

Beyond the Buzzword – How Sustainable Business Practices Can Drive Global Success

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Picture the “Industrial Revolution,” and one quickly conjures images of smokestacks belching black fumes into the sky – undoubtedly an environmental scourge. Industries may have come a long way from the smokestack visuals, and leading companies that use sustainable methodologies are reaping significant benefits.

Sustainability isn’t just for large companies; small and medium-sized companies can, and arguably should, incorporate sustainability efforts into their business models as a strategic opportunity for growth.

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The business case for sustainability

Sustainability efforts for businesses refer to practices that aim to minimize environmental impact. However, *sustainability* may be used as a term to encompass all components of “ESG” (environmental, social responsibility and governance). Common sustainability practices include reducing waste, conserving energy, sourcing materials responsibly and supporting ethical

labor practices.

The benefits of choosing sustainable business practices are realized well beyond their positive environmental impact, and consumers are increasingly prioritizing businesses that choose eco-friendly and socially responsible practices. A joint 2023 McKinsey and NielsenIQ study analyzing 44,000 brands across 32 categories reported that products making ESG-related claims averaged 28% cumulative growth over a five-year period, while competitors who made no ESG claims only grew by 20%. Clearly, consumers are willing to pay more for sustainable products and brands that demonstrate environmental responsibility.

Adopting sustainable practices can strengthen any company's competitive edge. Businesses have an opportunity to become more profitable in the following areas:

- **Reduce operational costs:** Through energy efficiency, waste reduction and improved supply chain management, businesses can enhance profitability. The U.S. Department of Energy reports that businesses can save up to 30% on energy costs by adopting energy-efficient measures. Focusing on sustainability practices to produce, transport and discard products can save companies money, provide a better customer experience and minimize negative environmental impact. Companies can also take advantage of incentives such as tax breaks or grants for sustainable practices.
- **Build brand loyalty:** Brands perceived as more sustainable can foster more returning customers who are willing to pay for products, even if they are priced higher than similar products. By focusing on cost-effective, eco-friendly practices, these businesses can differentiate themselves in crowded markets.
- **Consumer satisfaction:** Consumers increasingly want to know more about where their products come from and how

they are made, particularly Gen Z consumers. Gen Z has been shown to be informed consumers who will research and weigh options before making buying decisions, placing high importance on brand ethics and ESG.

Real-world success stories

Several companies exemplify how embracing sustainability leads to global success.

Unilever's Sustainable Living Plan has significantly reduced its environmental footprint while driving business growth. Unilever's "purpose-led, Sustainable Living Brands" that practice sustainable sourcing and waste reduction, have outperformed against the rest of its portfolio. In 2019, Unilever announced that its sustainable brands grew 69% faster than the rest of the business and delivered 75% of the company's growth. Seven out of Unilever's top 10 brands are Sustainable Living Brands.

Patagonia is another inspiring example. The outdoor apparel brand has built its identity around environmental responsibility, fostering a loyal customer base that values ethical consumption. Their commitment to sustainable practices has significantly boosted their global presence.

Medium-sized business, Lush, is known for its handmade cosmetics, ethical sourcing and cruelty-free products. Lush introduced "naked" packaging, and many of its products (think soaps and shampoo bars) are made without any packaging or sold with recycled and recyclable packaging materials. The company consistently reports strong revenue growth and maintained financial stability even during the Covid-19 pandemic, indicating a robust consumer demand for its products.

Related: It's Official: Customers Prefer Sustainable Companies

Actionable tips for SMBs

Integrating sustainability into business strategies doesn't have to be daunting. Here are some practical tips for SMBs:

- **Optimize supply chains:** Work with suppliers who prioritize sustainable practices, source from sustainable companies/natural resources and create the product as close to where you distribute the product as possible. This not only enhances your overall sustainability profile but can also reduce costs in the long run.
- **Reduce resource consumption:** Consider investing in renewable energy sources like solar or wind to decrease reliance on fossil fuels and lower energy costs, and at a minimum, ensure your company has policies on recycling and energy efficiency in physical office setups.
- **Leverage technology:** Consider providing virtual office solutions both for employees and customers where appropriate. Allowing employees to work remotely can reduce the need for daily commutes and the need for a large office footprint. Holding large company meetings virtually can also be an eco-friendly solution, as can digital solutions that reduce paper consumption and streamline operations.

Balancing growth and sustainability can be achieved through incremental changes that align with business goals.

Overcoming challenges to sustainability

While the path to sustainability is promising, it can be daunting due to complex government regulations and the limited resources of small businesses. However, these hurdles can be

overcome through strategic partnerships. Collaborating with companies like INS Global that understand how to support businesses with adhering to local sustainability standards can help you implement effective practices while ensuring compliance with necessary regulations. Start small, measure your impact, and scale efforts as resources allow.

Related: **How to Harness the Power of Sustainability in Small Business to Drive Profits and Capital**

Sustainable growth and expansion

When businesses enter new markets, it is important to comply with local sustainability standards. Understanding regional environmental regulations and consumer expectations is crucial for success. Experienced partners can support businesses in maintaining their sustainability goals during international expansion. Utilizing Employer of Record (EOR) services can simplify compliance with local labor laws while ensuring sustainability initiatives are upheld across borders and assist in ESG reporting.

Sustainability is not merely a trend or a “feel good” option; it is a crucial driver of long-term success for businesses looking to expand globally. By weaving sustainable practices into existing growth strategies, businesses can enhance their competitive edge and make a difference for the planet. As the global marketplace increasingly rewards responsible ESG practices, now is the time for businesses to embrace sustainability and unlock their full potential for success.

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