3 ways to stop your sustainability report becoming a taxi driver conversation

By Paul Davies, Founder and Principal, Think Sustainability

Throughout my career I've spent a lot of time in cabs (not very sustainable, I know). Now I like taxi drivers, as they are masters of filling up silence during the course of an hour or so, when you're sitting there next to them, in a confined space, in traffic, wondering what to say. Cabbies seem to have a natural gift for quickly sizing you up either as a cricket fan, a political pundit, a philosopher, an observer of the human condition, or a repressed spouse. They can initiate and carry a conversation, sometimes quite passionately, across a wide range of topics. They offer their perspectives and solutions to the world's woes, look to empathise with you where appropriate, agree with you where needed, and not stir up any controversy that is likely to reduce the tip. At the end of the ride, you thank them, pay them, and step out on the sidewalk. In most cases the conversation is instantly forgotten, and your thinking moves on to other things. It is likely that you will have not changed your opinion on anything, learnt anything new, or made any decisions as a result of your dialogue. The conversation achieved its objective of filling in the time. Like many sustainability reports, in fact.

It sounds trite to make such a comparison, but many sustainability reports resemble these conversations. More than that though, they are lost opportunities. Their potential to elevate your organisation in the eyes of your stakeholders, to inform them about what really matters to your business, to trust them to both accept your under-achievements and your intent to do better, to see them as potential allies and advocates of your sustainability agenda, is not realised. Worse, it can so easily send a message that you've just lost interest, joined the rest of the pack, and wasted resources on an endeavour that delivers little value to them or to your business.

Why do so many reports fall into this trap and why do so many otherwise well-intentioned businesses accept that this is good enough?

After assuring, reviewing, and advising on dozens of sustainability reports, I believe there are three identifiable areas that keep reports stuck in the mediocre lane yet, if effectively addressed, would transform your report into something readers would value and employees would welcome: *Relevance, Target-setting, Transparency*. That's it. Addressing these three aspects will, I suggest, lift your report up from the pack and return that significant investment of time, money and energy that you've put into producing it.

Relevance: Many of the sustainability reports I've assured focus on information that is of peripheral or no interest to the reader, yet step over important issues that are endemic to the sector or characterise the industry they operate in. Customer performance, product transparency, supply chain practices, employee well-being, human rights, social return on investment are, to name a few, big ticket items in sectors such as finance, telecoms, energy, retail, property, mining, et al. Yet they get relatively little airplay.

Instead reports focus on performance issues that seem mundane by comparison – areas that stakeholders would automatically expect companies to have under control from a legal, risk, safety or good housekeeping perspective.

Relevance in sustainability reporting (in fact in any best practice communication) should be driven by a process that connects its content to the reader's interests or concerns, and that affects or informs their decision-making. Content that falls outside these criteria should not be core to the information being reported. Stakeholder engagement and materiality processes that facilitate this goal are available, accessible and can be adapted relatively easily to the level of sophistication desired or to the organisational resources available. Yet materiality in many reports is paid lip service to as "something that the GRI requires''.

If there is one thing you choose to do in your next report that will undoubtedly enhance its value to your stakeholders, then apply an appropriately comprehensive materiality process and a disciplined use of its outcomes. The GRI guidelines are hot on this, but that is not the real reason to do it. It is to provide a report that says to your readers "we have heard your input, we have applied a means to decide what is most important for us to respond to, and here is what we are doing about it as an accountable organisation". And that's the core of your next report. As tempting as it is to include all that other well documented, detailed and highly impressive performance data that you've collected on everything that doesn't directly relate to your top five or ten material issues – park it on your website or use it in performance reviews. A sharper, leaner, more accessible report will reward that discipline.

Target setting: When was the last time you saw a really meaningful, well-articulated, relevant target in a sustainability report? Next to relevance and transparency, the willingness and capability to publicly commit to clear, unambiguous targets designed to lift your game around *material* performance issues is still sadly lacking in most reports. The reluctance to set or disclose targets in the public domain is tied to the same aversion to balanced, transparent reporting – ongoing institutional discomfort with accountability.

No one wants to be seen to fail to deliver, or to fall short, even when there are valid and legitimate reasons for doing so. Yet failing to set or disclose targets at all is in many ways worse than failing to deliver on them. Stakeholders surprisingly will cut you a break if they feel that you at least made the attempt. But they are far less forgiving when they see an organisation that has no clear commitment to change, no ambition to raise the bar, no transparent agenda to really try and do better in the areas that matter to them. And that is what ill-conceived, weak, non-committal targets appear to be in sustainability reports.

I'm not going to bang away on SMART targets, but even non-ambitious targets can look like (and actually become) performance drivers if they specify how much change, by when and through who. Setting a few well-considered, but not necessarily 1000% slam-dunk achievable, targets in the public domain does three things: it sends a message that you are willing to have a go; it encourages a stronger internal focus on delivery; and it significantly increases the likelihood that your organisation will actually improve in those areas.

Next report? At least one clearly articulated, relevant target for each material issue. Remember, if you can get materiality happening as it should, this translates into maybe five or ten valid, credible targets in your next report. Not high risk, but rewarding if you are willing to give it a go.

***Transparency**:* The last of the three is without doubt the most challenging, yet the one that will have the most impact. Probably 80% of the 50-odd reports I have assured suffer significantly from a lack of transparency. Transparency (and its visible manifestation of balanced reporting) remains the single biggest hurdle to effective corporate accountability, leading to frustrated sustainability managers, sceptical readers and under-valued reports.

I fully realise that this is a cultural issue that takes time to resolve. There is still a lot of 20th Century thinking around accountability that needs to be seriously left behind at management, executive and board level. The thinking is that if we don't talk about the bad stuff then no-one else outside the business will know about it. If we did not achieve good customer service this year, let's not talk about it. If we saw a decline in our employee engagement score this year, let's not talk about it. If the business was dragged into the land and environment court this year, let's not talk about it. In this Century of unprecedented and largely uncontrolled social networking, whistle-blower protection, and every mobile with a camera, there is simply no prospect of keeping unfavourable news out of the public eye. There is also no excuse left for organisations to appear unresponsive, unaccountable and uncaring about issues or outcomes that stakeholders decide or perceive as important. Does your company really want to be the only party not talking about something significant that it failed to achieve?

The clock is ticking on companies that cannot or won't step up and publicly recognise performance areas that they are still struggling to address. If recognised and seriously tackled at the leadership culture level, your company will come to realise that ceilings not only don't fall in, but that employees and the public alike will likely trust and engage with you on a deeper level than ever before. By going on the front foot in your reporting and saying, "here is where we didn't deliver on our sustainability agenda", you may not be applauded as the consummate high performer, but you will likely earn greater respect and credibility from your constituency - something clearly in short supply in today's business climate.