

Business and Sustainable Development
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Lecture - 04
Sustainability – A Mega – Trend

So, in our previous discussion, we are looking at the factors, looking at the changes what makes a sustainability's, a sustainability important; that is environmental issues, change in the economic system, how the growth based economic system is also creating the negative externalities also the impact. Then we have also seen how the change in the, role in the, role of stakeholder have been changed; because there is a increase in the expectation and increase in the transparency.

And finally, also we have seen that the newer technology and innovation, which is more sustainable; how that will help us to adapt the sustainable practices or reach to the goal of the sustainability or the sustainable development. Now, so as I was mentioning in the last session also, so there is also opinion that sustainability is a mega trend.

So, mostly what we will try to say in this session is that, we will see that why it fixed to be a mega trend. And if it is mega trend, also we see what we need to do to also achieve the end goal that is achieve the sustainability.

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Sustainability as Mega Trend?

- ❑ Mega Trend
 - It is a large, over-arching direction that shapes the business world for a decade or more
- ❑ Previous mega trends that have impacted Business
 - Quality movement
 - Use of computers in business
 - Social media
- ❑ A new mega trend is emerging in the area of the environment
 - Sustainability: built on the foundation of protecting our planet and its resources
- ❑ The true application of sustainability is much broader and runs much deeper, especially for businesses
- ❑ There is a demand from Society and Consumers to make Corporates responsible
- ❑ Support the demand
 - through buying the products
 - advocating for, and supporting organizations committed to sustainability

Source: Sustainability as a Mega Trend: Is it Right for Your Organization? – A common sense approach to sustainability – Tammy A.S. Kohl – Institute of sustainability

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So, what is a mega trend? Mega trend it is a large, overarching direction that shape the business world for a decade or more. So, it is in a simple way, typically the direction what we get for the business for a space for a considerable amount of the time period, we call them as the mega trend.

So, what are the previous mega trend that have impacted business? That is quality movement we all know; quality movement started with the fact that they were trying to fix the defect associated with the product. But over a period of time, they brought those innovation into their core strategy and that becomes that created the quality for their product, which gives the tangible benefit; but it gives the intangible benefit in term of the reputation, in term of the culture, in terms of the brand for the company.

The second mega trend is the information technology or let us say the computing, which becomes part of the business, that is use of computers in the business. So, one is use of computing in the business; but this IT information technology is a mega trend, it reached to every consumer's life and that is why it considered as a mega trend. And the third one is the social media, the platform which give access to information, which gives access to the networking.

Now, according to the study of coal a and this is a, this is published in the book sustainability as a mega trend is a trait for your organization, that is a common sense approach to sustainability; they opined that he opined that a new mega trend is emerging in the area of environment that is sustainability.

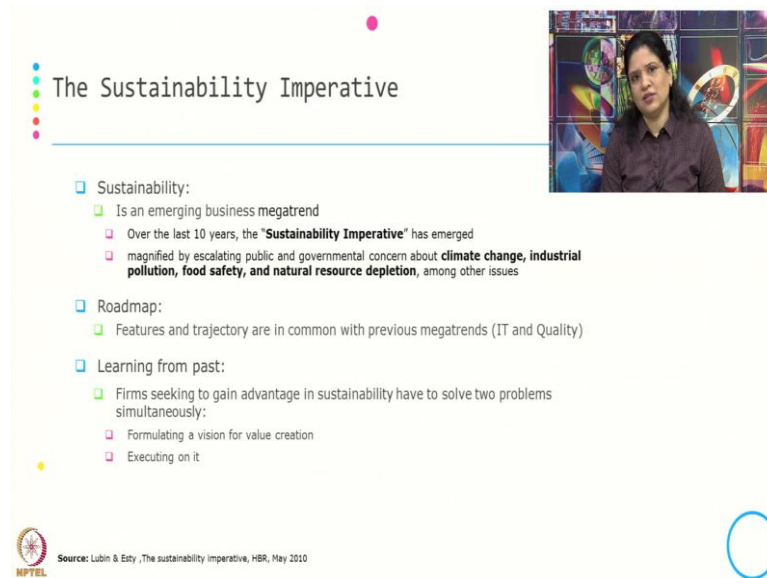
And this sustainability is built on the foundation of protecting our planet and its resources. However, the true application of sustainability is much broader, runs much deeper especially for the businesses.

And why it is for the businesses? Because they are the one who use the resources to build this and also they are the one, they find the solution that how do we reduce the impact on the resources. Also there is a demand from the society and consumer to make the corporate responsible. So, you will find in the last class also, we are discussing how the role of civil society has become more prominent.

So, here the society is playing an important role in putting a pressure or initiating the fact with the corporates that they have to also run their business responsibly. And consumers

also trying their way to make the corporate responsible and how do they do that also support the demand through buying the product, buying the so-called sustainable product and also advocating and supporting organization to committed the sustainability.

