





DOING THE RIGHT THING

Organisations are being scrutinised more than they think

Words SARAH DUNCAN

Before the freight train called coronavirus hit us, a lot of the talk in the boardroom was around business sustainability. As we come out the other side of Covid-19, what have we learned and does this augur well for better and more ethical business practices in the future?

Firstly, what the pandemic has taught us is that we are not as in charge as we thought we were. It has been a salient reminder that we are all ultimately susceptible to things beyond our control.

This is essentially the same message that has been building momentum over recent years regarding climate change and the urgent need for a more sustainable and ethical approach to life on earth.

But for many, the climate crisis is simply too far off to warrant the kind of radical intervention and drastic behaviour change we have seen with coronavirus. It was certainly gaining significant momentum but still many railed against it and challenged the scientific data.

This recent experience must surely help to push that tipping point beyond doubt. The question now is: how will this be remembered in one to two years? And what will we (citizens, businesses, and governments) have done to heal the short-term pain and guard against the longer-term challenges?

A NEW BUSINESS AGENDA

Why have ethics and sustainability crept onto the business agenda of so many companies? Is it because business has suddenly grown a conscience? Sadly, not entirely.

Inside...

- ◆ Don't assume consumers aren't concerned just because they're not overtly activist
- ◆ Attract talented employees with a strong ethical stance
- ◆ Articulate the financial benefits of corporate sensitivity

There are certainly some amazing entrepreneurs with successful start-ups built around strong personal moral crusades. And there are a growing number of impressive leaders driving ethical and sustainable change through larger organisations.

But the reason this is now important in the corporate world is a response to a shift in very human attitudes and behaviour.

For starters, consumers are changing their approach to shopping. Not everyone is going full eco-warrior overnight, but people are making more conscious decisions around their purchasing and consumption. With the likes of Greta Thunberg, Extinction Rebellion and #WarOnPlastics all hitting the headlines, people are becoming more conscientious – maybe trying #MeatFreeMonday, or a spot of upcycling rather than buying new (particularly during our recent period of lockdown).

In essence, conscious consumers are looking to 'buy the change they want to see in the world'. But it shouldn't be just

the overtly more conscious consumers that are debated in the boardroom.

COMPROMISED CONSUMERS

The truth is, levels of consumer action vary enormously. There are still many who theoretically understand the gravity of the shifting sustainability market dynamic, but the sales figures aren't necessarily backing it up. At least, not yet anyway. On paper, and on the P&L, everything's still looking pretty healthy (coronavirus aside).

Without the personal drive of an enlightened chief executive or a collective board decision to change things because it's 'the right thing to do', ethical and sustainable initiatives (that would speak volumes to the more conscious consumer) can easily slip down the business agenda or get drowned out by other 'short-term' issues.

In these cases, companies may well be underestimating how many of their customers are starting to feel deeply 'compromised' by their current purchasing behaviour.

Companies should consider their conflicted or compromised customers. This group appears to be extremely loyal – regularly purchasing products without, it would seem, any complaint. They like the quality, familiarity, price and convenience of a product, but are starting to question other more ethically dubious elements of the brand – anything from single-use plastic packaging to tax avoidance. It's just the lack of a better alternative that keeps them coming back. The question is, for how long? ↗





As these customers' environmental and societal awareness increases, so will their resentment at feeling that they have no option other than to buy an ethically questionable product or service.

The very moment a competitor brand comes into the market that matches the quality, price and convenience factors, but also shows commitment to better, more sustainable business practices – you can bet your boots they will be switching without a second thought.

And even without an easy alternative, the longer the resentment builds, the more likely they will be to change their purchasing behaviour anyway – not able to assuage their growing social conscience.

TOUGH CONDITIONS, TOUGH CHOICES

Until recently the bulk of the focus around 'green' consumerism has been aimed at negative environmental prod-

uct impacts. Covid-19 has firmly now moved the ethical lens onto companies' crisis-handling when it comes to their people.

Corporations are being challenged to step up and take greater responsibility for societal issues as well as environmental. This crisis has exposed many baddies, who may (quite rightly) struggle to get over all the negative PR. Meanwhile, the good guys will be best-placed to bounce back, thanks to the goodwill, support and loyalty not just

from customers but other important stakeholders.

Employees: Increasingly, we see that people want to work for companies that stand for more than simply making a stack of cash. Employees, particularly millennials and Generation Z (who, by 2025, will make up 75% of the workforce), are asking what an organisation is doing about bigger, more important issues. And if the answer is nothing (or less than that of your main competitors), then all that valuable talent is likely to slip through your fingers and go elsewhere.

