

TRA

Creating an inspiring sustainable business narrative

NZI | October 2017

The business issue

Understanding the state of play with NZ businesses and sustainability.

NZI partners with the Sustainable Business Network, helping businesses in New Zealand adopt sustainable practices to drive their future success.

To help drive progress in this space, and to power communications around sustainability generally, there is a desire to understand more about this space and the role sustainability plays in driving a growing New Zealand.

This document looks at where New Zealand businesses are at on the sustainability journey, the challenges to move forward and determines how sustainable practices are related to growth, ambition and success.

What we did

10-minute online survey

N=366 New Zealand business decision makers representative of New Zealand in employee size and region.

N=45 New Zealand business decision makers from SBN's member database.

Fieldwork period: September 2017.

Data weighted to be representative of New Zealand businesses in employee count and region.

Questionnaire content related to current business practice, current performance, ambitions and desires.

Agenda

1

**What drives
NZ businesses
and where can
sustainability
help?**

2

**Where
businesses
are at on the
sustainability
journey**

3

**What is
sustainability
achieving?**

4

**Growth going
forward and
narratives for PR**

What drives NZ businesses and where can sustainability help?

1

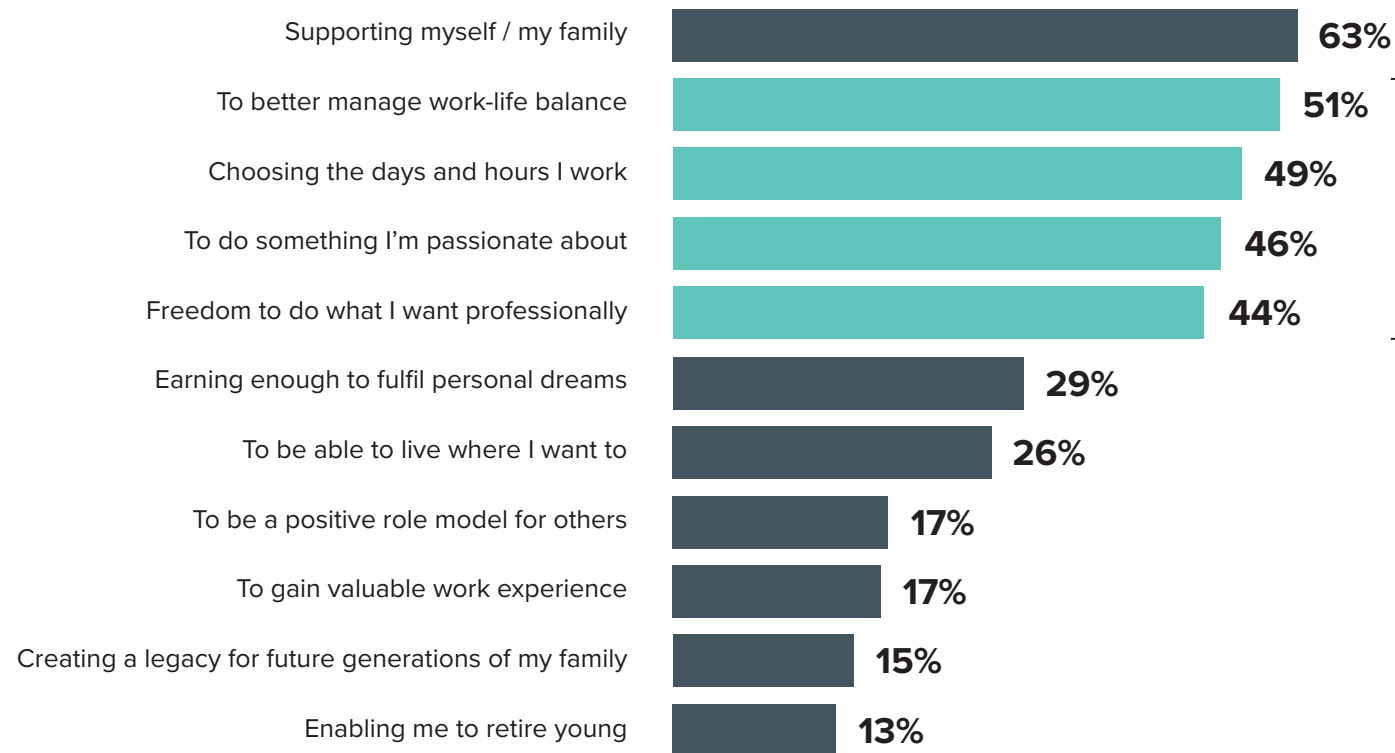
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People start and operate businesses to achieve freedom

It's about supporting yourself/your family, but doing it on your terms.

DRIVERS FOR STARTING / WORKING IN BUSINESS



The freedom to choose when and how you work, the freedom to pursue things you are passionate about.

