

EVENTS/CAUSES

Employee advocacy key to authentic strategic sustainability

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Image of the iconic Tiffany & Co. box

By JEN KING

VERSAILLES, France Strategic sustainability should be focused, starting from a brand's interior before radiating outward toward consumers, according to panelists at The New York Times International Luxury Conference April 5.

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Panelists during the "Strategic Sustainability" session agreed that for sustainability practices to work, brand employees must stand behind the company's efforts. Employees are the best brand advocates available and can attest to a brand's charitable initiatives and values as being authentic.

"Sustainable leaders are seen four times as more likely to be innovative leaders," said Eric Liedtke, executive board member global brands, **Adidas Group**. "Each and every one of us wants to be leaders in innovation, but sustainable leaders is the new place for innovation.

"Don't forget the impact it has on your employees," he said. "You are what your people are, you are what you make.

"So, your people are the key to doing everything you want. They want to feel that they're contributing to something larger than the bottom line."

For the greater good

Consumer demand for transparency is on the rise and brands have more opportunity than ever to participate in sustainable business practices. While consumers purchase goods and service, they also buy into what a brand stands for.

For Adidas this means ranking ethics and green behavior above all other brand qualifiers, starting from the individuals under its employ. This focus has become a primary driver of employee engagement.

Its brand has been authentic in its move toward sustainability by practicing in reduction, replacement and innovation models. By reducing its waste, replacing raw materials for their recycled counterparts and looking for innovative fabrics and production processes, Adidas has been able to lead the way in strategic sustainability.

For example, the athletic brand worked with Parley for the Oceans, to use the organization's upcycled fabrics and threads, developed from plastics littering the world's oceans. While it's one thing to talk about sustainability practices and green behavior, brands are able to exude authenticity by bringing these ideas to the physical realm for consumers to see, feel and most importantly, own.



Sole of Adidas and Parley for the Oceans shoe

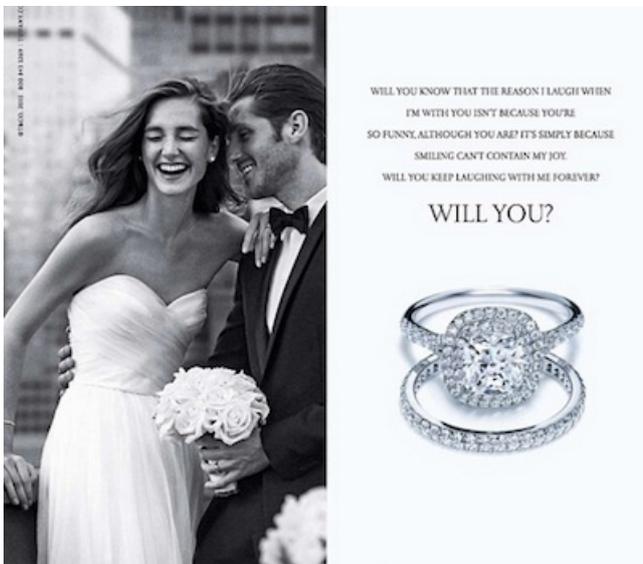
Efforts such as this one is not only for consumer benefit, but also for those working for the brand involved.

At Tiffany & Co., the jeweler takes an honest approach to the ugly sides of the mining industry, offering a layered and encapsulated sustainability statement for consumers to pursue.

Tiffany brings to light its commitment to corporate social responsibility with a dedicated page on its Web site that outlines the brand's charity projects, sustainability efforts and responsible sourcing.

One large factor in Tiffany's green efforts is by way of responsible mining, sourcing and packaging. The CSR content also focuses on human and worker rights, environmental performance and risk reduction, sustainability advocacy, local community development and occupational health and safety ([see story](#)).

"We took a bit of a step back and said, 'We're not going to market sustainability,'" said Michael Kowalski, chairman of the board at **Tiffany & Co.** "We're going to assume our responsibility, and we're going to assume that when a consumer steps into a Tiffany store, they expect, as part of the brand promise, that we've taken care of all the nasty bits around the supply chain."



Tiffany & Co.'s "Will You?" campaign

When Tiffany surveys its employees, respondents say they are most proud of the jeweler's sustainability responsibilities and transparency efforts. Although this is hard to put a value to, the response is an important measure of brand advocacy and loyalty.

Strategic sustainability in terms of employee quality of life can also be part of a brand's DNA, as it is with apparel label Brunello Cucinelli. Citing his education earned from the cafes of Italy, rather than traditional schooling, Mr. Cucinelli shared that the objective for his company is human dignity.

Mr. Cucinelli considers himself a custodian and established an authentic workplace culture that promotes humankind with little harm, further fostering human dignity. To achieve this feat for its 1,500-strong employees, the

workday has a hard daily end time of 5:30 p.m., because he fears disrupting quality of life, resulting in a 1.1 percent absentee rate, much lower than the average.

Moreover, Brunello Cucinelli offers a cultural grant for its employees as Mr. Cucinelli feels that culture is the "soul" of civilization.



Brunello Cucinelli advertisement

"I never purchase any product if I knew that in the manufacturing processes, something or somebody was harmed," said Brunello Cucinelli, chairman/CEO of **Brunello Cucinelli**. "This could be the key for the future. I come from extreme poverty and this has affected my [view on] life."

The bill for CRS

Sustainability efforts will impact bottom lines for brands in any space, but investors, especially as younger consumers mature, may be more keen on making an investment in a business that aligns with personal ethics.

Forty-six percent of CEOs agree that climate change and the scarcity of resources will transform their business, according to a recent report by Positive Luxury.

Positive Luxury's "2016 Predictions for the Luxury Industry: Sustainability and Innovation" report examined impactful events from 2015 to forecast how these world happenings will impact luxury going forward into 2016. Sustainability is proving itself more than just a fad, with consumers becoming increasingly aware and conscious of how and what they purchase, and as a result investors are putting more weight into sustainable business models ([see story](#)).

For public companies, such as Adidas, Tiffany and Brunello Cucicello, it may be difficult for executives to justify spending money on sustainability to shareholders, especially since it will not overtly pay off.

"You've got to look at the whole picture. There's many line items to a P&L," said Adidas Group's Mr. Liedtke.

"Yes, on the costs of goods, your profits will go down if you want to be sustainable," he said. "Not always easy to sell to a CFO, but ultimately you have got to make case for consumer desire.

"If you're winning consumers, I make the argument that I win that back on the marketing working budget line."