Beyond Reasonable Greed: Why Sustainable Business is a Much Better Idea!

By Wayne Visser and Clem Sunter (Human & Rousseau, 2002)

~ 5 SUSTAINABILITY ~

Catalyst For Transformation

5.1 The mammoth was not sustainable, but what is?

Before exploring how sustainability will change economics and business, we need to understand what sustainability is and what it is not, and how it came about as a force in our society. Essentially, sustainability – the ability of something living to sustain itself – is about surviving over the long term. The mammoth was clearly not sustainable although proboscideans (the elephant family) have arguably shown remarkably good sustainability, having evolved and survived over fifty million years.

Even more interesting is the way we refer to dinosaurs these days. They only come up in conversation when we are being disparaging about some organisation or other threatened with extinction. Yet, as a species they survived for 165 million years! In contrast, it is estimated that hominids have been around about five million years; and it is only five thousand years since Stonehenge was built by the Ancient Britons. We've come a long way in the blink of a geological eye. Do you think we are going to last the pace for another 160 million years? Or is the next intelligent species on Earth going to use us instead of dinosaurs as the example of what not to be if you want to survive?

You will infer from the previous paragraph that a fundamental assumption of this book is that sustainability is conspicuously absent from the present. It is stating the obvious, we know, but we would not be writing about sustainability if we (and many others) believed that our current situation is sustainable. Thus when we hone in on a sustainable economy and sustainable companies in the future, we are also implying that current practices are not sustainable. So sustainability is not the status quo – it is not the economy of the lion, with lions as companies. Secondly, sustainability is not about infinity. If we ask, "can life on Earth be forever sustainable?", our present theories of the universe would suggest "no". Barring an intervening catastrophe, the sun will burn out in a few billion years and life as we know it will cease to exist. We probably cannot do much about it and, frankly, it is too far in the future for us to worry about.

So, that leaves us with sustainability somewhere between the present and a few billion years time. Not helpful! So let's examine it from a different angle. Perhaps the time scale should depend on our human capacity to think ahead and to care about the future. Most of us struggle to think beyond our own lifetimes. At a stretch, we can take in those of our children or grandchildren as well. In business, we are much more short-sighted, living like slaves to this year's calendar, the next quarter's performance and this week's diary schedule. Even strategic planning seldom stretches beyond ten years. However, the real villain of the piece in business is a measure called the discount rate, whereby future revenues and costs are discounted at a certain rate on the grounds that money now is worth more than money in the future.

Many companies use a discount rate of around 20 per cent which means that in ten years time a benefit or a cost has to be divided by just over six to obtain its present value. So let's say you have a project which in ten year's time gives you a one-off estimated financial benefit of $6 million. If you spend more than $1 million now, you should not go ahead with the project according to the logic being applied. If we increase the period before the benefit is felt to twenty or thirty years, you can't basically justify any expenditure in the current year. But it gets worse. Imagine a project with an environmental benefit, for example one that involves cutting back on carbon dioxide emissions. Apart from discounting the future benefit, many business executives will question the validity of the benefit itself since they entertain doubts about global warming. Moreover, even if they do believe in global warming, there are no simple models with which to calculate the benefit. Hence, the cost is certain, but the benefit is uncertain and cannot be quantified. You may remember Madonna singing: "We are living in a material world and I am a Material Girl". Most financial directors are material guys who like dealing with figures which have some degree of precision. Otherwise, they are not interested and will give the thumbs down. Bad luck for sustainability!

We know it is this short-term, lion-like thinking that is partly to blame for today's social and environmental problems. So we have a dilemma. On the one hand, ecological sustainability demands that we look at periods of time for which the human mind is not wired. For example, biological diversity takes between 10 million and 100 million years to recover once lost. On the other hand, we have to encourage people to think considerably more long term than they do at the moment. The pragmatic answer is probably to test any project against the following criterion: over the next 50 to 100 years, according to the various indicators of sustainability (economic, social and ecological), do we expect the activity to make the situation worse? If the answer is yes, the activity is probably not sustainable and we should reject it.