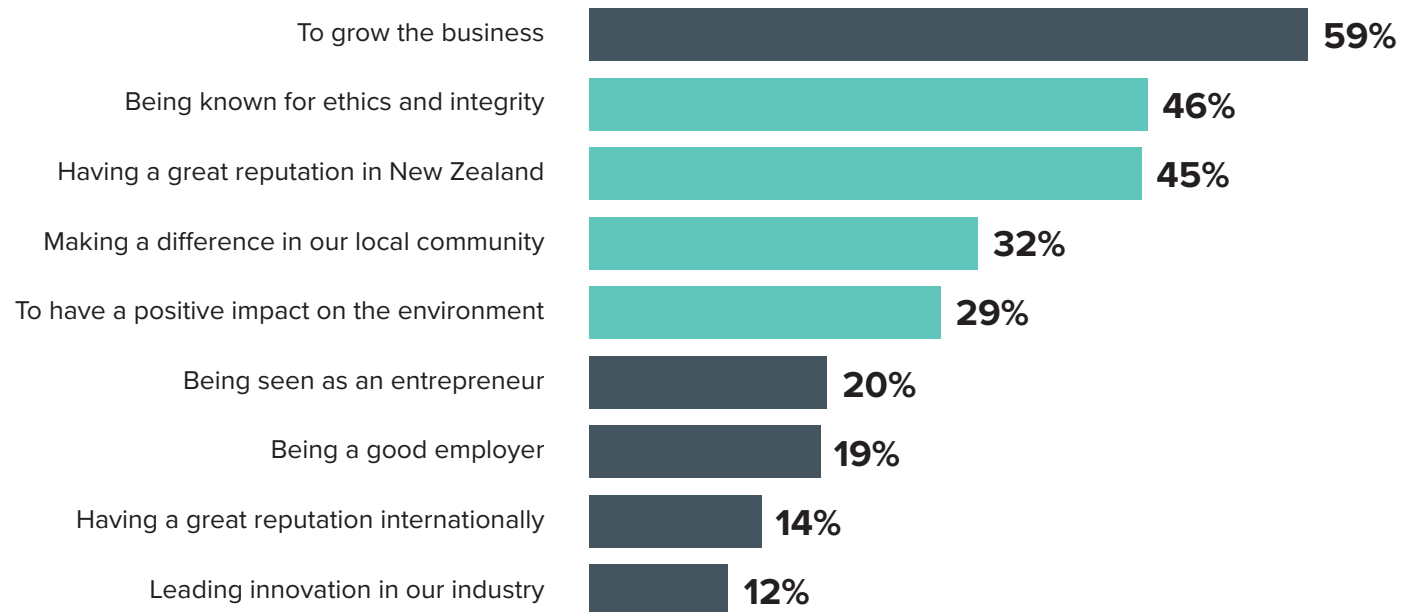
The ability to set the terms is at the heart of why business starts.

A2. What motivated you to start/join this business. Base: Total n=366

They want to grow their business, but again it must be on the right terms

Growth is the most listed ambition of businesses, but it must be accompanied by practices that support reputation and ethics; supporting communities and the environment.

BUSINESS AMBITION



A1. What are the broad goals or ambitions for your business? Base: Total n=366

Their attitudes demonstrate a strong desire to be innovative, to achieve for New Zealand

Businesses want to adopt the latest technologies, want to support good outcomes for the country and want help in developing their skills.

COMMON BELIEFS

81%

The opportunity to be innovative in business is important

63%

Using the latest technology is essential for success

62%

There needs to be more mentoring to help business grow

61%

Businesses have a responsibility to achieve desirable social/environmental outcomes

A6. Please indicate how much you agree or disagree with each of these statements? Base: Total n=366

IMPLICATION

Linking sustainable practice to the core ‘success on your terms’ ambition is key

Business owners are driven by a clear desire to achieve success “on their terms” – which is about success with ethics and social good, about balancing work with life and passions.

Explicitly positioning sustainable practice as a toolkit for helping business owners/decision-makers to achieve these ambitions would be a powerful way to drive interest and adoption.

Sustainable practice less as a way to conduct business and more as a way to achieve outcomes.

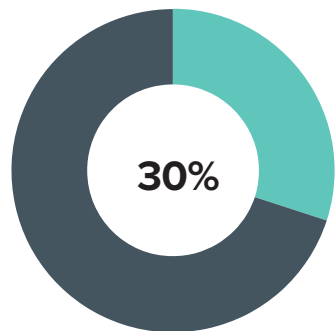
“Sustainability is a key personal value, and has gradually taken on greater importance as we have aligned our business values with our personal values.”

Business Decision Maker, Waikato Region

Ambitions can be sidelined by short term tensions

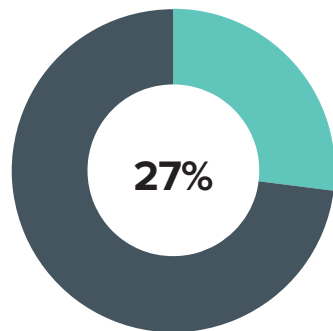
The things that keep business owners awake late at night are rarely assessments of their long term ambitions. Sales, finances, cashflow – these tend to dominate mindscape.

