

Sustainability. Unleashed.TM



Redefining the
metrics of success



earth

Contents

How can a brand communicate value beyond its P&L?	1
Redefining Value: Looking at brands as systems	2
Section 1 _ Redefining a brand's value system	4
Section 2 _ Understanding the whole value chain	5
Section 3 _ Redefining brand value	7
Section 4 _ Rebalancing business and society	9
Conclusion	11



How can a brand communicate value beyond its P&L?

Sustainability is often seen as a cost. At Earth, we have always reimagined sustainability to be an opportunity.

An opportunity to either make you money or save you money. But most importantly it gives your business permission to exist.

However, more often than not, sustainability gets sidelined, even siloed via a different communications vehicle to the organisations' brand. Its value to both business and society is never communicated effectively, with the true cost being that the 'potential' value – the positive impact the business creates – is lost.

Our projects have and always will be in alignment to both your business and your purpose; and our storytelling always ensures that both the commercial value together with real and relevant impact is told in the same tone of voice, the same visual language and the same personality as your brand.



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Redefining Value: Looking at brands as systems

A balanced system thrives; a broken system doesn't, but what breaks a system and how do we find the balance.

At Earth, our planet and our unique position within the solar system was our founding inspiration. It's a natural masterpiece and a blueprint for balance, with everything in alignment.

In today's world, however, the way we do business is not.

A Deloitte Global survey, for example, found that over 80% of executives are concerned about climate change, but their concerns are not aligned to their actions and the pandemic and economic downturn have stalled some of their ambitions.

Yet while ambitions have been tempered, the direct threat of climate change is becoming more and more tangible. In fact, nearly 30% of global executives say their organisations already feel the operational impact of climate

related disasters, while more than a quarter are facing a scarcity of resources due to unsustainable business practices.

Clearly, there is an explicit imbalance in the way we currently do business, which has a direct impact on our planet's equilibrium.

To protect it, we must work harder to redress systemic imbalances that exist within businesses by redefining what we understand a brand's role to be.

What is this role? And is it fit for purpose in today's society? This is what we have always asked ourselves at Earth.

As Adrian Clamp, Environmental & Systems Director at The J Coffey Group, poignantly concludes, "Sustainability is the new advantage. It plays a major role in business attraction."

Clamp comments, "We recognise that it isn't all about project delivery and profit, but rather the peripheral metrics associated with ESG, such as social value through interactive community engagement, local employment opportunities, charitable donations and volunteering on local community projects, transparent governance as well as addressing the climate change issues in our operations through emission reduction."

Our methodology

To bring our philosophy to life, we spoke with a number of senior brand-side marketers and CEOs about the role of business in fixing this systemic imbalance.

We'd like to extend a warm thank you to our contributors:

- Sapna Kandukuri, Head of Marketing at Recognise Bank
- Annette Borén, Head of Finance at Hilti Northern Europe
- Will Richardson, CEO & Founder at Green Element & Compare Your Footprint
- Jae Hopkins, Chief Marketing Officer at Ultimate Travel Club
- Maria Cachafeiro, Head of Sustainability at Multiplex
- Adrian Clamp, Environmental & Systems Director at The J Coffey Group





Section 1

Redefining a brand

The roadmap towards restoring our planet and society must be everyone's responsibility.

As Sapna Kandukuri, Head of Marketing at Recognise Bank, says, "We have conversations about what the business is doing to add value to society and the planet, as well as how new products can align with green credentials. The key is to be conscious about adding value to society from the very start."

Businesses today must ask themselves some new and important questions. How does an organisation view itself and its place in society? How does it behave beyond its immediate stakeholders, what is their impact across the full supply chain, the communities in which they operate and what happens to their products at end of life? The whole of a company's value chain needs to be considered.

These questions all orbit an organisation's brand and the way in which it presents itself. But do brands today with lofty purpose statements without commercial context answer them? An article recently published by McKinsey in January 2022, suggests that 85% of companies have a purpose statement that doesn't mean anything.

As The J Coffey Group's Clamp notes, companies must build their brand by delivering social value rather than superficial messaging or design.

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Over the years brands have evolved to reflect an organisation's values and beliefs, but values and beliefs are not enough to answer these questions.

To effectively answer them, brands must be recognised as a system. They must be viewed as the sum of a business's full value chain: its supply chain, its relationships with other organisations, people and the environment. And once mapped out, organisations must work to ensure that their brand operates as a system in tune with the needs and wants of both society and our planet. A brand must connect everything together to capture and communicate much more than the tip of the iceberg.

