

Does Your Business Have a Talent for Sustainability?

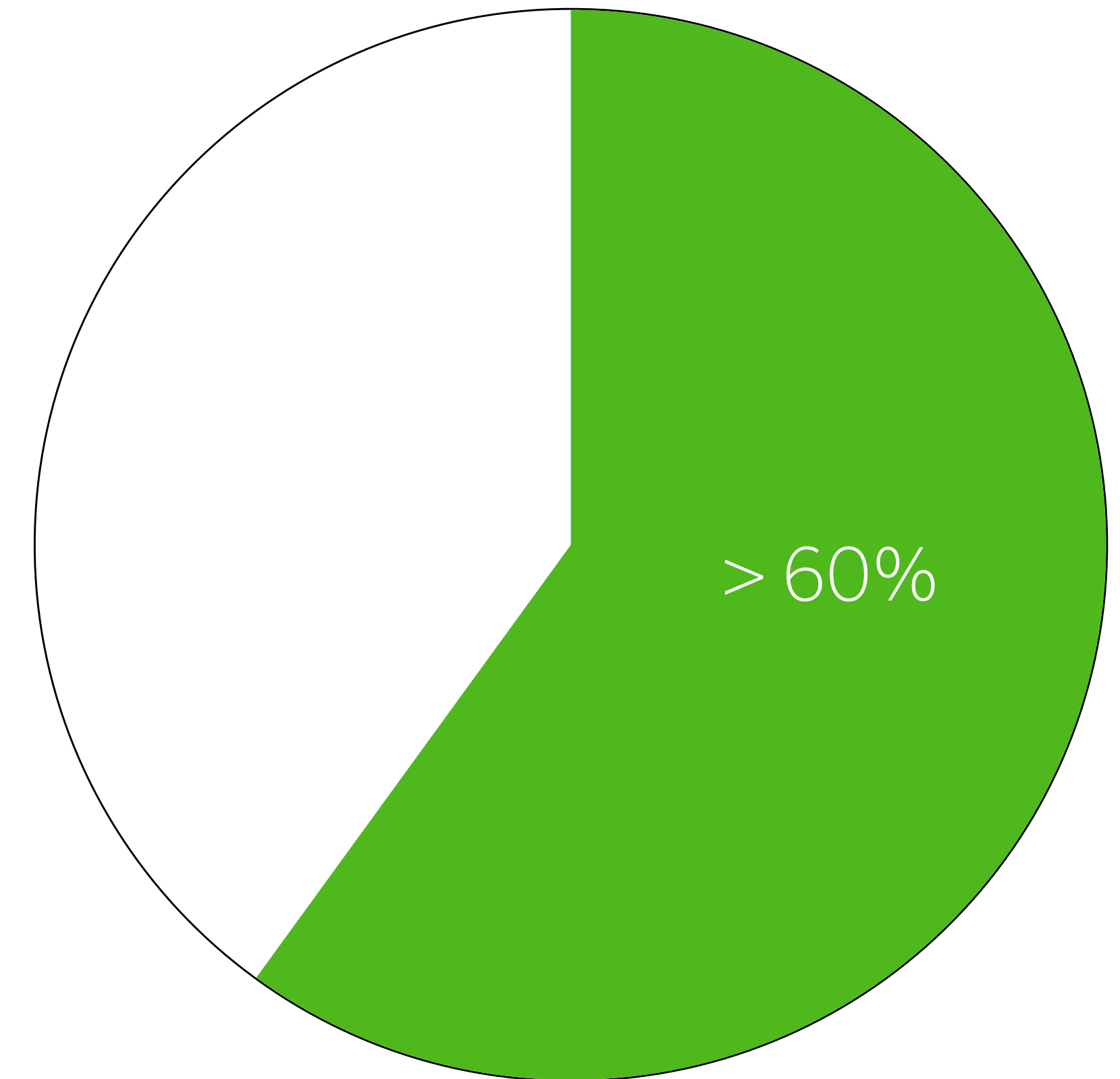


How does a business get better at something?

If the goal is specific, such as designing new products, you might carve out a group of experts who can focus without distractions.

If the ambition is broad, such as making the business environmentally sustainable, the opposite is true. Improvement comes from spreading skills, resources, and responsibility as widely as possible across the company.

Here's why businesses need to become talented in sustainability: besides the obvious world-saving implications, more than **60% of respondents** to an SAP Insights survey of 6,669 business leaders in 40 countries say that sustainability has a moderate or strong effect on long-term competitiveness and profitability.

