



O X F O R D

Sustainability and  
commercial growth...  
**myth or reality?**

# The burning question

The rationale for sustainability has been linked to commercial growth since its emergence on CEO agendas nearly 20 years ago.

**Over the last two decades, sustainability has become increasingly important within companies, with almost half of Global 2000 companies now having committed to achieving net-zero emissions by 2050. However, the impact on the bottom line remains hard to calculate, stifling further investment and the ability to scale sustainable products and services.**

As the threat and present-day impacts of environmental crises like climate change become ever more apparent, business leaders and consumers are increasingly grappling with fundamental questions of how growth and the safeguarding of our collective future can be achieved at the same time.

How can we safeguard our future and achieve growth at the same time?



# Thank you

to the contributors who took part in providing the insights for this article





I wouldn't say we are at the point where it's been proven that sustainability can lead to commercial growth. I think we're starting to get some maturity into the question, if not the answers.

# A bit about us

The objectives of sustainability and commercial teams, are increasingly intersecting – but rarely aligned.

Kite Insights works with sustainability leaders and teams in businesses to make sense of, take a stance on and build the capacity to act on the issues that matter.

Oxford works with commercial and marketing teams to balance people, planet and profit.

We're working together to better understand what is holding companies back from aligning their sustainability and commercial strategies.

We've worked with a wide range of companies and interviewed more than a dozen senior business and sustainability leaders from across the CPG and pharmaceutical industries about their experience driving sustainable commercial growth. We shared our early findings at the ChangeNOW Summit in May 2023.





# What answers do we have?

In this article, we summarise what leaders told us during 2023.

**You'll learn the significant barriers they see to aligning sustainability and commercial growth agendas, and the implications of those barriers for businesses, regulators and society more broadly.**

We also provide a view on how companies can tackle these challenges head on and begin to pave a more concrete and realistic path to sustainability-driven growth.

We help companies tackle challenges head on



THE CLIMATE IS  
CHANGING.

WHY AREN'T WE?





# 1 The fear factor

sustainability can be scary



# 2 It's not a priority

especially when times are tough



# 3 Shhh...


better say nothing than get it wrong





We have set a vision and targets but it's a tough nut to crack to embed the behaviours, processes, thinking to make this vision a reality.

**Sustainability Leader, CPG**



# 1 The Fear Factor

sustainability can be scary

When it comes to addressing the scale of the challenge of putting sustainability at the heart of commercial growth, ignorance may be bliss.

Leaders fluent in sustainability know that aligning their commercial goals with global climate and environmental goals will require widescale transformation of their businesses. This reality is widely acknowledged across the private sector, but the impact of the transformation on the day-to-day operations of companies vary widely. In other words, sustainable transformation will look and feel different depending on the nature of the business.

But some industries face more existential challenges: their product or model might be fundamentally unsustainable.

Fast fashion has faced public and media scrutiny recently for a model that relies heavily on water, cotton and other natural resources at one end of the value chain while offering few opportunities for consumers to recycle or upcycle clothing at the other end.

**In healthcare, regulation restricts the type of materials used in product and equipment manufacture. Evolution in the industry will come not just through company-led transformation but through education of and collaboration with policymakers.**

# ....and it's still a relatively new concept

Within companies, sustainable transformation requires alignment among internal decision-makers and the broader employee base.

Unlike commercial goals, where most people in the company speak the same language, sustainability is a relatively new practice, with its own terminology and standards. Employees will need to learn the basics of sustainability as well as what it means specifically for their job and function. This represents a massive upskilling of the workforce in a short time period, all while still performing their commercial role.

Helping employees get on the same page also means aligning on what sustainable success looks like – tied to success for the business.