3 MAJOR BUSINESS CHALLENGES

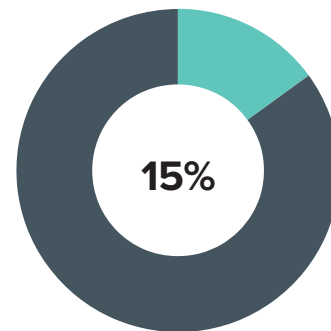


Sales Growth

More prominent for small businesses

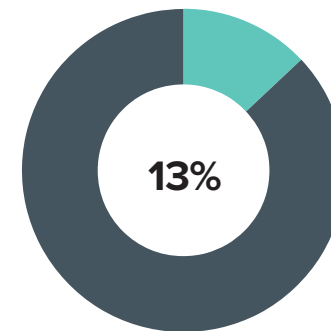


Finances



External Business Climate

More prominent for large businesses



No Problems

A4. What are the current challenges and frustrations that your business is facing right now? Base: Total n=366

IMPLICATION

We must address short-term cost worries as well as long-term ambition

People have ambitions, but these can only be realised in relation to short-term problems.

Desires to balance work with life and achieve success in morally and socially good ways can only be achieved if they do not conflict with the reality of short term financial considerations and the barriers these create.

Sustainability, at its best, should therefore not just be considered a means to achieving the long term ambition of ‘business on your terms’. It should also be seen as a contributor to improving either cost-side efficiency or demand-side sales to drive uptake.

Beyond this it will simply be viewed as a ‘nice to have’.

Where businesses are at on the sustainability journey

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Most businesses have a working definition of “sustainability in business”

91% have a definition they can write down. These definitions typically partially address the wider ideas that make up sustainability.

Environmental

29% Environmentally friendly

“Using sustainable resources”

Economic

18% Financial success

“To achieve a steady income”

12% Efficient running of business

“Running the business as ‘lean’ as we can”

Social

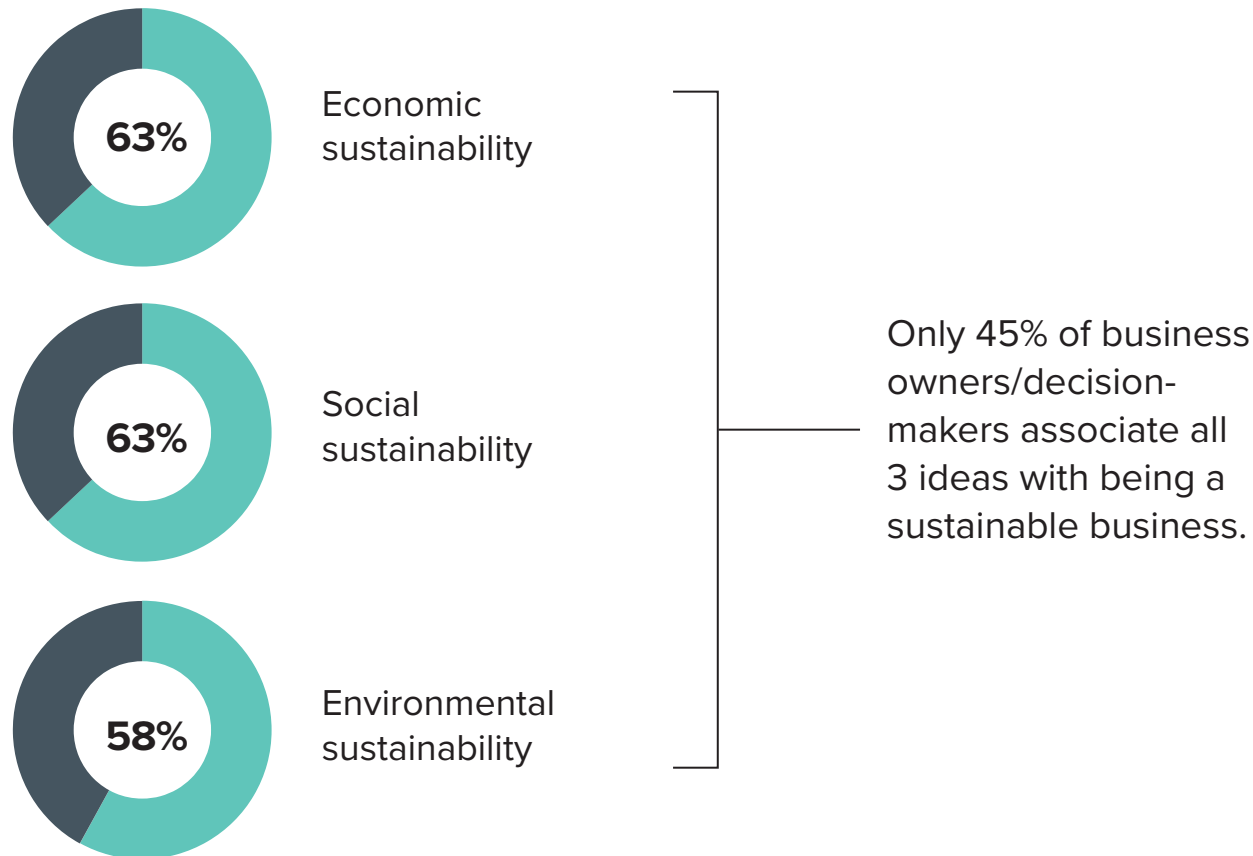
5% People focussed

“Making sure the business lasts for future generations”

Prompting people shows that most associate sustainability with some of the core ideas

However less than half associate all 3 of these concepts with sustainability.

