

The new imperatives for sustainable business: stand or fall

Sustainability is rapidly becoming a strategic focus for modern business that recognises sustainable business is good business. And the global business environment is looking to companies that can strengthen economic returns with sound environmental, social and governance outcomes.

The fact is that sustainability must move from the periphery to the centre of business. Where once sustainability was concerned with cost, compliance, investor relations and reputation branding, it must now become core strategy. Business, across the board, must become sustainable business.

The majority of business has always drawn on natural and social capital, without accounting for it. These factors impact the business, but have been unmeasured and unmanaged.

The mining industry recognised this early. The close relationship of mining operations with the environment, and often with local communities, has required it. The development of the Mining Industry Code is evidence of the industry's determination to come to grips with the key sustainability factors.

The Minerals Council of Australia (MCA) 2000 code of environmental practice and others like it, such as the Australian Petroleum Production and Exploration Association (APPEA) 1996 code, is only the first phase of the sustainability challenge.

The code has been driven by the 'license to operate' concept - the need to meet rising global community expectations of corporate citizenship with respect to the environment and the people with which a company is associated. Defining operational standards, identifying measures for them, and reporting performance of these measures as part of the annual reports has laid a stable foundation for sustainable business practice.

However, there is also a second phase and emerging leaders are beginning to grasp it. Prior to the focus of the mining industry on better and more sustainable operations, sustainability factors were certainly having an impact on business. The risks that went with sustainability were only partly recognised, measured and managed and their existence tended to be highlighted only in the major events that grabbed headlines.

By putting the MCA Code in place, the industry has in effect acknowledged that these risks have always existed and need to be better managed. Of course, mining is not alone. This is also true for resources, manufacturing, agribusiness, and building and construction industries.



Dr. Geoff Wells
Academic Director of the Graduate Certificate of Sustainable Business at the University of South Australia

Although such frameworks were primarily directed to meet the licence to operate requirements, it was always clear there would be business benefits. Significant reductions in any kind of business risk delivers increased economic value and sustainability risk is no exception. But this business impact was not systematic or comprehensive. Uncontrolled sustainability risk still threatened returns and the share valuations based on them.

Now, in phase two, this is changing. In the global business environment that is now emerging, systematic control and incorporation of sustainability factors into all management disciplines is critical. The task is to determine what builds sustainable business - sustainable accounting and finance, sustainable strategy and marketing, sustainable operations and production, sustainable people and stakeholder management.

Innovative management tools and frameworks, such as those being developed at the University of South Australia's International Graduate School of Business, will be required to handle systems that are large, powerful, complex, interlinked and volatile, across the global physical and economic environment.

The Graduate Certificate of Sustainable Business is one such pioneering program designed to prepare business leaders to build financially successful, socially responsible and environmentally sustainable enterprises.

Consisting of four online courses, the program focuses on issues of sustainability and integrates environmental, ethical and social values with business skills and management techniques that are particularly applicable to the current business and environmental situation.

Business as diverse as electricity providers, defence contracting and agri-business are seeing the benefit and capitalising on the course offerings. Young upwardly mobile managers see sustainable management as the future and the university hopes to expand the four course topic to include a full masters program in sustainable business in the near future. As the global commodities boom shows signs of slowing - as it inevitably must - the emerging

global imperatives for sustainable business will present powerful new risks and opportunities to the industry. Such training and expertise will soon be highly sought after as forward thinking companies realise the benefit. Sustainable business must move from compliance to incorporating sustainable business as a major strategic issue.

Those companies that accept the challenges to reconfigure their business around sustainable models will be the market leaders. Those that don't will fail.

Dr Geoff Wells is Academic Director of the Graduate Certificate of Sustainable Business at the University of South Australia

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How sustainable is your future?

Sustainability is not just about the natural world. Today's environmental discussions and responsibilities also include the business environment.

In fact, if your business is not sustainable, it has no future.

Undertaking a Graduate Certificate of Sustainable Business at UniSA will help you develop the necessary skills and knowledge required to gain a competitive edge.

We'll provide you with the ability to:

- > understand both the risks and opportunities for business of emergent climate change.

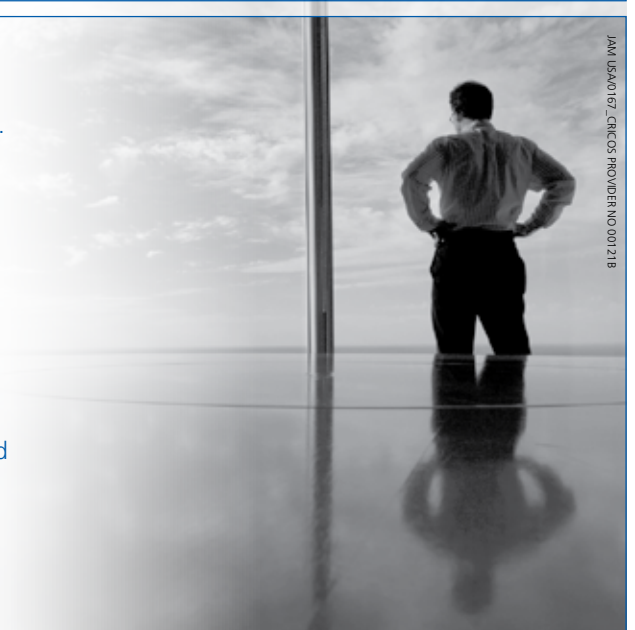
- > undertake and evaluate carbon emissions valuation models for an organisation.

- > identify the strategic issues and policies impacting on an organisation in the Sustainability Age.

- > leverage the economic value of sustainable business approaches.

- > advance your career.

Sustainability means longevity in business for your career and generations to come.



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