So much for what sustainability is not. The rest of this chapter is about exploring what sustainability is. In order to do this, we have taken heed of the story about the fleas on the elephant. The supreme council of fleas sends out a message to all its subjects living on Planet Elephant to submit their description of the mighty elephant. A flea living on the elephant's leg replies that Elephant is fat and round like a huge tree. A flea living on the

elephant's ear says that Elephant is flat and wide like a pancake. A flea living on the trunk describes Elephant to be like a massive rubbery hosepipe, while a flea on its tail talks about a long, thin vine with bristles.

Of course, they are all partially right, but none of them is able to stand back and see the big picture – the whole Elephant. We believe it is probably the same with sustainability. There are a wide range of ideas and beliefs on the subject and rather than try to choose the correct one or the best one, the rest of this chapter puts forward a mosaic of these perspectives. With a bit of luck, by the end an impressionist painting of an Elephant called Sustainability will emerge.

5.2 The sustainability prophets

Sustainability began as an ideological crusade about 50 years ago when a few voices in the wilderness gave a clarion call about how our civilization was on a path to self-destruction. They were ignored as fringe fanatics or doomsayers. Nevertheless, many of these early sustainability prophets were scientists who had done their fair share of homework before shouting their apocalyptic warnings from the hilltops. In some ways, they remind us of John the Baptist.

Rachel Carson is widely regarded as one of the first sustainability prophets. In her 1962 masterpiece, *Silent Spring*, she argued that the proliferation of persistent chemicals building up in the environment was unsustainable for all life. Carson illustrated her case with the story of Clear Lake, California, where residues of the poisonous insecticide DDT had accumulated initially in the plankton, then in the fish that ate the plankton, then in the water birds that ate the fish, at each stage increasing in concentration. The dead birds were eventually found with up to 1 600 parts per million (ppm) of DDD (a form of DDT), compared to the recommended safe concentration of 0.05 ppm.

Also in the 1960s, but concentrating more on social responsibility issues was American consumer rights activist, Ralph Nader. One of Nader's first campaigns, published in his book Unsafe at Any Speed, was an exposé of the safety defects in General Motors' Chevrolet Corvair. The success of the book led to the establishment in 1969 of the Centre for Study of Responsive Law (later nicknamed the 'Nader Raiders'), which began tackling ethical areas such as corruption in government agencies, the hazards of air pollution and lax regulation of the food industry. Hence, while Carson is credited with planting the seed for the environmental movement, Nader is hailed as sparking off the movement advocating that social responsibility as well as health and safety should figure at the top of the corporate agendas.

Among the other early prophets of elephant-like thinking in the 1960s, whose ideas have already been mentioned, were the economists Kenneth Boulding (cowboy versus spaceman economy) and Gareth Hardin (tragedy of the commons). In the 1970s, their ideas were substantially enhanced by the now famous work of E.F. Schumacher entitled *Small is Beautiful: Economics As If People Mattered*. This was perhaps the first comprehensive critique of modern economics, argued in a language that both economists

and lay people could understand. These sustainability prophets were the forerunners of a whole generation of disciples who will be mentioned in the next section.

In the same decade as Schumacher's work appeared, the sustainability prophets also started incorporating sociology and computer science into their critiques. One such was the study by Donella Meadows for the Club of Rome called *The Limits to Growth*. This highly controversial piece of research computer-modelled the effects of population growth, resource consumption and pollution over the next 100 years or so. Her findings showed an overshoot-and-collapse scenario for our human civilization, a pattern which zoologists and biologists were already familiar with from studying the population dynamics of innumerable species. Many of her conclusions were questioned, such as the projection that food and commodity prices would rise over the remainder of the twentieth century due to impending shortages. In retrospect, these aspects of her model failed to materialise. On the other hand, her projections on rising pollution levels and population growth have been vindicated. Meanwhile, in 1992 Meadows wrote a follow-up book entitled *Beyond the Limits to Growth*, which showed that her conviction had deepened rather than weakened during the intervening 20 years.