% ASSOCIATE EACH ELEMENT WITH BEING A SUSTAINABLE BUSINESS



B3. How strongly do you associate each of the following with being a sustainable business? Base: Total n=366

IMPLICATION

Most partially understand sustainability, few have a complete understanding

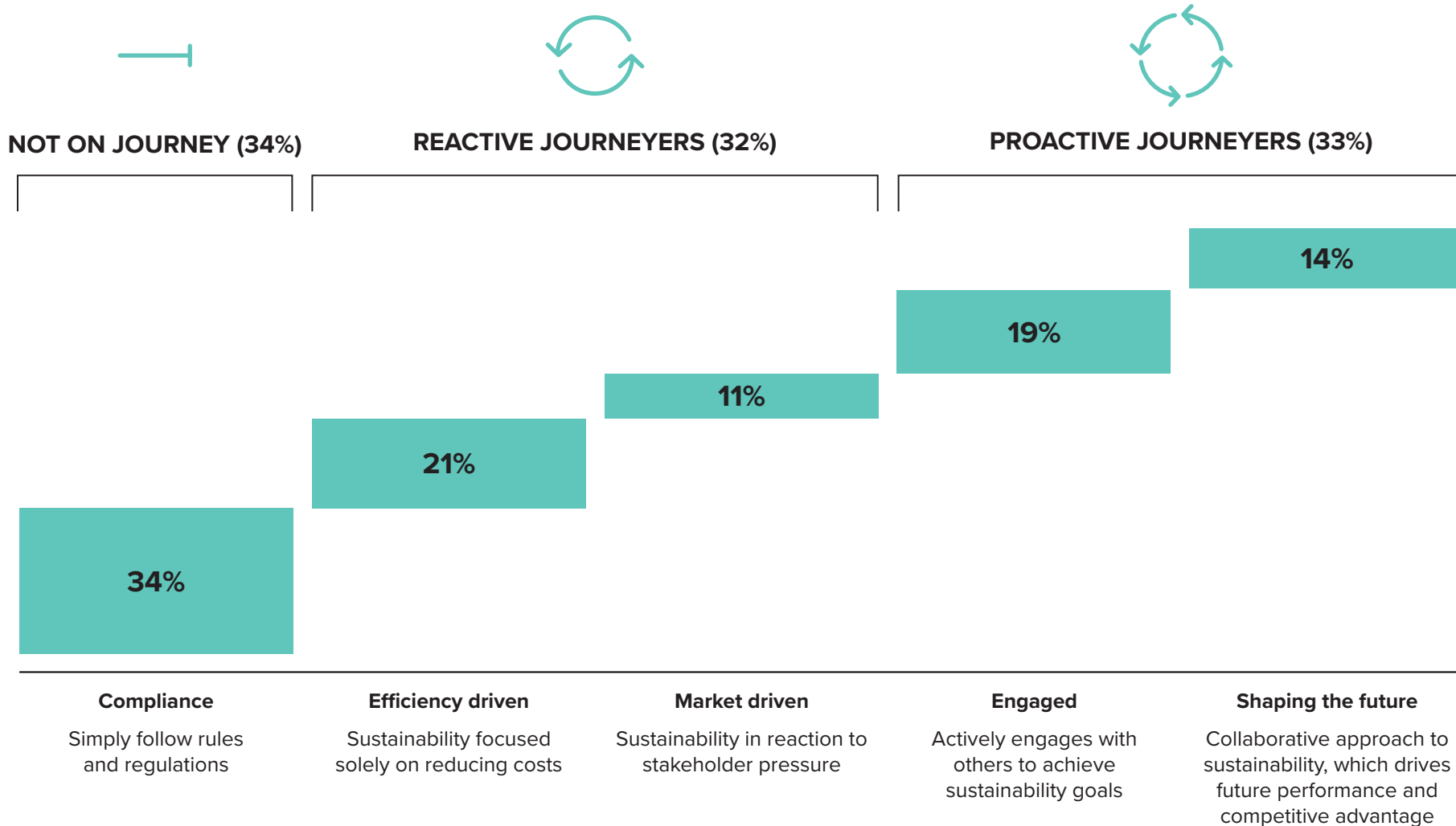
Many business owners do not fully understand sustainable practice.

Regardless of what practices they have in place, we must realise that more than half of all business owners still do not operate with a definition of sustainable business practice which accomodates all 3 pillars of economic, social and environmental considerations.

