



Module S9

»Sustainability Communication and Reporting«

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1. Module description

Pro-active Engagement and better Communication of Sustainability in Enterprises.

‘Sustainability’ has been a term well-established in the economic as well as the crafts sector for quite some time. Yet, few enterprises clearly and explicitly realise the large opportunities connected with it. Many companies find that sustainability is a threat or added, unnecessary ballast in their day-to-day economic dealings, and become defensive instead of using an offensive strategy to create a competitive edge for their enterprise.

This hesitant approach towards ‘sustainability’ is inherent in the term. The German translation ‘Nachhaltigkeit’ leads to a wide range of irritations and false interpretations about what the term actually means. The clearest answer was given by Gro Harlem Brundtland, the chairlady of the WCED: *“Meeting the needs of the present generation without compromising the ability of future generations to meet their needs”*.

A simpler description could be: sustainability is all about preserving the world for the future and for future generations.

When applied to sustainable craft enterprises this definition of sustainability leads to the following basic principles and policies for action:

- It ensures an economic base as its main principle.
- It values good personnel management, vocational and development training for employees, as well as a good working environment.
- It maintains good customer relations and relationships to its environment (locally, associations, etc.).
- It preserves resources, is energy-efficient and uses renewable energy sources.
- It values regional involvement and co-operation with other companies.

This path clearly shows enterprises what responsibilities and opportunities they will have simultaneously in ecology, economy and society in the future. Those who integrate ‘sustainability’ into their company branding will achieve a real competitive edge.

It is important to realise that it is a value that should be conveyed internally and externally. Internally to signal to employees a responsible course of action with which they can gladly identify themselves. Externally to communicate a recognisable added-value for customers,

thereby setting higher standards of quality, and in having the enterprise perceived as different from other market competitors.

How much sustainable 'zeitgeist' does an enterprise need?

For an enterprise the art of handling sustainability is to derive recognisable customer advantages from it, which is relevant for them too. And at the same time integrating sustainability into the enterprise and brand so that it is accepted as company philosophy, rather than being experienced as an artificial line of defence. Strategically sustainability belongs in the domain of company management. Seen as the enterprises' and in particular all managers' mindset, it has to flow into all levels of operational processes.

From a Superficial Effect to effective 'Added Value' for the Brand

Sustainability has to be integrated into the work, production and consumers' everyday life. It is not an extraneous and purely ideological phenomenon. Sustainability has to be communicated and lived within the company, as well as being visible and authentic outwardly, in a manner that is comprehensible for people. The values experienced and relevant for the customer are very often still almost completely obscured. Therefore it is time that enterprises in the craft sector recognise the value driver, sustainability, in their enterprises and the competitive edge it gives them. Many have already achieved this internally but must now communicate it outwardly.

Many well-founded and serious studies show that consumers have a high and increasing affinity to this subject. Having a clear conscience after buying 'sustainable goods' is an important consumer motive, and in the meantime has become far more than just a fashionable trend. Concerning which product people will decide to buy, a preference for sustainable consumer behaviour is becoming a significant characteristic for differentiating. Especially seen in the medium and long-term it is becoming an important buying criterion.

Sustainability and its Communication heightens an Enterprise's Value

The big question whether enterprises that invest in sustainability on the whole, experience greater returns than enterprises that do not, has been a 'hot' topic for quite a while. What seems to be happening is that an active attitude and company strategy, which includes

sustainability, as its company philosophy has potential value for a future that will be well worth it. Those that approach the subject seriously, intelligently and professionally have a good chance of strengthening the company's value and making profits. The concept of sustainable development is the central theme leading the way forward in the 21st century both for enterprises and customers. At the moment sustainability is still an invisible revolution.

This module covers aspects of communicating and reporting about corporate sustainability. This module deals with the question of what sustainability communication and reporting actually stands for, before moving on to describing the effect and the process of sustainability communication and reporting. It supports companies to

- approach communication as systemic corporate issue
- improve the conditions and possibilities under which sustainability is communicated
- invest in communication for double loop learning, means to become aware of direct and indirect impacts of communication activities.