Finally in the 1970s, as already mentioned, a groundbreaking elephant perspective was introduced to the public by James Lovelock. Lovelock had been working for NASA on a model to determine whether life could exist on Mars or not. In order to do this, he had to ask the question: what are the conditions which sustain life on Earth? But in the course of this investigation, an unexpected conclusion was reached. He discovered that the Earth, previously accepted by science to be an inert, physical object, appears to have the capacity to self-regulate innumerable conditions (for example, gas concentrations, climate and bacteria growth) in order to create a suitable environment for life to flourish. In effect, the Earth was displaying the very same characteristics that are found in living organisms. However, the system could be overloaded if mankind continued to dump waste products at the rate it was doing. The red lights were already flashing for Lovelock.

5.3 Subsequent elephant pioneers

The 1980s and 1990s saw a number of thoughtful leaders further the cause of the early sustainability prophets. Among them was a whole generation of new economists who questioned the sustainability of our prevailing economic theories and practices. The titles of some of their books give an insight into the challenging messages contained in their now classic works: Paul Ekins (*Wealth Beyond Measure*), James Robertson (*Future Wealth*), Hazel Henderson (*Paradigms in Progress: Life Beyond Economics*), Herman Daly (*For the Common Good*), Manfred Max-Neef (*Human Needs*). The common theme running through these books is that our current definition of wealth related to money is deficient; and therefore the science of economics – which is about the production and creation of wealth – needs fundamental revision.

Importantly, this growing clan of elephant economists led to the formation of The Other Economic Summit (TOES) in the 1980s, which sought to challenge the (then) G-7 Summit

for ignoring social equity and ecological sustainability issues - especially as they pertained to the so-called G-77 countries or developing world. In the 1990s, TOES was converted into the New Economics Foundation in London, which now has various sister organisations around the world such as the South African New Economics Foundation. The last mentioned organisation has championed for some time the idea of a basic income grant to all citizens. This would inject money into many of the cashless and impoverished rural communities in South Africa and lead to the creation of a network of small enterprises in those areas.

There have been a number of pioneering scientists calling for progress towards an elephant economy and business approach. We wish to highlight three of these here: Amory B. Lovins, L. Hunter Lovins and Karl-Henrik Robèrt. Amory (physicist) and Hunter (sociologist, political scientist and barrister) are co-CEOs of the Rocky Mountain Institute, which they founded in 1982 to research innovative technological solutions to the world's social and environmental challenges. They are co-authors of the best-selling *Factor Four: Doubling Wealth, Halving Resource Use* (with Ernst von Weizäcker) and *Natural Capitalism: The Next Industrial Revolution* (with Paul Hawken). They are widely regarded as the leaders of the eco-efficiency, cleaner production and eco-technologies movements.

Professor Karl-Henrik Robèrt, a cancer researcher and physician, has gone a long way towards describing the elephant. Robèrt started by trying to develop consensus on the scientific fundamentals, from which he then derived the four sustainability 'systems conditions' that have formed the basis of an international organisation and strategic framework called The Natural Step (TNS). The methodology and its application to business, which are described in a book entitled *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation*, will be discussed shortly in the section on sustainability criteria.

Finally, there have been a number of influential business consulting pioneers, who have sought to translate elephant ideas into a vision of the sustainable economy and the sustainable company. The two we wish to highlight here are Paul Hawken and John Elkington. Hawken, formerly a businessman and now a full time author/consultant, was one of the first to translate environmental challenges into the language of economics and commerce, with his books The *Next Economy*, *Growing a Business*, *The Ecology of Commerce* and *Natural Capitalism: The Next Industrial Revolution* (with Amory B. Lovins and L. Hunter Lovins). His main theme has been that business and the economy should learn to mimic the intelligence of ecological systems, which are not only more sustainable but highly efficient as well.

John Elkington, author and consultant, seems to have a knack for inventing new-wave business catchwords, having introduced companies to the notion of 'green capitalists' and 'green consumers' in two of his early books. More recently, he is the person who coined 'the triple bottom line', on which he elaborates in his 1997 book *Cannibals With Forks. Elkington* drew inspiration for his enigmatic book title from a question posed by Polish poet Stanislaw Lec: "Is it progress if a cannibal uses a fork?" In the wake of the greed-is-good

1980s, which were dominated by corporate mergers, acquisitions and takeovers, the cannibal metaphor as applied to business seemed quite fitting.