Almost everyone has a particially correct definition of the space, but there is still work to be done to bring people on the journey. Particularly, when looking at their unprompted definitions regarding the social space.

Further education here may be particularly motivational, as the social good space aligns strongly with ambitions decision-makers have for how they want to work.

Using the SBN Sustainability Model, where are NZ businesses on the journey?



B6. Which of these statements most accurately describes your company's current approach towards sustainability? Base: Total n=366

The three groups of businesses look somewhat different

Compared to the others, each group has a distinctive skew towards a certain type of business.



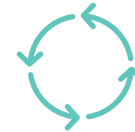
NON-JOURNEYERS

More established businesses – 49% in business for 6+ years



REACTIVE JOURNEYERS

Newer businesses – 50% in the start-up or early growth phase



PROACTIVE JOURNEYERS

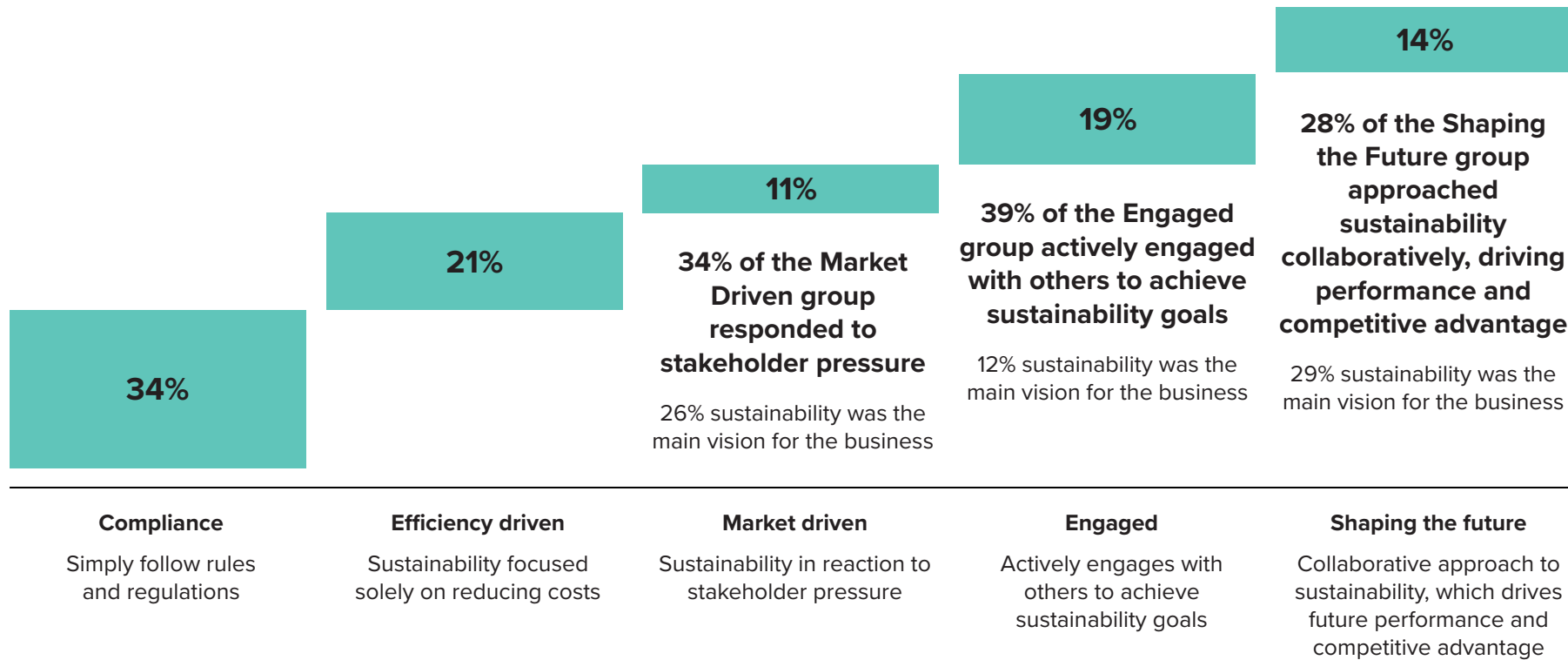
Regional businesses – 50% from outside urban centres (AKL, WGTN, CBY)

Non-journeymakers n=128; Reactive Journeymakers n=131; Proactive Journeymakers n=107

S2. How many employees does your company have in New Zealand? S3. Which part of the country are you based in? P2 If you were to describe where the business was in its life cycle, would you say it is in....

How did those in the more advanced stages of the journey get started?

Most seem to have made a deliberate jump to these higher levels.



B7 How did your business start the journey toward sustainability? Base: Total n=157

IMPLICATION

Less of a journey into sustainability and more of a leap

There is clear evidence to suggest that sustainability is less of a journey through stages of adoption and much more a case of starting as you mean to go on.

Many of those at the end of the journey started with a mindset geared towards proactive sustainable practice. This was part of their vision for what they wanted to do, and was clearly identified as key for future performance.