The module is closely related to module S4 "Marketing", component D "Sustainable Marketing".

- Module A: Communication and reporting about sustainability
- Module B: Communicating sustainability
- Module C: Sustainability reporting in the crafts sector

2. Component A: Communication and reporting about sustainability

Relevant key terms in this section: sustainable development, reporting, sustainable communication, communication strategy

This component contains information about ...

- Why to talk about sustainability in crafts enterprises?
- What are the chances of sustainability communication and reporting for your business?

2.1. The context of communication and sustainability in the crafts sector

The quote, “It is impossible to not communicate“ is from Paul Watzlavick. He points out, that all behaviour possesses communicative character. That is a good starting point for internal and external communication in and by enterprises. In principle, enterprises communicate constantly, both internally and externally through e.g. mission statements, products, employees, managers, outlets, advertising, in everyday communication, and in the usual operational and sales processes.

Corporate communications includes all communication operations undertaken to enhance the status of a business organization and not, only or directly, its products or services. Within the context of sustainability (or Corporate Social Responsibility / CSR), the aim is to construct and convey the identity and business attitude of a responsible, and civic-minded enterprise. That communication measures that may be taken for this purpose are very varied and largely depend on the audience being addressed (public opinion, consumers, wage-earners, owners, shareholders, legislators, etc.). Overall communication is a fundamental principle of business success.

Many enterprises, especially in the crafts' sector possess good, but unused potential where sustainability is concerned. Sustainability and precise sustainable economic activity is defined as achieving economic success in a manner that respects people (employees,

suppliers, customers, etc.) the environment and ethical values, thereby creating a careful and prudent way of doing business.

It has been shown; on the one hand there is too little awareness in an enterprise of the potential for sustainability that would have a positive impact on their economic success. On the other hand there is often a lack of options to communicate this potential authentically and effectively to the appropriate target group. This poses an increasing challenge for craft enterprises because sustainability is gaining in importance for consumers.

Over the last few years, sustainability as a management and leadership approach has increased in importance in small and medium-sized enterprises. By implementing sustainability, more accurately, through executed corporate sustainability, the image and brand of an enterprise in the craft sector can be strengthened, as well as gaining access to new markets and target groups.

Sustainability is therefore an appropriate management approach for all those craft enterprises that are not aiming for just short term economic success as their highest priority but embed this aim in a strategy that ensures long-term existential security and social benefits for the enterprise. This kind of strategy includes additional aims that can be achieved through sustainability management. In particular, these are:

- **Stabilising the Enterprise in a Dynamic Environment**

Through continuous involvement of the most important stakeholders (customers, suppliers and employees) a culture of trust in the business environment is built up that supports and cushions changes in the enterprise.

- **Provisions for Risk**

The need to give attention to future social, economic and ecological changes shows that managerial adaptation strategies have to be developed early enough. Proven responsible, economic activities particularly help craft enterprises to protect their brand comprehensively, to motivate their employees and to reach new customers. Especially when a niche strategy specialising in quality is being pursued, continuous consideration of economic, ecological and social aspects is important in order to achieve good work, develop innovation, and to keep up high standards of quality of

goods and services reliably. That those who produce attestable values through responsible economic activity and avoid risks will gain the most in future when in competition for capital and employees, also applies to SME.

- **Utilization of Chances for Innovation**

Emerging, but also in terms of sustainability desired changes in the future, point to new perspectives in development for enterprises.

- **Increased Total Value of the Enterprise**

Entrepreneurial examples already exist. Enterprises that have succeeded in aligning themselves and their products consistently in a sustainable manner have thereby increased the value of the enterprise.

- **Collective Social Transformation Processes**

Through internal and external communication on the subject of sustainability, innovative and sustainable products and services, as well as intensive dialogue with stakeholders, a snowball effect develops that gradually leads to a collective social transformation process in the direction of sustainability.