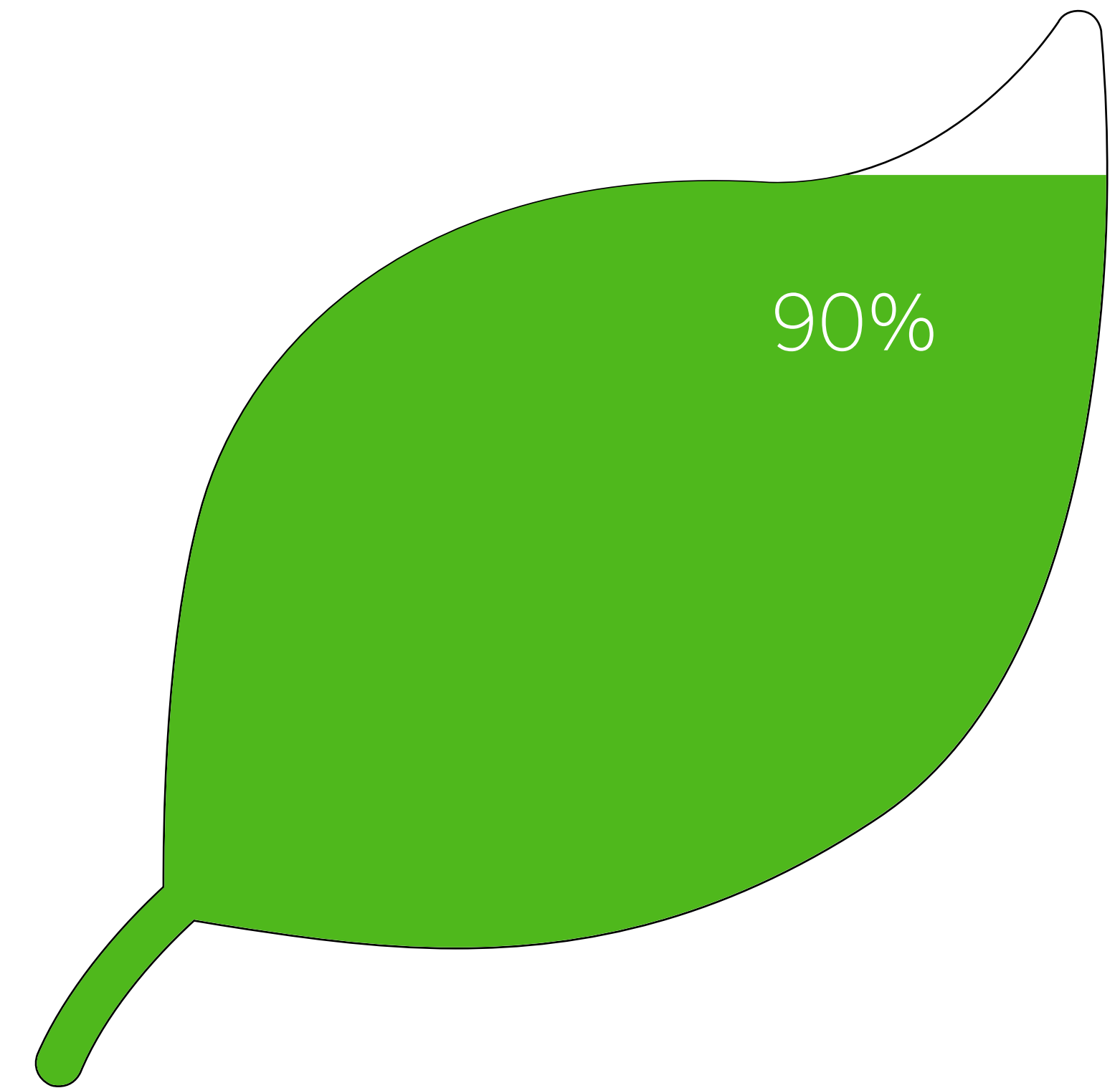


Saying that sustainability is tied to the success or failure of a company is a pretty good argument for getting better at it. For that to happen, top management needs to make sustainability part of how the business defines success so that employees understand why they need to incorporate it into how they think and what they do.

Sustainability has to become second nature – a talent everyone practices without needing reminders. For example, serving customers and spending the company's money wisely are ingrained in us all; if they aren't, the company is in big trouble.

The good news is that according to the survey, companies are making progress on becoming talented in sustainability.

Here's why: despite economic uncertainty, businesses are investing more – and more consistently – in sustainability compared to a year ago.



Almost 90% say sustainability informs their business decisions. They're also building sustainability into their business processes.

Companies are
making progress.



However, as with any broad-based business, talent, money, will, and strategic importance are not enough to guarantee success. Being good at sustainability requires an environmental impact strategy, which many respondents say they lack.