Growing sustainable practice may be more about encouraging a worldview which supports the immediate adoption of the most proactive form of sustainability.

We can understand what businesses at each stage are achieving in each Transformation Area



Renewables – enabling the use of renewable energy
e.g. using renewable resources



Community – building thriving communities
e.g. staff equality & wellbeing, community investment and cultural initiatives










Mega efficiency – maximising the use of all resources
e.g. collaborative consumption, zero waste



Restorative – enhancing NZ's natural capital
e.g. organic practices, enhancing air/water quality

What activities are those in each stage of the journey engaged in?

Many who don't believe they are on the journey are already contributing, particularly in the community space (which highlights their issues with definition). But it is not until the proactive stages are reached where real gains are made in sustainable behaviours right across the board.

	 NON-JOURNEYERS	 REACTIVE JOURNEYERS	 PROACTIVE JOURNEYERS
 Renewables	17%	14%	40%
 Community	69%	64%	86%
 Mega efficiency	44%	56%	72%
 Restorative	17%	27%	52%

B4 Which of the following practices does your business currently engage in or focus on? Non-journeymers n=128; Reactive Journeymers n=131; Proactive Journeymers n=107

IMPLICATION

It is only the proactive stage businesses who make big leaps in behaviour

The end of the journey is where behaviours are exhibited that really support sustainable practice.

There is little real difference in the behaviours of those not yet on the path to sustainable practice and those in the reactive stages.

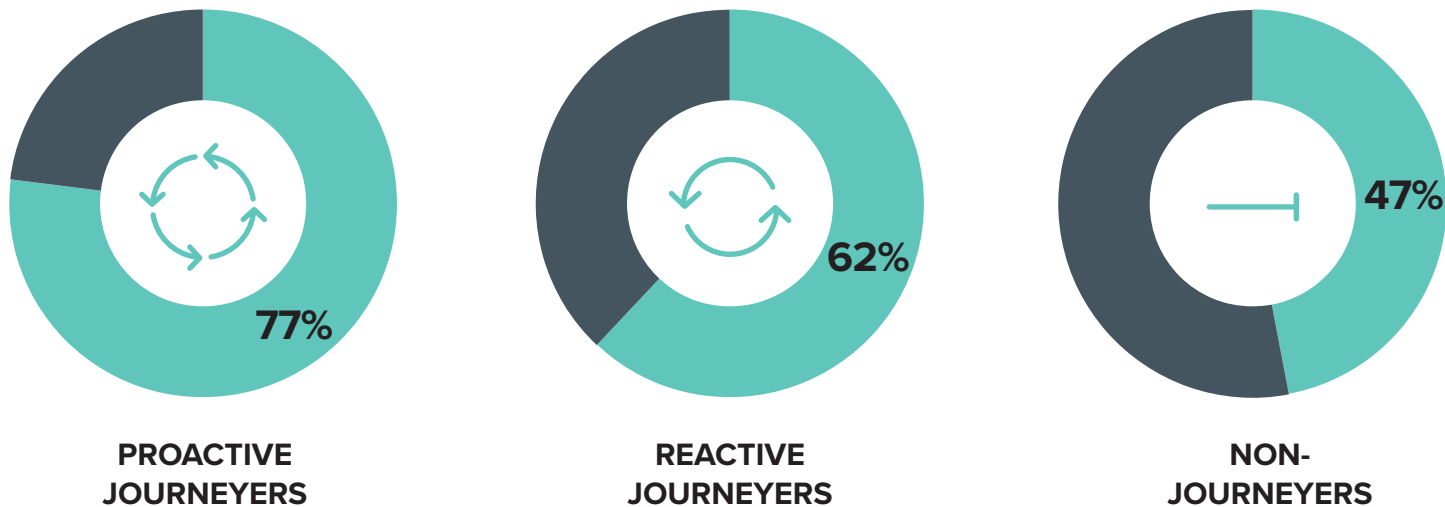
The big leaps come when the proactive mindset is achieved.

Promisingly, there are a number of businesses who are already engaging in many of the socially sustainable practices – looking after staff wellbeing, investing in their communities – who don't even realise they are on the sustainable journey. This comes back to the narrowness of their definition and highlights an opportunity to engage them with the wider movement via education.

Proactive Journeyers are the most interested in becoming more sustainable

Those well advanced in the journey are also the most keen to achieve more, which again highlights the importance of the proactive mindset to achievement in this space. That aside, even those not current engaged are widely open to the idea of becoming more sustainable, with half interested in doing more.