Communication on Sustainability and Reporting

When communication on sustainability and reporting is talked about in this specialisation module then it is not meant to automatically be a sustainability report. A report is one particular, and under some circumstances, very effective option for an enterprise when communicating sustainability. For many small and very small craft businesses it is not worthwhile to write their own reports. The expenditure for the compilation and the resulting benefits are probably not balanced. Nevertheless there are enough options for communication, as well as for appropriate reporting methods, whereby essential, sustainability activities are made transparent for an enterprise's stakeholders, as well enabling evaluation.

(Note, compiling a sustainability report will be dealt with separately in component C)

In brief, communicating and reporting sustainability means:

- **Determining business goals in terms of sustainability:** Achieving clarity concerning the sustainability of enterprise goals (economic, ecological and social balance in an enterprise's development), and then concluding them.
- **Realising measures:** based on determining the concluded targets, activities are set in the form of concrete projects, processes and measures.
- **Transparent communication:** making this transparent (measurable, comprehensible and examinable, as well as credible) for the stakeholders as well as communicating effectively and appropriate to the targets.
- **Utilising all options for communication:** Communicating with those public groups that are of importance to the enterprise, the so-called stakeholders, in order to serve their interests, needs and options as best as possible, and to be able to implement these appropriately in production and service processes. This means not only giving information to the stakeholders (one-way communication) but having a directed dialogue in terms of involving the stakeholder groups in the various business processes.

The Role of Reporting

Clear and credible reporting is more than just public relations. It is evidence of a functioning management that conveys the above-mentioned concerns in all areas of the enterprise and/or anchors them in the core business. At the same time planned sustainability reporting reduces the extra effort of answering queries, e.g. from customers, which, depending on the business field, are also increasing for medium-sized businesses. Today, for junior employees responsibility is an important aspect in their choice of employer and sustainability reports and activities play an important role in promotion. Sustainability reporting is therefore not a luxury but rather an important contribution in avoiding risks and utilizing chances.

In addition, reporting supports the defining of targets in an enterprise's development, determines activities and measures to be taken, as well as monitoring them, thereby creating a definite rhythm of planning, execution and evaluation of an enterprise.

Dialogue with Stakeholders

Reporting is a good basis for holding a dialogue with stakeholders. It has growing importance for the further development of sustainability, i.e. in attaining CR-strategies. Especially in enterprises that operate in ecological and socially sensitive branches, regular exchanges with stakeholders, employees, customers, suppliers, public authorities, politics, NGO's can serve as an early warning system. The exchange serves as a way to build strong, trusting relationships with the stakeholders. It also strengthens existing networks in which an enterprise is embedded, as well as allowing synergies to be detected in order to better bind customers to the enterprise by:

- clear identity of the enterprise (what does the enterprise stand for?)
- transparent communication (what does the enterprise do?)
- qualitative production and service processes (how does it implement these for the customer's benefit?)

3. Component B: Communicating Sustainability

Relevant key terms in this section: sustainable communication, communication strategy, corporate communication, communication methods

This component contains information about ...

- What is behind the idea of sustainability communication?
- What are the chances of sustainability communication for your business?
- How to develop a communications plan

“The wise man doesn’t give the right answers; he poses the right questions.” (Claude Levi-Strauss, Anthropologist)

Public awareness and concern about environmental, economic and social issues is growing. The fact that the world has become more and more transparent, due largely to the mass media and the rise of new information technologies, has undoubtedly contributed to that. The impacts of our production and consumption patterns are no longer vague and visible. People and companies are beginning to understand the effect they are having on this world – our only home – and that they have a responsibility to look after it.

Corporate and public communication has a key role to play to build on these emerging trends and to make sustainable development approachable and understandable. Informed, motivated and committed people can help us to achieve sustainability goals. However, communicating effectively about sustainability in companies is a challenge. One needs to consider not only what to communicate, but how to communicate it.

Important factors of success include content, messenger, choice of media and tone. The lesson to be learned is that communication styles have to be positive, authentic, transparent and tailored according to the corporate spirit and to different circumstances and social and cultural contexts.

When an effective sustainable development policy is introduced and applied within a company, the strategies that ensue may vary greatly in terms of communication and marketing. Companies that are committed and responsible can introduce initiatives that reflect this in order to increase their credibility, legitimacy and image with consumers.

