



The business case for sustainability

About these guides

These practical guides explain important sustainability topics for businesses. Share them with the people in your organisation who are working together to meet your environmental, social and governance goals.

Why does my organisation need to be sustainable?

Sustainable businesses are excellent businesses. They create value in the short and long terms – economically, environmentally and socially. [Refer to guide on sustainability strategy.](#)



Guiding principle: rangatiratanga

Sustainability starts with rangatiratanga (good leadership). Rangatiratanga takes a holistic view of leadership, with mokopuna decisions made at a Governance level and carried out at Executive and leadership level. Good leadership includes weaving deep connection with your organisation's people, communities, stakeholders and customers. Good business follows good leadership.

Being a more sustainable business is about understanding your destination (te kapehu whetu, the star compass). You also need to understand along with the 360 degrees around the waka (canoe) that lead you from the open ocean (where you are now) to a new whare (the more sustainable organisation you want to be).

The macro view: the business case for sustainability

What the global studies say

These three studies confirm that companies that invest in sustainability outperform the market in the medium and long terms.

In 2023 [McKinsey](#) showed that companies that prioritise sustainability alongside profitability and growth deliver better returns to stakeholders.

In 2022 the [Morningstar US Sustainability Leaders Index](#) reported that 'companies that scored the strongest on environmental, social, and governance metrics saw some of the highest returns in 2021'.

In a major study of investments in 2012, [Deutsche Bank/ Columbia University](#) cited 'compelling' evidence that companies with high ratings for sustainability (measured by their activities) benefit from a lower cost of capital for debt (loans and bonds) and equity. 'The market recognizes that these companies are lower risk than other companies and rewards them accordingly.'



The business-by-business view: the business case for sustainability

Becoming more sustainable is an investment in your organisation

As they would with any investment, your rangatira (leaders) need to consider the benefits and costs of that investment before they commit to it.

Examples of benefits	Examples of costs
<ul style="list-style-type: none"> • Lower costs • A more resilient organisation • More revenue • Stronger relationships 	<ul style="list-style-type: none"> • Researching what you need to do • Investing in your people, relationships, products/services, processes and systems to navigate to your new destination

Making the business case for ‘sustainability’

A business case brings these costs and benefits together to help your rangatira make good decisions. Becoming more sustainable should be part of your wider business strategy, not a set of standalone activities. So you will generally ‘make the business case for sustainability’ as part of another business case (see below) not on its own.

Business activity	Building ‘sustainability’ into your business case
Upgrading your plant and equipment	Consider costs and benefits of investing in energy-efficient technology

Refer to the [sustainability strategy guide](#) for a full list of benefits.

Making ‘sustainability’ part of all your business cases means:

- thinking about what ‘sustainability’ means to your organisation
- considering how your organisation connects with the world holistically, including to tangata whenua and Te Tiriti o Waitangi
- uncovering long-term benefits and costs to all your stakeholders (including future generations and the environment)
- weaving relationships with all these stakeholders
- seeing ‘sustainability’ as an investment that you need to manage carefully.

How do I make ‘acting more sustainably’ part of a business case?

Note: your ‘business case for sustainability’ will generally be part of a business case for a wider activity.



Scope your investment

1. Identify your stakeholders and what ‘sustainability’ means to them

Consider the many people who have a ‘stake’ in your organisation succeeding sustainably. You will naturally think of your team, local communities, customers, suppliers, investors and regulators. Taking a long-term, holistic view means including the environment, mokopuna and their descendants too.

2. Identify how investing in sustainability adds value to your organisation

Your business case needs to reflect the views of all these stakeholders and communicate a common destination. Start with a materiality assessment. Then include your top priority issues in your business case. Refer to the [sustainability strategy guide](#) for examples.

3. Understand where you are now

What progress are you making on your ‘journey’? Under full sail or just starting out? Well on the way in some areas (e.g. reducing greenhouse gas emissions) and still to launch in others (e.g. procuring responsibly)? Your business cases need to reflect this.



