

The Sustainability of Canadian Business in the New Economy

» *Sustainable Canada* »



Sustainable Canada

Sustainable Canada...

- **A multi- sectoral, multi- constituency collaborative research project, funded by the Social Sciences and Humanities Research Council *Initiative on the New Economy***
- **Exploring the *business value* of companies in Canada being identified with socially and environmentally benevolent business practices.**



Canada in the global economy

In order to “win” Canadian firms must:

- **develop unique products and processes**
- **enhance R&D**
- **achieve global scale economies**
- **own foreign distribution**
- **be branded**
- **be “sustainable”**

Martin and Porter (2000)

Canadian Competitiveness: Nine Years After the Crossroads



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Sources of wealth creation and competitive advantage are changing

20th Century

- production inputs
- access to capital
- market domination
- proprietary information

21st Century

- knowledge
- innovation
- competencies
- intellectual property and social capital
 - brands
 - reputation
 - relationships



Why have a national brand?

Your best bet for finding your customers – and for them finding you – is to link up with a big brand that has a reputation for reliability. Trustworthy brands are becoming consumer guides through the jungle of the new economy.

Robert Reich, The Future of Success



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Potential for a 'Brand Canada'

- Linking Canadian companies - large and small - to a powerful brand identity.
- Building a national identity upon which individual Canadian corporations can leverage consumer interest in both domestic and foreign markets.



Defining the brand

A brand is not a superficial exercise in cosmetics, not just a logo or slogan. It's what lies beneath. A strong brand is the sum of a product, a personality and a promise.....Often national traits are interpreted into products. The character of the people influences their products, which in turn reinforces their perception of who they are.

Paul Lavoie, Taxi Advertising



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Potential for 'Sustainability'...



Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

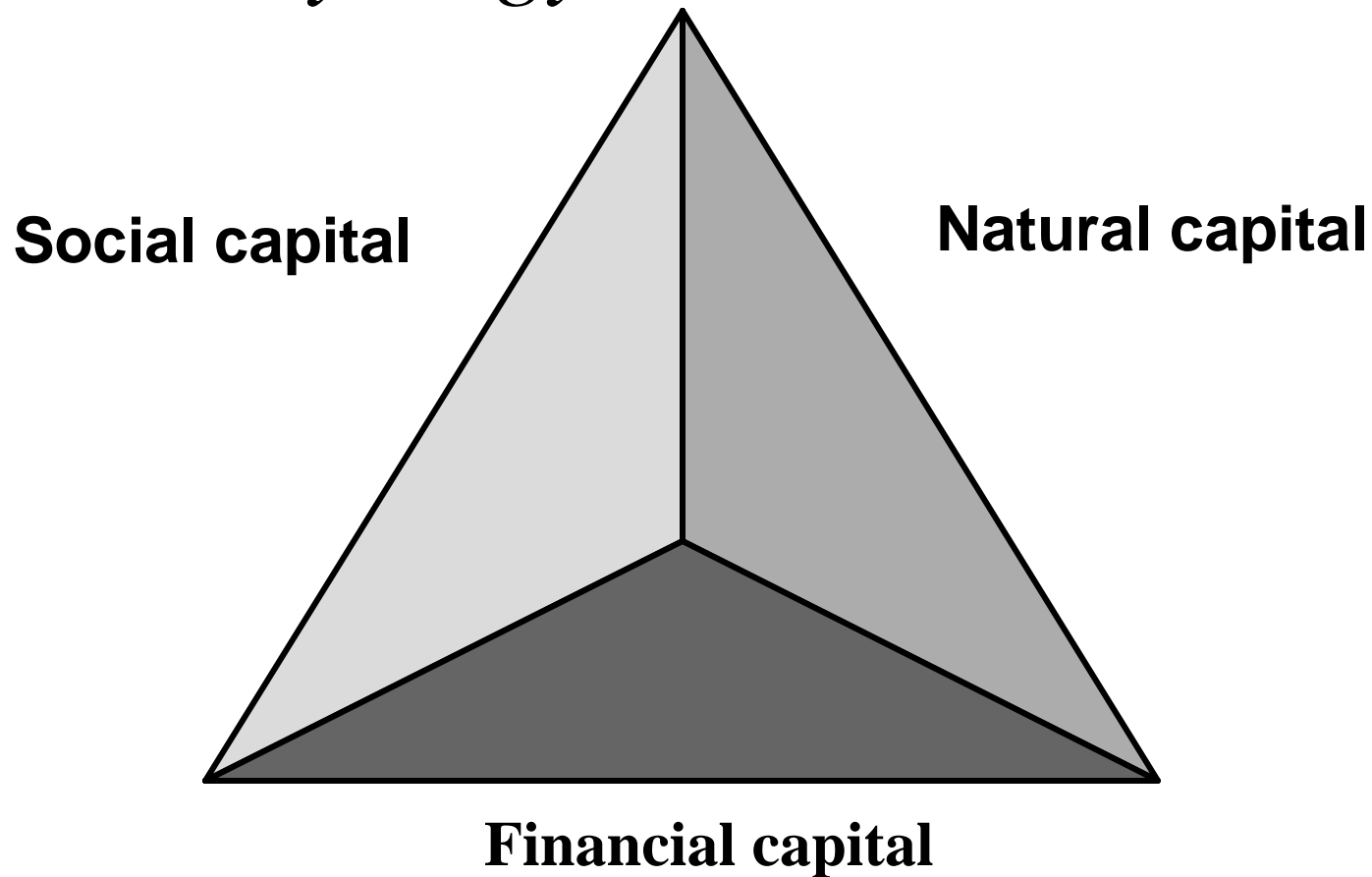
The Brundland Commission, 1987

(World Commission on Environment and Development)

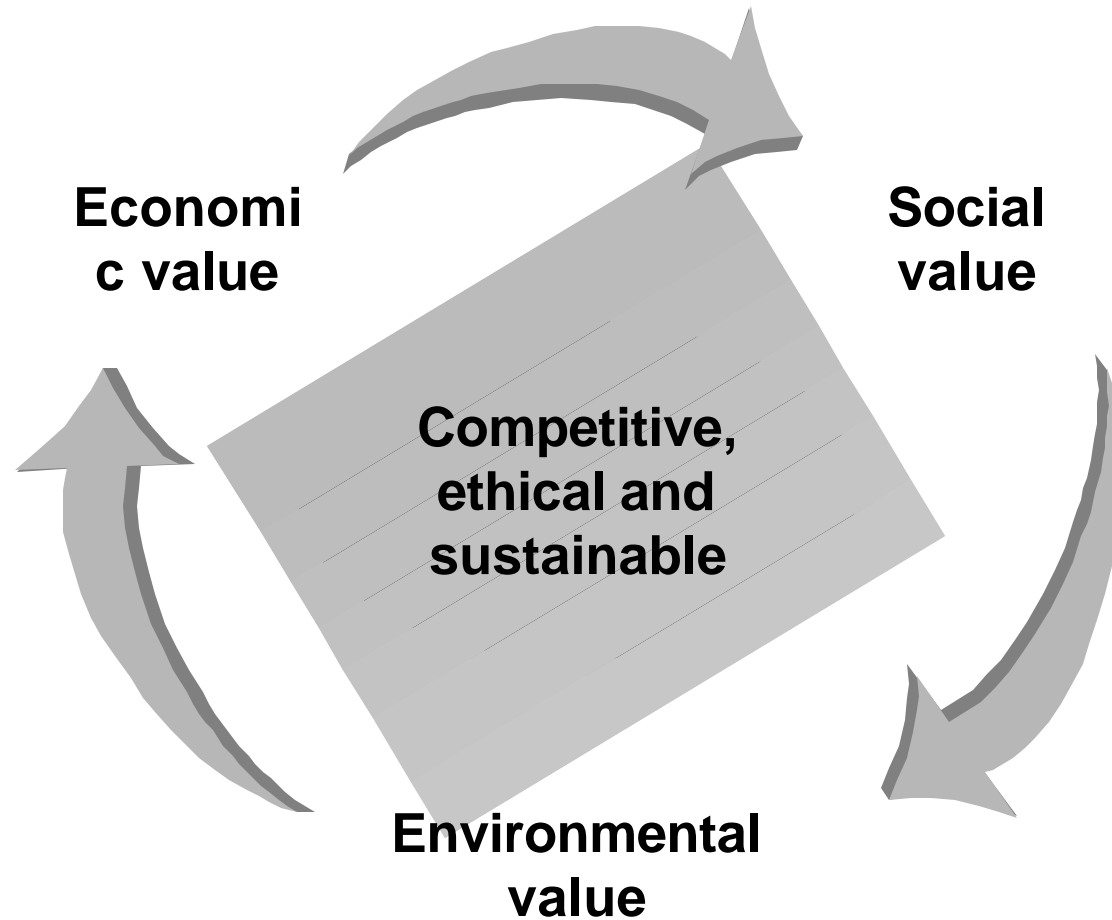


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A new 'capitalism': three capitals in dynamic synergy