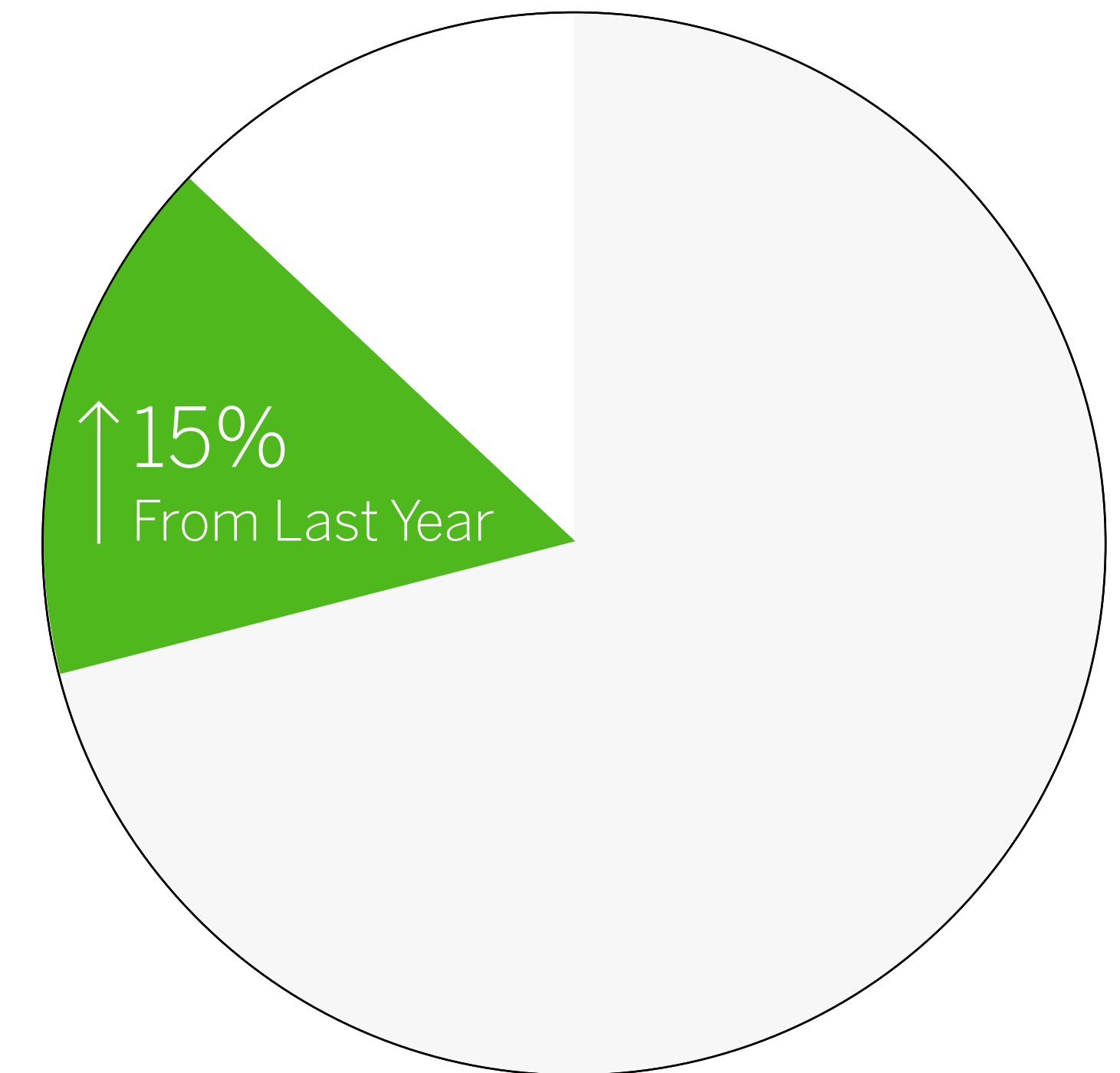
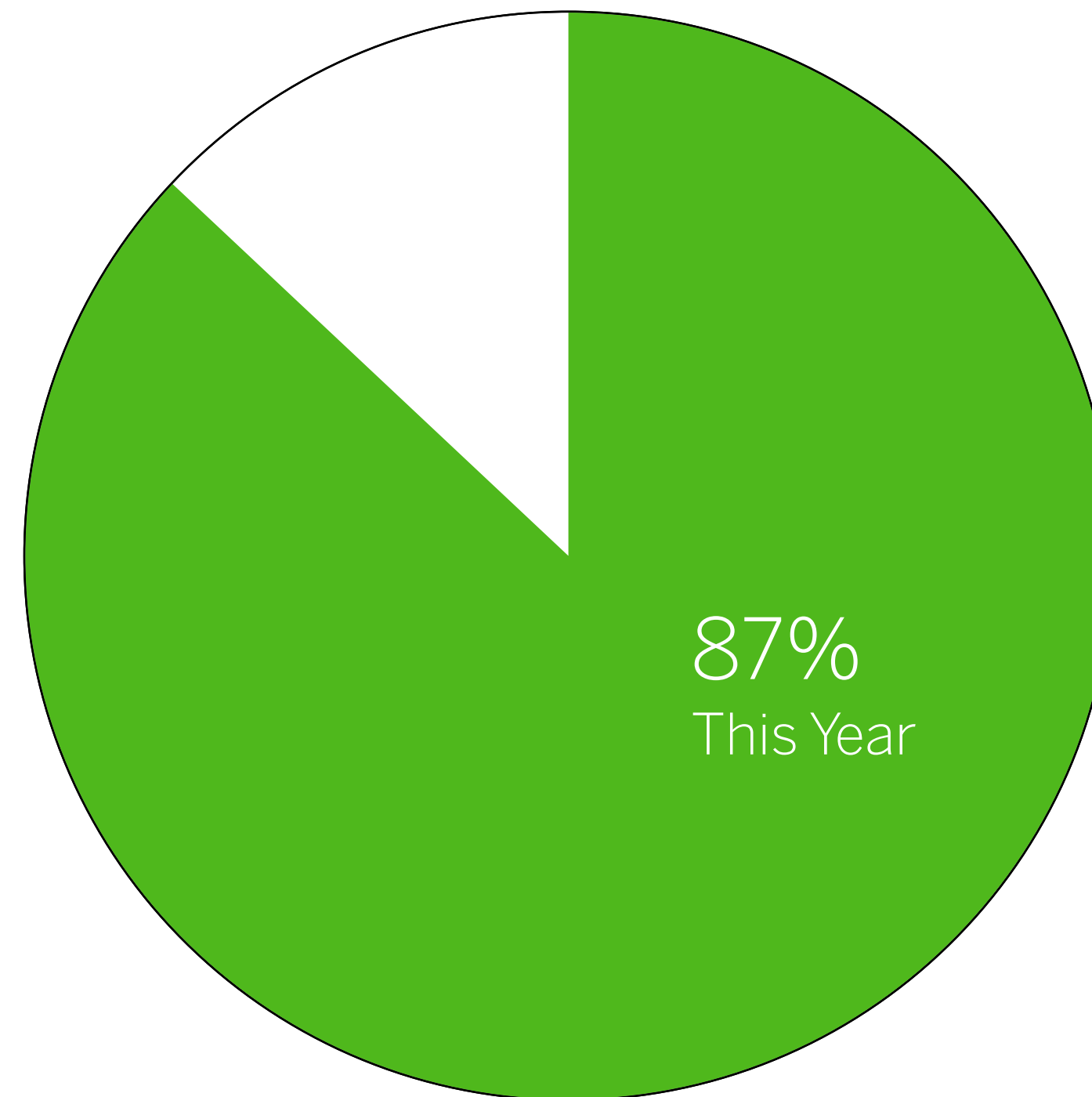
It also needs a variety of leaders to be accountable for success, which respondents report is still nascent in their companies. And sustainability depends on high-quality, accurate data that they don't yet have.