It is more and more important for crafts enterprises to be aware of their sustainability, to engage in sustainable development activities and to communicate this:

- Some businesses have made sustainable development a core part of their identity and the products they develop (**explicit sustainability reference**). This is the case with lots of pioneers in the field. Some of them have become meanwhile bigger companies. These companies' communications revolve entirely around sustainable development and its main fields.

Examples: Body Shop (cosmetics / www.thebodyshop.de), Patagonia (outdoor clothing / www.patagonia.com), Grüne Erde (furniture / www.grueneerde.at), Sonnentor (herb trading / www.sonnentor.at), Zotter Schokolade (chocolatier / www.zotter.at), Göttin des Glücks (fashion and clothing / www.goettindesgluecks.at), Herbsthofer (painter / www.herbsthofer.at)

- A company's contribution to sustainable development can also be expressed by more selective operations (**more implicit sustainability reference**): the adaption of new technologies or production processes, or the development of "green" products. These initiatives can be turned into points of differentiation and competitiveness in corporate communication strategies.

Examples: Brandl (bakery / www.brandl.at), Dorfinstallateur (plumber / www.dorfinstallateur.at), Haberl (wooden door producer / www.haberl.at), Zeiringer (plumber / www.zeiringer.net), Die Aufmöbler (joiner / www.aufmoebler.at)

Getting your message heard is not always easy, because the competition is tough. It is estimated that the average European is exposed to more than 3,000 marketing messages every day. Anyway it is important to know *what* and *how* to communicate essential messages. The question of how to communicate sustainable business principles represent a challenge for companies, but also an opportunity, as they can increase for example the financial worth of companies very significantly.

→ Work material S9-B1: Stakeholder Identification and Analysis

→ Work material S9-B2: Profile of Key Stakeholders

The value of a business depends not only on its commercial performance, but also on its reputation. Globally, it is estimated that 35% of a company's financial value is now determined by reputation (J.F. Keefe 2002). In a report devoted to CSR issues, Arthur D. Little cites a study according to which the proportion of a company's value deriving from its intangible assets rose from 17% in 1981 to 71% in 1998 (A.D. Little).

Of course, there is also the challenge posed by shifts in consumer representations and expectations concerning the environmental and social responsibility, for all their apparent passivity. This is meanwhile a major issue, and one that will become further-reaching as the main constraints on ethical consumption disappear. Thus, J. Ottman points out that, in certain sectors, green products are already perceived as being of better quality than traditional ones.

Overall the benefits of sustainability engagement and integration into core business as well as appropriate communication are manifold: strategic, economic, social and political, they underpin the activities of many companies.

Differentiation and market positioning benefits are more and more crucial for companies and indeed for crafts enterprises. The strategic benefits of CSR and its communication are analysed in terms of differentiation and protection of a company's market position. The success of firms that were pioneers in sustainable development is based on an important differentiation factor: their very identity, and that of their products/services, rests wholly on sustainability values and principles.

While such companies are still a minority, sustainability is tending to become a necessity for many, a genuine competitive advantage on which the maintenance of a firm's market position may depend: "We may be seeing the beginning of a new virtuous circle in which the only brands capable of innovating are going to seek to differentiate themselves in the eyes of consumers and are going to try to do this by devoting a growing share of their development and marketing efforts to the environment and sustainable development. Not only out of philanthropy, not only out of a concern for social responsibility (which has been the case for a

long time now) but because this is increasingly what consumers want and so brands will have a reason to develop...” (Marc Alias, Director of External Relations, Procter & Gamble, in Ethicity / Carat Media Marketing report 2005).

Economic and financial benefits are also becoming more and more visible and provable. Meanwhile we know that there is a link between companies’ ecologic and social initiatives and their financial performance (e.g. J.B. McGuire et al. 1988, M. L. Pava & J. Krause 1996, M. Tsoutsoura 2004). This link is supposed to be manifested at several levels: commercial results, investment, financial value, the development of new markets, and lower operating cost.

