

Institute for Economy
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What is true Business Sustainability?



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The good news: More and more companies and executives report that their commitment to sustainability is strong and increasing



- Top managers see sustainability strategies as necessary to be competitive (67%) (*MIT Sloan Manage.Rev./BCG 2012*)
- CEOs see sustainability among their top 3 priorities (36%) or even their top priority (13%) (*McKinsey 2014*)
- Companies address sustainability to align with their business goals (43%) or to manage reputation (36%) (*McKinsey 2014*)
- Companies publish sustainability/responsibility reports: 73% of the 100 biggest companies nationally, 92% of the Fortune Global 250 (*KPMG 2015*)

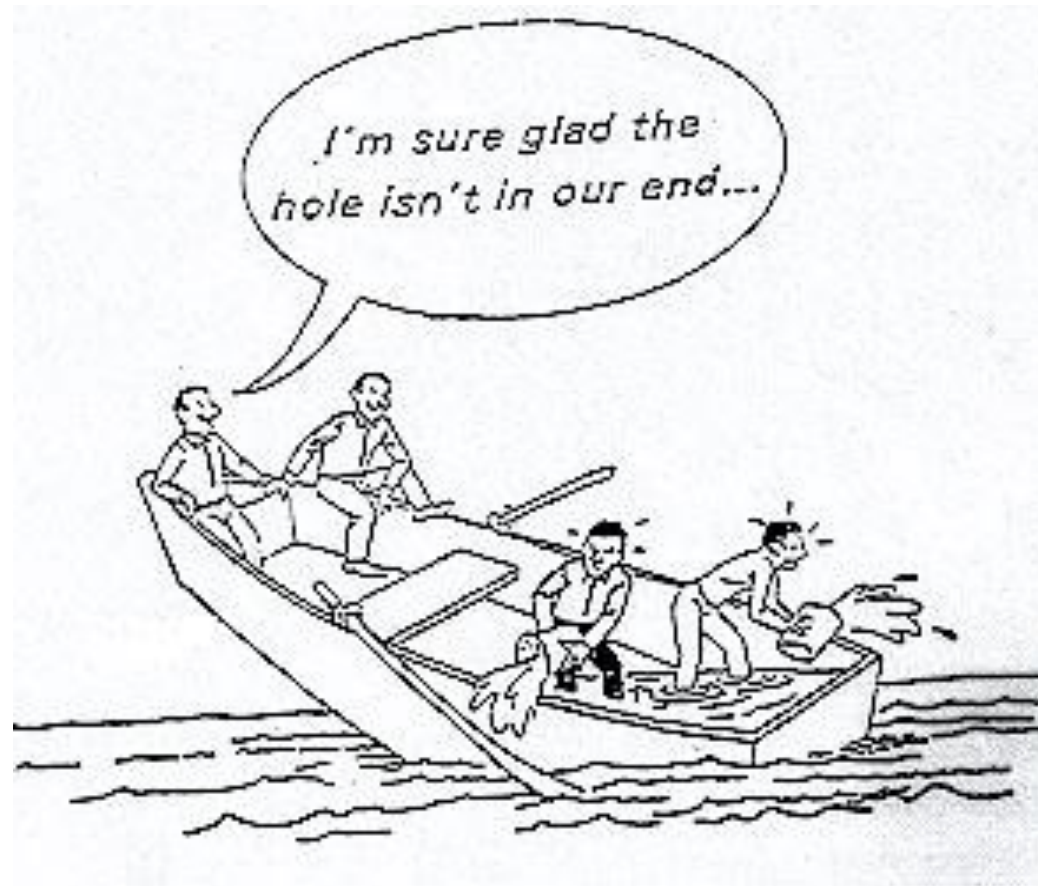
But somehow this good news is not reflected in studies monitoring the state of our planet

Humanity's Ecological Footprint



Earth Overshoot Day 2016: August 8

Vision 2050 by the WBCSD



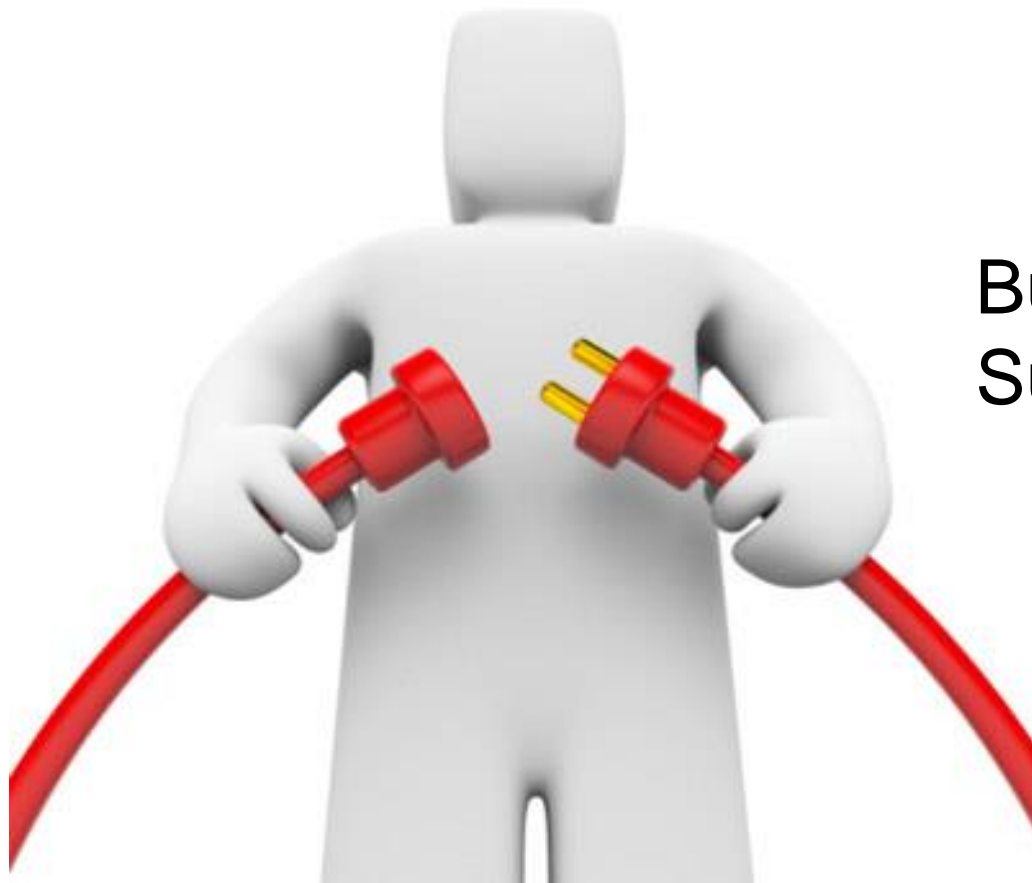
9 billion people living well and within the limits of the planet.