Elkington argued that, rather than expecting companies to change their dominant habits overnight, we should start by simply encouraging business to become more civilized, more sustainable. How? By using the three prongs of the sustainability fork, namely economic prosperity, environmental quality and social justice. Integrated and balanced performance across these three dimensions will become, Elkington argues, the new triple bottom line – the means and the ultimate measure of corporate success in the twenty-first century. This broad concept of sustainability has now been widely adopted in the business world and is also a theme running throughout this book.

5.4 A herd on the move

Moving back to the 1970s, it was thanks to the zealous efforts of the sustainability prophets that a new social phenomenon was born – the green movement. It was given a much-needed boost of credibility when the United Nations convened the World Commission on the Environment and Development in Stokholm in 1972 and published its World Conservation Strategy in 1980. Here was a new cause which young idealists and restless activists could get behind – the Earth and its most vulnerable citizens needed saving!

Throughout the 1970s, the movement was dominated by a wildlife conservation ethic. WWF, the World Wildlife Fund (now called the World Wide Fund For Nature) and Greenpeace embraced different tactics but essentially the same goal: to prevent the extinction of animals (especially cute and fluffy ones). The world was awash with campaigns – Save the Whales, Save the Rhinos, Save the Seals, etc. Around the same time, the International Union for the Conservation of Nature (IUCN) was focusing on establishing protected areas and the Convention on the International Trade in Endangered Species (CITES) was trying to tackle the economics of extinction.

However, with the spate of industrial accidents in the 1980s, from Bhopal and Love Canal to Chernobyl and Exxon Valdez, the spotlight began to shift from wildlife conservation to industrial pollution. Multinational companies were increasingly portrayed as the new poachers, the stereotypical lion predators. This coincided with the height of the Cold War and growing anti-nuclear sentiments among civil society and environmental activists. Many of the demonstrations that took place were nasty and confrontational, but remained isolated enough to be ignored by the broad spectrum of business. So long as environmentalists could be caricatured as irrational, emotional, hippie-types, companies figured they could be easily discredited and would eventually go away.

It was not until the politicians were enticed into the debate that sustainability became a mainstream concern. This first started to happen in a big way in 1987, when the United Nations World Commission on the Environment and Development issued its Brundtland Report entitled *Our Common Future*. The report coined sustainable development as: "Development which meets the needs of the present generation without compromising the ability for future generations to meet their needs." Some characteristics of the elephant

are already evident in this definition, including social sensitivity and longer term thinking. However, the concept was crafted essentially as a political tool, tactfully allaying the fears of powerful business lobbies in the developed countries of the North by not being 'anti-economic growth'. At the same time, it soothed the governments and civic organisations of the developing world in the South by talking about development and intergenerational equity. It also befriended and found a guardian-for-life among the environmental pressure groups by putting their 'green' issues on the world map.

Five years later, in 1992, 178 country leaders paraded on the world stage at the United Nations Conference on the Environment and Development in Rio de Janeiro, more familiarly referred to as the 'Earth Summit'. The result was that nations signed up to a variety of conventions, agreements and programmes, ranging from climate change and desertification to deforestation and biodiversity, all aimed at making the now politically acceptable notion of sustainable development a reality. The Agenda 21 Program represented a synthesis of these commitments and has been a focal point for political action on the environment ever since. Progress achieved to date will be reassessed at the ten-year reunion conference, the World Summit on Sustainable Development or Rio+10 which will be held in Johannesburg in September 2002. It is expected to bring together 65 000 delegates including 130 heads of state.

The corporate sector is not generally one to be caught napping and the global gearing-up on sustainability issues proved no exception. In 1991, a group of 50 of the world's top executives formed the Business Council for Sustainable Development (BCSD) and issued its report to the 1992 Earth Summit entitled *Changing Course: A Global Business Perspective on Development and the Environment*. Pick 'n Pay's then chairman, Raymond Ackerman, was one of the contributors. Viewed in hindsight, this initiative smacks of 'lions in elephant drag' but it no doubt planted a seed of awareness regarding the need for business to shapeshift.

