

2

Sustainability- Based Strategic Planning

In this chapter you will learn about:

Planning for Sustainable Marketing

Firms that Need to Incorporate Sustainability-Based Strategic Planning

Incorporating a Sustainability Perspective into the Vision of the Firm

Incorporating a Sustainability Perspective into Mission of the Firm

Integrating Sustainability into Objectives, Strategy, and Marketing Tactics

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PLANNING FOR SUSTAINABLE MARKETING

Timberland Inc.

On January 12, 2010, Haiti was struck with one of the world's deadliest disasters. This terrifying 7.0 magnitude earthquake shook the nation for 35 seconds. The catastrophe killed more than 316,000 people and left more than 1.5 million people homeless.¹ This earthquake permanently changed the social, political, and economic conditions faced by this island country.

A notable part of Timberland's response to this disaster is the commitment to plant 5 million trees in Haiti over a five-year period.² Begun in 2011, this effort enabled inhabitants to begin rebuilding their homes and lives. The tree planting project helped the firm offset its ecological impact, but by working in markets where they both buy and sell goods, the project offered value to suppliers and customers. Timberland has been making shoes in the Dominican Republic, Haiti's neighbor on the island of Hispaniola, for over 30 years. Timberland executives recognized a responsibility to give back to the community. In addition, they recognized that consumers are likely to choose companies that share their values over firms that do not.³

The decision to engage in this tree planting initiative is part of Timberland's long-standing commitment to the environment. The corporate strategy is based on a sustainability perspective that permeates everything it does. On a corporate level, the company has a commitment to corporate social responsibility that focuses on four themes. First, the company seeks to protect the outdoors. The firm approaches this goal by reducing its greenhouse gas inventories, purchasing renewable energy where possible, and generating its own renewable energy where clean energy is not available.

The second sustainability theme of the firm is to innovate responsibly. The firm pursues innovations that require fewer chemicals, leather, and raw materials. Timberland is striving to create lower cost products that are not only less harmful to the environment but can also become revenue generating products after the productive life of the shoe.⁴

The third theme of the Timberland's sustainability mission focuses on improving the lives of workers. Since it realizes the finished Timberland product is the result of efforts throughout the supply cycle, it monitors the entire supply chain for human rights issues and sustainable business practices. When the company began assessing the energy content of its footwear, they were surprised to find that more than half of the energy used in making a pair of shoes comes from processing and producing the raw materials. The second biggest energy drain is at the retail level, followed by factory operations. Transportation, the factor the company believed was the biggest producer of greenhouse gases in

¹ Schuller, Mark, and Pablo Morales (2012), *Tectonic Shifts: Haiti Since the Earthquake*. Sterling, VA: Kumarian Press, 2012.

² www.forbes.com/sites/eco-nomics/2013/01/30/timberland-helps-plant-2-2-million-trees-in-haiti/pdf (Accessed June 8, 2015).

³ www.forbes.com/sites/francisvorhies/2013/02/21/why-is-timberland-planting-trees-in-haiti/ (Accessed June 8, 2015).

⁴ Frazier, Mya (2007), "Timberland 'Walks the Walk,'" *Advertising Age*, 78 (24), 8.



FIGURE 2-1

Timberland ad for Mountain Athletics footwear.⁵

the supply cycle, turned out to be the lowest contributor to energy usage and carbon emissions.

The fourth sustainability theme that permeates the organization concerns the environment and the surroundings of the community workplaces in which the company operates. Timberland sponsors service events in which it works to strengthen communities by improving green spaces and access to the outdoors. Furthermore, it encourages employees to engage in community service in their communities.

The Timberland example illustrates how a firm can take a sustainability strategy and incorporate it throughout its marketing strategy. To make this transition from the plan to its implementation, every organization needs a roadmap outlining the direction the firm is pursuing. As organizations grow, each employee should have an understanding of the markets the firm serves, the customers within each market, and the product offerings designed to meet these consumers' needs. Strategic market planning is the process that outlines the manner in which a business unit competes in the markets it serves.⁶ Strategic market decisions are based on assessments of product markets and provide the basis for competitive advantage in the market (see Figure 2-1). The plan developed through this process provides a blueprint for the development of the skills and resources of a business unit and specifies the results to be expected.

The planning process involves anticipating future conditions and establishing strategies to achieve objectives. The planning process demands that the firm establish a vision and a mission that are supported by strategy and culture.⁷ Interestingly, the planning process necessarily involves relating the marketing

⁵ design.northeaststandard.com/uploaded_images/gofast-743676.jpg.

⁶ www.marketingpower.com/_layouts/Dictionary.aspx.

⁷ Lipton, Mark (1996), "Demystifying the Development of an Organizational Vision," *MIT Sloan Management Review* 37 (4), 83–92.