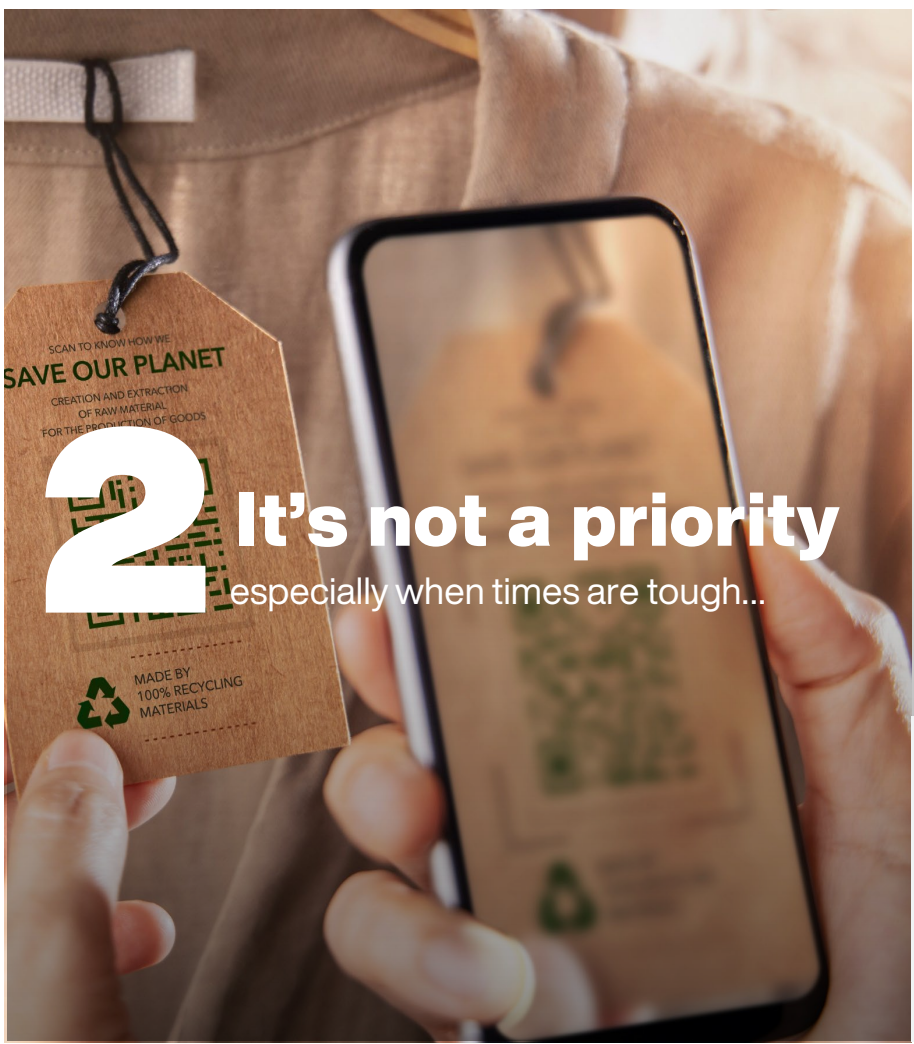
In the absence of common accounting standards and metrics for sustainability, organisations and their employees often need to find their own way toward measuring impact. Companies need to establish clear links between commercial and sustainability metrics or risk diverting resources to actions that don't make sense for the business or have dissipated, lower impact.



Some of our employee engagement teams were coming up with schemes about how we can switch everybody to electric cars. But that is not the role that we have as an organization, if we focus our energies on how we can use less plastic and make sure that our products have a lower footprint, that's the role that we have as an organization and a company.

**Managing director, manufacturing company**





# 2 It's not a priority

especially when times are tough...

Most CSOs today say their CEOs support their agenda, a good indicator that sustainability is a priority within companies. But leaders we spoke to also told us that certain factors limit its prioritisation, especially during more challenging economic conditions.

Navigating mixed signals from consumers is one of the most pressing challenges of integrating commercial growth and sustainability agendas.

It is important to recognize the gap between what people say they want and what they do, and to stay sharp in understanding how consumer preferences drive transformation.

**When consumers choose less sustainable options at lower prices, companies are hard pressed to find a viable sustainable commercial model.**



A lot of the research says that consumers care about this as an issue. However, all of that consumer research says that when push comes to shove, they care more about price and they care more about quality than they do about whether this particular good or service that they are buying is good for the planet or not.

**A brand purpose and sustainability executive**

# ...and it can be costly

Currently, companies may also propel this attitude by treating sustainability as an additional cost consumers need to absorb.