In a parallel initiative, the International Chamber of Commerce (ICC) launched its 16-principle Business Charter for Sustainable Development in 1991 and contributed a book to the Earth Summit entitled From Ideas to Action: Business and Sustainable Development. Today, there are more than 2 000 corporate signatories of the ICC Charter. Moreover, the World Business Council for Sustainable Development, which grew out of a merger between the BCSD and the World Industry Council for the Environment, has more than 120 international member companies.

Both of these business initiatives accepted the Brundtland definition of sustainable development. However, as the 1990s marched on and companies tried to turn the concept into action, it became obvious that the political definition was far too broad and vague to be useful as anything more than a public relations sound-byte. If sustainability was going to be taken seriously by the private sector as something requiring implementation, more specific definitions were needed.

Finally, by the 1990s, it had become clear that the environmental and social movements were here to stay and getting stronger by the year. The last decade of the twentieth

century saw the green trend being backed by politicians, consumers, religious groups, community organisations and business. Germany launched its Green Party; the *Green Consumer Guide* became a bestseller; liberation theology and feminism adopted convenient ecological arguments; and psychology began to explore the notion of 'deep ecology' as a spiritual experience. Improvements in environmental science and legislation helped to give the movement teeth, while a plethora of internationally negotiated agreements lent the green movement the popular legitimacy required to turn it into a mainstream lobbying group. Ultimately, business had little choice but to clamber on board and nail its green colours to the mast as well.

5.5 Guides to elephant spotting

Following the rise in political and social interest in sustainability, a few leading businesses have begun to question their lion persona and to wonder about the viability of a future as an elephant. Their criticism of the elephant movement, however, has always been that no-one seems to agree on what an elephant looks like. In other words, most definitions, such as Brundtland's sustainable development and Elkington's triple bottom line, are too vague to be helpful when it comes to judging whether day-to-day business decisions are leading companies in the right direction or not.

For this reason, we are including here what we believe are a few of the more helpful attempts to develop sustainability criteria – guides to elephant spotting if you like. One of the simplest set of environmental principles, which can be applied to business, was formulated by Paul Hawken as follows:

- *In Nature, all waste equals food*. In other words, the outputs of every economic or business process should serve as inputs to another process. Ideally, we should not be using materials that cannot be absorbed and used by other economic systems and ultimately by natural systems.
- *Nature runs off current solar income*. The sun's radiation is the only outside input to our closed Earth system. It is the only source of energy that (for all practical purposes) does not run down. Hence, in the long term, the economy should increasingly be fuelled by solar energy.
- *Nature depends on diversity*. The survival of all the Earth's living systems (including human society) relies on the existence of biological diversity. Biodiversity performs all of Nature's so-called 'free' services and should therefore not be compromised by business activities.

Former World Bank environmental economist, Herman Daly, followed a similar line of thinking, arguing that a sustainable society needs to meet three conditions:

- Its rates of use of renewable resources should not exceed their rates of regeneration;
- Its rates of use of non-renewable resources should not exceed the rate at which sustainable renewable substitutes are developed; and
- Its rates of pollution emission should not exceed the assimilative capacity of the

environment.

Karl-Henrik Robèrt, to whom we have already alluded, suggests that we go back to scientific fundamentals such as the fact that nothing disappears and everything disperses (the first and second laws of thermodynamics). Only the sun, via photosynthesis, increases the concentration and structure in matter that is consumed in the process of sustaining life. From these undisputed laws he then derived the four 'systems conditions' of The Natural Step, namely that:

- *Substances from the Earth's crust must not systematically increase in Nature*. This is because these substances (e.g. heavy metals), in sufficient concentrations, are harmful to organic life. And since everything disperses and nothing disappears, sooner or later harmful concentrations will be reached if substances are mined quicker than they can break down in Nature.
- *Substances produced by society must not systematically increase in Nature*. This is because, once again, these substances (e.g. persistent chemicals), in sufficient concentrations, are harmful to organic life. In many cases, Nature cannot break these substances down into harmless components; or it cannot do this faster than they are being produced. In a few thousand years time, genealogists wanting to find out how we lived will find huge quantities of telephone directories and babies' nappies in our rubbish dumps if they ever excavate them!
- *The physical basis for the productivity and diversity of Nature must not be systematically degraded*. This is because life is sustained by a complex web of interdependent species and ecosystems which provide a wide array of 'free ecological services' (e.g. water purification, weather regulation and waste assimilation). Most of these services are either too complex or too expensive to replicate.
- *We must be efficient enough to meet basic human needs*. This is because humans are part of the environment and a key aspect of sustainability. Resource inefficiency, including inequities in resource distribution, not only obstructs a social system from becoming sustainable but also tends to compromise other systems as well.