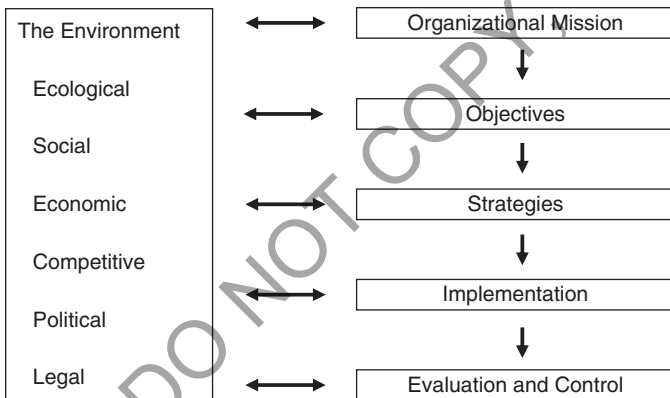
objectives of the firm to the environment.⁸ Although strategists have long recognized the interaction between the firm and its environment, much of the research and planning process focuses on the influence of the environment on corporate decision making. Firms that incorporate sustainability concerns into strategic planning recognize that the activities and programs developed by the firm simultaneously influence the environment. For example, Toyota recognizes that gasoline prices represent a facet of the environment that influences consumer purchase decisions. In addition, Toyota also considers the influences of automobile production and operations on the environment.

A sustainability-based planning process must explicitly examine the interaction of the ecological, economic, and social context with the corporate strategy. We, therefore, define *sustainability-based planning* as the process of creating and maintaining a fit between the ecological, economic, and social environment and the objectives and resources of the firm. "Fit" refers to the effort to understand how these environments both influence and are influenced by marketers. In Chapter 3, we will examine the interaction of firms, consumers, and individuals with the environment. The planning process begins with an in-depth analysis of the internal and external environment of the firm. Based on this situational analysis, the firm establishes its mission, objectives, strategy, implementation, and evaluation.

As outlined in Figure 2-2, the planning process is a dynamic process that relies heavily on interaction with the environment. This environment is not only ecological, but it also includes the social, economic, competitive, political, and legal setting of the firm.

Strategic marketing planning should accompany planning throughout all functional areas of the firm such as financial planning, production, and research and development.⁹ The output of the planning process is a *marketing plan* that provides an analysis of the current marketing situation, opportunities and threats analysis, marketing objectives, marketing strategy, action programs, and projected income statements.¹⁰ This plan serves as the blueprint outlining how the organization will achieve its objectives. In addition, the plan informs employees regarding their functions and roles in the implementation of the plan. The plan also provides insight into the allocation of resources and the specification of tasks, responsibilities, and the timing of marketing action.¹¹

FIGURE 2-2
The strategic planning process



The plan informs employees regarding their functions and roles in the implementation of the plan. The plan also provides insight into the allocation of resources and the specification of tasks, responsibilities, and the timing of marketing action.¹¹

The mission statement should be formulated and articulated by upper management

⁸ Thompson, J.D., and W.J. McEwen (1958), "Organizational Goals and Environment: Goal-setting as an Interactive Process," *Administrative Science Quarterly* 23, 23–31.

⁹ Daniel, Carroll (1979), "How to Make Marketing Plans More Effective," *Management Review*, 68 (10), 60–61.

¹⁰ www.marketingpower.com/_layouts/Dictionary.aspx.

¹¹ Greenley, Gordon E. (1989), "An Understanding of Marketing Strategy," *European Journal of Marketing*, 23 (8), 45–58.

within the firm. The process of developing this statement and strategy demands buy-in by top management. In addition, articulation of the plan by senior executives signals to employees, customers, and stakeholders that the planning process is of central importance to the activity of the firm.

FIRMS THAT NEED TO INCORPORATE SUSTAINABILITY-BASED STRATEGIC PLANNING

Organizations increasingly recognize that sustainability should be incorporated into their strategic planning. Several conditions increase the need for firms to address sustainability in their planning efforts. The ecological reputation, human capital, brand exposure, market power, degree of industry regulation, and dependency on natural resources each can influence the need for a firm to attain to sustainability.¹²

Companies with established ecological reputations.

Companies that have been singled out as standard bearers for sustainable marketing expect significant scrutiny and publicity from environmentally questionable activity. For example, the Body Shop has a stellar record as a green-oriented firm, but it can anticipate substantial criticism if it fails to keep this orientation in all markets they serve. By contrast, companies such as Exxon that have been singled-out for nefarious acts against the environment must address sustainable marketing issues if they seek to change their reputations.

Companies highly dependent on scarce human capital.

Services refer to intangible activities that organizations provide to consumers. In the United States, services account for over 75 percent of the activity in the economy.¹³ The intangible services are provided through human capital, and firms that operate in this sector of the economy must increasingly incorporate sustainable marketing into their product offerings. In Las Vegas, for example, dentists provide services to hotel and casino employees via mobile vans situated near the entertainment district.¹⁴ The proximity of these facilities reduces fuel emissions by eliminating the need for employees to travel to the dentist. Consumer dental hygiene and worker productivity benefit from this ecoconscious service design.

Companies with high brand exposure.

In their annual reports on the best 100 global brands, Interbrand provides an annual estimate of the earnings attributable to the brand.¹⁵ As brands increase in appeal, they simultaneously increase the amount of scrutiny they incur. In contrast to reports of brands that have little brand equity, stories that indicate the activity of brands with high brand equity are likely to be viewed as more newsworthy. For example, newspaper articles critical of the processing of chickens will be

¹² Esty, Daniel C., and Andrew S. Winston (2006), *Green to Gold*, New Haven, CT: Yale University Press.

