



DRIVING SUCCESS
Marketing and sustainable development



World Business Council for
Sustainable Development



HRH THE PRINCE OF WALES'S
BUSINESS & THE ENVIRONMENT PROGRAMME
DEVELOPED BY THE UNIVERSITY OF CAMBRIDGE PROGRAMME FOR INDUSTRY

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What is sustainable development?

The term sustainable development means different things to different people. But, in essence, it is concerned with meeting the needs of people today without compromising the ability of future generations to meet their own needs.

Sustainable development therefore involves:

- A broad view of social, environmental and economic outcomes;
- A long-term perspective, concerned with the interests and rights of future generations as well as of people today;
- An inclusive approach to action, which recognises the need for all people to be involved in the decisions that affect their lives.

Integrating sustainable development in your organisation

Sustainable development is not just the responsibility of environmental specialists or communications professionals. It requires contributions from people across all functions of an organisation.

Who is responsible	Supply Chain Management	Human Resources	Marketing	Finance	Public/Corporate Affairs
Responsible for what	Risk Management Product Responsibility	Employee Recruitment and Retention Motivation Competencies	Brands Reputation	Fiduciary Responsibilities Reputation	Reputation
To whom	Management Suppliers Standard Setting Bodies NGOs Competitors	Management Employees Wider Business Community Institutions Regulators	Corporate Affairs Market Awareness International Agencies Regulators Competitors Customers Media NGOs	Shareholders Finance Directors Management The Market Competitors Investors Shareholders Assessment Bodies Regulators	Management Employees NGOs Advisory Panels Competitors Wider Business Community Institutions Regulators
Through what mechanisms	Greater role in strategy Audit Training Standards/Monitoring/ Compliance Establishing working relationships	Peer learning Training and development Creating culture amongst employees Leadership	R&D Stakeholder Intelligence (customer feedback, dialogue, benchmarking)	Analysis Investor surveys Annual General Meetings (AGMs) Disclosure	Connecting business functions and management with stakeholder concerns Relationship building
Cross-functional Connection	Sales Marketing Corporate Affairs Product Development	Corporate Affairs Marketing	PR Marketing Corporate Affairs	Public/Corporate Affairs Marketing	All functions and units
With what outcomes	Deliver accountable supply chain through strategic embedding	Use sustainable development as a marketing tool and to enhance employee performance	Create more sustainable products and services	Meet broader fiduciary responsibilities	Raise company profile

Adapted from Beyond Reporting: Creating business value and accountability, Engen, T, and Di Piazza, S, 2005

This briefing has been prepared by Mike Peirce of CPI and Katherine Madden of WBCSD, with case study material from Danielle Carpenter Sprungli, WBCSD, cartoons from David Lewis, copyediting from Dr Sophie Mills and quotes from HR professionals drawn from an Ashridge research report prepared for the WBCSD's Accountability and Reporting programme. The advice from Jake Reynolds and Jon Hanks of CPI has been invaluable throughout the process.



This briefing has been designed for marketing managers and people with responsibilities for communications, brand management and new product development.

Driving Success describes three critical challenges facing marketers today - practical problems identified and debated by marketing managers themselves.

- Creating competitive advantage through brand innovation (pp 4-7)
- Building trust with customers, consumers and society (pp 8-11)
- Developing market opportunities (pp 12-15)

It focuses on the issue of sustainable development, a term which many marketers have become accustomed to hearing alongside jargon such as stakeholder engagement and Corporate Social Responsibility (CSR).

Sustainable development is a compelling idea for many people. It is concerned with how business can contribute to some of the most significant challenges that the world faces today – from climate change and biodiversity, to working conditions and health amongst the poorest in the world.

But marketing managers have struggled to translate these ideas into viable commercial propositions – into marketing strategies that create competitive advantage, build trust or develop new business opportunities. Moreover, marketers have often faced criticism for being part of the problem – for pushing the consumption of unsustainable products and lifestyles.

Driving Success is not an A to Z manual on marketing and sustainable development, but it does provide a starting point to think about the key issues in your company today.

- The briefing guides you through a series of questions – summarised on pp 16-17 – which take you from the broad challenge of sustainable development to some practical actions.

The briefing does not claim there are any easy routes for marketers to benefit from the challenge of sustainable development. Instead it asks you to test the role and relevance of sustainable development in your everyday work: how it can help your business address its strategic goals and generate long-term value; and what you can do to make this happen.

In short, how can you make sustainable development good for your career and good for your company?

Driving Success highlights a variety of ways in which companies are beginning to respond to opportunities of sustainable development.

- These cases are distributed throughout the briefing, and are supplemented by a set of further resources on pp 18-19.

"It would be in all our interests for some of the creativity that abounds in the marketing industry to be more rigorously applied to the task of combining marketing innovation with social and environmental concern."