**Many sustainability initiatives are too immature to deliver investment return on their own or have simply failed to develop into viable business models.**

A major beverage producer told us that while bottle recycling is clearly their top environmental issue, investing in recycling has so far failed to deliver returns.

When facing lower profits and cost-cutting measures, these investments become harder to justify, further preventing many sustainability initiatives from reaching the maturity needed to result in both profit growth and lower cost of production.

**Companies can deprioritise sustainability initiatives relatively easily if their incentive and rewards systems don't include related targets.** Most executives within the companies we spoke to, didn't have remuneration targets linked to sustainability.

Pressure from outside companies to link pay to sustainability is on the rise, with investors increasingly voting to add diversity and inclusion and climate targets to executive pay-outs. These incentive measures can cascade throughout companies, linking sustainability to performance beyond just the c-suite. But as accountability for meeting targets is diluted, companies need to make sure they don't push responsibility for sustainability on employees without the skills or knowledge to meet them.

# Make the sustainable choices more attractive

Companies are cautious not just of the commercial implications of industry collaboration but of their positioning overall vis-à-vis sustainable products.

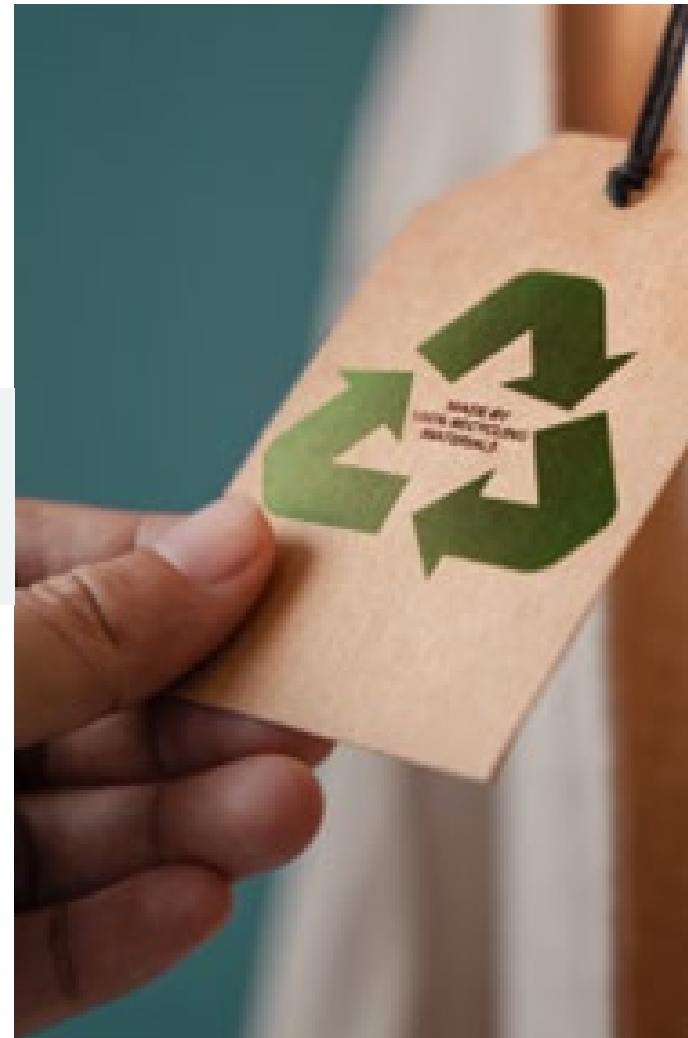


There is a bigger question for me. We can't hold on to a growth model and also reduce the draw on resources on our planet; the two things don't work together.

**Brand purpose and sustainability executive**

In other words, can companies claim their products are sustainable if they continue to propel economic growth based on production and consumerism?

Re-imagining growth is increasingly making its way to mainstream agendas, most recently [discussed by members of the EU Parliament](#). But while policymakers re-imagine economic models, businesses may do well to consider not just the sustainable implications of each product but the choices they offer to consumers to pursue a lifestyle that minimises negative impacts on the environment and society.