¹³ data.worldbank.org/indicator/NV.SRV.TETC.ZS (Accessed June 4, 2015).

¹⁴ Flanigan, James (2006), "Parking-Lot Dentistry Is Finding Its Niche," *The New York Times*, August 17, 1.

¹⁵ www.bestglobalbrands.com/2014/ranking/ (Accessed June 5, 2015).

of greater interest to the public when they refer to KFC rather than any other brand in this industry. Firms with strong brand equity must address sustainable marketing to limit the scrutiny experienced by the brands.

Companies with low market power.

Companies that rely on other firms for substantial amounts of output must attend to the sustainable-marketing constraints leveled by the supplier. General Mills, one of the largest companies in the packaged grocery business, recently modified the shape of Hamburger Helper on the request of Wal-Mart.¹⁶ The retailer pointed out that the once-curly noodles in Hamburger Helper should be straight. This ecologically driven product modification reduced thousands of pounds of packaging and lowered the product's price. As buyers become more attuned to sustainability, suppliers reliant on these suppliers must also increase their understanding of sustainable marketing.

Companies operating in highly regulated industries.

Government implements regulations to control the manner in which an industry operates. Industries that employ hazardous materials (e.g., chemical industry) are subject to substantial regulations, and the increasing interest in sustainable marketing fuels the need for industrial standards. Similarly, utilities, automobile producers, and airlines must address multiple stringent regulations. The electronics industries face increased scrutiny in the European Union due to "takeback laws" that require manufacturers to handle product disposal after consumer usage. In each of these industries, firms that take a proactive stance toward environmental regulation can implement regulations before adherence is required.¹⁷

Companies dependent on natural resources.

Industries that are highly reliant on natural resources recognize the absolute limits in the availability of natural resources. These industries include oil, fish, and forestry. Natural production limits demand that firms understand economic marketing activity that can conserve scarce resources.

INCORPORATING A SUSTAINABILITY PERSPECTIVE INTO THE VISION OF THE FIRM

The long-term viability of the firm is dependent on leadership's ability to create a vision and craft a mission. The planning process begins with consideration of a vision and a mission that are pursued via strategy and corporate culture. These interconnected terms address essential questions about the nature of the firm and its potential for success.

The *vision* identifies what the firm seeks to become. Firms that establish a long-term vision generally outperform those who do not.¹⁸ The vision promotes

¹⁶ Neff, Jack (2007), "Eco Wal-Mart Costs Marketers Green," *Advertising Age*, 78 (39), 3,42.

¹⁷ López-Gamero, María D., José F. Molina-Azorín, and Enrique Claver-Cortés (2010), "The Potential of Environmental Regulation to Change Managerial Perception, Environmental Management, Competitiveness and Financial Performance," *Journal of Cleaner Production* 18 (10), 963–974.

¹⁸ Lipton, Mark (1996), "Demystifying the development of an organizational vision," *MIT Sloan Management Review* 37 (4), 83–92.

the need for change and provides the basis for the mission, strategic plan, and corporate culture.

The firm activates its vision via a vision statement. This statement is typically a one-sentence description of the firm's aspirations.¹⁹ For example, IKEA's vision is to "To create a better everyday life for the many people."²⁰ The vision enables the firm to take a long-term perspective and set a broad direction for the firm. Importantly, as many managers as possible should be involved in the development of the vision. Participation in the process enhances managerial understanding of the firm's goals and enables these leaders to commit to the vision. An articulated vision helps keep decision making in context and enables individuals to focus on what is important to the firm.²¹ In the process, these individuals identify and eliminate a myriad of unproductive activities.

In short, the vision is a compass that provides direction for the firm. It serves as an organizing mechanism that enables managers to align resources and establish priorities. The declaration of the vision via the vision statement provides a public document that outlines the firm's commitments.

INCORPORATING A SUSTAINABILITY MISSION INTO THE MISSION OF THE FIRM

While the vision addresses what the firm hopes to become, the mission addresses why the firm exists. The *mission statement* describes a firm's fundamental, unique purpose indicating what the organization intends to accomplish, the markets in which it operates, and the philosophical premises that guide action.²² The mission statement is an inspirational tool that provides insight into the company's character.²³ For example, Figure 2-3 provides the mission statement and values of Dole Foods. Importantly, the mission of the firm must consider the organization's history, its distinctive competencies, and its environment.²⁴

The Dole Foods passage encompasses many traits associated with effective mission statements.²⁵ The mission is clearly articulated, relevant, and enduring. In establishing the mission, senior management provides a sense of direction to the organization. Employees and business partners are inspired to pursue specific action because the action is consistent with the message outlined in the mission.

¹⁹ David, Fred, and Forest R. David (2016), *Strategic Management: A Competitive Advantage Approach, Concepts and Cases*.

²⁰ www.ikea.com/ms/en_CA/the_ikea_story/working_at_ikea/our_vision.html (September 29, 2016).

