

7 Strategies Businesses Can Use to Be Profitable and Sustainable

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Implementing sustainable practices into your business isn't just about recycling, going paperless, or minimizing plastic usage (although those things are great) – it means developing a strategy that improves the environment and drives value across multiple areas of the business.

Here are seven strategies companies can use to remain sustainable and profitable.

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1. Focus on creating value, not just revenue

Many companies focus on driving revenue first and creating value second. But it should be the other way around. Leading with your values and delivering consistent results builds consumer loyalty, and, ultimately, revenue.

So what do consumers value? Nearly 80 percent said they consider sustainability (of a product, the retailer, or the brand) when making at least some purchases.

And it's not just the quality of the product or service. How a company acquires new customers, chooses suppliers, prioritizes data privacy, and elevates customer experiences are

increasingly becoming essential factors behind customer loyalty.

2. Get vocal about your passions

A humanistic approach to customer experience can go a long way. Consumers have social, environmental, health, and other causes they are passionate about. If their values align with your company's, they're more likely to work with you.

Need proof? Eighty-seven percent of American consumers will make a purchase with a company because they advocated for an issue they care about, so these efforts are likely to convert to revenue.

Several businesses have incorporated eco-friendly practices directly into their brand. For example, Macy's has been a longstanding advocate of education and recently announced its commitment to spend \$5 billion by 2025 in its effort to create a more sustainable and equitable future, which includes raising minimum wages and fully-funding college for employees.

Lush Cosmetics also puts sustainability at its core, from natural product ingredients to eliminating the testing on animals to rewards if customers use reusable tubs. Involving customers in the process makes sustainability easier to reach and dramatically increases loyalty.

3. Limit over-production

No business wants to see a surplus. Once there is a disconnect between what the market demands and what your business supplies, overproduction is imminent, which is the nexus for waste.

For example, the U.S. throws out nearly 11.3 million tons of textile waste annually. In 2018, H&M reported having \$4.3 billion in unsold clothes. Other top global brands, like

Nestlé, Coca-Cola, and PepsiCo, have been named the world's leading plastic polluters three years in a row by environmental watchdog Earth.org.

But overproduction and overstocking are controllable conditions companies can help avoid by listening to customers, performing risk analysis, and consistently evaluating supplier relationships.

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4. Spend more now to spend less later

When there is a demand for something fast, companies typically sacrifice quality for expediency. From fast food to fast fashion, they will use goods that are harmful to the environment but cheap to produce.

When companies are tight on cash or want to maximize spending, it's easy to default to cheaper options because of the immediate gratification. But they need to recognize that sustainable production can also be less expensive. Yes, the initial costs can be higher upfront, but there may be better options for long-term costs.

Customers want resilience. Sixty-six percent of global consumers said they're willing to pay more for sustainable goods. If a good is of better quality and has more extended longevity, then customers will be able to get more usage out of it, and they're likely to trust that company again when future goods are needed.

For sustainability, initial investments using more expensive materials and methods will lead to more significant long-term savings. Businesses need to work in strides and give new

processes time to work.

5. Measure everything as often as possible

Data should be at the center of every business strategy, plan, or project. Analytics helps you understand the market, analyze vendor performance, forecast demand, and improve the customer journey.

The proof is in the pudding. Roughly two-thirds of enterprise companies that have big data initiatives experienced decreased operational costs.

Businesses should constantly measure the three main pillars of sustainability:

- **Environmental:** what is the impact on the environment
- **Social:** how are employees and other people affected
- **Economic:** where is the value that translates into wealth

Customers expect sustainable businesses to know about the impact they have on the environment and have a plan to improve it. These companies are also expected to deeply understand social equity and care about employee balance and happiness.

Every leader needs to be involved, support the initiatives, and play an active role in producing positive sustainability results. By capturing these efforts via data, businesses know what is working and what areas need to be improved.

6. Stay connected with the public

The notion of “If it ain’t broke, don’t fix it” is not valid in business. That’s because companies should always be looking to improve everything they do – from how goods are produced to customer engagement to employee retention.

Businesses must stay connected to the public and aware of their concerns and interests, so they know how to best adhere to their requests. Sixty-two percent of customers feel emotionally connected to the brands they most purchase. Businesses need to return the favor and show customers that the feeling is mutual.

Employees equally want a voice. Leaders who allow them to be heard will have more diverse thinking, which increases knowledge sharing and can drive better decision-making.

7. Keep innovating and reinventing

The world is constantly changing. To keep up, businesses must be flexible with their processes and technology. Companies should be able to pivot without a severe impact on the organization. When businesses have models that prioritize innovation, they can become resilient to unexpected conditions.

Ninety-two percent of the U.S.'s small businesses reported reinventing themselves in 2020.

Some of the longest-standing brands we see today – Visa, Costco, Madonna – have the same thing in common: consistent successful brand reinvention. Whether it is a new look, product, or expansion into new markets, longstanding brands and businesses prioritize reinvention and keep innovation alive.

A shift in priorities

A cultural and mindset change must occur to create a sustainable and profitable business. Executives must buy into plans and lead by example. They also need to diversify the voices involved in decision-making, so new ways of thinking and innovation can take root.

Cost of goods, delivery, and returns are all areas that can help profits improve. The same applies to company culture. If employees are happy and their needs are met, they'll likely remain loyal to a company. This cuts employee recruiting, onboarding, and exit costs.

According to the *Harvard Business Review*, revenue can increase up to 20% due to corporate responsibility practices, so caring about employees and prioritizing *their* experience can also trickle into the customer experience.

A good example is Neutrogena, which has an average retention rate of 10.2 years for employees. The company focuses on maintaining a positive work culture and has a strong commitment to sustainability. This quarter Neutrogena's parent company, Johnson and Johnson, reported a 21.6 % increase in profits.

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