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The Sustainability Imperative

- Sustainability:
 - Is an emerging business megatrend
 - Over the last 10 years, the "Sustainability Imperative" has emerged
 - magnified by escalating public and governmental concern about **climate change, industrial pollution, food safety, and natural resource depletion**, among other issues
- Roadmap:
 - Features and trajectory are in common with previous megatrends (IT and Quality)
- Learning from past:
 - Firms seeking to gain advantage in sustainability have to solve two problems simultaneously:
 - Formulating a vision for value creation
 - Executing on it

Source: Lubin & Esty, The sustainability imperative, HBR, May 2010

Now, the other study what makes a sustainability imperative is Lubin and Esty, this is a HBR article published in 2010; they also think that sustainability is an emerging business mega trend. And according to them, over last 10 years the sustainability imperative has changed; it is magnified by and why it has increase over an increase as a mega trend?

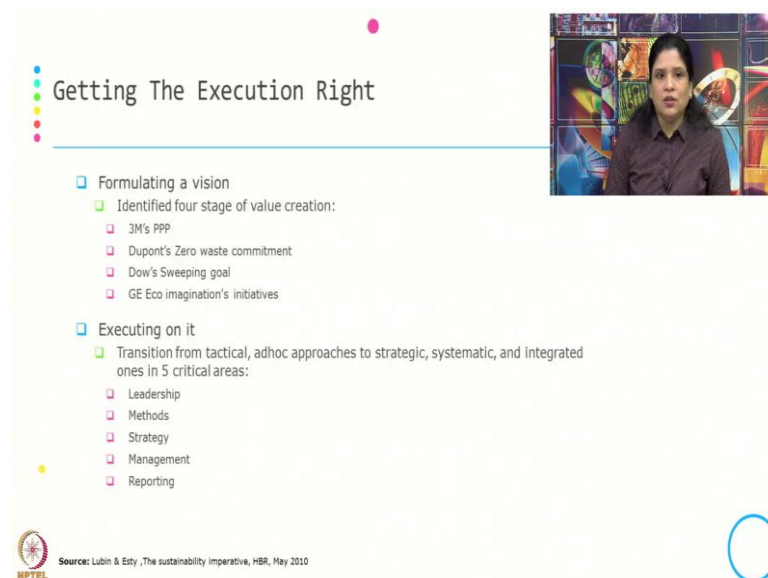
Because it is magnified, the trend has been magnified by escalating the public and the governmental concern, about climate change, industrial pollution, food safety, natural resource depletion among the other issues. So, these are what we are trying to bring in when we are trying to categorize that what makes imperative is the environmental issues that talks about climate change, the negative externality, also the natural resource degradation and depletion.

And why they feel that sustainability is a mega trend? Because the feature and trajectory are common with the previous mega trend; so, they have also taken the example of IT. And quality as the mega trend and they opined that the features and trajectory what the sustainability has, that is common with the previous mega trend.

And they have also suggested that, we need to learn from the past or the firms or the businesses need to learn from the past mega trend. And if they are seeking to gain advantage through the sustainability, they have to solve two problems simultaneously.

First one they have to formulate the vision for the value creation, and third, second one is executive on it. So, if sustainability is going to be the mega trend and it has to be the businesses has to gain advantage in sustainability; they have to solve two problem; one they have to formulate a vision which will create the value, and second also executing on it.

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Getting The Execution Right

- Formulating a vision
 - Identified four stage of value creation:
 - 3M's PPP
 - Dupont's Zero waste commitment
 - Dow's Sweeping goal
 - GE Eco imagination's initiatives
- Executing on it
 - Transition from tactical, adhoc approaches to strategic, systematic, and integrated ones in 5 critical areas:
 - Leadership
 - Methods
 - Strategy
 - Management
 - Reporting

Source: Lubin & Esty, The sustainability imperative, HBR, May 2010

Now, for formulating a vision, Lubin and Esty they have created four stage of value creation and this four stage of value creation they have given examples from the different companies initiative and through that they have identified the four stage of value creation. So, value creation stage one is doing old thing in the new way, second one is doing new thing in the new way, third one is transform the core business, and fourth one is business model creation and product differentiation.

And they have given us example when they are doing that doing old thing in new way; they have given the example of 3 M's pollution prevention pace; when they are doing the second example that is new model in new way that is DuPont's zero waste commitment; then the transforming core business they have given an example of Dow's sweeping goal on sustainability.

And fourth one when they are saying that, create the differentiation in the model; they have given the example of GE Eco imagination initiative, which is quite popular and also it has evolved over a period of time as a successful differences, product differentiation or the differentiative product.

Then they say that once you formulate the vision, you have identified the four stage of the value creation; then the next challenge comes that, how do you execute on it. And for executing, the first thing needed to be done over here is that, there has to be a transition. And what is this transition? The transition has to be done from tactical adhoc approach to the strategic, systematic and integrated one.

So, the entire transition is from the adhoc approach to the systematic and the integrated one and 5 critical areas need to be addressed. So, the transition has to happen in all these 5 critical area when we execute the stages of the value creation, then only the end result will come; that is the transition in leadership, methods, strategy, management, and reporting.

So, based on these two study, what we have discussed in last few slides; they feel that sustainability is a mega trend, mostly because of the fact that they have the similar features, similar trajectory which was there with the previous mega trends with the IT and quality.

So, sustainability fits to be a mega trend and also they opine that in order to create a value, in order to get a value creation out of this mega trend; the businesses has to formulate a vision and execute on it, they have to change their, they have to change their way of working transiting from the adhoc approach to the more systematic and integrated one.