²¹ Lipton, Mark (1996), "Demystifying the development of an organizational vision," *MIT Sloan Management Review* 37 (4), 83–92.

²² Ireland, Duane, and Michael A. Hitt (1992), "Mission Statements: Importance, Challenge, and Recommendations for Development," *Business Horizons*, 35 (3), 34–42.

²³ Amabile, Theresa M., and Steve J. Kramer (2012), "To give your employees meaning, start with mission," *Harvard Business Review* 9 (2012).

²⁴ Kotler, Philip (1994), *Marketing Management: Analysis, Planning, Implementation, and Control*, Englewood Cliffs, NJ: Prentice-Hall.

²⁵ Stone, Romuald A. (1996), "Mission Statements Revisited," *SAM Advanced Management Journal* 61(1), 31–37.

FIGURE 2-3

Dole Food mission statement

Dole Food Company, Inc. believes that in order to perpetuate sustainability, it is of the utmost importance to treat our people, resources, environment and community as our most precious assets. Business can be an important actor and agent for change through creating products and services that society values, establishing primary jobs, and efficiently using resources. As a company dedicated to making the world a better place to live both today and in the future, Dole's mission is to:

Provide the world with healthy and nutritious foods.

Offer employees competitive wages, ample benefits, and a safe work environment. Honor our employees' rights.

Enhance and empower our communities to advance and prosper.

Protect our natural resources and actively seeking ways to reduce our environmental impact.

Note that the contrary is also true—constituents are unlikely to pursue activities that do not reflect the values expressed in the mission statement.

Although the mission statement should underscore the firm's commitment to sustainability, it is critical for this statement to be consistent with the level of sustainability currently pursued by the firm. For example, in 2000 BP developed a new symbol along with a media message that claimed the firm was moving "beyond petroleum."²⁶ The firm outlined a strategy that identified efforts to pursue energy sources other than fossil fuels, but oil and gas accounted for approximately 98 percent of the firm's revenue. *Greenwashing* refers to situations in which there is a significant gap between the expressed and genuine commitments to sustainability. Firms that market energy are accused of greenwashing when their investments in renewable energy sources are small compared with the money that goes on their oil and gas divisions.²⁷ Chapter 8 identifies mechanisms employed to reduce greenwashing.

Purposes of the Mission

Mission statements serve many purposes for a firm. These statements project a public image, motivate staff, assert leadership, and enable the firm to manage volatility.²⁸ Consider how firms address each of these issues in their design of sustainable marketing strategies.

Public Image. The proclamation of a mission is a means by which companies project how they would like to be seen by their stakeholders and the general public. For example, Adidas calls attention to sustainability efforts via the following:

"We are a global organisation that is socially and environmentally responsible, that embraces creativity and diversity and is financially rewarding for our employees and shareholders."²⁹

²⁶ Esty, Daniel C., and Andrew S. Winston (2006), *Green to Gold*, New Haven, CT: Yale University Press.

²⁷ *Economist* (2005), "Consider the Alternatives," April 30, 375 (8424), 21–24.

²⁸ Klemm, Mary, Stuart Sanderson, and George Luffman (1991), "Mission Statements: Selling Corporate Values to Employees," *Long Range Planning*, 24 (3), 73–78. Verma, Harsh V. (2009), "Mission Statements-A Study of Intent and Influence," *Journal of Services Research*, 9(2), 153–172.

²⁹ www.adidas-group.com/en/group/profile/ (September 9, 2016).

The role of stakeholders is addressed in greater detail in Chapter 3. Financial markets are the most important stakeholders during the development of the mission.³⁰ In some cases, however, firms view the mission statement as a way to attract new employees. For example, the Tata Strive division of the Tata Group states their mission as:

The mission of Tata Strive is to enable the youth of India to be skilled for employment, entrepreneurship and social sector impact.³¹

Motivate Staff. The mission statement enables the firm to garner greater support from its employees in a number of ways.³² First, the statement enables companies to communicate managerial philosophies and intentions to staff. Thus, the Patagonia mission statement reads:

Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.³³

Staff are also motivated by the firm's efforts to identify its beliefs about its distinctive competencies. For example, Bayer's mission statement underscores the role of innovation via the following:

Bayer is a world-class innovation company with a 150-year history. Our scientific successes are intended to help improve people's lives. At the same time, our innovations form the basis for sustainable and profitable business³⁴ activity and are the key to maintaining or achieving leadership positions in all of our markets.

The mission statement can also incorporate expectations concerning standards of behavior expected from employees. For example, the renewable energy firm SMA sustainable mission statement calls for the following:

We want to firmly anchor sustainability concepts into our daily working lives this turning our vision into reality. To do this, we have to develop objectives, strategies and key figures for all fields of activity relevant to sustainability and integrate them into an overall concept. These will be examined regularly and disclosed in a sustainability report. Within this context, all decisions made must take into consideration economic, environmental and social aspects.³⁵

Statements that elucidate why the firm is in business and what it is trying to achieve raise the level of commitment to the firm. When employees understand

³⁰ Klemm, Mary, Stuart Sanderson, and George Luffman (1991), "Mission Statements: Selling Corporate Values to Employees," *Long Range Planning*, 24 (3), 73–78.