Supply partners: Good businesses tend to keep good company. If all of this hasn't already got your C-suite sitting up and taking notice, then it may be worth looking up and down your supply chain.

Are you coming under increasing ethical scrutiny or are your business partners asking more sustainability-driven questions? Perhaps some of your suppliers are giving you a bad name, or you've stopped winning contracts because you fail to meet someone else's high ethical criteria.

With more and more discussion around the ability of organisations to 'do well, by doing good', this is highly likely to crop up somewhere in the coming 12 months (if it hasn't already).

Investors: The world of finance is also changing fast. Most notably as outlined by Blackrock's chairman and chief executive, Larry Fink, in his letter to CEOs entitled 'A Fundamental Reshaping of Finance'. In this, he states: "Climate risk is investment risk," and "Purpose is the engine of long-term profitability."

Talking of purpose, this is quite the buzzword at the moment. But what does it really mean?

In the *Conscious Capitalism Field Guide* (by Rajendra Sisodia, Timothy Henry and Thomas Eckschmidt), this is defined as what resides in the intersection of your strengths, your passions, the company's impact, and the rewards you can generate. Most importantly, your business's moral purpose should be greater than the products you make and the services you provide.

CONSCIOUS CONSUMERS ARE LOOKING TO 'BUY THE CHANGE THEY WANT TO SEE IN THE WORLD'



Do well, by doing good



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Ethical business benefits

Enhanced (long-term) revenues	<ul style="list-style-type: none"> ◆ Companies perceived as being socially responsible are rewarded with extra, more satisfied and loyal customers. Perceived irresponsibility can drive customers away. ◆ Similarly, businesses with ethical agendas will seek out like-minded suppliers and partners that share their principles. ◆ Employees are also more attracted to, and committed to, companies perceived as having a moral purpose.
Reduced costs	Sustainable behaviour can reduce costs as it helps in saving energy, reducing waste and cutting out inefficiencies.
Managed risk and uncertainty	Voluntarily committing to ethical business practices can, in turn, steal a march on future legislation.
Improved marketing and communication	Companies with authentic and compelling stories to tell gain greater trust and engagement with customers.

MARKETERS – SUPERVILLAINS OR SUPERHEROES?

If you look back over the years, there’s little doubt that blame can be placed at the door of marketing for its contribution to unhealthy lifestyles, obesity, debt, low self-esteem, mental health, materialism and general overconsumption.

Creativity and the art of persuasive communication has led many people to buy products that they neither need nor really want.

Put bluntly in the book *Good is the New Cool, Market Like You Give a Damn*, by Afdhel Aziz and Bobby Jones: “Marketers have helped to create a culture of materialistic excess that has led to a cancer of overconsumption. And even today marketers are all too often guilty of ‘greenwashing’ or ‘brand-washing’ – marketing their brands and corporations as paragons of virtue while ignoring insidious practices and reprehensible behaviour behind the scenes.”

I think it’s fair to say that marketers need to take a certain degree of responsibility for contributing to some of our current environmental and societal issues.

Don’t get me wrong, there is a big difference between marketers simply

MARKETERS NEED TO CHALLENGE GREEN CLAIMS AND PROMOTE HONESTY. BE THE CONSCIENCE OF THE BUSINESS



trying to do the best they can with a bad brief (or no brief), as opposed to consciously manipulating the truth. But the net result is that marketing helps companies sell more of their stuff – good or bad.

So is that it then? Should marketers all go and hang their heads in shame? Or do they choose to become a force for good? Are marketers forever condemned to be the supervillains, or is it time to adopt the role of the sustainability superhero?

Marketers have the skills to educate and encourage ethical and sustainable behaviour – from the boardroom to the shopping trolley – clearly articulating the financial benefits of corporate sen-

sitivity to people and the planet, whilst championing the responsible use and disposal of products.

In order to do this though, marketers need to be tougher with senior colleagues and decision-makers. They need to challenge green claims and promote honesty. Be the conscience of the business, not just seen as a PR tool. Wherever possible, briefs should be cross-examined and marketing claims checked, clarified, challenged, and changed where necessary.

WHAT NEXT?

Getting started on a more ethical and sustainable business path can be pretty daunting, particularly if you’ve been operating for a while. It’s likely that you will need to look at how you do things and plan some significant changes. But rather than being paralysed by fear at the prospect, it’s worth reminding yourself of the benefits (and the risks of inertia).

And that is the true commercial definition of ‘unsustainable’, because leave it too late and your business will simply cease to exist. ◊

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