



The 7 step program

Are you future ready? Sustainable business practices will help business ride out the downturn and thrive in a climate restricted world. Daniel Atkins provides the checklist.

The Japanese Kanji symbol for 'crisis' is derived from the two words 'risk' and 'opportunity'. It's an apt description of the challenge facing business, both in surviving the current global financial meltdown and navigating a carbon-constrained world in the years ahead. Those who get it right in the short and long term will be well-placed to benefit from a variety of significant opportunities. So what is the latest business case for sustainability?

1. Refine your strategy

Many organisations have begun developing strategies to survive the downturn and, in doing so, are beginning to ask fundamental questions such as: What sort of business are we going to be? How are the long-term rules of the game changing? What does a sustainable company need to be?

One of the biggest mistakes is taking a tactical, 'fire-fighting' approach to running a business when times are tough. It may seem essential but can consume limited resources inefficiently and leave a business open to a barrage of risks. Taking a strategic approach focuses on what is important now and positions the business to realise future opportunities for long-term growth and sustainable competitive advantage.

Action: Engage internal stakeholders to identify where the company can effectively manage risk and harness the benefits in changing market conditions.

2. Know and manage your risks

Continuing to focus on the key strategic risks helps build resilience and adaptability. Climate change-related risk is one of those emerging key areas where businesses have yet to fully understand how it will impact across all parts of their organisation and supply chain.

Action: Integrate climate change consid-

erations within the risk management framework; build resilience in the value chain by engaging suppliers and other key stakeholders around scenario analyses. Preparation and risk analysis now helps minimise future costs as well as the magnitude of change required.

3. Optimise your opportunities

The current environment presents opportunities: rivals may be cutting their marketing, HR, operational and capital budgets to free up cash flow, significant changes to the regulatory environment will increase energy costs and new markets are emerging as consumers look for alternative products and services.

Action: Undertake a strategic opportunities analysis to determine short-, medium- and long-term priority initiatives and their respective return on investment.

4. Brand and reputation

Customers like certainty and this is the perfect opportunity to demonstrate 'strength in adversity' by strategically marketing your brand. Doing so will retain customer loyalty and possibly capture greater market share. Embed long-term sustainability into your brand strategy, being sure to avoid 'greenwash' by implementing any required changes in your business' value chain, from procurement through to distribution.

Action: Look at the evolution your brand strategy may need to thrive in an economic and climate restricted market.

5. Redistribute costs, build capability

The next step is to apply the Pareto Principle – focus on the 20 per cent of your activities that deliver 80 per cent of the revenue and value. This means redistributing your costs to focus on the

highest value-adding activities, products and services. Note that this is different to cost-cutting. Most will be cutting back their training budget, but where you can't afford to bring in new people and expertise you need to adapt your workforce to the changing needs of the market through retraining and repositioning.

Action: Engage your organisation to identify areas with the highest value adding potential, then re-distribute your focus, resources and workforce.

6. Access to capital

Access to capital and debt funding is much harder than ever before. Businesses should be looking at non-traditional sources of funding, such as the Federal Government's \$240 million Clean Business Australia Initiative to fund initiatives that deliver profitable solutions to climate change.

Action: Determine which Federal and State funding programs best fit the company's strategy, risk management and opportunities profile.

7. Listening to your customers

Even through an economic downturn people's core values do not change. While focusing their finances on the things that are important to them, their demand to see both government and business take a lead in sustainability will continue to increase. Consumers will prioritise products and services that reduce their overall expenditure and meet their core values.

Action: Identify opportunities to gain differentiation through sustainability or products and services produced sustainably that meet consumer price expectations.

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