³¹ www.tata.com/article/inside/tata-strive-skill-development-programme (September 9, 2016).

³² Klemm, Mary, Stuart Sanderson, and George Luffman (1991), "Mission Statements: Selling Corporate Values to Employees," *Long Range Planning*, 24 (3), 73–78.

³³ www.patagonia.com/company-info.html (September 9, 2016).

³⁴ www.bayer.com/en/mission---values.aspx (September 9, 2016).

³⁵ www.sma-america.com/fileadmin/content/global/Company/Media/Leitbild_Nachhaltigkeit_EN.pdf (October 4, 2016).

the underlying logic derived from the firm's strategy, they are inclined to work toward achieving objectives.³⁶ In addition, as employees identify with the shared goals within the firm, there is less need for monitoring and control.³⁷

Assertion of Leadership. The mission statement serves as an empowering tool that enables executives to oversee and direct operations.³⁸ It serves as a way for management to assert its legitimate authority. The mission also defines the scope of the business and provides direction that transcends departmental, departmental, individual, or transitory needs. For example, Toyota's philosophy is reflected in the following:

Toyota Striving to create outstanding earth-friendly products for sustainable growth, Toyota honors the laws, customs and cultures of all nations.³⁹

Documenting the objectives of the firm provides an opportunity for management to take the firm in a new direction. Mission statements can generate new ideas and serve as the basis for challenging old ideas. Interface Carpet illustrates this perspective via their mission:

What drives us? A positive vision of the future and the determination to make it come true. The moral courage to do what is right, despite all obstacles. An abiding commitment to show that sustainability is better for business. We believe that change starts with us and is transforming Interface from a plunderer of the earth to an agent of its restoration. Through this process of redesigning ourselves, we hope to be a catalyst for the redesign of global industry.⁴⁰

By outlining the nature of the business and its objectives, leaders are equipped with some direction concerning the selection and recruitment of personnel. For example, the Fairmont Hotel mission states:

We know that even the best locations and offerings would be meaningless without outstanding guest service. Our skilled and motivated staff is equipped with the tools and the mindset to naturally deliver on this promise. Within a Fairmont experience, every guest is offered a warm welcome and is made to feel special, valued and appreciated.⁴¹

³⁶ Frazier, Gary L., and John O. Summers (1984), "Interfirm Influence Strategies and Their Application within Distribution Channels," *Journal of Marketing* 48 (3), 43–55.

³⁷ Gençtürk, Esra F., and Preet S. Aulakh (2007), "Norms- and Control-based Governance of International Manufacturer-Distributor Relational Exchanges," *Journal of International Marketing* 15 (1), 92–126. Paswan, Audhesh K., and Joyce A. Young (1999), "An Exploratory Examination of the Relationship between Channel Support Mechanisms and Relational Norms in an International Context," *Journal of Business & Industrial Marketing* 14 (5/6), 445–455.

³⁸ Klemm, Mary, Stuart Sanderson, and George Luffman (1991), "Mission Statements: Selling Corporate Values to Employees," *Long Range Planning*, 24 (3), 73–78.

³⁹ www.toyota-global.com/investors/ (September 9, 2016).

⁴⁰ www.interface.com/US/en-US/about/mission (September 9, 2016).

⁴¹ www.fairmont.com/about-us/ourphilosophy/ (September 9, 2016).

This proclamation underscores the type of experiences customers can anticipate and the level of service expected of its employees.

Manage Volatility. When properly designed, the mission can provide direction when faced with uncertainty.⁴² Leaders can refocus the organization during a crisis. When management has a clear focus concerning the business it is in and the objectives it hopes to achieve, it can retain focus in turbulent or unpredictable markets.⁴³ Understanding of the firm's mission provides a basis for the allocation of resources.

Mission Development Questions

The development of the mission requires substantial reflection during which time leaders identify contingencies that influence its ability to succeed. Managers examine the following questions during development:

1. **What business are we in?** It is instrumental for firms to recognize the needs fulfilled by their product offerings and alternative ways that consumers can satisfy these needs.⁴⁴ For example, transportation has been transformed by the advent of ride-share programs such as Uber. These ride-share services offer ecological advantages by reducing the number of vehicles on the road.⁴⁵ Wyndham Hotels present its business via the following:

“Wyndham Worldwide strives to become the widely-recognized service leader in the hospitality industry. We have a service-oriented culture in which each associate strives to be responsive, be respectful and deliver great experiences to our customers, guests, partners and communities as well as to each other.”⁴⁶

2. **What is our fundamental reason for being?** This question focuses on the essence of the mission by outlining why the firm exists. Responses to this question can be tailored to address triple bottom-line considerations. Corporate renewal and assessment of purpose benefits when firms augment financial objectives with social and ecological factors.
3. **What types of products or services do we provide?** Answers to this question enable firms to consider the needs met by their offerings and

⁴² Klemm, Mary, Stuart Sanderson, and George Luffman (1991), “Mission Statements: Selling Corporate Values to Employees,” *Long Range Planning*, 24 (3), 73–78.

⁴³ Baetz, Mark C., and Christopher K. Bart (1996), “Developing Mission Statements Which Work,” *Long Range Planning*, 29 (4), 526–533.