- **Commercial results:** Companies whose identity and products/services rely on sustainability values often achieve very significant commercial successes:
 - Natura became the market leader for cosmetics in South America with a 19% market share and a sales increase of 32% between 2002 and 2004.
 - In the case of American Apparel, turnover increased by 900% between 2000 et 2004 (as against a decline of 12.9% in the United States clothing market and increases of only 40% for Gap and 76% for H&M, the market leaders).
- **Long-term value:** Envisaging sustainable development as a financial opportunity also means taking a different, longterm approach to value, particularly as regards capital, and this demands a steady progression through numerous production and sales cycles.
- **New markets:** Social and ecologic demand for sustainable development may cause new markets to emerge and stimulate (industrial) innovations (recycling, waste management, processing of reusable raw materials, transport, etc.).
- **Investment:** Although they still account for only a small share of the market by comparison with traditional investments, socially responsible investments are becoming more and more substantial. A study conducted by Business in the Community shows that a third of all financial analysts now believe environmental issues are affecting the value of their investments (Arthur D. Little).
The performance of specific financial indexes such as the Dow Jones Sustainability Index (DJSI), a stock-exchange index that ranks the leading companies in

sustainable development, compared to the traditional ones, such as the Dow Jones Global Index (DJGI), illustrates this phenomenon: “During the five years before August 2001 the Dow Jones Sustainability Index (DJSI) clearly outperformed the Dow Jones Global Index (DJGI). While the DJSI had an annualized return of 15.8% the DJGI increased by 12.5% in that period” (WBCSD 2001).

Finally **social and political benefits** are an effect of sustainability activities. Corporate sustainability initiatives improve a company’s image in ways that have a positive internal effect. It seems not only that responsible companies are better placed to attract and retain high-quality human resources, but also that morale is better and productivity consequently higher as well. In many sectors (especially energy, transport and food), CSR initiatives yield benefits of a more political nature, as they provide a way of forestalling restrictive regulations.

→ Work material S9-B3: Developing a Communication Plan

4. Component C: Sustainability Reporting in the Craft Sector

Relevant keywords: Sustainability management, corporate social responsibility (CSR),

In this module you learn about

- economy-related challenges held by the concept of sustainability development and
- areas of sustainability already existent and/or already implemented by the economy.

4.1. Reporting about Sustainability – What are the benefits of reporting?

This component gives a structured overview on HOW a sustainability report can be prepared. The component describes how the performance, goals and activities of a company can be presented with a perspective on sustainability.

Reporting about sustainability

- support enterprises in presenting their economic, environmental and social performance in a transparent and balanced form,
- define the most important steps of producing a sustainability report,
- present methods to assist in the reporting process,
- ask questions to improve self-assessment of companies,
- offer suggestions for stakeholder engagement.

What are the immediate and long-term benefits of sustainability reporting? Why does an crafts enterprise prepare a sustainability report?

A sustainability report:

improves risk management and preventative measures

Carefully prepared sustainability reports expose environmental and social risks. They can act as an early-warning system for an enterprise and contribute to increase corporate stability.

supports strategic management

A sustainability report shows how a company is embedded in its natural, social and economic environment. It provides an opportunity for the reporting

organisation to look at itself from an external viewpoint which, in turn, makes it easier to define its responsibilities towards society and recognise possible opportunities and dangers. This creates the basis for the development of sustainable mission statements and strategies.

promotes innovation

Sustainability does not mean abstention! It aims at creating a high level of quality of life by meeting various needs in a *different* way. This process requires creative thinking which, in turn, enhances innovation for new products, services and technologies. A sustainability report raises innovation awareness within an enterprise.

strengthens image and competitiveness

The more identical we become, the more important are the differences between us! In a world of saturated markets in which it has become difficult to differentiate between the quality of products, emotional factors are rapidly gaining importance. Credible sustainability reports which reflect the development of the enterprise strengthen its image and its competitiveness on the product, labour and capital markets.

expands horizons

A reporting company's *technical* horizon expands to include environmental, social and general economic aspects. As its *temporal* horizon expands, the reporting enterprise becomes more sensitive to medium and long-term aspects of its operations. Reporting also expands a company's *geographical* horizon as it becomes aware of its position within a geographical region.

