

- *Incorporating sustainability into the core strategy of an organization (enterprise, business or function)*

In this context, “strategy” is used to describe the deliberate or emergent choices (purpose, priorities and goals) that are made to distinctively position the business, brand or product for “sustainable” (enduring) competitive advantage and value creation. It’s about “Doing the right things”. In advanced stages of sustainability, the role of strategy may expand to greater, universal themes of corporate purpose and its role in society.

“The essence of strategy is choosing what not to do.”

—Michael Porter



STRENGTHS, STRATEGIES AND COMPETITIVE ADVANTAGE

Ultimately, business strategy is about creating and defending competitive advantage by utilizing the company's distinct strengths in relation to market forces. It is about choosing priorities and, as importantly, choosing what not to do. It is about positioning an enterprise, business or brand in a unique way—relative to competitors—to create superior value that benefits both the shareholders and other stakeholders. This competitive, innovation-driven economic approach has created massive wealth and raised the quality of life for billions of people.

There are hundreds of logical, proactive frameworks to help business leaders make the tough, strategic choices necessary to improve their competitive positioning and ability to execute. While extreme strategies can be found in textbooks, most organizations utilize a mix of organically emerging reactions to environmental conditions and a proactive approach to anticipating a future reality. Many successful strategies incorporate two common themes: setting priorities and goals for the organization that are in alignment with overall business strategy; and leveraging the organization's distinct strengths.

THE CHANGING LANDSCAPE OF BUSINESS

Increasingly, companies experience and anticipate significant new trends related to the environment, labour, human rights and ethics that affect the traditional dynamics of competitive strategy. These trends create influential new forces exerted by governments, capital markets, society and natural systems (extreme weather, drought, material shortages, air quality, etc.), which shift the competitive landscape of markets and create potentially unexpected challenges and opportunities for businesses and their internal functions.

These forces are also changing the roles and priorities of functions and sometimes introducing entirely new stakeholders. For example, the emergence of social pressure through sophisticated NGO's or self-organizing reactions from society through social media, boycotts or the “Occupy Movement” have substantially redefined the role and activities of Public Relations. The rising complexity of regulations has significantly impacted Legal and Operations functions, while supply chain leaders are forced to expand into entirely new roles to assure consistent supply despite the impact of these forces on suppliers. Investor relations and marketing teams are wrestling with new expectations around transparency, governance and the purpose of business beyond profit.

IMPLICATIONS FOR STRATEGY

Rather than as a stand-alone or “tacked on” strategy, leading companies are explicitly weaving these shifting dynamics into core business strategy and planning. The term Organizational Effectiveness describes how function-specific roles, priorities and goals are developed and integrated with business units to support overall business or enterprise strategy. Each function has an explicit or implicit strategy composed of its purpose, priorities and goals. Likewise, functional strategies regarding sustainability should align consciously with the priorities and goals of the company regarding priority sustainability themes taking advantage of their distinct strengths, culture and capabilities.

To improve the Strategic Integration of Sustainability in any function, it is important to:

- Understand the priority sustainability themes and goals for the business and the anticipated value sustainability offers in achieving overall business goals.

- Articulate the strategic role the function can play in addressing corporate priority sustainability themes and goals and the potential value it can provide to the business in terms of risk, productivity and growth. Think beyond universal principles of recycling, waste reduction, human dignity and ethics to the value distinctly created by the function in terms of innovation, relationships, measurement and human engagement. (Waste and labor themes remain strategic to Operations and Supply Chain functions.)
- Explore the opportunity of sustainability to add value to the traditional goals and responsibilities of the function considering both direct opportunities and the potential influence sustainability has on new or traditional stakeholders, internally and externally.
- Explore where traditional functional goals or tactics may conflict with priority sustainability themes and goals. Are there creative alternatives to align incentives or external guides to help adapt tactics such as guidelines for responsible marketing?
- Establish priorities and specific short-and long-term functional goals in relation to other functional priorities.

As in establishing and refining traditional functional strategy (purpose, priorities and goals), most of the above opportunities related to sustainability are likely resolved in dialog with senior leadership, the Sustainability function and in relation to other functions.