STEVE HILTON AND GILES GIBBONS, *Good Business*



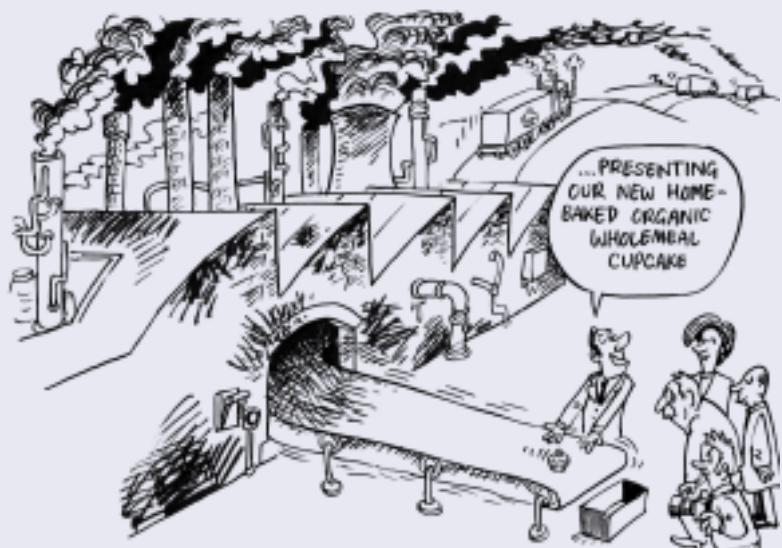
Creating competitive advantage through brand innovation

Companies create competitive advantage by understanding the shifts in society – from technological innovations such as genetic profiling to the unwinding consequences of events such as 9/11.

These trends are the foundations of marketing strategy, and the emergence of sustainable development as a matter of public and corporate concern is one such change in the marketing environment. In recent years, hundreds of companies have developed ethical policies or mission statements, and according to the 2004 Global Reporters' survey, over 1,500 businesses have produced reports on their social or environmental performance.

These initiatives appear to be grounded in market realities. For example, a Weber Shandwick survey of 8,000 consumers in 2001 indicates that 80% of high-education/high-income people in the USA have considered switching brands when a company was negatively portrayed in the media in respect of social responsibility issues. Equivalent figures for European countries ranged from Germany with 75%, to the UK with 66%, and Italy lagging with 42%.

But is there really an opportunity for marketers to use sustainable development as a lever of brand innovation, rather than the greenwash illustrated in the cartoon below? Marketers rightly insist that appealing to sustainability values will not overcome a fundamental weakness in product quality, yet with excellent products there is evidence that social and environmental aspects can be used to differentiate or create a profitable niche.





Sustainability values can be a successful differentiator – a key part of the functional and emotional attributes of a product or service.

Many marketers argue that integrating sustainability values into a brand can contribute to market growth. As one professional has commented, "As long as performance, price and place are right, then corporate responsibility can become a differentiator, although a significant price premium is not possible."

Several high profile companies have built their corporate brands on the basis of such innovation; examples include the Body Shop ("against animal testing"), Ben & Jerry's ("sustainable agriculture") and the Co-operative Bank ("ethical finance").

Like these businesses, others have tried to differentiate specific products on the basis of their social and environmental impacts. For example, Toyota has used celebrity endorsements to promote the environmental credentials of the Prius, their hybrid fuel car, it has also approved plans to use more distinctive badging on its hybrid Highlander and Lexus models. And niche businesses (increasingly

joined by mainstream retailers) supplying fair trade coffee and organic products have targeted consumer concerns regarding working conditions and chemical pollution in the food supply chain, often using eco-labels and social labels to enhance the consumer understanding of their products.

Yet directly promoting an ethical or environmental position may not always be the best approach to enhancing your brand. The energy company BP launched a campaign in 2004 for its new Ultimate fuel offering "More Performance, Less Pollution" and "More from your car. Less from your exhaust." In contrast, its competitor, Shell, chose to market its new fuel, Optimax, on the core attractor of engine performance, and paid less attention to communicating the product's positive impact on fuel economy and lower emissions.

"The single most important factor for companies is not the products they make or their distribution but a healthy relationship with the global tribe who share an affinity for their brands..."

There has been a fundamental change in consumer loyalties and brand owners will also be required to make a fundamental change. They will actually have to begin living their brand values – not just pay lip service to them in marketing messages."

KEVIN ALLEN,
McCANN-ERICKSON WORLD
GROUP, CAN SUSTAINABILITY
SELL?, UNEP, 2002

■ The opportunity for differentiation is perhaps more significant in the business-to-business sector.

Business-to-business companies are increasingly identifying opportunities to position their products and services in the wider context of their social and environmental impact as well as their cost and functionality.

As one marketer has suggested: "Corporate customers are more interested in these issues than individual customers. Your average Joe doesn't care so much – much less than we like to admit."

Another marketer has confirmed the basis of this business-to-business market: "The challenge is what do customers care about: sometimes it is just price and delivery, but functionality can include aspects of sustainability, like reducing your customers' waste so their operations run better, helping them deal with and/or eliminate regulatory issues."

Weighing up the evidence

But do these arguments add up for you and your company? Do sustainable development issues really make a difference to what customers and consumers want from your products and services? And how can you use these issues to refresh or extend your brand?

In thinking about these issues, consider the following questions and examine the case studies on the following page.

- Are pressure groups and governments concerned with the consumption of your products (or your customers' products) and their impact on the quality of life in communities where they are produced and disposed?
- How significant are these issues to customers and consumers in your sector?
- Do the social and environmental impacts of your products help or hinder your communications – should sustainable development be positioned as a core product feature, or is it more effective to focus on performance and promote sustainability by more subtle means?
- Are your competitors investing in the development of new products with positive social and environmental attributes?

