

*A Better World,  
Through Better Business*



Center for  
Sustainable Business

# Sustainability and Innovation

*Signs of an industry-level  
transformation*

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# Sustainability and innovation: Companies are embedding sustainability into core functions

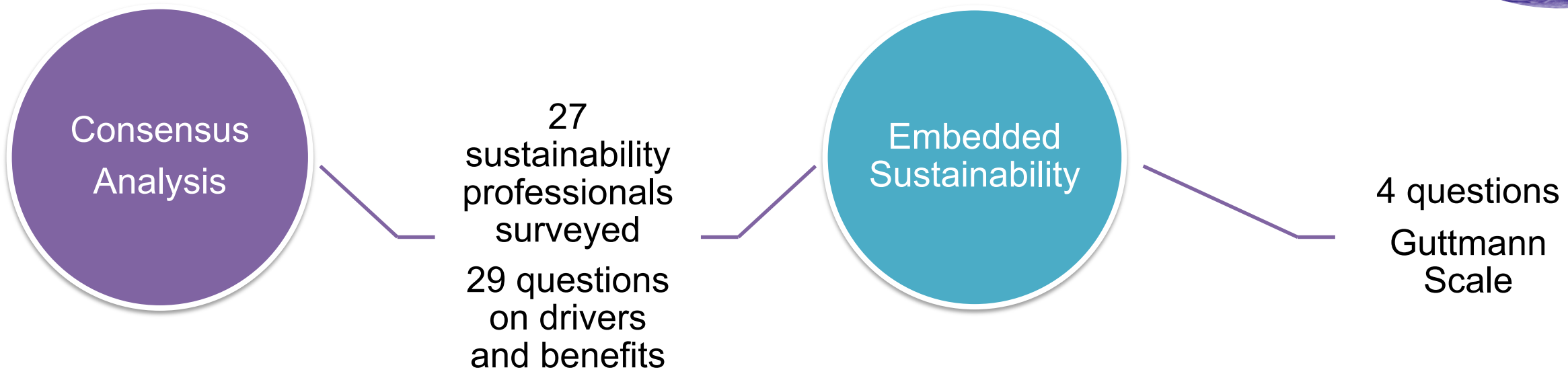


## Sustainability in the business world

- Companies are embedding sustainability into core functions and their strategy more than ever before.
- Are we at a tipping point?
- Yet why are some companies leading, while others lag?



# (1) How well known are the drivers and benefits of sustainability-driven innovation?



**Research partner**

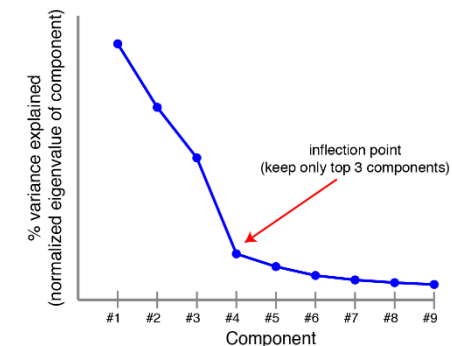
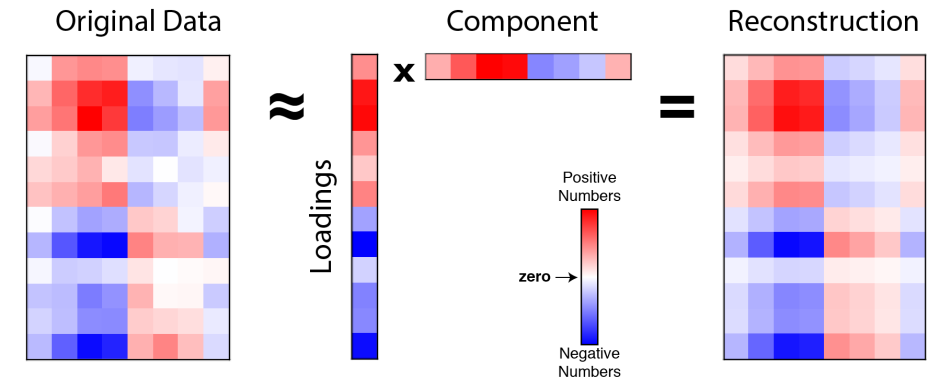
The logo for GLOBESCAN, featuring the word "GLOBESCAN" in a sans-serif font with a dark blue square behind the "CAN" part and a white curved line underneath.