Example:

Sustainability reporting in the crafts sector:

Crafts enterprises have still lots of room for creativity in the preparation of their reports and they can draw on the experience of larger enterprises. The sustainability report of a small business will of course be less extensive than that of a large enterprise and indeed more personal.

An excellent example is the sustainability report of Hunziker, a Swiss plumbing business with now about 60 employees. But the company started with its sustainability activities and its first report in 2002 (having 28 employees). The first report was four-page long, the business showed its customers and local residents that it assumes responsibility for its employees, the region and the environment. The report enhanced the reputation of this successful small business and the company now has all the relevant internal data readily available for future reference.

www.hunzikerwin.ch

4.2. What are the benefits of sustainability in crafts enterprise?

This chapter demonstrates how crafts enterprises benefit from sustainable development. It also describes areas in which measures can be taken with a focus on the effect sustainability reporting has on the company.

Why do (crafts) enterprises engage in sustainability?

Many enterprises have already become aware of the benefits of sustainable development, most important of which are opportunities for innovation and increased market chances. Other businesses are beginning to change their attitudes and corporate guidelines to facilitate such a development. Companies which do not pick up on this trend will fall behind and lose track of the rapid changes.

These changes in the business world are accompanied and facilitated by a change in the framework conditions. It appears that sustainability will increasingly become an integral part of the political and societal development over the coming years and decades. The commitment of the United Nations to sustainability, the fact that the European Union has made the concept of 'sustainability' together with 'employment' and 'quality of life' one of its priorities and the development of a European and an Austrian sustainability strategy are proof of this development.

Information:**How can an enterprise engage in sustainability?**

No engagement	(passive)	The enterprise waits until pressure from the authorities and other stakeholders increases.
Sustainability for risk minimisation	(reactive)	Possible environmental and social risks, which could prove detrimental to the value or the reputation of an enterprise, can be avoided.
Sustainability for innovation	(active)	The enterprise realises that sustainability offers strategic opportunities on the market. New products, services and technology create new operational activity. A company's organisation and management experience an innovative internal development.
Sustainability as a social responsibility	(pro-active)	An enterprise not only addresses existing needs, but, together with its stakeholders creates sustainable forms of life and economic activity. This in turn leads to close relations with customers, suppliers and other groups and makes an enterprise more competitive.

The degree of benefit depends on how much a company actively engages in sustainability!