So becoming good at sustainability isn't going to be easy. No surprise there. But the survey findings show how companies are improving.

Sustainability has become part of the business decisions that are not about sustainability.

Respondents are signaling a strong belief that sustainability affects their strategies and decisions across the business.

87% of respondents say that sustainability measurement and reporting on environmental issues informs their companies' strategic and operational decisions to a strong or moderate degree – **a 15% increase from last year.**



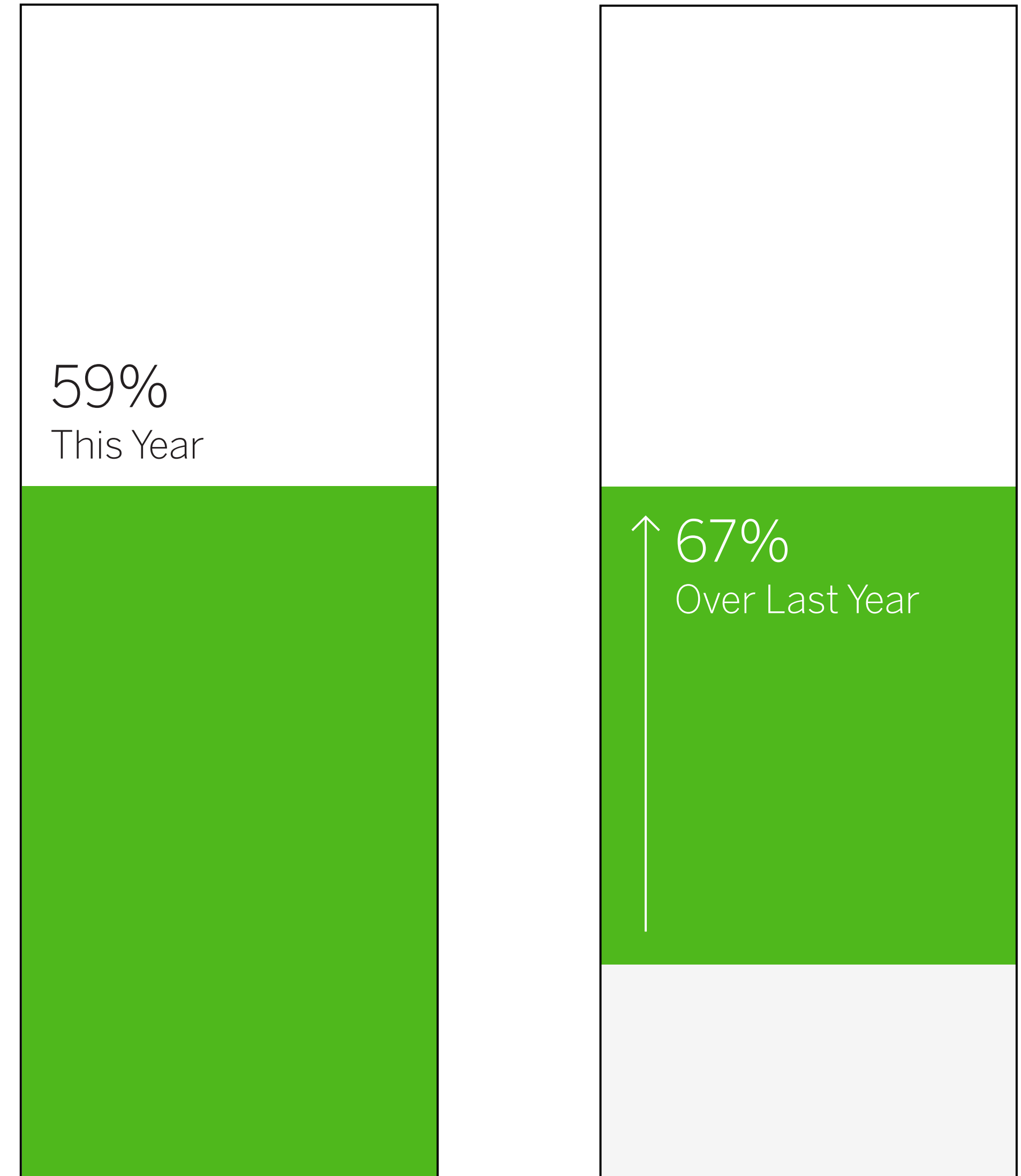
Companies are feeling more heat from customers.

Customer demand as a motivation for business sustainability efforts increased sevenfold year over year. It now ranks equally with other top motivators, including revenue and profit growth, chances to develop new or improved offerings, and stronger societal approval for the business.

Sustainability is more important to financial results.

There's no better way to make a practice second nature than to [connect it with making more money](#). In fact, more respondents this year see the environment having a role in their financial results.

59% believe environmental issues are, or will soon be, material to business results – **a 67% increase over last year.**



We can't say for sure, but we think that as sustainability becomes part of important processes such as developing new products and services, the financial result will become more apparent.

Investment in sustainability has hit overdrive.

Sustainability might as well be the hottest stock on the market with so many companies piling on so quickly. Despite persistent supply chain disruptions, labor shortages, and inflation, the percentage of businesses investing in the environment for the first time has quintupled since 2021. More importantly, most businesses that have already invested aren't letting up.



75%

say they will either increase or maintain their current levels of investment over the next three years.

40%

are planning to increase investments.