# (1) How well known are the drivers and benefits of sustainability-driven innovation?

**Result: We found an overwhelming agreement among professionals *regardless* of how embedded sustainability was where they worked or their expertise.**

## Results

- There was a consensus since the eigenvalue ratio of the first two factor loading was 5.06, with respondents having an average competency score of 0.62.
- We could not statistically discern whether the variation in responses was related to embedded sustainability where the respondent worked or his or her expertise.

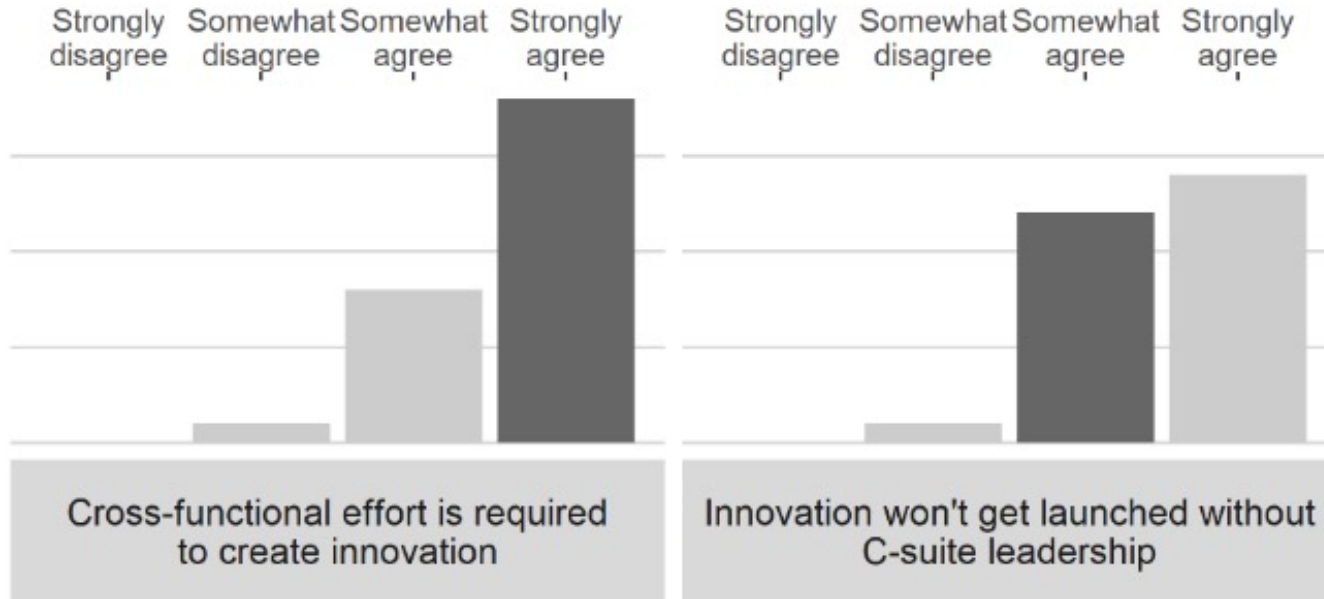


Van Holt et al. 2016, The expert effect in cultural models shows that expertise can drive knowledge.