Business and sustainability



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Objectives for Sustainable Canada

To help Canadian business become more competitive *and* more sustainable in 'the new economy' by:

- › **exploring and testing *branding strategies* aimed at leveraging consumer interest in more socially and environmentally responsible Canadian products and services in international markets - branding 'Canada'**
- › **helping Canadian firms *innovate* toward a vision of sustainability to leverage the branding strategy whilst ensuring consistency of external and internal identities**



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Starting assumptions

- › **positive correlation between companies that perform well on social and environmental factors and those that perform better in terms of competitiveness, sales and stock price**
- › **in the New Economy (i.e 'knowledge-based', 'networked', or 'learning' economy) increasingly, value is embedded in and grows from *intangible* or 'soft' assets and capabilities**
- › **Canada is well placed to leverage traditional Canadian values in an international business context: viz fairness, social justice, care for the environment**



Academic frameworks

- Organizational identity
 - identity (how organization sees itself)
 - image (how stakeholder perceive organization)
 - reputation (long term perception/legacy)
 - legitimacy (internal & external)
- Stakeholder theory/social capital



Dimensions of organizational identity

(after Whetton & Godfrey, 1998)

- Homogeneity - sharing cognitive beliefs
- Intensity (conviction) - strength of belief and degree of positive identification
- Complexity - number of beliefs and number of identities
- Content - description
- Context - internal and external



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Project phasing

Phase 1: Explore possibilities and build consensus

- › gather and analyze data, report findings
- › summarize possibilities with plan for action, refine proposal for **Phase 2 (by September 2002)**

Phase 2: Applied research at specified sites

- › in- depth action research at ~ 12 organizations/ 6 sectors
- › assist real firms in recasting their internal and external ‘sustainability identities’ more formally in line with what is going on in their sectors nationally and internationally

Phase 3: Market testing and dissemination of results

- › test against stakeholder expectations in marketplaces within and beyond Canada: governments, supply chain partners, larger international customers and end consumers where relevant



Participation in Phase 1

Input from business partners

- 1. A unified sectoral approach – cooperative, broad information sharing, advice on project direction from sector associations**
- 2. Companies volunteer to assist in preliminary research - possibly following recommendations from sector associations**
- 3. Input from participating firms: access to relevant senior leaders for information gathering eg operations, SD, Marketing, HR**



Collaborators and Partners

Provisional Backing

Industry Sectors

**Forestry, Oil & Gas, Electricity, Mining,
Manufacturing,
Chemicals, Env Services, ICT, Tourism, Biotech?
Agriculture? Finance?**

Multi- sectoral orgs

**CEO Council (former BCND), Canadian Chamber of
Commerce**

Academic Institutions

**York U, UofT, McGill U, UQAM, SFU, WLU, -
others to follow**

Government Depts

**DFAIT, Industry Canada, Environment Canada,
NRCan - others to follow**

Civil Society Orgs

**NRTEE, CBSR, CICA, Pollution Probe, Canadian
Centre for Philanthropy - others to follow**

Coaches & Consultants

**Digital 4 Sight , Decision Partners, Broad Reach
Innovations, Five Winds International, others....**

Marketing & Branding

**Taxi, FutureBrand, EYE, Environics, Terrachoice
Manifest, Hill & Knowlton, Strategic Objectives,
Spencer Francey Peters, others...**



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Spectrum of Opportunities

Organizational Leadership Innovations

- **Operational processes**
- **Management processes**

Sectoral/ Industry Leadership Innovations

- **Industry transparency**
- **Communicate the sector's contribution to the Canadian good**

National Leadership Innovations

- **National Marketing Strategy:
"Branding Canada"**
- **Multi-party approach**

Innovations across the spectrum

- **Leadership, Organizational, Technical, Communications-**
aligned to a sustainable vision and sustainable practices



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Forestry Sector

Phase One Interviews

- **Interview status:**
 - **mid-way to completion**
- **Interviewee profile:**
 - **sector association and individual organizations in the forestry sector**
 - **upper- middle management and senior management (primarily VP level) from SD, Operations and Communications**
- **Organizations contacted to date:**
 - **FPAC, Domtar, Abitibi, Weyerhaeuser, Tembec, Weldwood, Nexfor**