"In my experience very few consumers come out and say 'I want products that help the environment'. But if we listen hard, we might hear them say, 'I want to do more with less. I want my life to be more simple. I don't want to waste.' Those words have strong eco-efficiency undertones – and give us the incentive to keep delivering more value with less resource."

JOE MALLON, SC JOHNSON, USA, WALKING THE TALK



Approaches to success

Identifying product opportunities

CASE STUDY

NatureWorks® PLA is a family of packaging and fibre polymers made from non-petroleum based, annually renewable resources such as corn. By applying their unique technology to the processing of natural plant sugars, NatureWorks LLC, a subsidiary of Cargill, has created an environmentally responsible material that reaches the consumer in food packaging, cold drinking cups, duvets, pillows and blankets.

The strategy for NatureWorks PLA is tied to the market for fresh food, natural and organic produce and natural beverages like milk, juice and flat water. NatureWorks PLA creates marketing advantage for these foods by extending their natural benefits to the entire product offering. Early heavy market demand has come from the Asia Pacific Rim and Europe, coinciding with consumer interest in purchasing convenient fresh foods and making a contribution to the environment.

Influencing new product development

CASE STUDY

At 3M, cross-functional, new product development teams use Life Cycle Management (LCM) to systematically address the environmental, health and safety opportunities and issues of new products. 3M's LCM process focuses on the broader impact of products from development and manufacturing, through distribution and customer use, to disposal.

In the case of 3M's TB Quat Disinfectant, a cross-functional team made up of representatives from marketing, product development and product responsibility worked together to address an untapped need for ready-to-use broad-spectrum, non-acid disinfectant cleaners that could be safely used to clean a variety of surfaces. Using 3M's LCM process, the team worked closely with its customers to develop a new cleaning product that both assures the proper level of disinfectant and has minimal environmental impact. This cross-functional approach helped lead to success in both product design and marketing by integrating the objectives of both groups at early stages of development.

Exploring the potential of partnerships

CASE STUDY

DaimlerChrysler is using coconut fibre filled seat-backs and headrests in its Brazilian vehicle production to reduce the environmental impact of its vehicles, while helping local Brazilians reforest their land and create economic opportunities for the region. Using natural fibre products projects a positive public image by positioning the company as socially responsible. It also helps the company reduce disposal costs, as local legislation requires the automobile industry to increase the recyclability and biodegradability of vehicles. In marketing the seat-backs, DaimlerChrysler has emphasised that the cushions adhere to the same standards as its other components, maintaining its image as a top quality luxury car manufacturer.

DaimlerChrysler has worked closely with the local supplier POEMAtec, which brings together the state government, the municipality, the Bank of Amazonia, and German company DEG. It has helped POEMAtec obtain more favourable lease terms, shared its own research and development, and guaranteed a market for POEMAtec's products, thereby reducing its risk exposure.

Building trust with customers, consumers and society

Reputation – the goodwill that an organisation has acquired from its past performance – is the foundation of future success, the basis on which a business will be trusted in years to come.

Despite rebounding from a post-Enron low, companies remain among the least trusted institutions in society, with some businesses particularly vulnerable to pressure group campaigns and consumer boycotts.

As a result, many marketers are asking themselves how to minimise the risk of criticism from stakeholders, and whether sustainable development has a role to play in these efforts. Perhaps more positively, they are also wondering what part their companies' ambitions and achievements on social and environmental issues can play in building and maintaining trust with consumers, customers and society as a whole. It's about 'walking your talk' as the cartoon illustrates.

Some marketers are also concerned that reputation and trust may not be sufficient to preserve their brands in the longer-term: current patterns of consumption are not sustainable, and so customers and consumers must be educated in order to protect or secure the resources on which business is based.





■ Products with sustainability attributes will only appeal if they are clearly consistent with the values and activities of the company.

Many people care about the social and environmental impacts of business. A survey of Fortune 100's Most Admired Companies, for example, recently showed that the average reputation score for those companies with an expressed commitment to business ethics was around five per cent higher than for the group without such a commitment.

Yet people trust companies when they believe they are acting according to their values, and not just because it happens to make sense in that particular instance. Credibility comes from the confidence that a business will continue to behave ethically in the future: a business will gain little reputational benefit – and more likely harm – from helping a community if local people see the contribution as a short-term 'bribe' that will be withdrawn as soon as its immediate objective is achieved.

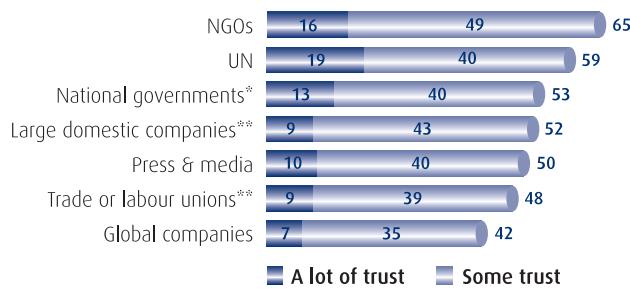
Marketers have a critical role in building trust. In particular, they can help to create inspiring communications, which are honestly based on the abilities of the organisation and the resources that it can realistically devote to enhancing its social and environmental performance.