# Insights: Highest consensus drivers



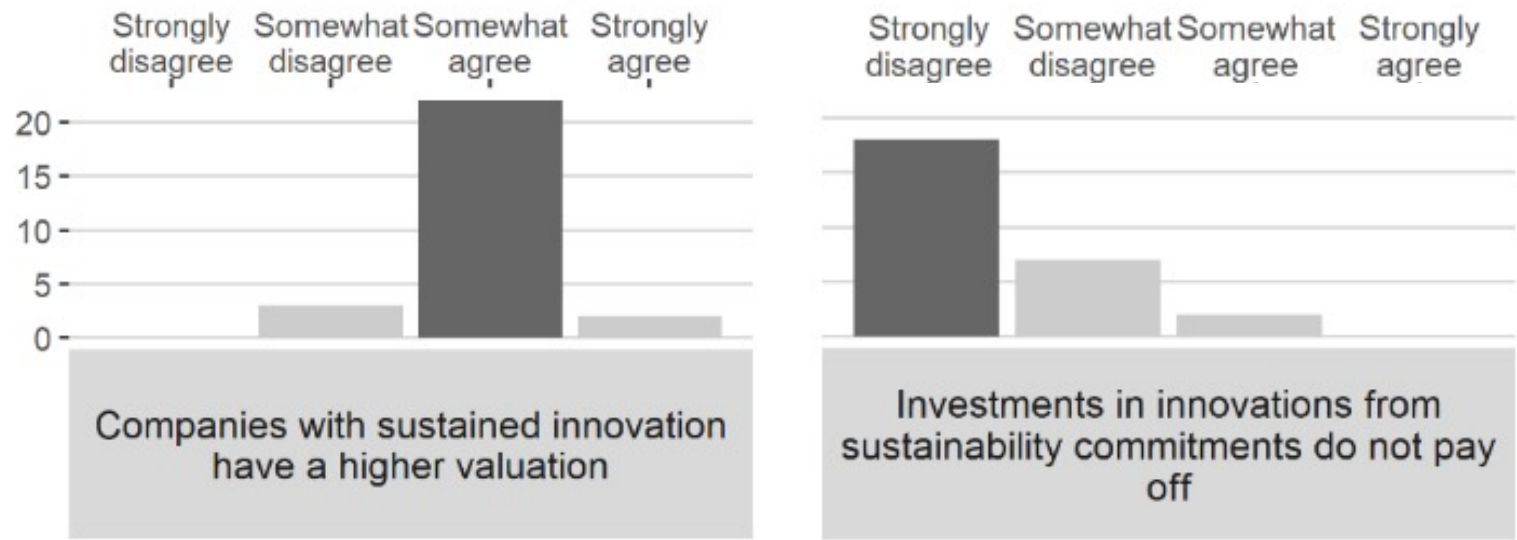
Innovation starts from within the company: Respondents agreed most with statements on internal drivers.



# Insights: Consensus benefits



Financial benefits were clear, according to respondents, including higher valuation and more profit.



**If the drivers and benefits of sustainability-driven innovation are common knowledge, then why do some companies lead, while others lag?**

# (2) What strategies are sustainability professionals using to challenge the dichotomy of managing for profits or sustainability?



