

The Marriage Of Sustainability And Company Success In The 21st Century

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Recently, Roger Corbett, the former chief executive of the F.W. Woolworth Company, said that recessions serve a purpose. They act as a cleansing process, weeding out old businesses and business practices "that should be allowed to fail."

We are already seeing a lot of this "cleansing process" happening in our country and around the world. And, although it may be painful, it is a process that likely must be undertaken to achieve future growth and success.

"Experience has shown [us that] economies that don't allow that cleansing process to happen bounce along the bottom for a long time, as Japan has for the past 20 years," adds Corbett.

Assuming Corbett is correct, what will the successful companies that emerge from the current recession look like? We may have a peek as a result of a new book called *SuperCorp*, written by Rosabeth Moss Kanter, author of several books, including *Confidence*, *The Change Masters* and *Men and Women of the Corporation*, and chairperson of the [Harvard University Advanced Leadership Initiative](#). She says the new business model will be companies that reward shareholders and employees, but also have a set of values and principles that serve to protect society, the environment and promote sustainability.

Although I am not here to promote Ms. Kanter's book, I do believe some of the points she makes have merit. For instance, she discusses several "vanguard companies," that already live these principles. Although several are mentioned, these include:

- [International Business Machine Corporation](#) (IBM) in the United States
- [CEMEX](#) in Mexico
- [Banco Real](#) in Brazil.

Along with sharing these values and principles that serve and protect society, another thing all of these companies have in common is financial success. Virtually all are doing well and have weathered the current economic downturn in relatively good shape.

Kanter says these fundamental principles serve as a "moral compass," providing guidance for these companies and offering significant advantages. Some of the benefits include these:

- *Competitive differentiation.* When loaning money or making investments, many banks focus primarily on two things: Getting their money back and making money by making the loan. Banco Real is different and has raised the bar. The bank also asks whether the loan

or investment will help society. This has attracted a higher caliber of companies to Banco Real with strong financial foundations that also have a higher purpose.

- *Public accountability and responsibility.* The successful companies of the 21st century will know about, care about and report about everything that goes into their products and services, including such things as labor conditions and the impact their products have on the environment from "cradle to grave." This greater accountability will draw end customers to the company and its products and help build brand recognition.
- *Talent magnets.* If given a choice where to work, today's college students typically say they want to work for a company that is environmentally responsible. Interestingly, the companies mentioned earlier — Banco Real, IBM and CEMEX — are considered some of the world's most environmentally responsible and most desirable employers. Lorenzo Zambrano, chief executive officer (CEO) of CEMEX, says, "After all, we want everyone [who works for us] to be proud of what they are doing and who they work for."
- *Long-term thinking.* Although I certainly do not want to get into the complex topic of what caused our current financial crisis, it is generally accepted that many people, banks, Wall Street investment houses and governments made decisions based on quick financial gains with little regard to long-term repercussions. The principles-based company of the 21st century will be concerned about present goals, including financial goals, but will also look beyond the short-term with eyes on the future and how decisions made today will impact tomorrow.

The concept of long-term thinking is actually much broader than this, according to Kanter. Sustainability for the successful 21st century company is not a buzzword, and it is far more than just being "green."

These successful companies will continually monitor their impact on the environment and their contribution to sustainability, always looking for new ways to improve their business operations. With this focus in mind, these companies will weather economic storms better than more conventional companies will, just as they have done recently, and emerge as the innovators and leaders of the future.

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