⁴⁴ Levitt, Theodore (1960), “Marketing Myopia” *Harvard Business Review* 38 (4), 24–47.

⁴⁵ Burns, Lawrence D. (2013), “Sustainable Mobility: A Vision of Our Transport Future,” *Nature* 497 (7448), 181–182.

⁴⁶ www.wyndhamworldwide.com/category/mission-culture (September 13, 2016).

⁴⁷ www.statista.com/statistics/274823/ibms-global-revenue-by-segment/ (September 13, 2016).

design products and services that meet these needs. For example, the global services segment of IBM's business has generated more revenue than any other business sector since 2010.⁴⁷ Continuous assessment of customer needs and corporate resources has enabled the firm to enhance its mix of products and services. Redefinition of its products and services enables IBM to augment triple bottom-line performance within the firm and among its customers.

4. **How do we define the customers we serve?** Careful analysis of the customers served is essential to development of the mission. Management should be able to identify the largest customers by sales volume but also be able to distinguish consumers based on the needs derived from the firm's product offerings. Chapter 6 offers an in-depth investigation of target markets.
5. **What unique value do we bring to customers?** *Sustainable competitive advantage* refers to the extent to which a firm's strategy cannot be easily duplicated. Note that the term "sustainable" does not necessarily refer to sustainability derived for a triple bottom-line orientation. The unique value accrues from assessing the way a firm competes through marketing tactics (e.g., pricing), the places where it competes, and the bases for competition⁴⁸. As firms incorporate social and ecological concerns into planning, they are positioned to devise product offerings that uniquely provide triple bottom-line value to consumers⁴⁹.
6. **Who benefits from our efforts?** The firm examines its relationships with stakeholders and assesses the value that they derive from the corporation. The firm can use triple bottom-line logic to assess multiple facets of financial and nonfinancial performance. For example, the owners of fashion brands examine the social, ecological, and financial performance of their supply chains.⁵⁰
7. **What do we need to survive?** In all cases, the firm must identify the critical resources necessary for its existence. It is imperative that the firm accurately projects how its action will lead to triple bottom-line performance. Moreover, the firm should recognize what is absolutely essential in each facet of performance. Sustainable practice is essential to the firm's survival because a strategy of targeted enduring action enables the firm to develop a competitive advantage.⁵¹

⁴⁸ Aaker, David A. (1989), "Managing Assets and Skills: The Key to a Sustainable Competitive Advantage," *California Management Review*, 31 (2), 91–106.

⁴⁹ Benn, Suzanne, Dexter Dunphy, and Andrew Griffiths (2014), *Organizational Change for Corporate Sustainability*. Routledge. Arseculeratne, Dinuk, and Rashad Yazdanifard (2014), "How Green Marketing Can Create a Sustainable Competitive Advantage for a Business," *International Business Research* 7 (1), 130–137.

⁵⁰ Ly, Ting Ting, Cornelis Baardemans, and Inês Bernardes (2015), "Improving Triple Bottom Line through Reverse Logistics: A Study of Fashion Companies Operating in Sweden," Working paper, Linnaeus University.

⁵¹ Lloret, Antonio (2016), "Modeling Corporate Sustainability Strategy," *Journal of Business Research* 69 (2), 418–425.

Potential Components of the Mission

The critical review of the firm via the developmental questions equips the firm to develop the mission. Although the components of the mission vary based on the corporate profile and industry, mission statements may contain the following:⁵²

1. Identification of the target customers and markets,
2. Specification of principle products and services,
3. Core technologies integral to the firm,
4. Commitments to triple bottom-line performance,
5. Specification of the geographic domain,
6. Core elements of the company's philosophy,
7. Identification of the firm's self-concept, and
8. Specification of the company's desired public image.

The firm augments the vision and the mission statement by stating the corporate strategy and culture necessary to approach its objectives.⁵³ The strategy is not presented in detail. Nevertheless, it should outline the firm's basic approach to achieving its mission and the competitive advantage that it brings to the market. The final component of the planning process is the recognition of corporate culture. Management describes a leadership and collaborative style designed to achieve objectives. In addition, the firm identifies values that are central to performance.

The firm that has taken the effort to craft a vision, mission, strategy, and corporate culture is groomed to implement sustainable programs that are welcomed by customers. For example, Procter & Gamble (P&G) incorporates a sustainability perspective into its manufacturing and marketing strategy.⁵⁴ First, P&G has adopted a sustainability perspective focused on improving lives for years to come. Second, the firm has a product safety initiative designed to enhance the environmental quality of products, packaging, and operations across the globe. Third, P&G has implemented a commitment to the environment. Since detergents and other products that the firm manufactures have a significant influence on water and water treatment plants, P&G requires all ingredients to pass an environmental risk assessment before they can be integrated into products. These commitments to the environment flow from a corporate mission that emphasizes environmentalism and sustainability.⁵⁵

⁵² Rajasekar, James (2013), "A Comparative Analysis of Mission Statement Content and Readability," *Journal of Management Policy & Practice* 14 (6), 131–147. Pearce, John A., and Fred David (1987), "Corporate Mission Statements: The Bottom Line," *The Academy of Management Executive* 1 (2), 109–115.

