UN Global Compact, Accenture Release Findings of Largest CEO Research Study on Corporate Sustainability

Material Handling Industry of America

In spite of the recent economic downturn, an overwhelming majority of corporate CEOs – 93 percent – say that sustainability will be critical to the future success of their companies. Furthermore, CEOs believe that, within a decade, a tipping point could be reached that fully meshes sustainability with core business – its capabilities, processes and systems, and throughout global supply chains and subsidiaries.

These are among the key findings of a survey of 766 CEOs around the globe – the largest such research study of top executives ever conducted on the topic of sustainability – released today by the United Nations Global Compact and Accenture. In addition to an online survey, the study included extensive interviews with 50 of the world's leading CEOs.

According to the survey, A New Era of Sustainability: UN Global Compact-Accenture CEO Study 2010, [1] the global economic downturn did little to dampen corporate commitment to sustainability. In fact it seems to have done the opposite: 80 percent of the CEOs say the downturn has raised the importance of sustainability. As businesses address the challenges of the financial crisis, sustainability is being recognized as a source of cost efficiencies and revenue growth. Additionally, many companies view sustainability as a critical element in driving growth in new markets as they look toward economic recovery.

The survey results indicate that businesses are taking sustainability more seriously. In a similar survey conducted in 2007, 50 percent of the CEO respondents said that sustainability issues had become part of their company's strategy and operations. In the 2010 survey, that number jumped to 81 percent.

While recognizing the scale and complexity of global challenges, many CEOs say there has been progress over the past three years in making the transition from developing a sustainability strategy to execution.

CEOs cited several barriers to achieving their sustainability goals, including:

- The complexity of implementing strategy across business functions (cited by 49 percent)
- Competing strategic priorities (48 percent)
- Lack of recognition from the financial markets (34 percent)

CEOs also believe that several conditions must be met before sustainability can be fully integrated into a company's core business, and that businesses need to take a leadership role in bringing them about. Business action will be required in five key areas:

- Shaping consumer tastes in order to build a stronger market for sustainable products.
- Training management, employees and the next generation of leaders to deal with sustainability issues.
- Communicating with investors to create a better understanding of the impact of sustainability.
- Measuring performance on sustainability – and explaining the value of business in society.
- Working with governments to shape clearer regulation and create a level playing field.

On the issue of creating a friendlier investor environment for business sustainability, fewer than 50 percent of the executives surveyed (who work for listed companies) indicated that sustainability informs their discussions with financial analysts. Even though CEOs overwhelmingly believe their sustainability activities have a positive impact on their company's valuation – in terms of revenue growth, lower costs, reduced risks and enhanced brand reputation – quantifying that value with traditional metrics such as cost reduction and revenue growth has been elusive.

"Achieving greater environmental and social sustainability takes time, effort and a sincere leadership commitment," said Georg Kell, Executive Director of the UN Global Compact. "Two-thirds of the CEOs we surveyed are looking to the Global Compact as a forum for sharing best practices and emerging ideas on sustainability, and we look forward to helping guide their efforts to develop effective policies and tangible practices."

Warming investors to the notion that sustainability is good for the bottom line and regaining trust of all stakeholders in the wake of the global financial crisis are other critical issues CEOs face, according to the survey.

"CEOs told us they have by necessity been on the defensive during the downturn, but that they feel now is the time to get on the front foot in aligning sustainability with core business strategy and execution" said Mark Foster, Accenture's group chief executive, Management Consulting and Global Markets. "Business leaders recognize they are going to have to take a real lead, for example, holding the line on sustainability in their business models; tackling the roadblocks with diligence in tough to crack areas like supply chain and performance management; and working hard to respond to and shape customer demands that turn sustainability into an opportunity for growth and innovation".

According to the survey findings, three corporate attributes – brand, trust and reputation – were by far the primary considerations CEOs cited for acting on sustainability. They were identified by 72 percent of the respondents as one of their

biggest motivators, followed in descending order by: the potential for revenue growth and cost reduction (cited by 44 percent), personal motivation (42 percent), consumer and customer demand (39 percent) and employee engagement and retention (31 percent).

Additionally:

- 83 percent said the economic crisis elevated the role of sustainability and ethics in building trust in business
- 80 percent said it raised the importance of sustainability as a leadership issue for top management
- 77 percent said it led them to take a longer-term view of business and the role of sustainability

Among the survey's additional findings:

- Education and climate change were identified by respondents as the "big issues" they face, with resource scarcity and health starting to appear on the horizon. Education was identified by 72 percent of the respondents as the most important development issue for the future success of their business, followed by climate change at 66 percent.
- 91 percent of CEOs said their companies would employ new technologies to address sustainability issues over the next five years, such as developing renewable energy and creating greater energy efficiency.
- 78 percent of the respondents believe that companies should engage in collaboration with a variety of stakeholders to address sustainability issues. Examples of potential partnerships include suppliers, NGOs and governments.

"It is clear from the survey results that global business has its work cut out in order to build sustainability programs that become key components of a company's core business," said Peter Lacy, who led the study and is managing director, Sustainability Services at Accenture for Europe, Africa and Latin America. "If sustainability does become fully integrated into global businesses within the next decade, the regulatory, technology, investment and consumer changes required will be staggering, creating significant winners and losers across businesses and industries.

"Still, it's great to see that some progress is being made, and that the movement toward a more sustainable economy and business context is clearly gaining momentum."

Download the complete report A New Era of Sustainability: UN Global Compact-Accenture CEO Study 2010 [1].

SOURCE [2]

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