Kandukuri concludes, "The brand for me is not just a symbol or a logo – it encompasses all our actions, communications and what we do for our customers. We are looking at sustainable solutions, diversity and supporting local charities, all of which form the real essence of the brand. Measurable goals and actions will need to be delivered in the future."



Section 2

Understanding the whole value chain

Businesses make a huge impact upon the environment, and society. But at what cost?

Permission to trade is crucial as both legislation and awareness of negative impacts are becoming key drivers as to whether you are allowed to even exist. Society is demanding more transparency than ever before. To understand this, you need to communicate the truthful value you create across your entire business activities whilst keeping on top of ever changing regulations where reporting impact is now the law.

A new wave of economic thinking has evolved that puts a monetary price on the value of our natural world. The idea of putting a monetary price on nature is simply wrong, but measuring the risk to our natural ecosystem is a completely different thing altogether.

According to the world's largest reinsurance company, Swiss Re, more than half of global GDP – \$42tn (£32tn) – depends on high-functioning biodiversity. So is this a cost, or an opportunity?

In this sense, the natural world that sustains human life is a trillion dollar asset class.

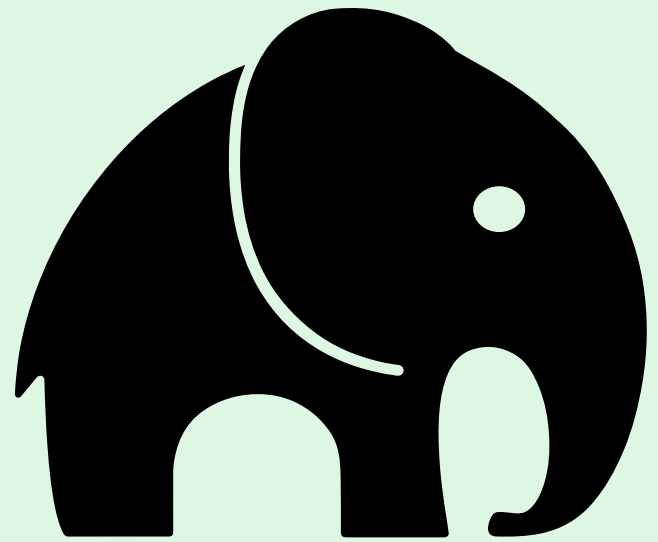
As The Guardian notes, “the cooling effects of forests, the flood prevention characteristics of wetlands, the food production abilities of oceans can now be understood as services with a defined financial value”.

The same rings true for animals, too.

Something alive is far more valuable than something dead. The value of an elephant's contribution to its ecosystem can be quantified at \$1.75m per elephant, however the value of a bee is even more significant. Without bees, humanity wouldn't even be able to look at elephants.

A metric that looks at the small economic value of a whale's blubber in comparison to the monumental value of the same creature's role in circulating small fish and plankton to the surface of the sea, supporting the food chains of shallow swimming predators and birds which in turn sustains human food supply cannot be measured in monetary terms.

Harvard Business School professor George Serafeim is also looking to move the needle forward by again putting a dollar value on the impact that products and operations have on people and the planet, then adding or subtracting it from companies' bottom lines.



\$1.75m
per elephant

The researchers developed a methodology to “derive monetized environmental impact estimates in a comparable way across companies by applying characterization pathways and monetization factors to organization level environmental outputs, including carbon emissions, water use, and other emission types”.

The median environmental impact as a percentage of an organization's revenues, referred to as environmental intensity, is close to 2% and above 10% in 11 out of 68 industries, suggesting a significant level of “hidden liabilities” and potential for value erosion if environmental impacts are priced.

While this thinking is moving the needle forwards and will make tangible improvements to the way our businesses operate, it's still not representative of real value. It's still of monetary value. We wouldn't even be here if it wasn't for bees so in this sense they are priceless. Value is so much more than money. Yes, we need to prove commercial benefits, cost savings and gains, but some things just cannot be measured in monetary terms.



Section 3

Redefining brand value

Redefining value away from monetary measures should be a fundamental way brands need to be recalibrated.

Maria Cachafeiro, Head of Sustainability at Multiplex, comments, “Businesses need to review what they’re doing and look beyond activities to the supply chain and stakeholders. There won’t be any progress on environmental and social sustainability if it’s only one company doing it. The biggest change is to engage with competitors, clients and supply chain to disseminate strengths and outcomes with everyone.”

Debates that revolve around the standing of the world’s most valuable brands hinge on P&L performance, awareness and desirability. They rarely touch on the wider impacts of how that profit was made, on the impact brands have on their communities or on the positive environmental contributions brands have made.