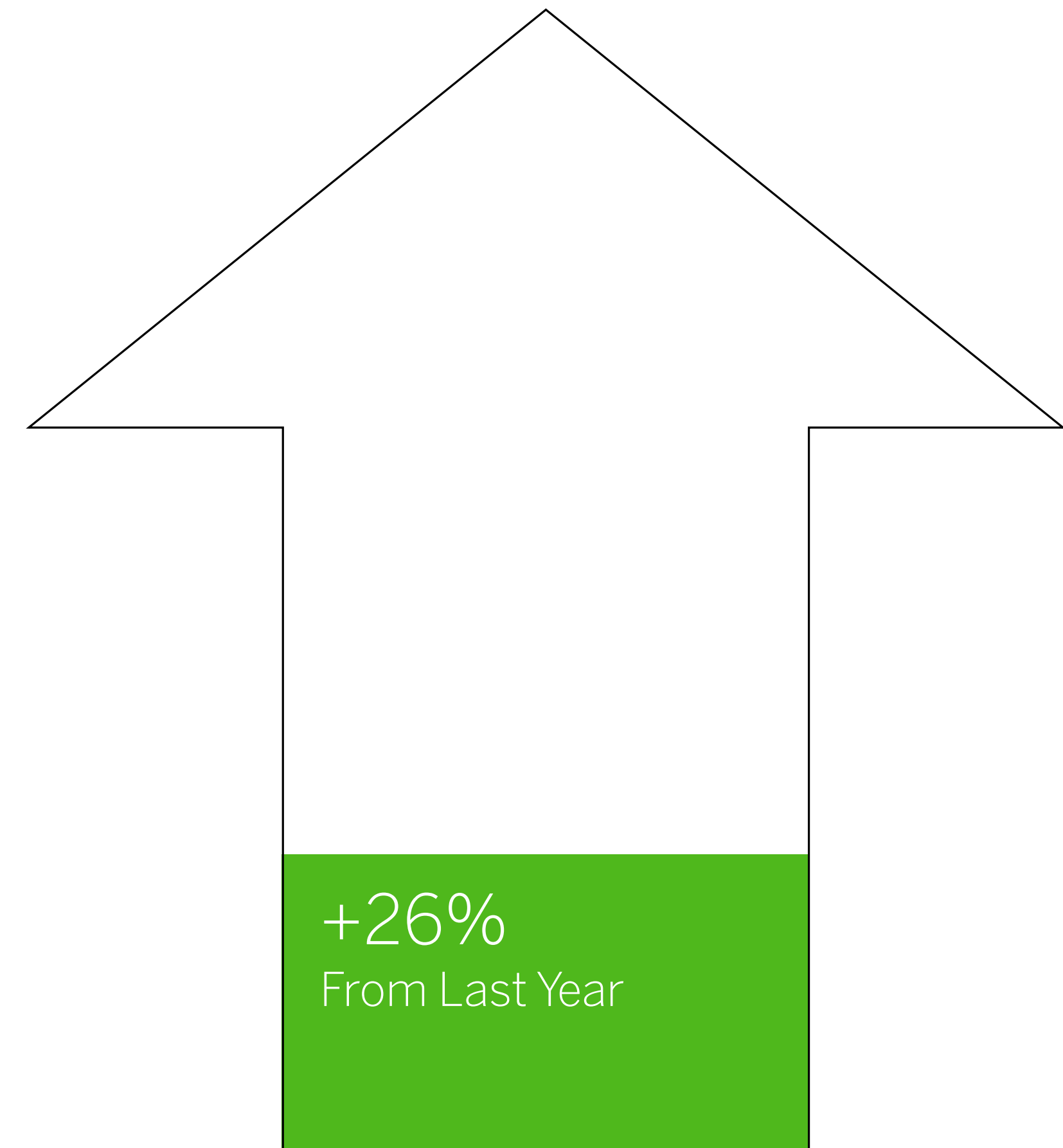
80%

of those planning to increase investments will boost spending by more than 10%.

More people have accountability for sustainability

Another clear sign that sustainability is becoming a talent across the business is when you make more leaders accountable for making something happen.

The survey found that the number of businesses assigning accountability for sustainability to more than one leader **increased 26%** from last year. Meanwhile, **19% fewer businesses** than last year left sustainability in the hands of one leader.



Sustainability efforts show signs of growing pains.

What happens when you try to do anything of consequence that requires participation from across the company?

You start needing more of everything: more money, more expertise, a greater need to prove ROI.

None of these are good problems to have, but they do signal that businesses are thinking about sustainability as a company-wide project.

The good news?

Some barriers appear to be falling. Respondents this year were less likely to flag measuring results on the environment, embedding sustainability into processes, and [aligning actions with the overall business strategy as issues](#).

These changes suggest that companies are progressing beyond the earliest stages.

Respondents yearn for a company-wide environmental impact strategy.

The absence of a company-wide strategy for understanding and managing environmental effects both inside and outside the business is now one of the top barriers preventing action.

We suspect that at the heart of this problem is a lack of quality data and difficulty in measuring all the different ways that sustainability affects the business.