"Brands are about lifestyle, values and self-image...but people want to know more about the company behind the brand these days and this trend will continue."

MARKETING MANAGER,
ASHRIDGE/WBCSD SURVEY

Trust in Institutions

"A lot" or "Some trust", Average of 20 Countries Surveyed, 2004



Source: Globescan

■ Reputation and trust may not be sufficient to safeguard a brand. To succeed, marketers must lead the path towards more sustainable consumption.

International policy makers are paying more and more attention to some of the greatest challenges to society and the environment. For example, UK Prime Minister Tony Blair placed poverty in Africa and climate change at the top of the G8 agenda for 2005.

These issues are critical to the long-run success of business. In short, companies cannot operate effectively in societies and economies which fail to protect and support the production and consumption of their products and services. Business needs reliable access to sources of raw material, safe working conditions for production, storage and distribution, thriving consumer markets, and safe mechanisms for the disposal of product waste.

There is much that governments must do. But if consumers aren't switching to more sustainable products, then it will also fall to business to break the current patterns of consumption. And it is often the marketer who will be best positioned to create this connection between business and consumers.

Weighing up the evidence

But what do these issues imply for your company and your career? Is sustainable development a significant issue of trust in your business sector, and, if so, how can you influence your team, as well as other functions, divisions or regions?

In thinking about these issues, consider the following questions and examine the case studies on the following page.

- How closely correlated are the social and environmental impacts of your products with the reputation of the business?
- Is your current business model threatened by changes in the global economy and environment, or is it largely unaffected?
- Are social and environmental issues on the radar of your consumers and customers?
- What are the most effective ways in which you can influence your company's communications about sustainable development?

"We know that where brands lead, consumers will follow. So it is clear that the mission of corporate affairs managers, branding consultancies, PR consultants and advertising agencies must be to encourage and assist the open, public association of brands with sustainable principles."

MIKE LONGHURST, McCANN-ERICKSON



Approaches to success

Involving staff in community programmes

CASE STUDY

In April 2003, Novo Nordisk launched the TakeAction! volunteer opportunity where employees can apply to become volunteers for three weeks at a local diabetes clinic in a developing country.

Volunteers are invited to use their competencies to help develop the clinic's processes and expertise in close collaboration with local staff. The clinic's staff determines the specific qualifications they need at a specific time and the job offers are posted on both the TakeAction! website and the internal Novo Nordisk Jobsite. This initiative contributes to Novo Nordisk's sustainable development objectives by raising awareness about diabetes in developing countries; helping employees broaden their understanding of diabetes in a developing country; giving a broader understanding of customers' needs; supporting the perception of Novo Nordisk as leading the fight against diabetes; and building stakeholder trust among employees and partners in the country in question.

Making credible external claims

CASE STUDY

Corporate reporting on non-financial issues is becoming standard practice amongst large companies, with over 650 organisations having reported according to the Global Reporting Initiative's Sustainability Reporting Guidelines. Sustainability reporting enables NGOs, investors, corporations, governments, trade unions and other stakeholders to gauge the progress of organisations in the implementation of voluntary initiatives and other practices supportive of sustainable development. A common reporting framework provides the basis for benchmarking and a process for identifying opportunities for internal management improvements.

Incorporating an external assurance statement further enhances credibility. Some companies have used well-known environmentalists or human rights specialists to provide independent comment on their reports, whilst others have been benchmarked against assurance guidelines, such as AccountAbility's AA1000 Assurance Standard, to provide confidence in the data that are communicated.

Exploring the potential of partnership

CASE STUDY

WMC, an Australian resources company, aims to enhance its scientific and environmental credibility through forming partnerships with research institutions, government departments and community groups. The Arid Recovery Project demonstrates WMC's claim that modern mining operations are not only compatible with conservation, but can be key facilitators of major conservation projects. Students, NGOs, indigenous groups and the general public have these ideas reinforced when visiting the Arid Recovery Reserve that is immediately adjacent to the mining operation. These three factors all improve the public perception of WMC's environmental credibility, with long-term gains for the company in terms of access, licence to operate and staff and shareholder pride.

Developing market opportunities

Much of the discussion about marketing and sustainable development focuses on developed markets – on the levels of consumption amongst the world's richest people and the changing nature of their preferences.

This debate reflects the business profiles of most major corporations. Yet these companies face fierce competition for growth in developed countries whilst, in contrast, the most disadvantaged people in the world represent a market with enormous potential. And if the world's population expands in line with current predictions, over 90% of people will be living in (what are now) developing countries within 30 years.

It is no surprise, then, that marketers are increasingly interested in the opportunities amongst the world's poor, which may involve addressing their basic needs as the cartoon illustrates. But is this wishful thinking, or are there compelling commercial reasons for business to pay attention to developing markets?





Two arguments are often heard. The first highlights the global trends which are encouraging companies to start engaging with the poor, and creating pressures on those that ignore their potential contribution.

The second perspective suggests that a robust business model can be generated by applying new ways of working in developing markets – in particular, a partnership approach which can reinforce the company's overall brand-building on social and environmental issues.

