

## Making sense of sustainability

By Andrew Cave

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- **Chief executives uncovered**

At six syllables, "sustainability" is hardly the sexiest word on the planet, yet the term has come to be the year's favourite business buzzword.

Sustainability has become an all-embracing term covering efforts to solve the world's social, environmental and economic problems. But what does it mean?

Interviews with 66 chief executives, including 58 who head FTSE 100 companies, reveal they disagree about it just as much as the rest of us.

James Murdoch, chief executive of BSkyB, falls firmly into the environmental camp, but stresses that this is for solid business reasons.

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"Sustainability for our business is first and foremost about being customer-driven," he says.

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He adds: "You have to take it seriously and think through what you do. It doesn't mean wearing a hair shirt and it doesn't mean you have to stop people from ever taking a flight again. A lot of people look at corporate and social responsibility as a department that asks the company for money as a penance for it making profits. I think that's completely wrong. Acting responsibly is simply part of our business."

Sir Martin Sorrell, chief executive of advertising group WPP, has a similar definition. "We're the only company in our industry that produces a corporate responsibility report," he says. "If you want to build a business for the long term, you'll take into account the interests of all your stakeholders, so you're not going to foul up the environment, you're not going to annoy governments, non-governmental organisations or employees."

"If you're interested in making a quick buck, you're probably not going to do it. But if you are interested in building a business for the long term, it's a no-brainer."

Yet, sustainability is increasingly also applied to wider political and social dangers.

One prominent chairman of a top FTSE 100 company says: "I worry about the sustainability of the model I grew up with. I think there's a real threat to capitalism. Only about a billion people in the world participate in free markets. The other six billion are excluded from them."

"Capitalism has to prove that it's the best way to run an economy."

Brad Mills, chief executive of platinum miner Lonmin, is concerned about the sustainability of communities.

"My perception is that there is an increasing rift growing between corporations and communities," he says. "If you become divorced from your communities, it is potentially quite dangerous and threatening because corporations have no sense of loyalty any more and communities have become increasingly hostile to business."

"It is a fundamental threat to what has otherwise been a pretty sustainable market economy. There is an increasing backlash between this thing called capitalism and this thing called community."

John Richards, chief executive of property group Hammerson, argues that the term should not be monopolised by environmentalists.

"We must not forget this should be about economic and social sustainability as well as the environmental agenda," he says.

"I do get worried by the kind of eco-warrior mindset that says that if anyone does not have a zealot-style enthusiasm for it, or dares question the science of the environmental lobby, they have to be shouted down."

"There are some people who believe climate change is nothing to do with CO2. I don't believe that's correct but I do believe in free speech. I say to those people: 'What you can do today, to make a difference is not directly worry about saving polar bears, but you can turn the lights off and turn your computers off at night. If it all turns out to be wrong you still have a smaller electricity bill'."

Enlightened self-interest is what drives many chief executives to embrace sustainability as well.



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Andy Harrison, chief executive of easyJet, says: "It means growing your profits. The shelf life of chief executives who are not growing profits tends to be a lot shorter than that of those that do. In my mind, sustainability is about doing what's in the interests of your customers and employees. Over time this will translate into making more money."

Kevin Whiteman, of Kelda Group, agrees. "Everyone is talking about it but sustainability has to be about making profits as well," he says.

"People forget that. They only think about the green bit. We have got a long way to go to get behind what it means for business and the Government has a decision about how to manage it."

Paul Pindar, chief executive of Capita Group, says: "Clearly we have an obligation to society to be socially responsible, but do I wake up in the morning and think that the first thing I have to do is to be socially responsible? No, I do not, and if there are CEOs who do then I think they should go and get a new job. Do we recycle? Yes. Do we support charities? Yes."

Stephen Hester, chief executive of property group British Land, says: "Most people use the word to mean conservation of and renewal of resources and communities, though it often extends to charity as well.

"If you run a public company you have to show you care about it and in certain industries, like my own, it can be a real driver.

Steve Tappin, managing partner of the CEO and board practice at Heidrick & Struggles, says: "There is a wide division on sustainability down sectoral lines from most important business discontinuity to a perception that it is purely a passing PR fad.

"CEOs most actively responding to this include retailers battling for the green pound, property and energy companies."

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