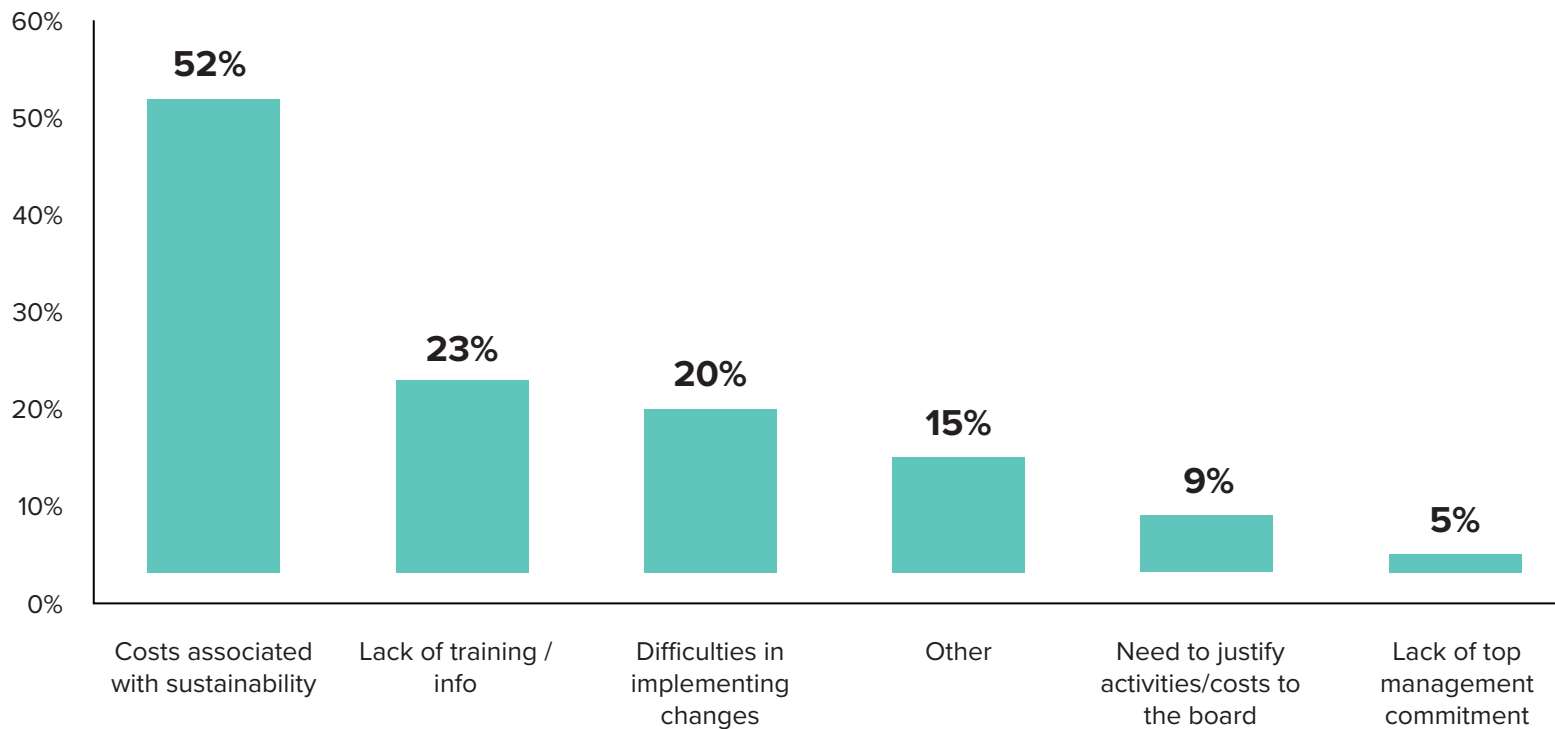
% INTERESTED IN BECOMING MORE SUSTAINABLE



B12 How interested are you in becoming a more sustainable business? Non-journeyers n=128; Reactive Journeyers n=131; Proactive Journeyers n=107

Those in less advanced stages mainly see costs as inhibiting efforts at sustainability

When asked what's holding them back from engaging more fully with sustainable practice, those not on the journey (or in the very early stages) cite cost expectations as the major barrier. The anticipation is that it will cost more to be sustainable.



B8 What, if anything, is keeping your business from engaging in sustainability more actively? Total n=209

IMPLICATION

A big opportunity to push greater progress

Those already doing and those not even started are all interested in becoming more sustainable in their practice.

For those less involved, its about allaying fears regarding costs.

For those more involved, the sense is it is simply about helping them activate a vision already central to their business.

**What is
sustainability
delivering?**




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Those who fully embrace sustainability see a broad range of benefits

Those in the proactive stage of the journey report improved productivity, lower costs, a strong image and a platform for competitive advantage. Again it is only those at this later stage who really see benefits to their business.