Yet even if this case can be made, marketers must consider the implications of rolling out current consumer lifestyles in developed countries. As the State of the World report from the Worldwatch Institute argues: "If the levels of consumption that... the most affluent people enjoy today were replicated across even half of the roughly 9 billion people projected to be on the planet in 2050, the impact on our water supply, air quality, forests, climate, biological diversity, and human health would be severe."

■ **Global trends are creating a favourable environment for companies to start engaging with the poor.**

Companies are under greater scrutiny than ever before, with attention on the impact of products throughout their entire life-cycle. New communications technologies have transformed the quality of information at the fingertips of policy-makers and consumers.

This world-wide audience – with an internet population now exceeding one billion - is demanding of business and increasingly critical of its impact on society and the environment. For example, a report from the US business group, the Conference Board, recently suggested: "42% of people think companies should be wholly or partially responsible for solving social problems."

Governments have also emphasised the potential for the private sector to address critical social goals. The UN, in particular, has looked to business to contribute to the Millennium Development Goals, its ambitious targets for reducing poverty and improving living-standards.

At the same time, many not-for-profit organisations are prepared and able to help companies operating in poor countries and poor neighbourhoods. They are beginning to realise how companies can help them achieve their own goals of improved sanitation, water supply, healthcare, housing and business opportunities in the developing world.

"There are many positive ways for business to make a difference in the lives of the poor – not through philanthropy, though that is also very important, but through initiatives that, over time, will help to build new markets."

KOFI ANNAN, UNITED NATIONS,
SECRETARY GENERAL

Companies are developing a variety of viable business models in poor communities.

There is no one business case for working in poor communities.

Some marketers have identified immediate opportunities to extend the reach of their products and services. These initiatives include innovative approaches to packaging and distribution that allow prices to be reduced to an affordable level whilst maintaining the fundamental values of the brand.

In other cases, companies have taken a longer view, seeking to help low-income people build more secure livelihoods. Business initiatives can create more reliable markets by enriching people and encouraging entrepreneurship, and so expanding the size of local markets. Income-generating jobs are a foundation for security, and projects which provide access to clean water, sanitation, housing and healthcare can help people to maintain their health and continue to work.

This approach can be attractive to marketers. By operating in these markets, companies may gain a first mover advantage, positioning themselves to benefit as the countries become richer and further commercial opportunities emerge.

In addition to building future income streams, working with the poor can also contribute to the company's brand-building on social and environmental issues – providing reputation benefits with governments and communities, and improving employee recruitment, retention and morale.

Weighing up the evidence

But do these arguments add up for your company? How significant is the opportunity for growth in developing markets and how might you bring this to reality?

In thinking about these issues, consider the following questions and examine the case studies on the following page.

-  Is your company facing pressure to invest in developing countries?
-  How important are poorer communities in the strategic direction of your company?
-  Is there a potential market for your products and services in poorer communities, and how does the opportunity compare to alternative investments in developed countries?
-  Can you transform your service offering to create a viable business proposition?
-  Do you have the necessary resources and skills in place, and do you understand what partnerships and relationships you need to develop?
-  What are the social and environmental implications of expanding your company's operations in developing countries?

"Companies need to go through a learning process to move down the pyramid from their conventional markets (top 11% income bracket) and adapt to the next market segment."

GEORGE CARPENTER, PROCTER & GAMBLE



Approaches to success

Using innovative approaches to serve consumer needs

CASE STUDY

The housing deficit in Mexico is estimated at 4.2 million houses, with many responding to this problem by self-constructing their own homes. Holcim Apasco helps people self-build concrete homes to an acceptable standard and improve the availability of affordable construction materials through its Mi Casa distribution centres. In these centres, professional builders, trained by the Mi Casa programme, dispense advice on proper building techniques to would-be builders. At the same time, Mi Casa supplies cement on a bag-by-bag basis at reasonable prices, and offers counselling on legal aspects and financing opportunities.

Holcim believes its growth opportunity for the group lies in entering emerging and developing markets where the demand for cement is increasing. As a bag-by-bag customer base characterises many of these markets, the company needs to understand the most cost-effective ways to make its products and services relevant and affordable to the communities it aims to serve.

Building the employability of your customer base

CASE STUDY

Through public-private partnerships, HP's i-community programme aims to turn regions into thriving, self-sustaining economies where access to technology permanently improves the livelihoods of the population by raising literacy rates, creating income, providing access to government services, education and health care, and opening new markets.

The programme seeks to build leadership and IT capabilities within the community and establish a sustainable and replicable model for socio-economic growth. The initiative aims to help people worldwide access the social and economic opportunities of the digital age while focusing on sustainability for the community and for HP.

Exploring the potential of partnerships

CASE STUDY

Procter & Gamble is using a network approach to sell its NutriStar product in Nicaragua. NutriStar is a fortified drink, with essential micro-nutrients, including iodine and iron. Using a collaborative business model, in which the US Agency for International Development (USAID) initiated connections with key Nicaraguan Ministries and thought leaders and acted as a credential for both P&G's science and P&G as a company, the company has positioned the P&G brand in new markets and developed a new commercial product designed for a large customer base.