Forestry Sector

Phase One Interviews

- **Highly competitive industry, many players**
- **However, good history of collaboration on matters of mutual interest**
- **High levels of trust and openness, much informal CEO interaction**
- **High interaction among industry members through sector association and various policy influencing committees**
- **Strong industry identity: staid industry, slow to embrace new ideas, tarnished image in the past, long-term view**
- **Individual firms are becoming less diversified, more focused and strengthening identity**
- **Leadership at senior political level is key**
- **Potential: Excellent opportunity to increase access to international markets through sustainability branding**



ICT Sector

Phase One Interviews

- **Interview status: close to completion**
- **Respondent profile: Senior Managers responsible for sustainability and industry association representatives**
- **Organizations contacted to date: Bell Canada, Cisco Systems, EDS Canada Gennum, IBM Canada, ITAC, Microsoft Canada, Telus.**
- **Sustainability is seen as an emerging issue but not a priority among mainstream players in the industry.**
- **Sustainability issues are well- understood among specialists and proactive solutions are being explored.**



ICT Sector

Phase One Interviews

- **Social capital: medium trending to high. Social capital has historically been high in industry sub-sectors e.g. telecoms, micro-electronics, cable etc. but convergence and the dot.com bubble have de-stabilized long-standing relationships. Exit of many dot.coms is helping to re-build social capital.**
- **Sustainability is not a core identity frame.**
- **Leadership is seen as important but insufficient without structural changes.**
- **Increasing pressure from external stakeholder (e.g. foreign competition and pending product take-back legislation) and a return to industry prosperity will help return environmental and social questions onto the priority list.**



Oil and Gas Sector

Phase One Interviews

- **Interview status:**
 - **preliminary**
- **Interviewee profile:**
 - **individual organizations in the oil and gas sector**
 - **senior management (primarily VP level) from SD, Operations and Communications**
- **Organizations contacted to date:**
 - **CAPP, Suncor, Shell, Petro-Can, Pan-Canadian**



Oil and Gas Sector

Phase One Interviews

- **Structures in place for industry members to collaborate**
- **Very strong firm level identity for leading firms**
- **Need to build a coalition of proactive companies to lead the industry in this direction, “raise the bar”**
- **Potential: increasing public notice makes sustainability as a business issue more pressing - vast opportunity here**



Electricity Sector

Phase One Interviews

- **Interview status:**
 - **almost complete**
- **Interviewee profile:**
 - **sector association and individual organizations in the electricity sector**
 - **upper- middle management and senior management (primarily VP level) from SD, Operations and Communications**
- **Organizations contacted to date:**
 - **CEA, Hydro One, OPG, BC Hydro, Hydro - Quebec, Nova Scotia Power, EPCOR, ATCO Power, Manitoba Hydro. TransAlta, Toronto Hydro**



Electricity Sector

Phase One Interviews

- **Not a tightly knit community – plenty of differentiation in what companies offer**
- **History of collaboration on matters of mutual interest**
- **Industry identity is heterogeneous, identity in flux at the firm level**
- **Political and firm level leadership are key**
- **Potential: Excellent opportunity to differentiate a commodity with *Sustainable Canada*, for domestic and international benefits**



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Manufacturing Sector

Phase One Interviews

- **Interview Status:**
 - **Midway to completion**
- **Interview participants:**
 - **leading primary manufacturing organizations**
 - **upper- middle management and senior management (primarily VP level) from SD, Operations and Communications**
- **Organizations contacted: Dofasco, DuPont Canada, Alcan**



Manufacturing Sector

Phase One Interviews

- **‘Sustainability’ seen as a useful frame to capture complexity of primary manufacturers**
- **Social capital - varies firm- by- firm rather than industry- wide, due to the broad and diverse nature of the manufacturing sector**
- **Notion of being sustainability leaders is becoming integrated into corporate identity and self- image**
- **‘Distributed leadership’ key in highly complex manufacturing settings**
- **Potential: exploring sustainability- driven opportunities along value- chains holds highest promise for (especially B2B primary) manufacturers**



Environmental Services Sector

Phase One Interviews

- **Interview status:**
 - **preliminary**
- **Interviewee profile:**
 - **individual organizations in environmental services**
 - **senior management and CEO level (primarily VP level) from SD and Operations**
- **Organizations contacted to date:**
 - **AMEC, Bechtel, CH2M Hill, Delcan**



Environmental Services Sector

Phase One Interviews

- **Frequent intra- industry collaboration on project- by- project basis**
- **Highly diverse and diffuse structure**
- **Room to enhance an already strong Canadian identity in international markets - exporting environmental services**
- **Political leadership seen as key**
- **Potential for collaboration along value - chains (e.g. with manufacturers)**