# 3 Shhh...

better say nothing than get it wrong

## **Small and large companies have different advantages (and disadvantages) in integrating sustainability within their organisations, with large companies facing a heavier burden of leadership.**

Consumers and the public-at-large are quick to point out inconsistencies between what a brand says about its sustainability and what it actually does. Concerns about public reaction can lead to “greenhushing,” when companies restrict communication about their sustainability to avoid accusations of greenwashing. The concerns go beyond branding, as regulators in regions step up penalties in certain industries for greenwashing.

But regulation can be a positive driver of change for companies, too. Sustainability leaders welcome it as a means of increasing urgency within their companies to set more ambitious environmental and social agendas

As regulation moves from theory to reality, especially in the EU, leaders emphasised the need to ensure everyone in the company has the knowledge and tools to comply.

It's absolutely OK to have game rules. It will help us to do better work, but they have to be clear, they have to be useful and they have to be at least consistent at the regional level.

**Global Brand and Sustainability Lead**



# ... or can we collaborate on industry challenges?

For many of the leaders we spoke to, the complexity of sustainability, including regulation, called for increased opportunities to collaborate with peers and industry leaders.

Some of the interviewees suggested that sustainability leaders embrace a platform, rather than a pipeline approach, mirroring the tech industry's open-source model.

Not all leaders we spoke to were ready to go that far though, noting tensions between sustainable commercial growth and industry collaboration. *Would two soda giants share IP for a universal refillable bottle, one leader asked?*

We've yet to see collaboration at that scale, but its potential for game changing transformation is tantalising.

Collaborating with other players in the market and forming a coalition to work on sustainability issues together would be a dream, but is very complex to achieve in real life.

**Senior leader at a manufacturing company**

I think it's important to note that we don't expect to achieve those ambitions alone. We've all got the same sort of challenges, and we want to collaborate to help solve them.

**Global sustainability director of a leading consumer product manufacturer**



REUSE  
RECYCLE  
REPEAT

# How to do this



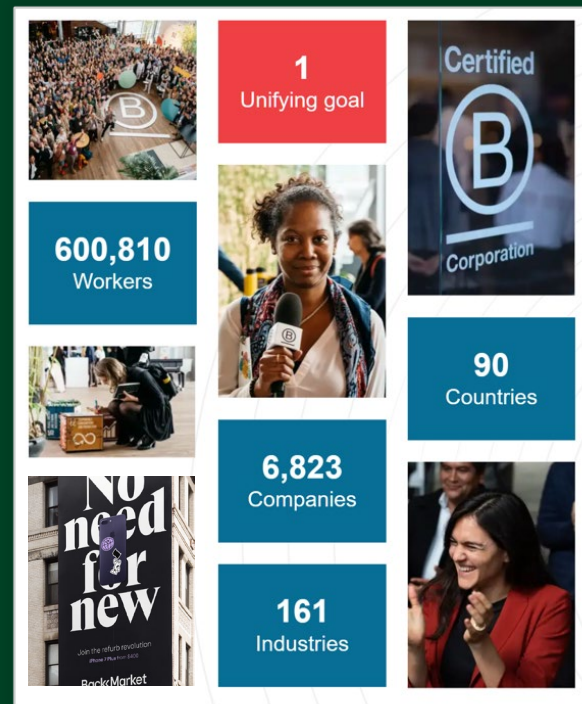


# Whilst merging sustainability and commercial agendas is complex and challenging, we are seeing positive indicators

New companies tackling traditional consumerism models

Collaboration within sectors that couldn't have been imagined even 5 years ago

Mission based organisations, like B Corp, are expanding rapidly



# Six steps

to align your commercial  
and sustainability agendas

# 1. Make it relevant to your core business

Sustainability strategy has to be core business strategy, especially if you are going beyond basic sustainability hygiene factors (e.g. sustainable packaging).

Those companies who have been successful in putting sustainability at the heart of commercial strategy have linked it to category benefits.