ABB provides power and automation technologies to utility and industry customers. The company's Access to Electricity programme, designed to promote sustainable economic, environmental and social development in poor communities, is yielding its first concrete results in the 1,800-strong village of Ngarambe, on the edge of the Selous National Park in Tanzania. ABB and WWF, the global conservation organisation, have teamed up to ensure the sustainable development of the village. Changes and improvements – in such areas as small businesses, education and health care – are already noticeable. The project is serving as a model for further, larger Access to Electricity projects aimed at easing poverty in other rural or semi-urban parts of Africa and Asia.

Planning for change

So what does sustainable development mean for marketers?

How can the challenges, comments and case studies outlined in this briefing help to inform the development and implementation of a robust marketing plan – an approach that reflects commercial realities, not to mention the practical challenge of being understood and accepted by people throughout the company?

Several issues stand out. The strategy and tactics adopted must be achievable by the marketing team within its budgetary constraints and the skills, experience and interests of its people.

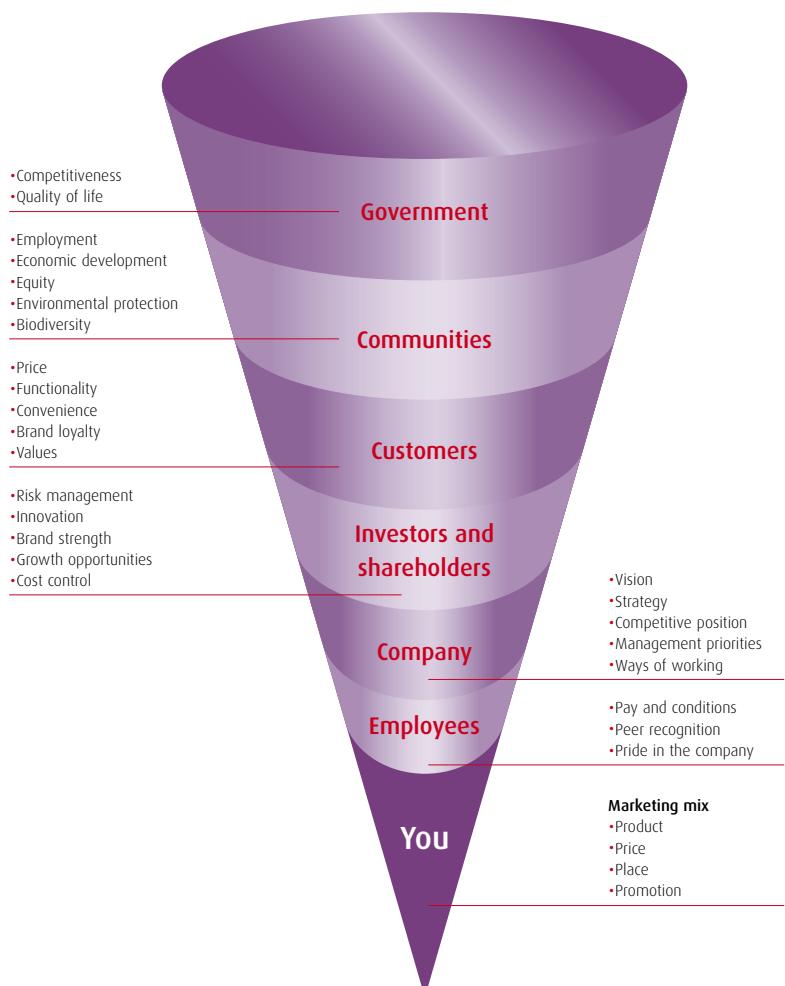
But, more than this, the marketing strategy must respond to the wider environment in which the company is operating:

- Reflecting and inspiring the ambitions of the marketing team and other employees;
- Aligning with the company's strategy, values and culture;
- Helping to deliver sustainable returns to investors;
- Addressing customer and consumer needs, and informing and educating people about the impacts of their purchasing practices;
- Identifying and responding to emerging societal trends, and exploring the opportunities to deliver products in collaboration with the communities in which the company operates;
- Responding to governmental and regulatory expectations, and influencing the public policy agenda.

You will have your own priorities in contributing to your marketing plan – issues that reflect the particular objectives and working practices of your company, and other aspects of its competitive and regulatory environment.

But to help you get started, the table opposite highlights some introductory themes under each element of the 'traditional' marketing mix: product, price, place and promotion.

