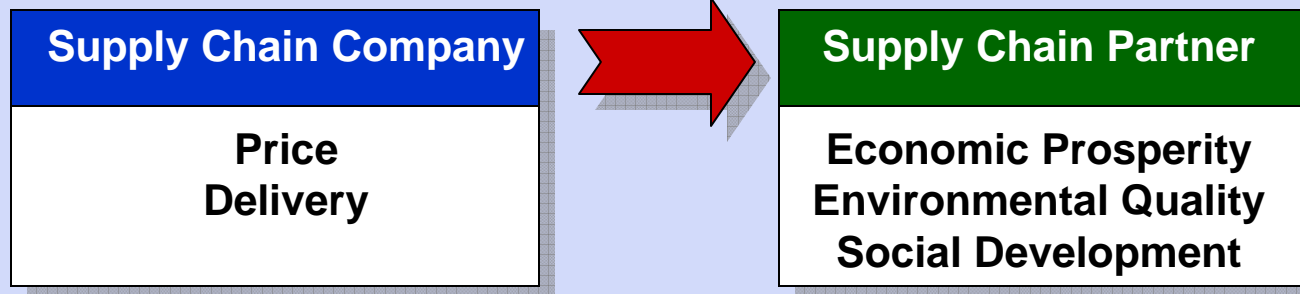
- **Raytheon, United Technologies Corporation**
- **SpringBoard Technology Corp., AlphaGary Corp.**

Sustainability: Supply Chain to Value Chain

Evolving Manufacturing Environment



Opportunity for Differentiation



RELATIONSHIPS

Conference Agenda

Afternoon Session

Interactive Workshop Sessions

- **Sustainability Tools for SMEs**
- **Resources and Strategies for Achieving Competitive Advantage**

Small Business Program - Mozilla

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**CANADIAN BUSINESS FOR
SOCIAL RESPONSIBILITY**

better business,
better world

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SME Program

Corporate social responsibility (CSR), sustainability and corporate citizenship are becoming familiar terms for large businesses in Canada. For SMEs who often have limited time, money and resources, CSR can present difficult challenges. **What is a SME?**

The SME Program delivers tools for CSR engagement, including do-it-yourself toolkits and peer-to-peer training sessions to help further CSR in SMEs. Our **SME tools and events** are designed to help SME owners, managers and employees, assess current environmental and social business practices and enhance social and environmental programs and commitment.

In 2003, CBSR conducted a research project, **Engaging Small Business in Corporate Social Responsibility - A Canadian Small Business Perspective on CSR**, furthering our understanding of the

What is CSR?

Where is your company on The CSR Continuum?

CSR Practitioners' FAQs

Sign up for our Newsletter

First Name

http://www.cbsr.bc.ca/default.htm

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About CBSR

- CBSR founded in 1995
- Membership organization of Canadian businesses
- SMEs and corporate members
- SME Program



SME Research

Initial research indicated:

- Terminology must resonate (CSR, sustainability, responsibility may not)
- Sustainability arises from personal values of owner or committed staff, a desire for cost savings or interest in improving reputation with community/customers.
- Data on the business case for sustainability important to motivate profit-driven business leaders to engage in sustainability (building the business case)



SME Research

Initial research indicated (cont):

- SMEs need concise resources and practical "how to's" for implementing sustainability
- SMEs need access to professional advice to help them promote their sustainability practices and product choices both internally and externally
- SMEs need flexible and cost effective training on sustainability and communicating it to stakeholders



SME Tools

CBSR created tools:

- SME resource database
- SME toolkit
- Fostering Environmental Champions in the Workplace pilot project
- Eco-footprint calculator



SME CSR Tool kit

1. Self -Assessment
2. Defining CSR Commitment
3. Determining CSR Focus Area
4. Implementing CSR
5. Engaging Employees
6. Evaluation

Self-Assessment Tool

- Six Stakeholder groups
 - Customers
 - Employees
 - Community
 - Shareholders
 - Environment
 - Suppliers
- Participants applied a modified CBSR assessment tool from SME toolkit to 2 case studies developed by PPS.

SME Case Study Assessment Exercise

- Participants asked to respond to 3 statements for each stakeholder group by indicating “always, sometimes, or never”

– **Eg. ‘Employees’ stakeholder group**

Statement – “Supports professional and personal development through initiatives such as training programs, financial assistance and/or flexible work hours for programs outside of the organization.”

Participant Self-Assessment

- After practicing using the tool on the case study, participants were asked to apply the same tool to their own companies.

What Have We Learned?

Conclusions

- Vertically integrated companies are becoming virtual enterprises supported through a network of supply chain partners.
- Many gains achieved in the past through the sustainability commitment by these companies must now be achieved through the actions of their suppliers.

Conclusions (Con't)

- Small and medium sized supplier companies that are making sustainability part of their strategy are positioning themselves:
 1. to be more attractive to customers, and
 2. to achieve profitable growth in the future.

Conclusions (Con't)

- **Customers are increasingly becoming involved with developing supplier capabilities.**
- **There is increasing evidence that the relationship between suppliers and customers is changing from a simple contractual arrangement to a partnership.**
- **There is evidence that as regulations are created, a customers Sustainability Commitment and procurement requirements mandated to suppliers will begin to appear.**
- **There is a widespread lack of understanding among SMEs regarding the meaning of Sustainability.**

Conclusions (Cont'd)

- **As customers are more dependent upon suppliers, a higher level of risk is introduced into their business.**
- **In supplier partnerships, two-way communication is extremely important. Buyers are not capable today of serving in this role. As a result, customer Sustainability Commitment is not reflected in relationships along the supply chain.**
- **Management executives need to fully understand the concept of Sustainable Development and see a direct link between these principles and their company's business performance.**

CBSR Pilot Project Results

1. SMEs are attracted to sustainability for many different reasons
2. To bring sustainability to mainstream SMEs in Canada, further work needs to be done to build the business case for sustainability adoption
3. Ample time must be spent on marketing new programs, including partnering with media and communications specialists
4. Sustainability tools and programs for SMEs must have minimal or no cost and allow businesses to use at their convenience, and apply at own pace

Pilot Project Results (cont)

5. Organizations need to create scalable tools to support SMEs at many different points along the sustainability continuum
6. Online resources and tools an excellent method for providing information and training to SMEs
7. Although they have little time, SMEs we worked with found great value in discussion and dialogue
8. Priority must be placed on action planning. Businesses need to see solid actions for change to appreciate the discussion

How Are We Changing?

We now know that SMEs:

- Are the foundation of manufacturing
- Need assistance to drive toward sustainability
- Tend to be in supply/value chains
- Respond to customer demands, and

There is little funding available to help SMEs become more sustainable.

Next Steps

Our strategies are changing to reflect the new reality. We will be:

- Working more with OEMs (customers)
- Bringing an SME perspective to the table
- Focusing on supply chain relationships
- Building the broader business case for sustainable practices in SMEs