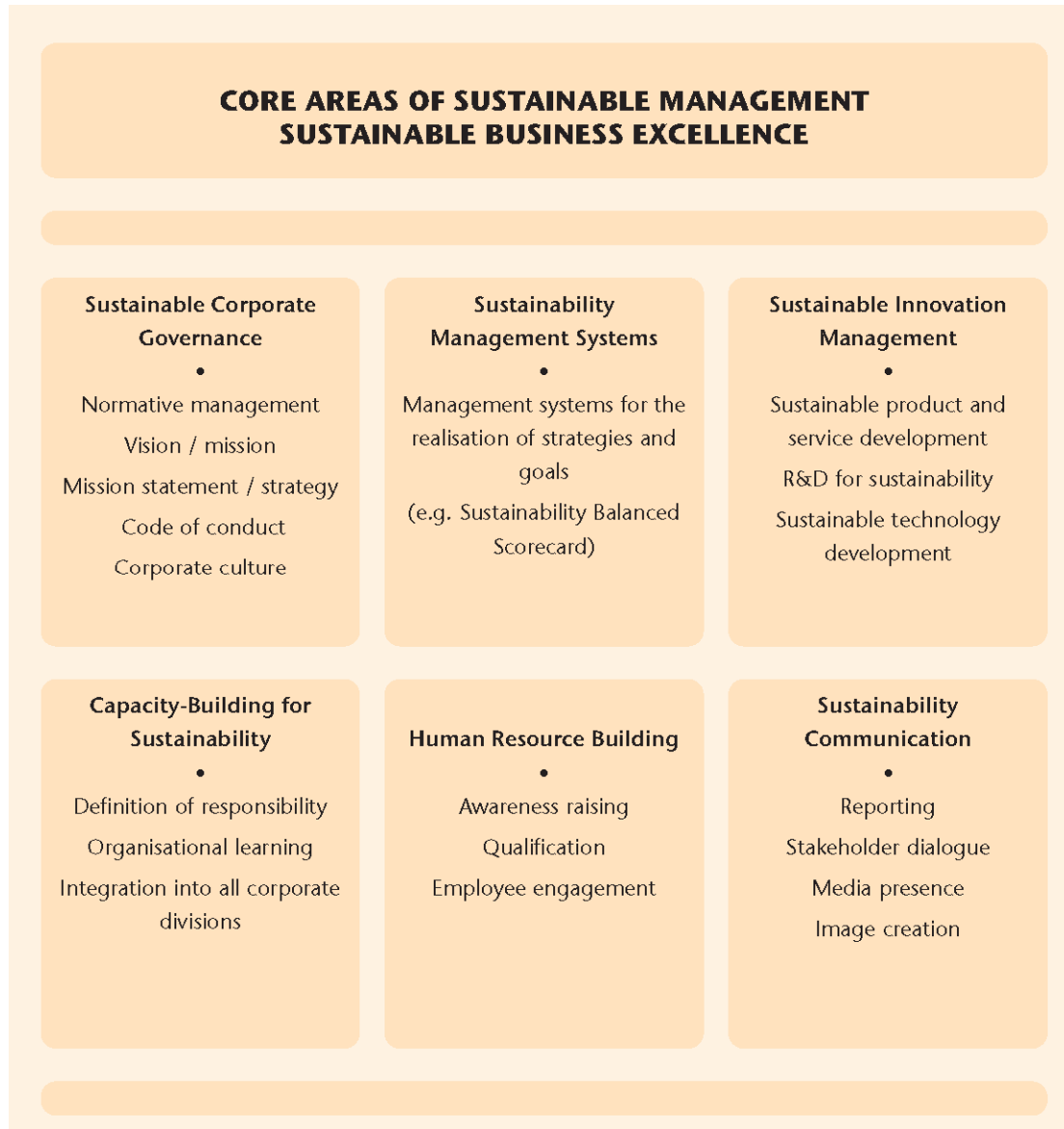
The actual benefits of sustainability depend on how an enterprise integrates the concept. Yet one thing is certain: whether it is used to minimise risks, generate innovation or shape society – sustainability always increases a company's value.

Core areas of Sustainable Management

Sustainability reporting addresses businesses which regard sustainability as an opportunity to expand their position in the market in the long term and in a responsible manner.

Companies that wish to develop in a sustainable way try to achieve economic success on the basis of long-term sustainable development, which takes social and environmental issues into consideration. This combination is essential for securing a business location, employment and the quality of life of people. Such a long-term and sustainable development is equally oriented towards

- economic success,
- social responsibility and a
- sustainable use of natural resources.



Many enterprises have already implemented **sustainable corporate governance** measures. A corporate sustainability process often begins with the creation of a vision of how the company can succeed economically in accordance with society and the environment.

In larger enterprises this implementation requires **management systems** which ensure that a sustainability vision, strategy and appropriate goals are actually pursued. In dedicating itself to this issue, an enterprise is on the leading edge of the current wave of development. Currently, this topic is rapidly advancing.

Sustainable corporate governance and sustainability management systems aim at creating a new generation of products and services. In addition the new and sustainable technologies and processes should be applied during production.

Innovation covers several aspects. One such aspect is that the new products, services and technologies should have considerably less detrimental impact on the natural environment, e.g. making engines more economical may increase their efficiency but is not a real innovation.

It would, however, be an innovation to meet the need for mobility in an alternative way. Innovations can also have a societal aspect. Enterprises which supply infrastructure can, for example, supply remote regions in a developing country with electricity produced from a decentralised renewable source of energy (e.g. solar energy). All involved parties would benefit from this: the quality of life of the disadvantaged parts of the population increases and enterprises gain access to new markets.