Mining Sector

Phase One Interviews

- **Interview Status:**
 - **Preliminary- to- midway**
- **Respondent Profile:**
 - **interviews with sector association members and individual organizations in the mining sector**
 - **senior management (primarily VP level) from SD, Operations and Communications**
- **Organizations contacted: Mining Association of Canada, Placer Dome, Falconbridge, Teck Cominco**
- **Sustainability is a critical business issue for mining - license to operate, speed to land access, access to capital depend increasingly on SD performance**



Mining Sector

Phase One Interviews

- **Social Capital - high connectivity/cooperative structures within the mining industry; considerable focus in recent years on improving sustainable practices and the informed judgement of external communities of interest**
- **Key identity issues are at the industry and company levels, not necessarily attached to national identity**
- **Sectoral associations play a strong leadership role on sustainability (TSM in Canada; GMI globally)**
- **Ultimate success highly dependent on strong leadership and accountability at the firm level**
- **Potential: Canadian firms seen as world leaders in technical mining issues - can leverage that to lead on sustainability**



Tourism Sector

Phase One Interviews

- **Interview status: Preliminary**
- **Respondent profile: Owner/operators of tourism and eco-tourism businesses, senior managers of industry associations.**
- **Organizations contacted to date: Canadian Tourism Commission, International Ecotourism Society, Ecoplannet, Kalahari Management, Trails of the Eagle Clan, Nahanni River Adventures.**
- **Sustainability is seen as an area of opportunity for the tourism sector**
- **Industry fragmentation and diversity of interests are seen as barriers.**
- **Focus on regional leadership is most promising for tourism sector.**



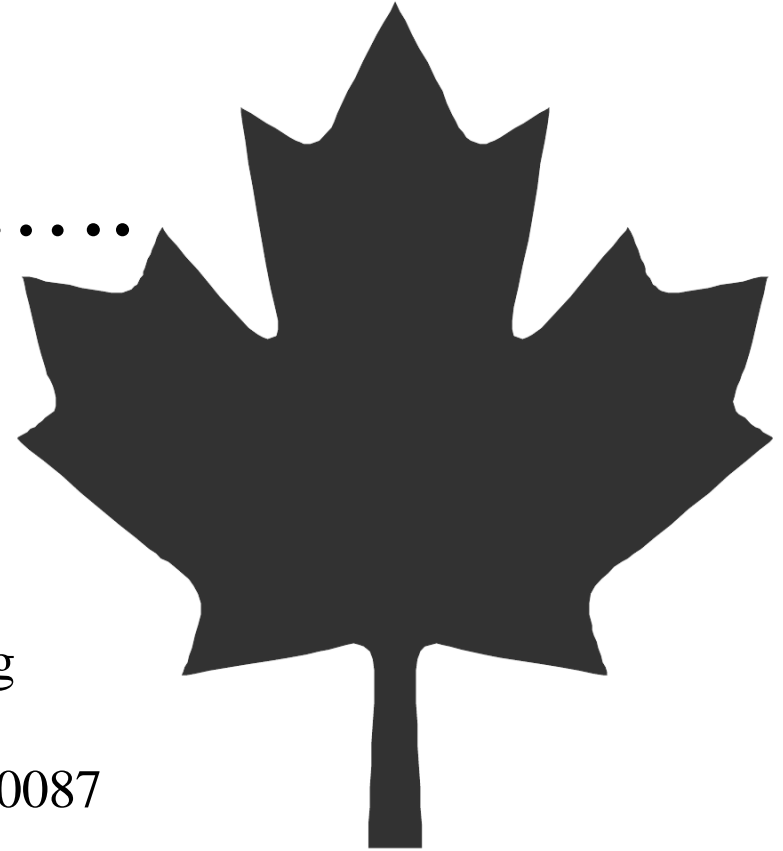
Tourism Sector

Phase One Interviews

- **Existing social capital status: Low. Organizations interact infrequently, vary significantly in terms of size, products and objectives and therefore trust is low.**
- **Sustainability is seen as important to identity, however, agreement on definitions is not established.**
- **Leadership at the regional/local level has the most promise**
- **Potential: initial findings suggest some need for national leadership regarding standards, marketing and management information but with regional leadership necessary to engage and support service providers.**



Please Contact Us.....



Via <http://www.SustainableCanada.org>

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