What results from this discrepancy between micro level progress and macro level deterioration?

The **big** **disconnect**

Sustainable
Development

Business
Sustainability



Shift 1: From BAU to BST1.0

Refined Shareholder Value

BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business-as-usual	Economic concerns	Shareholder value	Inside-out
Business Sustainability 1.0	Three-dimensional concerns	Shareholder value	Inside-out

↓ 1

"Corporate sustainability is an approach to business that creates shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments."
(SAM/PWC, Sustainability Yearbook 2006)

Shift 2: From BST 1.0 to BST 2.0

Managing for the Triple Bottom Line

BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business Sustainability 1.0	Three-dimensional concerns	Shareholder value	Inside-out
Business Sustainability 2.0	Three-dimensional concerns	Triple bottom line	Inside-out

2

“Business sustainability is often defined as managing the triple bottom line – a process by which firms manage their financial, social and environmental risks, obligations and opportunities (people, planet and profits).” (Network for Business Sustainability 2012)

Shift 3: From BST 2.0 to BST 3.0

True Business Sustainability

BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business Sustainability 2.0	Three-dimensional concerns	Triple bottom line	Inside-out 3
Business Sustainability 3.0	Three-dimensional concerns	Creating value for the common good	Outside-in

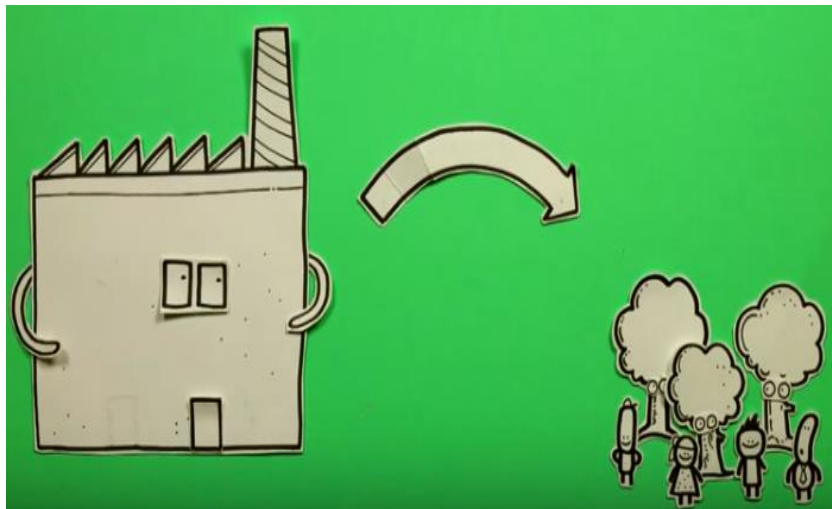
“Truly sustainable business shifts its perspective from seeking to minimize its negative impacts to understanding how it can create a significant positive impact in critical and relevant areas for society and the planet.” (Dyllick/Muff 2016)

The BST-Typology

BUSINESS SUSTAINABILITY TYPOLOGY (BST)	Concerns (What?)	Values created (What for?)	Organizational perspective (How?)
Business-as-usual	Economic concerns ↓	Shareholder value	Inside-out
Business Sustainability 1.0	Three-dimensional concerns	Shareholder value ↓	Inside-out
Business Sustainability 2.0	Three-dimensional concerns	Triple bottom line	Inside-out ↓
Business Sustainability 3.0	Three-dimensional concerns	Creating value for the common good	Outside-in
Key shifts involved:	1 st shift: broadening the relevant concerns	2 nd shift: expanding the value space	3 rd shift: changing the perspective

Outside-In: A Powerful new Perspective

Inside – Out



- Risks & opportunities for current business
- Materiality

VS.

Outside - In



- New white-space opportunities
- Focus on positive contributions

Developing «outside-in» strategies



- Different strategies
- New business models
- A new narrative inside the corporation
- Role of leadership and culture
- New forms of cooperation
- Adapting the rules of the game



„Let's do business,
like there is a
tomorrow.“

«Every single social
and global issue of
our day is a business
opportunity in
disguise.»



Literature

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