Identify your decision-makers

4. Consider who you need to convince

Who do you need to influence? What are they interested in? What are they concerned about? This will differ across your organisation. However, all your leaders, whether in procurement, legal, customer operations, marketing or human resources, have an interest in creating a more sustainable organisation.

Nā tō rourou, nā takurourou ka oraai te iwi
With your basket and my basket the people will thrive.

Some people’s sustainability concerns may need more time and understanding to work through. Having brave conversations that acknowledge concerns, address them with data and examples and reach consensus creates deeper connections.



Measure your costs and benefits

5. Provide evidence

Do your research. Talk with the people who will benefit from sustainability activities and help you make them part of ‘how you do business’. Back this up with desk-based research.

Examples

Business activity	Sustainability activity	Potential benefits	Measuring the benefits	Measuring the costs
Procurement	<ul style="list-style-type: none"> Invest in responsible procurement framework 	<ul style="list-style-type: none"> Reduce risks of being prosecuted for modern slavery 	<ul style="list-style-type: none"> Fines avoided Brand damage avoided Major supplier retained 	Activities: <ul style="list-style-type: none"> Draft supplier code of conduct Communicate with suppliers
Operations	<ul style="list-style-type: none"> Reduce water use 	<ul style="list-style-type: none"> Save water by reducing leaks use 	<ul style="list-style-type: none"> Water savings Cost savings 	Activities: <ul style="list-style-type: none"> Identify leaks Repair leaks
People	<ul style="list-style-type: none"> Improve employee wellbeing 	<ul style="list-style-type: none"> Improve productivity and team engagement 	<ul style="list-style-type: none"> Fewer sick days Higher engagement score Lower staff turnover 	Activities: <ul style="list-style-type: none"> Set up staff welfare committee Invest \$x in employee-led ideas

6. Do the numbers

A business case supports a business decision. That means it’s about numbers. Your finance team can help you with the traditional measures that decision-makers want to see, such as Net Present Value (NPV) and Return on Investment (ROI).

Attach numbers to every part of your business, including your ‘intangible assets’ (e.g. the value of your brand). These assets are becoming increasingly important. Be careful not to double-count. Use sensitivity analysis to test how robust your figures are.



D. Set yourself up to succeed

7. Find a champion

This is about rangatiratanga. It is more than simply ‘leading’ with an executive or manager title. You are looking for champions who consider all aspects of sustainability and truly consider the long-term issues: what this means for mokopuna and the intergenerational impact of your organisation externally and internally.

8. Be strategic

Show how the investment supports your wider business strategy and that you understand the strategic risks, opportunities and challenges involved.



9. Make your business case inspiring – and practical

Create a vision of what your organisation will look like when you succeed/reach your destination and the broad steps you'll take to get there. Communicate clearly and consider a qualitative case study (story).

Storytelling is important in Aotearoa New Zealand: the country's fabric has been woven with shared stories. Use traditional and contemporary storytelling to inspire your stakeholders.

10. Focus on action and create a sense of urgency

Decision-makers want results. Confirm a simple plan that shows you've considered the roadblocks you need to overcome and the opportunities you need to grasp. Who will lead this work? How will you get started? What does it look like in years one, two and three?

Looking ahead

Expect to see decision-makers wanting to understand:

- how sustainability supports every aspect of your wider business strategy
- how sustainability improves connections with your stakeholders
- the links between sustainability and te Tiriti o Waitangi
- the links between investments (e.g. investing in a responsible procurement strategy and in lower carbon products).

They will also want to see more focus on numbers (including intangible costs and benefits).

About us

The **Sustainable Business Council (SBC)** is a CEO-led membership organisation that mobilises over 130 ambitious businesses to build a thriving and sustainable future for all.

thinkstep-anz is an independent trans-Tasman sustainability firm. We offer a full range of sustainability services and specialise in plain English sustainability communications and design. thinkstep-anz's sustainability communicators have written this guide.

Kaitiaki Collective promotes transformational thinking through sustainability, environmental and stakeholder engagement. We reflect whakaaro me mātauranga Māori in everything we do.

More information

You'll find the other guides in this series here:

sbc.org.nz/sustainability-toolkit

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