Prioritising the wider value that brands add to our society and rewarding them must be our starting point as we take our next steps into this vitally important decade.

Hilti Corporation, for example, has invested in a sustainability strategy to tackle the carbon emissions crisis. Despite its efforts to reduce carbon emissions and recycle materials, the brand has taken a humble approach to the positive environmental contributions it has made.



Annette Borén, Head of Finance and Sustainability for Hilti Northern Europe, comments, “We take a very humble approach, because we recognise that the construction sector has a big impact on the carbon footprint.”

“However, this has a major place in our sustainability strategy. For example, with our fleet offering, we actively control the carbon footprint of our tools beyond the end of life, meaning we take back the tools, send them back into repair and the rest is recycled. If the tool is in good shape, we donate it to charity. We operate in the circular economy from that point of view.”

Borén continues, “Safety is another key part of our sustainability strategy – building safety, safety for construction workers and safety for our own people. It’s about how the tool operates, so if we can extend the lifetime of the tool this has a major impact on the carbon footprint we’re making.”

Many brands have started on this journey already and are activating their value chain through their brand. As this example shows, Hilti has taken steps to address its environmental and societal impact by activating its value chain in ways that intertwine with brand equity.

In other words, Hilti’s brand purpose can be lived and expressed to simultaneously protect the planet and protect its people. By acknowledging the problem and working towards a solution, companies can redefine brand value in a way that is beneficial for the business and society at large.





Section 4

Rebalancing business and society

For the past 50 years, businesses have been looking at operations through a singular lens of shareholder value. Naturally, shareholders have been defined as those who have an actual financial interest in an organisation's success.

However, those who have a financial interest in the success of a company actually make up a very small percentage of the engagement needed for the business to succeed.

This concept of shareholder value has come at a cost, and now the world is out of balance.

To rebalance business and society, brands must opt-in to a different system, one that isn't defined by financial value but rather brand value as a wider concept.

In this framework, a brand activates value beyond its products or services so that it encompasses the entire business model. This is how a company ensures that business needs are in balance with its surroundings.

Making the shift to this wider interpretation of a brand is not only imperative for the planet, it's also inextricably linked to a company's continued existence.

Thankfully, certain brands are taking real action to make this a reality.

Multiplex's Cachafeiro says, "Implementing sustainability across the business is an alliance with the idea of a company's existence. If you're not doing it right, the company won't exist in the future. Doing the right thing will ensure the survival of our species and all the businesses within that. This has knock-on effects for attracting and retaining talent, too."

Cachafeiro continues, "In April 2021, Multiplex launched 'One Decade to Act'. That is our roadmap to becoming net zero by 2050, and it covers what our goals are up to 2030. It has five key goals – zero onsite emissions by 2025, 50% reduction in embodied carbon intensity by 2030, net zero carbon building operations by 2030, zero transport emissions by 2030 and zero avoidable waste by 2030."

Co-op is another example of a brand that is activating its value chain across the entire business model.

For Co-op, a large percentage of its spend was tied into long-term contracts, so it made sense to start its social value journey with strategic and critical suppliers.

Claire Costello, Chief Procurement Officer at the Co-op, says the company now adds social value clauses into its contracts.

Speaking at the CIPS Global Conference, she says, "We flipped it around. We did it through the relationship first and then moved into the tenders."

This social value programme involves a new set of questions, analytics and training for Co-op's procurement teams. After all, social value needs to be communicated effectively so that buyers can understand what it means.

The impact of the Co-op's social value programme has included a community space built next to a new store and its sponsorship of schools in the north of England through the Co-op Academies Trust.

Collectively, these examples demonstrate that business and society needs to be rebalanced. But doing so requires a commitment to view sustainability as an opportunity to advance and transform businesses, not to be seen as a short term cost.



The background of the page is a monochromatic blue abstract image. It features intricate, organic patterns that resemble ink splashes or the delicate, flowing structures of jellyfish. The colors range from light, airy blues to deep, saturated blues, creating a sense of movement and depth. The overall effect is ethereal and artistic, providing a visual metaphor for the 'conclusion' and 'balance' mentioned in the text.

Conclusion

Brands must include their impact, beyond products and services and into the supply chain. In short, it permeates the whole business model.

This will put them in a constant state of balance. Driving transformation, innovation, and efficiencies leading to the ultimate prize, resilience. Which is the goal of every single business on our planet.

Will Richardson, CEO & Founder at Green Element & Compare Your Footprint, says, “If we can grow ethically, morally and with a purpose then we can help transform society together.”

Only then can we restore our planet and our society.