The Marketing Environment





	Company	Investors and Shareholders	Customers	Communities and Government
Product				
Ensuring new product development processes are informed by the company's sustainable development objectives.	Are technical experts connected to the company's sustainability knowledge?			What are the key sustainable development issues?
Understanding the nature of customer interest in sustainability issues, and the potential market for sustainability-focused products and services.		How big is the market?	Are customers interested in sustainable development?	
Understanding the social and environmental impacts of your products throughout their life-cycle.	Do you have the skills and processes to conduct a life cycle analysis of your products?			Are you talking to all the right people?
Identifying opportunities to generate products in partnership with not-for-profit organisations or government agencies.	Are the necessary skills in place to engage, and is the company a credible partner?			Are communities ready and able to partner?
Price				
Exploring the opportunity to link a proportion of your products' prices to a relevant social or environmental cause (i.e. a cause-related marketing approach).			What issues (or relationships) will attract customers?	What social or environmental contribution will result?
Identifying opportunities to increase margins and/or improve price competitiveness through environmental efficiencies.	What savings can be achieved?	What is the expected impact on margins?		What are the most significant environmental impacts?
Identifying any price premium that can be captured through the sustainability attributes of your products.		How long can a premium be maintained?	How much will customers be willing to pay?	
Factoring the full social and environmental costs of your products into the price.	Are accounting systems in place to measure wider and longer-term costs?	What is the expected impact on operating profits?	How much will customers be willing to pay?	
Place				
Attracting customers through new distribution channels (e.g. Internet), which minimise social and environmental impacts.		What are the set-up costs and longer-term savings from new channels?	Will customers purchase via new channels?	
Identifying markets in which your products will promote social inclusion and economic regeneration.	Has a business model been developed for serving poorer communities?	What is the investment required and the expected return?	What are the particular service needs in poorer communities?	
Promotion				
Working closely with a variety of stakeholders to understand the perceptions and expectations of your business across society.			Do you understand customer expectations of your marketing?	Are you talking to the right people?
Emphasising the sustainability attributes of your products in promotions.		How big is the market?	Are customers interested in sustainability?	
Examining the strength of existing claims regarding the social and environmental attributes of your products.	Are monitoring and certification systems in place?	What are the financial implications of reputational damage?	Do customers respond to social and environmental accreditation?	Are your products at high risk of media criticism?
Ensuring marketing materials are in line with the social and environmental performance of your company.	Are your communications agencies aware of your sustainability commitments?	What are the financial implications of reputational damage?		Are your products at high risk of media criticism?
Developing adequate control procedures to identify and inform consumers of possible product risks.	Are control procedures in place to assess product risk?	What are the financial implications of product withdrawal?		Are your products at high risk of media criticism?

Guidance for the sustainable development manager

As the language of sustainable development enters the business mainstream, the responsibility for managing social and environmental issues is slowly shifting from the corporate fringe to an important business function.

Sustainable development specialists (and those with equivalent positions or responsibilities) are no longer just responsible for the management of philanthropic initiatives, community engagement programmes or environmental impact assessments.

Instead, in leading companies, these managers are expected to act as agents of change: to develop the structures, systems, ways of working and personal values that will support the organisation's sustainable development objectives; and to encourage others in the company to act as enthusiastic agents of change.

This functional briefing (and others in the series) clearly doesn't provide a complete solution – this is the first step in developing a comprehensive business case for functional specialists. However, the briefings do provide a series of questions with which to trigger conversations across your company and influence its future direction.

How the brief was prepared

This briefing was developed to provide both supporting materials for BEP's Senior Executives' Seminars and as part of WBCSD's Capacity Building programme, which provides tools and training to help companies implement sustainable development initiatives across their operations.

The functions chosen for this briefing were selected by sustainable development managers themselves – identified as the critical enablers and blockers of change at a workshop held by CPI.

The briefing was developed through a range of interviews, cross-industry workshops and research, including an Ashridge report prepared for the WBCSD's Accountability and Reporting programme. The briefing was reviewed by individual company members of WBCSD, partners of CPI, and alumni and core faculty of BEP.

We would like to thank everyone who contributed their ideas and comments, and in particular those who shared their experience in the consultation sessions and interviews. If you are interested in hearing more about these leading companies and how they are moving sustainable development into the mainstream, please contact CPI, WBCSD, or the following members of the WBCSD Capacity Building programme.

Karin Ireton: KIrton@angloamerican.co.za

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The briefing is released in the names of BEP, CPI and WBCSD. Although the briefing builds on the experience of each organisation, the views expressed do not necessarily reflect those of every member company, partner or associate.



Using the briefing

From discussion with our networks and members, we expect the briefing to be used in a number of ways and we look forward to hearing about your experience:

- **As a tool to raise awareness and deepen understanding of sustainable development issues in the marketing function.** The briefing can be distributed directly to functional managers as a stand-alone awareness-raising tool.
- **As a resource to build bridges between sustainable development specialists and the marketing function.** The briefing can provide the basis of a dialogue with the marketing function to discuss issues and opportunities for the promotion of sustainable development.
- **As a source for company training materials.** The briefing can provide the supporting information or evidence for bespoke company training materials. (Reasonable reproduction of material included in the briefing is accepted by all parties, but the source document should be referenced in all cases.)

Sustainable development resources

Tools and materials

Walking the Talk: The Business Case for Sustainable Development includes case studies and personal interviews with leading industrialists; it makes the case that the solving of environmental and social problems is essential for future growth.

- Management systems**
 - Global Compact www.inglobalcompact.org
 - Global Reporting Initiative www.globalreporting.org
 - SIGMA guidelines www.projectsigma.com
 - Greenhouse Gas Protocol www.ghgprotocol.org

- The business case**
 - Walking the Talk www.wbcsd.org
 - Conversations with Disbelievers www.conversations-with-disbelievers.net
 - WBCSD case study library www.wbcsd.org/web/casesstudy.htm
 - Sustainability through the market www.wbcsd.org

- The facts and figures**
 - Background Briefings www.cpi.cam.ac.uk/bep
 - Tomorrow's Markets www.wri.org

A series of Background Briefings from HRH The Prince of Wales's Business & the Environment Programme (BEP) provides essential data on the status and trends for the global stocks of natural, human, social, manufactured and financial capital, and the response to date from business, government and civil society.