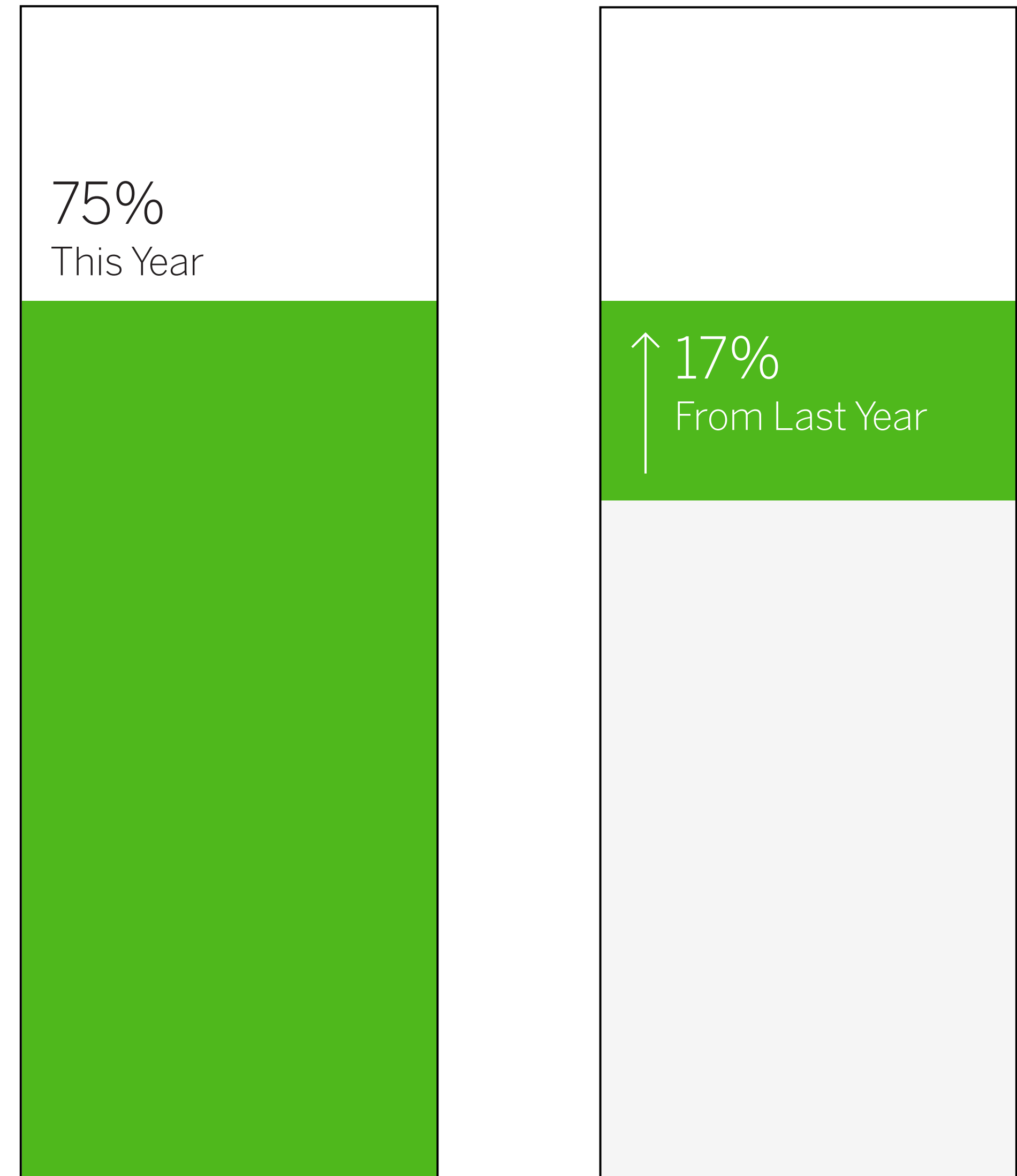
Another issue, we believe, is that companies are struggling with how to incorporate sustainability into the larger business strategy.