You will notice that, except for the very last point, these three elephant-spotting guidelines pass over the social dimension of sustainability. To a large extent, this reflects the general situation with much less work having been done on social sustainability, as it applies to business and the economy, than the ecological aspects. At this stage, we would point mainly to the work of 'barefoot economist' and former business executive at Shell, Manfred Max-Neef. Max-Neef's framework on fundamental human needs stands, we believe, as the best set of social criteria against which one can measure corporate social performance.

Max-Neef's model identifies nine fundamental human needs that are common to all people, no matter what their culture or context. These are: subsistence, protection, affection, understanding, participation, idleness, creation, identity and freedom. These needs are not arranged in a simple ladder of priorities. Subsistence is obviously a requirement for human survival; but, other than this, they can be satisfied in virtually any order or in parallel. Sometimes they enhance one another; other times they are in conflict.

Also, although needs are fixed, 'satisfiers' – the ways in which people strive to meet their needs - do differ between people, between cultures, between groups. Companies who make their employees work excessive hours should note the inclusion of 'idleness' as a need! Indeed, the challenge for business is to check how its strategic decisions or significant actions affect the fundamental human needs of all its stakeholders in turn. Some pioneering work in this area is being done by the South African chapter of the organisation we referred to earlier in this chapter - The Natural Step. The authors of this new elephant-friendly approach, Peter Willis and Diane Salters, are looking to combine aspects of Max-Neef's model with the work of philosopher-psychologist Ken Wilber and The Natural Step framework. Their hope is to produce an integrated tool that business can use to test its overall sustainability including the social dimension.

5.6 Footprints of the elephant

If they are handed an elephant-spotting guide, the first thing that lion companies ask is: what is the business case for sustainability? That's a bit like asking how the elephant hunts or catches her prey, which of course she doesn't. The whole essence of sustainability is that it is a wider view of business performance – beyond the tempting food of profits and revenue growth and shareholder value. Nevertheless, we have some sympathy with the corner from which lion companies are coming. And the fact of the matter is that, increasingly, there is a business case for sustainability, although probably not in as tangible a form as business executives would like.

In this section, therefore, we highlight some footprints of the elephant by listing ten elements of the business case for sustainability. Each of the summarised themes will be picked up again in later chapters. To the majority of these elements is attached an opportunity cost, meaning that companies which insist on clinging to their old lion ways will incur significant costs and lose ground to the early adopters of them. The ten elements are as follows:

- *Sustainability extends stakeholder accountability*. Stakeholder groups have become powerful, well organised agents in society, increasingly backed by the weight of the law, international NGO networks, public support and media interest. Lion companies will waste inordinate amounts of time, energy and money trying to manipulate or fight its stakeholders, while elephant companies will engage constructively with these groups.
- *Sustainability raises the bar of legislation*. In virtually every country in the world, as well as at an international level, legislation regulating environmental and social impacts is becoming more stringent. Lion companies will find themselves incurring significant fines, penalties and clean-up or compensation orders, as well as being targeted for litigation, while elephant companies will escape these costly outcomes.
- *Sustainability introduces new rules of trade*. Compliance with internationally recognised social and environmental standards is becoming a pre-requisite for engaging in responsible global trade. Despite the counter-productive efforts of the

World Trade Organisation, elephant-friendly countries and companies will increasingly refuse to trade with predatory companies who do not bear one or more approved marks of the elephant. For example, most large UK retain chains now do spot checks on the working conditions of their overseas suppliers.