**A good place to start is the UN Sustainable Development Goals.**

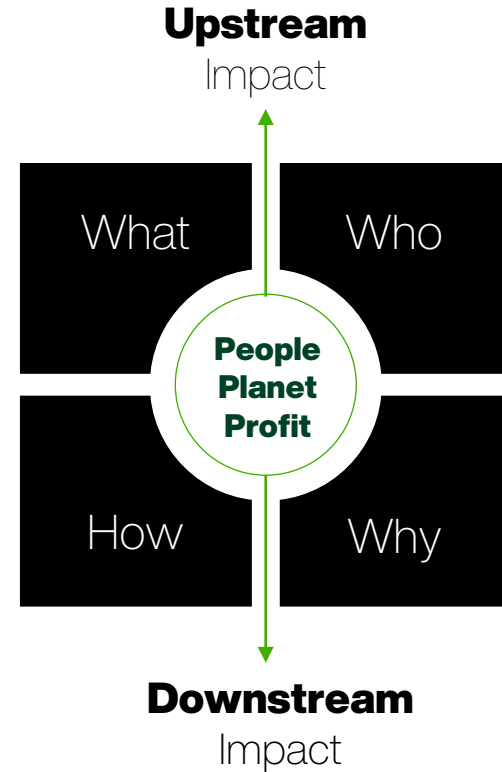
Which one is most relevant to your category? How are your products better than others at delivering the category benefit, relevant to the sustainability issue?





## 2. Re-invent the framework

Commercial teams make many decisions to commercialise and maximise returns from products. Typically, business processes and frameworks are used to do so (e.g. annual planning, channel strategy etc). We now need commercial teams to have a wider view of the impacts of their decisions, beyond just financial. We need to build new processes and frameworks that help commercial teams see further back upstream and further forward downstream of the choices they make so they see the sourcing, CO2, community, waste, useability etc implications, alongside the financial ones.



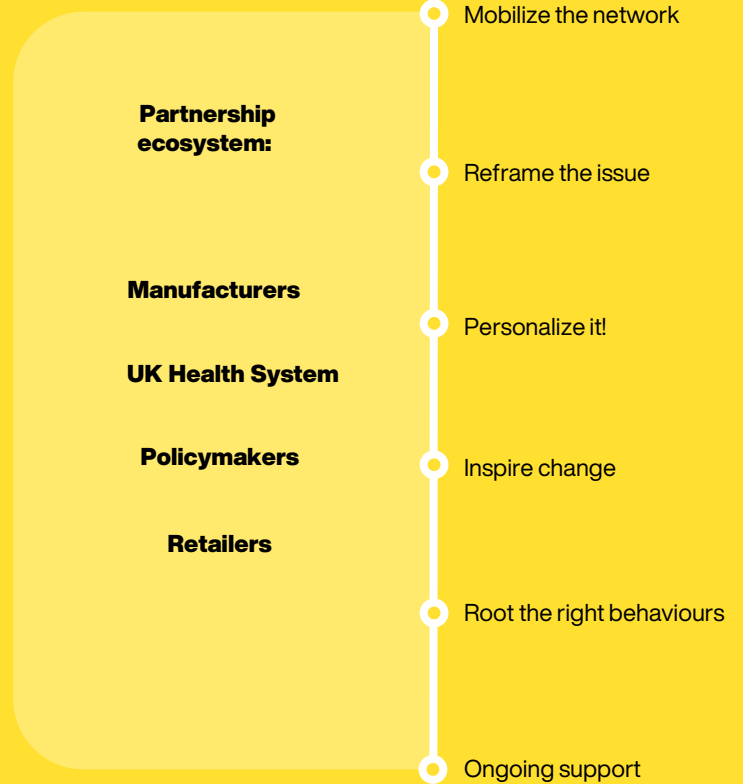
### 3. Don't solve the problem alone

Identify companies and organizations to partner with, including competitors.

Doing this will help change wider practices in industry and ultimately enable better purchase and consumption behaviour.

This doesn't mean having to share company intellectual property – share insights and learnings, supply chain processes to enable and accelerate the desired change.