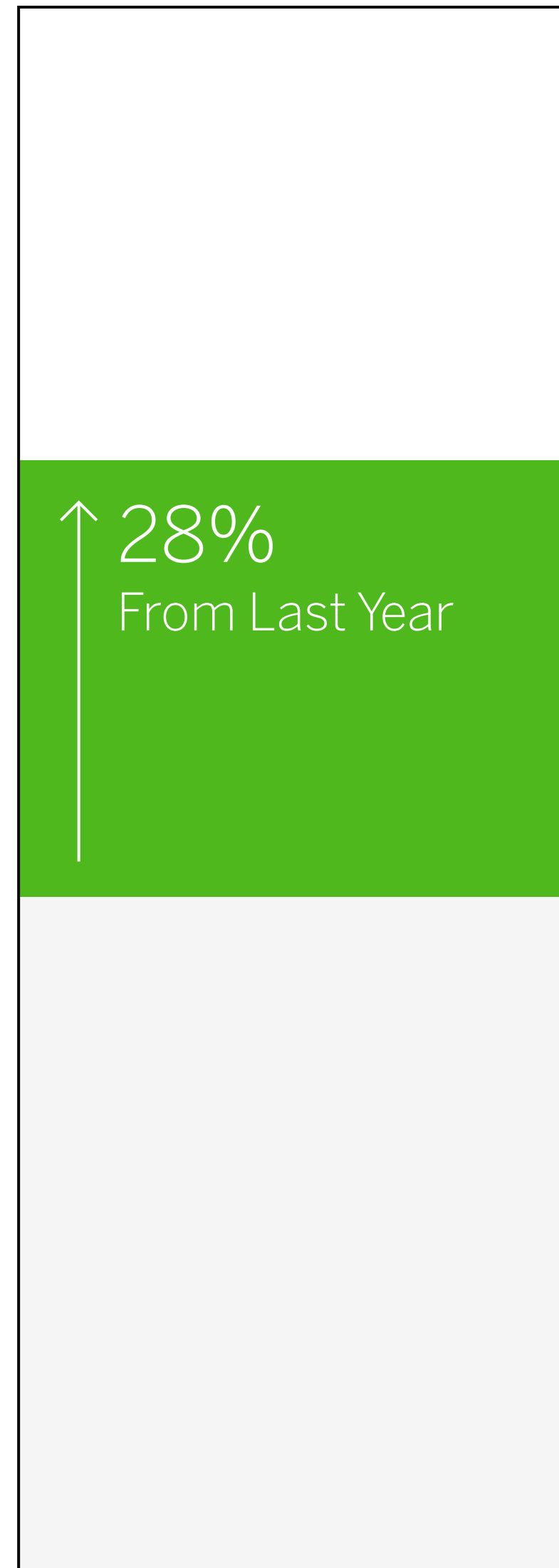
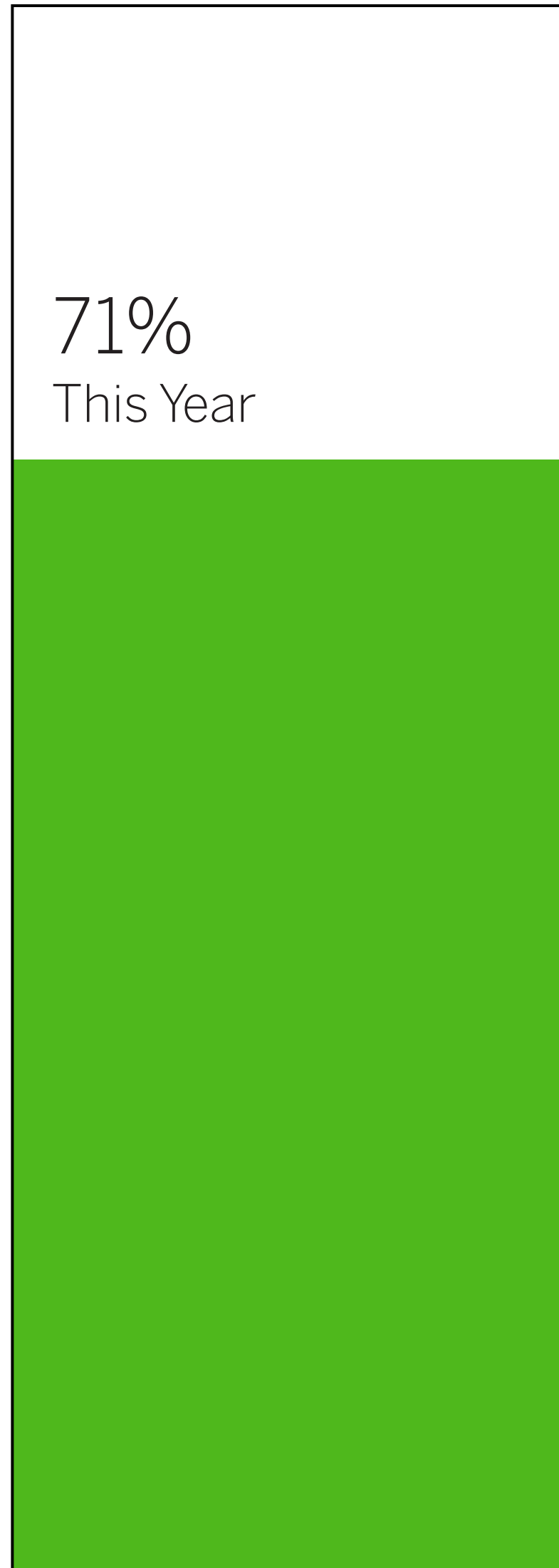
To become good at sustainability, companies need a business strategy with sustainability at its core.

Sustainability features in long-term success.

For any business to have a future, it needs to adapt to changing conditions over time. As respondents [tie sustainability more tightly to operations across the company](#), it's natural that they would also see it becoming more important to profits and to activities that fall under the umbrella of competitiveness, such as delivering value and maintaining competitive differentiation. The survey findings illustrate the point:

75% of respondents see a strong or moderate positive relationship between sustainability and long-term profitability – **up 17% from last year.**





71% see a strong or moderate positive relationship between sustainability and long-term competitiveness – **up 28% from last year.**

Talent takes time.



Companies are on their way to becoming sustainability talents.

If sustainability were a talent show, we'd all still be in the regionals. But respondents are ambitious, and they connect taking action on sustainability with a positive future.

For companies to achieve their goals, sustainability has to become a group activity – everyone must be good at it.

According to the SAP Insights survey, thinking and acting sustainably are becoming second nature. That's what it will take for them, and all of us, to succeed.

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About This Research

The SAP Insights research center collected data from 6,669 respondents across 40 nations and 29 industries. Respondents had highest knowledge of their organization's sustainability objectives and processes. The surveys were conducted in April 2022 via a 10-minute online survey.

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