Learning programmes

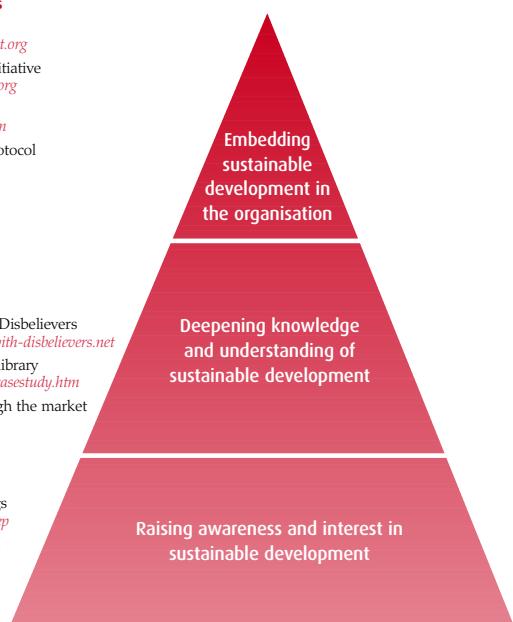
- Bespoke/specialist programmes**
 - WBCSD sector projects e.g. mining, forestry, cement www.wbcsd.org
 - Postgraduate Certificate in Cross-sector Partnership www.cpi.cam.ac.uk/pcp
 - CPI customised leadership programmes, learning evaluations and learning laboratories www.cpi.cam.ac.uk

- Learning networks**
 - Advanced Diploma in Sustainable Business www.cpi.cam.ac.uk/slns
 - BEP's Senior Executives' Seminars www.cpi.cam.ac.uk/bep
 - WBCSD Capacity Building programme e.g. learning by sharing and young managers team www.wbcsd.org

- Getting started**
 - Chronos www.sdcchronos.org
 - Functional Briefings www.wbcsd.org www.cpi.cam.ac.uk
 - WBCSD Learning modules www.wbcsd.org

The University of Cambridge's Advanced Diploma in Sustainable Business is a practical business programme that focuses on implementing the principles of sustainable development in ways that allow companies to remain innovative and competitive whilst moving their organisations towards socially responsible business practices

Chronos, the e-learning tutorial from CPI and the WBCSD makes sustainable development relevant and meaningful to the everyday work of employees by equipping them with the competence and knowledge they need to deliver on corporate priorities



Company and professional experience

Alcan, Alcoa, Anglo American, Ashridge, Caterpillar, CIPD, Dupont, EDF, ERM, DTT, Finnforest Corporation, Heidrick and Struggles, Heineken International, Hoffman La Roche, IMD, Interface, KPMG, Norsk Hydro, Novo Nordisk, Shell, Sony, STMicroelectronics, Stora Enso Oyj, SC Johnson, Severn Trent, Statoil, Swiss Re, Syngenta, Vodacom.

The World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) is a coalition of 175 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 30 countries and 20 major industrial sectors. We also benefit from a Global Network of 50+ national and regional business councils and partner organizations.

Our mission is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues

Our objectives include:

Business Leadership – to be a leading business advocate on sustainable development.

Policy Development – to participate in policy development to create the right framework conditions for business to make an effective contribution towards sustainable development.

The Business Case – to develop and promote the business case for sustainable development.

Best Practice – to demonstrate the business contribution to sustainable development solutions and share leading edge practices among members.

Global Outreach – to contribute to a sustainable future for developing nations and nations in transition.

www.wbcsd.org

HRH The Prince of Wales's Business & the Environment Programme

HRH The Prince of Wales's Business & the Environment Programme (BEP), which is run by the University of Cambridge Programme for Industry, was established in 1994 by HRH The Prince of Wales.

The Programme helps senior executives explore the business case for sustainable development and integrate sustainability principles into their organisations. Business leaders and representatives from the public sector and NGOs participate in one of the Seminars held each year in Cambridge, New York, Salzburg and Cape Town.

The Programme has introduced over 1,000 executives from over 400 organisations in more than 30 countries to the sustainability debate. They then become members of an active and influential alumni network.

The Programme is sponsored globally by ABN Amro, BP, Cisco, Ford Motor Company, International Finance Corporation, RWE Thames Water, Shell International, Unilever and Vodafone.

Regional partners in Europe are BAA, Barclays, Enviro Group and National Grid Transco; and in Southern Africa are Anglo American, Barloworld, Engen Petroleum, Development Bank of Southern Africa and SC Johnson.

www.cpi.cam.ac.uk/bep

The University of Cambridge Programme for Industry

The University of Cambridge Programme for Industry (CPI) provides leadership development programmes and learning services for senior individuals and major organisations around the world. Its focus is on developing capacity within business, governments and civil society to respond to contemporary societal challenges.

CPI's expertise lies in understanding how people learn and in developing learning processes that can change individuals and organisations in ways that will move society towards sustainability. Its programmes draw on world-class contributors from academic, policy and practitioner circles and its active alumni networks provide a vehicle for ongoing debate and development. CPI collaborates with academic and other partners and its work is underpinned where relevant by applied research.

The work of CPI supports the mission of the University of Cambridge, which is to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.

www.cpi.cam.ac.uk