Conclusion: Innovation is not about continuously improving already existing products and services in small steps, but about thinking and developing completely new approaches!

Capacity-building for sustainability within the organisation is more than adding a sustainability board to already existing structures. All corporate divisions are required to take on the responsibility to realise the company's sustainability vision. Sustainability concerns research and development as much as it does marketing, in-house communication and controlling! Capacity-building for sustainability mainly aims at increasing the harmonisation of and networking among these often separated corporate divisions.

All measures are, however, lost unless they are supported by the people in the enterprise. If employees do not understand the concept or if their involvement proves detrimental to their careers, the mission statement will be nothing but empty words, numerical sustainability indicators of the management system will have no meaning, responsibility will be delegated and innovation will not happen. Another decisive factor is whether the know-how necessary for the implementation of sustainability is available. **Human resource development** must

become the heart and mind of this process, to lay the fertile ground for sustainability in an enterprise.

Sustainability communication is currently dominated by reporting and marketing activities. However, there is huge potential in other communication tools such as the engagement of involved stakeholders in business processes or the transmission of sustainability messages through advertising.

The synergy of reporting and corporate sustainability

Reporting supports crafts enterprises in their sustainability communication. Their first and foremost aim is a high-quality report. As every sustainability initiative has an impact on the entire enterprise, reporting is much more than a mere communication tool. A report and its preparation give important impulses for the advancement of corporate sustainable development:

- **Awareness-raising in the enterprise:** During the reporting process many different parties grapple with the issue of sustainability: through in-house interviews, carried out during the preparation period, management presents the finished report at expert discussions and employees read the report.
- **Perception of weak signals:** During the preparation of the report the demands of stakeholders are gathered and analysed to identify possible new topics relevant to the company. Sustainability reporting acts as an early warning system and highlights opportunities.
- **Promotion of sustainable corporate development:** During the preparation of the report the enterprise will be “scanned” to determine which sustainability measures have already been taken and which will be needed in future.
- **Embedding goals:** The publication of planned sustainability measures and goals creates an incentive and a sense of obligation to achieve targets!
- **Joint development of companies and their social environment:** A prerequisite for sustainable development is the dialogue with stakeholder groups. Reports enhance this dialogue by supplying external persons with important information. But reporting can also initiate dialogue by involving stakeholders in the preparation of the report.

4.3. Seven steps to a successful report

Are you interested in integrating sustainability into your company? Do you believe that a sustainability report will create new opportunities for your economic activities but you cannot quite imagine how to go about implementing such a project?

The process to make a sustainability report is a path with seven suggested steps. If you want to dive deeper in this seven steps process than we invite you to use the guidelines:

Reporting about Sustainability – 7 Steps to a Successful Sustainability Report. Every section in this guideline contains instructions on how the specific situation of your company can be taken into account. While other guidelines describe WHAT a report should contain, this guideline focuses on HOW a sustainability report should be prepared. This process oriented approach offers two advantages: (1) the preparation of the report is tailored to the specific situation of the company and (2) each step describes what needs to be done to promote the internal sustainability process in the best possible way.

The guideline “Reporting about Sustainability” addresses persons who are ready to accept a new challenge and who want to perceive their company in an integrative and proactive way while dealing with its economic, social and environmental surrounding. Committed and convinced employees and managers are vital for a successful report, which cannot take place without them.

Seven steps to reporting:

Step 1: Determine framework conditions

Step 2: Identify topics and stakeholders

Step 3: Establish goals for the enterprise and the report

Step 4: Gather data and other information

Step 5: Write the report

Step 6: Design the report

Step 7: Distribute the report

7. Sources

Sources

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8. Materials

Component A: Communication and Reporting about Sustainability

Component B: Communicating Sustainability

S9-B1: Stakeholder Identification and Analysis

S9-B2: Profile of Key Stakeholders

S9-B3: Developing a Communication Plan

Component C: Sustainability Reporting in the Craft Sector

S9-C1: Basic Message of Reporting

S9-C2: Identify Topics for Reporting

S9-C3: Corporate Review on Sustainable Development