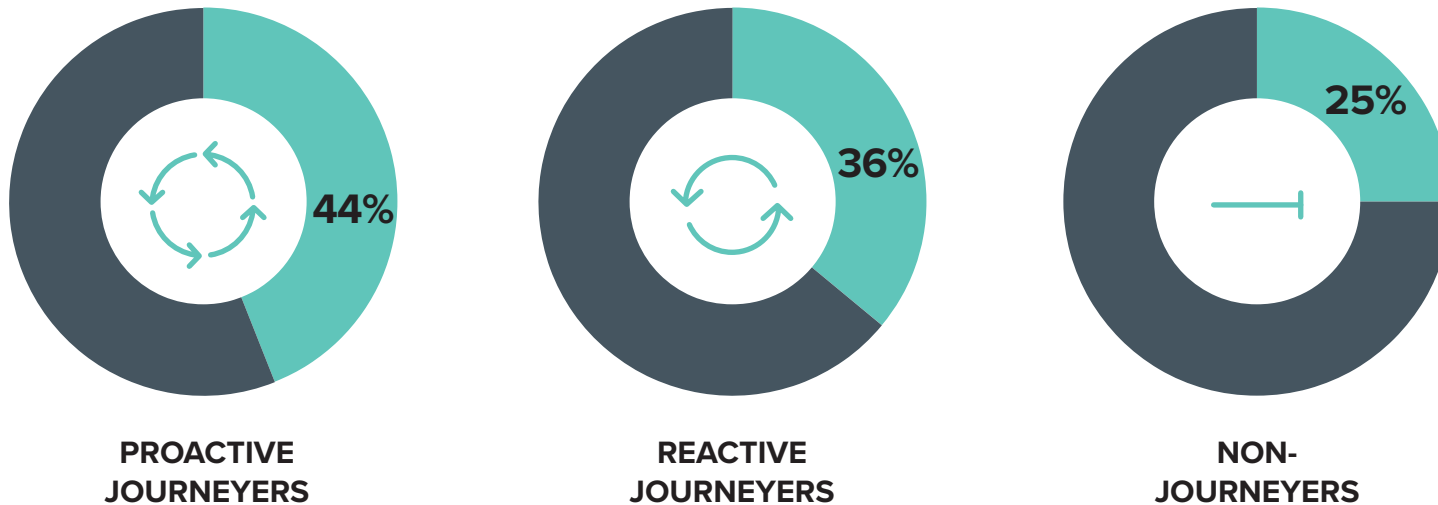
	 NON-JOURNEYERS	 REACTIVE JOURNEYERS	 PROACTIVE JOURNEYERS
Increased productivity and reduced costs	16%	21%	41%
Improved brand image and competitive advantage	15%	14%	32%
Helped attract employees and investors	8%	19%	14%
Increased shareholder satisfaction	44%	51%	55%
Increased ability of the business to comply with regulation	9%	14%	8%
Reduced waste	9%	15%	13%

B10 What would you say the impact of sustainability has been on your business? Non-journeymers n=128; Reactive Journeymers n=131; Proactive Journeymers n=107

Those who are in the proactive stages are almost twice as likely to have grown recently

Almost half of proactive businesses have seen growth in the past 2-3 years, compared with only a quarter of those who have not started their journey.

% HAVE GROWN OVER LAST 2-3 YEARS



B12 How interested are you in becoming a more sustainable business? Non-journeys n=128; Reactive Journeys n=131; Proactive Journeys n=107

IMPLICATION

Sustainability is delivering a range of positive outcomes for those proactively embracing it

Lower costs, increased growth and an improved competitive position are all reported outcomes of sustainability.

Those who engage strongly in the practice clearly believe this is delivering benefit for their business.

Perhaps most interesting is that sustainability is seen as reducing costs for those who have invested in it – the very thing that those who have yet to begin believe it will increase.

A strong opportunity exists to harness this learning to overcome barriers to beginning the journey.

Growth going forward and narratives for PR

4

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The big learnings to power growth in sustainable business practice

Harness 'success on your terms'

People establish and run businesses so they can achieve success on their own terms – balancing work and life, pursuing passions, conducting themselves according to their ethics, for their communities and for their environment.

Help them feel that sustainable practice is the tool kit for unlocking these ambitions.

It's not as understood as it needs to be

Knowledge of the space is partial and many are unfamiliar with the social aspects. In fact many are already contributing in this space and don't think they are on the journey.

Help business understand the three pillars to more fully accept and embrace the importance of sustainable practice.

Proactive stages of the journey are what matter

When the mindset is proactive, things happen and results are seen. But it's probably less of a journey than we think. It's more about establishing the right mindset and jumping people to this stage. And once the mindset is there, desire for more and more growth will come in their practice.


Help people see the benefits that come from this stage rather than looking to transition through.

Costs are the barrier, but also the benefit


The thing that holds people back is the belief there are cost implications in sustainable practice.

The truth is there are huge cost benefits to be found. This story needs to be told to unlock growth.

A roadmap to growth



Sustainable business practice is the toolkit to help you achieve success on your terms



A clear definition of what it is, a clear definition of the benefits it delivers (cost out, growth in)



A focus on establishing the proactive mindset

Narrative threads for PR

4 in 10 businesses adopting sustainable practice have seen cost benefits

A third of sustainable businesses are seeing a competitive advantage

Sustainable businesses twice as likely to be growing as non-sustainable businesses

The regions are leading the way with sustainable business practice

Cost the main barrier to starting the sustainable journey, but this is the number one benefit seen by those engaged with it

Half of businesses not clear on what sustainable business practice includes

A third of businesses do not feel they are on the sustainable journey, but they are already doing things

Thanks for listening.



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