- *Sustainability affects access to finance*. Since the financial services sector faces indirect risks from funding or investing in unsustainable companies or projects, banks and insurance companies will increasingly scrutinise their business partners and clients on sustainability criteria. Access to finance by lion companies will become more difficult and expensive, while financiers will actively seek to support elephant companies.
- *Sustainability affects costs and liabilities*. Dealing with corporate environmental and social impacts or infringements is becoming more expensive, taking the form of taxes, fines, penalties, legal costs, damage claims, clean-up costs and compensation payments. Ask Exxon whose Valdez oil spill off Alaska cost them more than $8 billion. By avoiding these costs, and identifying savings opportunities through eco-efficiency, cleaner technology and improved stakeholder relations, elephant companies will be more profitable than their lion counterparts.
- *Sustainability spawns new markets*. The switch to a sustainable economy will create new market opportunities in such areas as clean technology, ethical consumer products, eco-tourism, socio-cultural tourism and professional advisory services. Traditional, exploitative markets of lion companies will decline, while elephant companies can invest in the growing markets surrounding sustainability.
- *Sustainability expands corporate governance*. All around the world, corporate governance codes, which are considered the ground rules for good business practice, are incorporating sustainability principles into their requirements for risk management, ethics and reporting on non-financial matters. Lion companies will more frequently fail the corporate governance acid test applied by stock exchanges, analysts and investors, while elephant companies will excel.
- *Sustainability quantifies external impacts*. Governments, using a variety of economic instruments such as taxes, subsidies and permits, are gradually forcing companies to reap the full cost or benefit of what they sow in terms of environmental and social impacts. Lion companies will be net payers due to their negative contribution, while elephant companies will be net receivers for their positive contribution.
- *Sustainability shapes public reputation*. Stakeholder support of companies will to a greater degree be influenced by their public reputation, with unsustainable companies suffering from consumer boycotts, civil lawsuits and disruptive NGO activism. The profitability and share price of lion companies will be directly affected by repeated damage to their reputation, while elephant companies will attract loyal support.
- *Sustainability influences investments*. Sustainability funds, which screen companies before purchasing their shares or investing in their projects, will more and more

direct capital towards sustainable economic sectors and businesses. Lion companies will increasingly face questions by their stakeholders about their exclusion from sustainability funds, while elephant companies will obtain financial and reputational rewards from inclusion.

5.7 Multi-level shapeshifting

Business sector readers will be relieved to hear, and no doubt quick to agree, that the transition to a sustainable world is not solely in the hands of business. After all, business operates within the constraints of prevailing political, socio-cultural and economic systems. And many of these systems are still dominated by lion-like tendencies. Not surprisingly, therefore, many corporate elephant wannabes are frustrated by the slow pace of change in their operating environment and the retarding effect that the forces of a lions' universe have on their progress.

For this reason, it is essential that shapeshifting towards sustainability occurs simultaneously at various levels within society. Individuals need to shift their attitudes and values. Customers must shift their consumption patterns and buying behaviour. Economists have to change their market theories. Business schools need to shift their view on what they teach and the importance of ethical topics. Governments must oversee a universal change in the rules of the game which has as its intended result a level international playing field. In short, multi-level shapeshifting has to occur. A lone elephant in a lion park has little chance of survival. Even in an ordinary game park, you only have to look at the bloody lessons of poaching. In one decade - the 'massacre' decade of the 1980s - between 50 000 and 100 000 of the peaceful pachyderms fell victim to slaughter by human predators. Even elephants, big and strong as they are, need an elephant-friendly environment to survive and thrive.

Speaking of which, the most dramatic example of the necessity for multi-level shapeshifting is the HIV/AIDS pandemic in South Africa. No individual actor on the political or economic scene can turn this epidemic around. It will require shapeshifting from a 'denial' mode to a 'total onslaught' mode on the part of all parties at the same time – national and provincial government; local authorities and communities; the private sector; the trade union movement; schools and tertiary institutions; churches, NGOs and other elements of civil society generally; and last but not least individuals. The holding of hands across all classes and colours of the rainbow, the sharing of the burden to stop the virus spreading and to help the people who are sick both imply a revolutionary attitudinal change. But it can be done if you recall the last words of the first chapter: pragmagic! Handled properly, HIV/AIDS could be the catalyst for transforming South Africa into a nation of elephants with a common enemy and a common purpose.