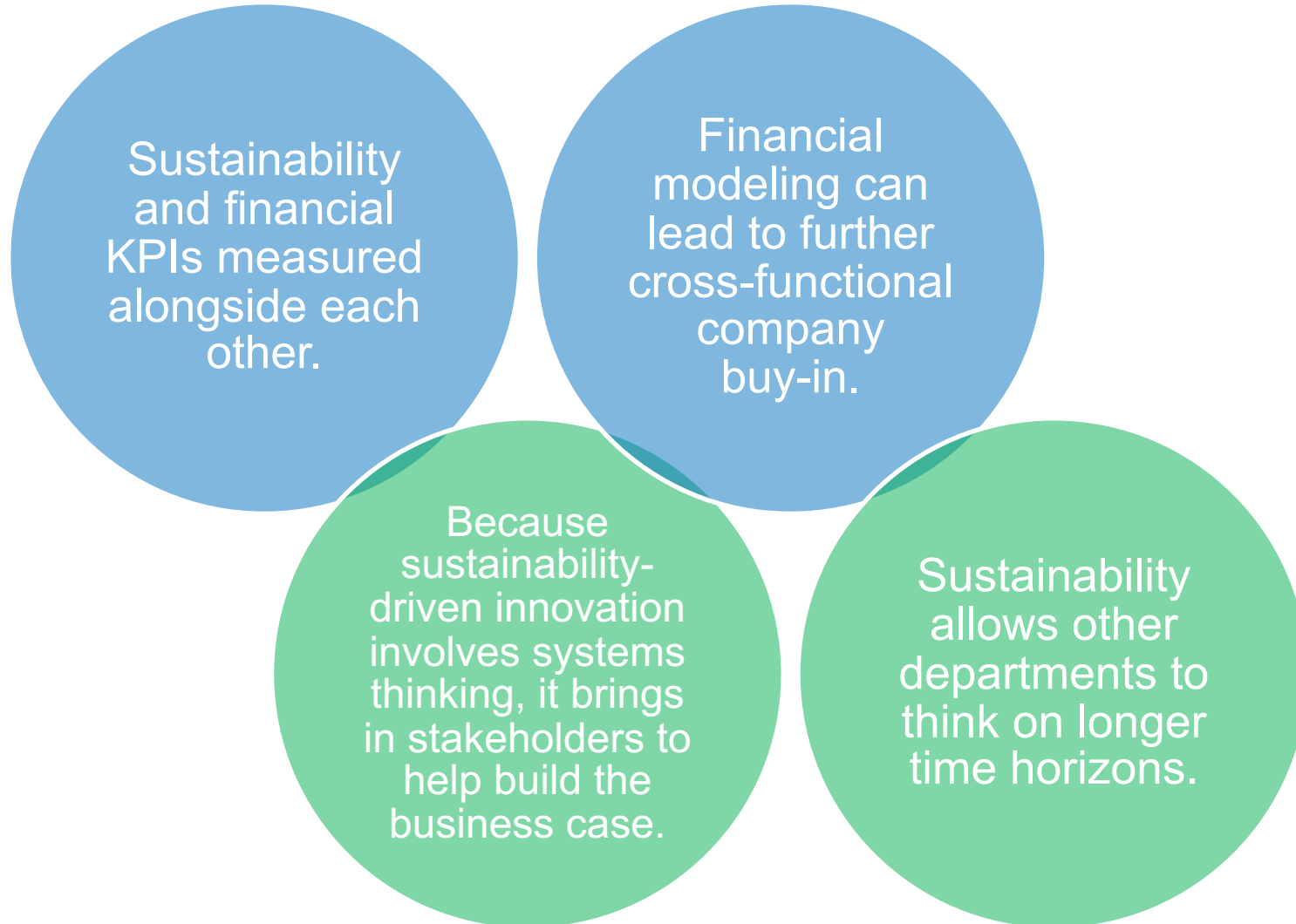
## Industry partners

- Sustainability professionals from corporations across multiple industries (including ride-sharing) such as:





# We identified four strategies that borrow from the profit and sustainability side of businesses



We identified **four sustainability strategies** that borrow from the **profit** arm and the **sustainability** side of businesses that may help to transform the industry.

Sustainability  
and financial  
KPIs measured  
alongside each  
other.

*We've got ... **goals** around [retention], carbon footprint, number of people in income improvement programs, water use ... **they sit as peers with all the financial and other non-financial goals that are on the leadership teams dashboard.***

*—Kevin Rabinovitch,  
Global Vice President,  
Sustainability, Mars, Inc.*





Financial modeling can lead to further cross-functional company buy-in.

*We set a goal to develop a model to help our mills better understand the full cost of using water in our facilities. ... Then, our finance person teamed up with us, and she helped us improve our consistency with which we do financial accounting across the organization with resources like water.*

*—Brian Kozlowski,  
Senior Manager, Sustainability  
Performance Optimization,  
Domtar.*





Because sustainability-driven innovation involves systems thinking, it brings in stakeholders to help build the business case.

*Sustainability people, so to speak, are typically ... **really ... good at systems thinking**, and that is not something that ... most people in businesses who have been there for a long time, who get “siloeed” into a day-to-day kind of task or particular KPI [are good at].*

*—Barruch Ben-Zekry,  
Director, Sustainable Business  
Value, VF Corporation.*



Sustainability  
allows other  
departments to  
think on longer  
time horizons

*Our time horizon is fundamentally different than lots of other parts of the company which are more on a quarterly to yearly basis. Our time horizon is a **5–10 year payoff**. ... So it actually adds value to the company because ... the incentives aren't there [for others] to think in those time horizons...  
—Sustainability Manager.*

# Are we at a tipping point?

## Conclusion

- We have the precursors of a tipping point.
- Knowledge is shared.
- We still only see a handful of examples where companies are addressing the paradox of profits and purpose.
- Understanding paradoxes may hold the answer to unlock and further embed sustainability into business.

## Thank you!

For questions get in touch with me:

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# Acknowledgements



- We also thank Paula Luff (Inherent Group) and John Gavin (Merck) for reviewing earlier drafts of the survey, and GlobeScan for administering the online survey.