⁵³ Lipton, Mark (1996), "Demystifying the Development of an Organizational Vision," *MIT Sloan Management Review* 37 (4), 83–92.

⁵⁴ www.pg.com/en_US/company/purpose_people/pvp.shtml (Accessed June 8, 2015).

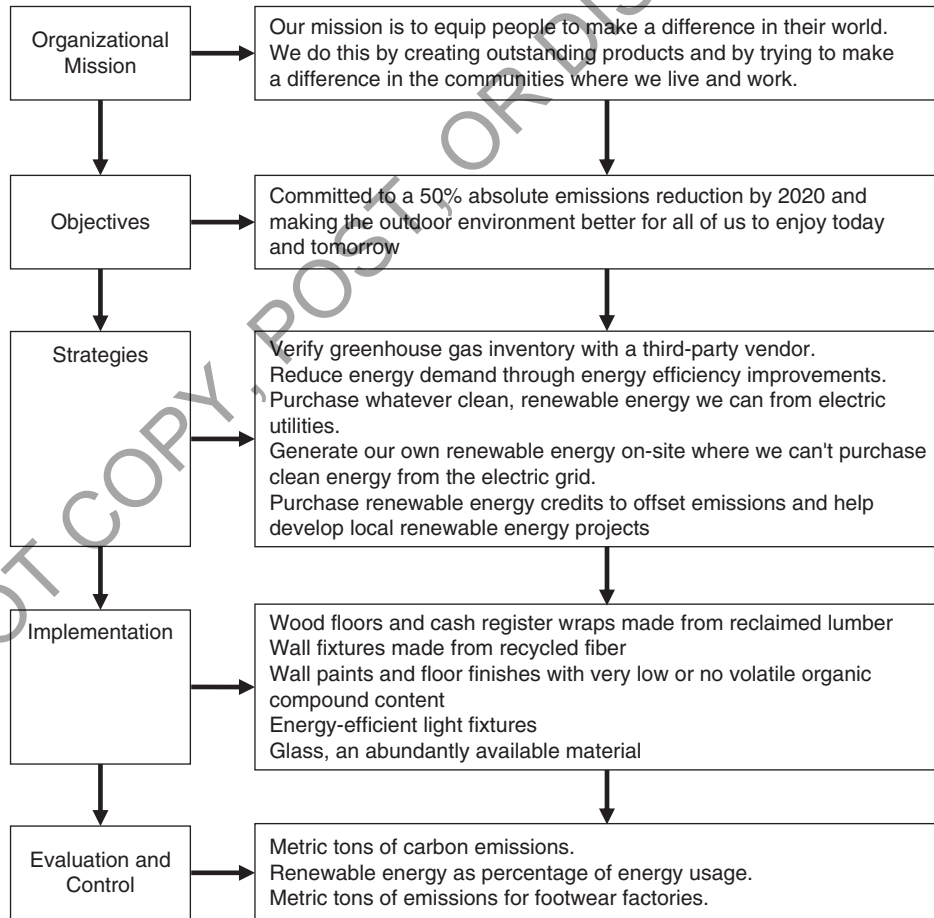
⁵⁵ Procter and Gamble (2014), *P&G Sustainability Report*. www.pg.com/en_US/downloads/sustainability/reports/PG_2014_Sustainability_Report.pdf (Accessed June 8, 2015).

INTEGRATING SUSTAINABILITY INTO OBJECTIVES, STRATEGY, AND MARKETING TACTICS

If the mission statement incorporates a discussion of sustainability, there is a much greater likelihood that the objectives and strategy will be poised to consider the interaction of the firm with its environment. Figure 2-4 uses Timberland apparel to illustrate the planning process. The firm’s mission is to equip people to make a difference in their world.⁵⁶ Timberland pursues this mission by creating outstanding products and by trying to make a difference in the communities where employees live and work. Importantly, the firm views volunteering in communities and designing ecologically friendly products as ways to reduce the company’s influence on the environment.

Organizational objectives are time dependent⁵⁷ and emerge from the development of the mission statement. For Timberland, one objective is environmental stewardship whereby the company is committed to a 95 diversion rate for waste

FIGURE 2-4
The Timberland planning process



⁵⁶ www.timberlandonline.co.uk/en/about_timberland_our_story.html (accessed June 8, 2015).

⁵⁷ www.marketingpower.com/_layouts/Dictionary.aspx.

produced in its facilities by 2020.⁵⁸ This goal embodies three essential elements of objectives.⁵⁹ First, the objective precisely specifies the goals of the organization. If the objective is not precise and clear, employees will be less likely to achieve the desired outcome. Second, the objective is measurable, and in this case, it leads to exact mechanisms for assessing the pursuit of this objective. Objectives must be measurable if the firm is to assess the level of success in a meaningful way. Third, the objective must entail action commitments specifying the behaviors associated with the achieving the objective. If the relevant action is understood, management can convert the objective into specific action associated in the marketing plan and strategy.

