

The business of transparency - your next move

Jacinta Syme at BusinessNZ

Throughout sustainability's 'coming of age' the market has sought sustainably geared solutions from the business place.

This has now reached a level of mainstream consumer demand where consumers and business customers are choosing products and services based on their sustainability criteria.

The likes of local community investment, lean manufacture and recycling for waste minimisation are now so commonplace they are (almost) commonsense.

In recent years leading businesses have been participating in initiatives such as 'eco-labelling' (Fair Trade, Environmental Choice, Forest Stewardship Council), 'eco-design' and sustainability reporting. To small or resource constrained businesses, some of these activities can seem daunting.

The important thing to remember is that not all approaches to business sustainability need to be rocket science.

In fact business sustainability per se is a simple concept.

It means championing a business model that brings mutually beneficial value to the whole system: business, customer, citizen, environment and economy.

So, in plain language, what's next for business in sustainability's coming of age? And, does any business regardless of size have the chance to do it right?

Commercial transparency in sustainable business performance— i.e. businesses being open about and demonstrating their sustainability performance – has now become a vital business ingredient for commercial success and competitiveness.

There's nothing new about the notion of commercial transparency. At its centre, it's the practice of disclosing basic business data in order to take stock, analyse, improve and better succeed in equitable enterprise.

It exposes our business risk in ways that make us accountable for our own success.

Over time it profiles our business excellence in a way that makes us stand out.

Either way, it proves our willingness to be taken seriously as a demonstrably resilient and success-driven enterprise. And that's exactly what our shareholders, customers and communities want to see.

There are however increasing challenges in getting commercial transparency right.

The market demand for wholesale accuracy of disclosure is on the rise, notably through the popularisation of corporate reporting frameworks like the Global Reporting Initiative, and the activity of bespoke business assessments by the procurers of our products and services.

The stories of retailing giants Tesco, Wal-Mart and Marks & Spencers becoming selective or even refusing to stock certain product lines without a clear attest of product and supplier integrity, are now well known. These activities set the benchmark for all business regardless of sector or size.

New Zealand's challenge – and opportunity – is to make commercial transparency simple enough for all New Zealand businesses to incorporate into their business practice. Corporate reporting and the supply chain are two good places to start.

Business New Zealand's Sustainable Business Forum – whose members include the likes of Toyota NZ, Rio Tinto, Westpac NZ, Solid Energy, NZ Post and Genesis Energy – believe New Zealand's small size will lend itself well to establishing world leading sustainable business performance reporting, and supply chain management practices.

The Forum has set about establishing universal performance reporting indicators for businesses of all sizes, with the goal of setting sector benchmarks for corporate disclosure.

It's also developing a universal supplier questionnaire to help establish sustainable supply chain practices, and remove the duplication challenge faced by suppliers in responding to the requests of multiple procurers.

The key to both of these projects is accessibility and wide-scale use; something achievable in a country the size of New Zealand, with a strong brand allegiance to notions of authenticity.

Both projects are due early next year, so in the interim, how can smaller businesses make headway?

Start by formalising your record keeping process in those areas most material to your business. Material areas typically include a mix of financial performance, health and safety records, energy water and waste (recycled and landfill) volumes, community contributions (cash and in-kind), and legal compliance records.

Being able to compare your business records year on year then provides an indication of performance, from which realistic performance improvement targets can be set. An awareness of business risk areas will also become evident, highlighting areas for productivity gains.

When it comes to the supply chain, many of these records, and any subsequent performance targets, will fulfil the information requirements of procurers.

With readily available performance data and improvement plans, your chances of success in any tendering process attesting to business sustainability, is heightened.

Commercial transparency can be as simple as that. It's just a case of adopting a sustainability perspective across all areas of your business, and keeping track of the things that now matter in order to prove the business's resilience and performance capability over the long term.

I welcome feedback and discussion on commercial transparency, the Sustainable Business Forum projects we're already running and input on future needs as this issue develops.

Jacinta Syme

Manager Sustainable Business Forum, BusinessNZ

jsyme@businessnz.org.nz

Ph: 04 496 6281 or 021243 1920