**Agree the role each partner can play in enabling the desired end goal.**



## 4. Plan the change in simple steps

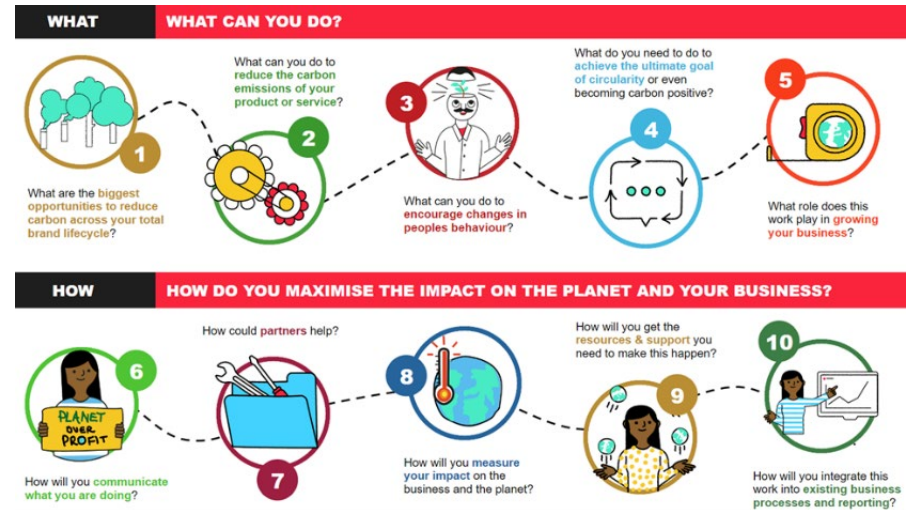
### Major change is complex.

It helps to break it down into small, manageable steps.

Consider where you are now and where you want to be in 5 years and then plan the key steps to getting there.

### Think about practical enablers at each step.

For example, roll out basic sustainability training to employees now, so they're ready for more complex regulatory and commercially-driven changes later.

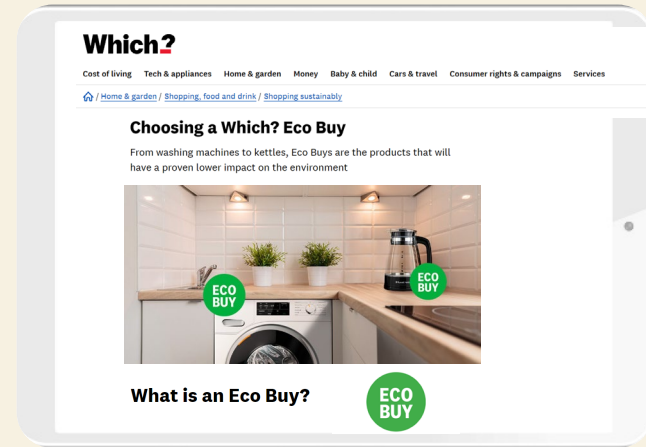


## 5. Help people make better choices

One of the biggest tasks facing organisations is to help consumers change their behaviour for good, by making better choices easy.

This will obviously include price considerations but also by making more sustainable options mentally and physically available.

**A very good example is the brand Who Gives A Crap, a BCorp who make their product from sustainable sources like bamboo,** deliver direct to your door and 50% of their profits go to building toilets and access to clean water in the developing world.



## 6. Be honest and transparent about progress

Perhaps the most important thing is to be honest about what you are doing and acknowledge what still needs to be done.

**Share your ambitions, your successes and your failures.**

Ask for help to enable your mission. You will attract a whole new group of people in this way, who want to be part of doing what's right.

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THIS JACKET**



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# In summary

Six practical enablers  
to align your commercial  
and sustainability agendas

- 1.** Make it relevant to your core business
- 2.** Re-invent the framework
- 3.** Don't solve the problem alone
- 4.** Plan the change in simple steps
- 5.** Help people make better choices
- 6.** Be honest and transparent about progress

# About us

Founded in 2012, Kite Insights helps organisations take thoughtful action on the issues that matter. Through cutting-edge content, learning and education programmes, event curation and coalitions, we prepare organisations and their people for transformation.

Find us at [kiteinsights.com](https://kiteinsights.com) or send us a note at [fly@kiteinsights.com](mailto:fly@kiteinsights.com).



Oxford is an independent global strategy and capability consultancy, specialising in behaviour change. We work with a wide range of commercial organisations to help them deliver growth which balances people, planet and profit.

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