Corporate strategy outlines the direction the firm will pursue within its chosen environment and guides the allocation of resources and effort.⁶⁰ For Timberland, the strategy emphasizes third-party verification of energy use, efficient operations, the use of clean renewable energy, and the purchase of energy credits to offset emissions.

Clearly articulated strategies based on measurable objectives enable management to develop specific implementation plans. The implementation process refers to the stage at which the firm directs specific effort to the realization of objectives. Although senior management establishes objectives and strategy, they are rarely involved in the implementation process. Thus, it is essential that management relay a message of sustainability throughout the strategic planning process.

Implementation includes determination of action plans and related tactics designed to enable the firm to realize objectives.⁶¹ The action plan provides schedules and milestones, whereas the tactics refer to the specific activities that the firm will engage in to ensure that objectives are realized. For Timberland, some of these tactics include the types of fixtures installed at retail locations.

The strategic planning process concludes in the evaluation and control phase. At this point, management takes stock of the degree to which the firm has realized objectives. Importantly, the criteria that emerge from the plan are the factors incorporated into evaluation. These evaluative criteria should logically complement the mission and objectives. Again, if the mission and objectives do not incorporate sustainability, then the evaluation and control systems will not address these concerns. The commitment to sustainability must therefore accompany every phase of the strategic planning process.

The presentation of strategic planning process as a static step-by-step process facilitates presentation of the model. Nevertheless, the step-by-step process does not capture the manner by which planning occurs in many organizations. The multiple phases of this process are going on simultaneously. Senior management is re-evaluating the tactical plans while their employees are implementing specific facets of the plan.

⁵⁸ <https://www.timberland.com/responsibility.html> (April 23, 2017).

⁵⁹ Peter, J. Paul, and James H. Donnelly (2003), *A Preface to Marketing Management*, New York: McGraw Hill.

⁶⁰ www.marketingpower.com/_layouts/Dictionary.aspx (accessed June 8, 2015).

⁶¹ Pinto, Jeffrey K., and John E. Prescott (1990), "Planning and Tactical Factors in the Project Implementation Process," *Journal of Management Studies*, 27 (3), 305–327.

A primary need for constant reassessment of strategic planning is the interaction with the environment. Entities in the firm ranging from CEO to field sales representative monitor changes in the environment and modify their behavior to accommodate this action. For example, as energy prices escalate, senior management must consider the costs of reimbursement to sales representatives while sales representatives likely re-assess their sales call schedules and routes. Because the environment is subject to change that has a significant influence on marketing activity, it is essential for the marketing organization to monitor the environment. Thus, marketers evaluate the ecological, competitive, economic, social, political, and legal environments.

SUMMARY

Sustainability-Based Strategic Planning

The purpose of this chapter has been to provide an overview sustainability-based strategic planning. We began by defining strategic market planning as the process that outlines the manner in which a business unit competes in the markets it serves.

Firms that Need to Incorporate Sustainability-based Strategic Planning

Companies increasingly recognize the need to incorporate sustainability into their strategic planning. The need to monitor sustainability issues is particularly important for firms with (good or bad) ecological reputations or firms who operate in industries characterized by scarce human capital, high brand exposure, low market power, extensive regulation, and heavy dependence on natural resources.

Incorporating a Sustainability Perspective into the Vision of the Firm

The vision identifies what the firm seeks to become. Firms that establish a long-term vision generally outperform those who do not. The vision promotes the need for change and provides the basis for the mission, strategic plan, and corporate culture. It serves as an organizing mechanism that enables managers to align resources and establish priorities.

Incorporating a Sustainability Perspective into Mission of the Firm

The mission statement describes a firm's unique purpose, indicating what the organization intends to accomplish, the markets in which it operates, and the philosophical premises that guide action. If the firm is to have a strategy that meaningfully incorporates sustainability, the mission statement must incorporate sustainability.

Integrating Sustainability into Objectives, Strategy, and Marketing Tactics

Organizational objectives are results to be achieved by a specific time and emerge from the development of the mission statement. The objectives precisely specify the goals of the organization. If objectives, strategies, and tactic are measurable and specific with respect to sustainability goals, management are poised to achieve triple bottom line performance.

KEY TERMS

sustainability-based planning
marketing plan
vision

vision statement
mission

mission statement
greenwashing

DISCUSSION QUESTIONS

1. Why would a firm such as Timberland elect to develop a sustainable strategy when it could effectively compete based on price?
2. How does the strategy of Timberland reflect an effort to achieve sustainability as defined in Chapter 1?
3. To what extent does the incorporation of a sustainability-based perspective into the mission statement change how the firm will operate and be viewed in the market?
4. What is difference between vision and mission? Why are both necessary to the firm?
5. Explain why multiple managers should be involved in the development of the vision?
6. In the development of strategy, firms must ask “what business are we in?” Provide an example of a firm that has redefined the business in which it operates. How has this reassessment affected its performance?
7. What is meant by the term “fit” as it is used in sustainable planning?
8. Describe a situation in which the general public has had an influence on a company’s attitude toward sustainability. What events lead the public to become concerned about sustainability in this context?
9. How does the mission statement help to control the action undertaken by employees?
10. Why should a firm’s planning process incorporate discussion of corporate culture?