

# Spier shows sustainability can mean financial success

CEO says everyone must be convinced of the value of balancing profitability with environmental imperatives, writes Penny Haw

**T**HAT businesses—big, small and everything in between—are increasingly recognising the significance of environmental and social issues is evidenced by their more frequent appointment of sustainability directors, and by the burgeoning number and scope of the corporate social investment initiatives they are developing and implementing, says Spier CEO Andrew Milne.

He believes, however, that the long-term success of these plans depends, not only on their furtherance, but also on the permanent changes in thinking and behaviour that they bring about. And this means convincing all and sundry about the value of balancing profitability with environmental and social imperatives.

"The difficult part is not finding the answers," says Milne. "The difficult part is making the decision to change our perspective. The battle is in our minds and, if we recognise that without a shift in our thinking, we are on a collision course that will be increasingly tough to alter."

Spier—which is a popular tourist, conference, cultural and dining destination in the Cape winelands and one of the region's largest wine producers—first appointed a director of sustainability in 2003.

One of his primary tasks was to develop and drive a sustainability plan. The result is that, today, Spier is recognised as one of the pioneers of sustainable business practices in SA. This is sweetened by the group's prosperity. It grew its earnings before interest, taxes, depreciation and amortisation against 2007 by 300% for the 2008 financial year.

Sustainability initiatives under way at Spier include a wastewater treatment plant that cleans and "re-energises" up to 250 000/ of water per day, the recycling of more than 80% of its solid waste, a waste-plus-worms-equals-compost vermiculture programme, a drive to significantly reduce energy and

water consumption, biodynamic farming practices, a biodiversity plan, and conservation programmes in the form of Cheetah Outreach, Eagle Encounters and the eradication of alien vegetation.

In 2004, the organisation was among the country's first to receive Fair Trade In Tourism and Wine Industry Ethical Trading Association accreditation. Spier won a Condé Nast Traveler World Saver Award in 2007.

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Last year, on the premise that a baseline is required to underpin the setting of goals, targets and performance measures, the company commissioned carbon and energy management company Global Carbon Exchange to conduct a carbon footprint analysis of its operations.

In addition to providing Spier with a baseline from which to work, the exercise was, says Milne, an important step towards achieving the company's goal to be carbon-neutral by 2017 and enabled it "to take account of a wider set of variables".

But, despite success to date and future ambitions, he believes that the ultimate achievement for Spier will be "the shift in mindset throughout the value chain in the business, beginning with shareholders, and filtering down to employees, suppliers, and even visitors and clients".

It is, he says, all about changing people's perspective and thereby, behaviour.

It is widely accepted that employees play an invaluable role in supporting companies' corporate sustainability and responsibility initiatives. Not only is their involvement necessary to

achieve the objectives of the initiatives, but engaging employees in sustainability also helps increase their commitment all round. This leads to improved performance and increased productivity. Furthermore, it can translate to higher levels of retention because employees have a favourable perception of their company.

The challenge for many organisations, particularly those that employ a diversity of people at numerous different levels, is to get all employees to buy-in to their sustainability initiatives.

In this regard, Spier had the advantage of having sustainability as core to its approach to business since 1993, which is when the current owner, Dick Enthoven, acquired the operation, says Milne.

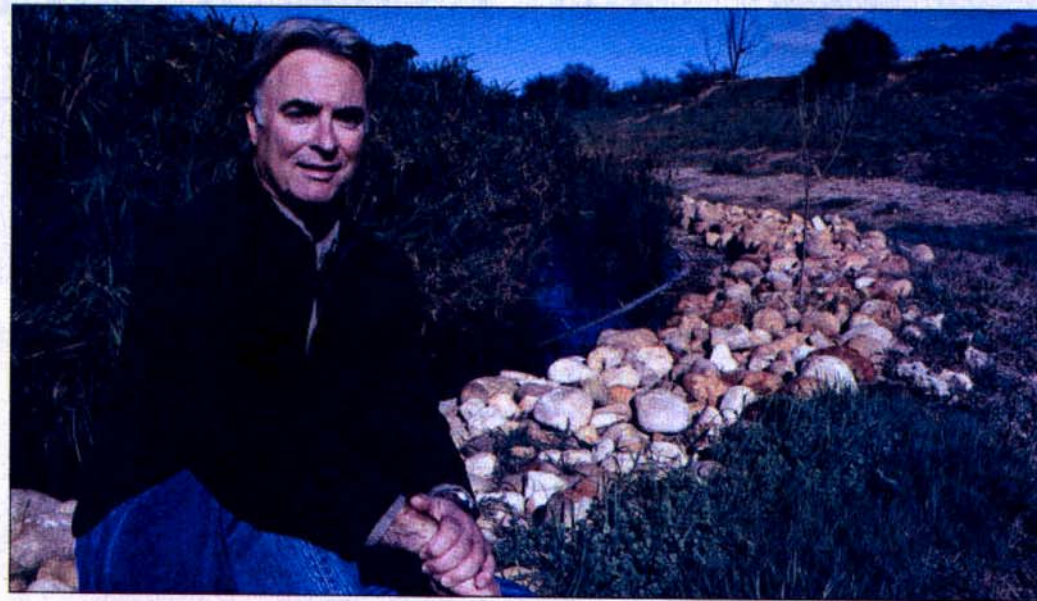
"Spier as it is today began with a sense of custodianship of cultural and natural heritage, which is the foundation of our current approach to business," he says.

"The philosophy is well entrenched in everything we do and, as such, the approximately 450 people employed here understand and support a sustainable approach to everything they do."

The organisation's Sustainable Living And Learning Programme, which was designed in collaboration with the nearby Sustainability Institute, is attended by all employees to give them an understanding of what sustainable business is all about and to teach them about the contributions that they can each make. The idea is also to empower staff to inform visitors to Spier about the organisation's commitment to local communities and the environment.

"There is no doubt that our staff have a good understanding of what sustainable business is all about," says Milne.

"We regularly receive suggestions about how we can improve our systems from our colleagues at all levels. For example, someone working in the kitchen at the hotel recently pointed out that one of our suppliers uses multiple layers of



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plastic to package produce for us when one layer would suffice. The observation enabled us to take up the matter with the supplier. That is the kind of awareness that we aspire to and the thinking that I believe will make the difference in the long run."

Spier's focus on local employment and procurement, he says, is also part of its sustainable business approach. Most of the people who work for Spier live in the area and, by buying locally, the organisation not only reduces its carbon footprint, but also

contributes to the local economy and community. About 60% of Spier Wines' suppliers—in terms of both the number of suppliers and rand value—are from the local community, while 30% of the fresh produce used in Spier kitchens is sourced from farmers within a 20km radius of the Lynedoch farm.

Spier has also helped establish some small enterprises on the farm. For example, rather than outsourcing its laundry operations, the organisation provided the infrastructure and machines for an on-site laundry in 2004. Tenders to

operate the business were invited and, having begun with three staff five years ago, the laundry now employs nine people, and continues to successfully provide all Spier's laundry services. Most recently, a local enterprise was established to clear alien vegetation from Spier property.

While training and empowering staff, and engaging communities that are in some way affected by its operations are important methods of ensuring buy-in to Spier's sustainable business practices, Milne believes that a carefully

designed measurement and reward programme is also essential to achieve this.

The idea is that establishing goals and setting targets for environmental and social imperatives not only demonstrates a commitment to sustainable development, but also helps to ensure that sustainability is embedded in the organisation's activities and shows how the company is doing.

In addition to an annual sustainability report—which follows the Global Reporting

Initiative's Sustainability Reporting Guidelines and is used to educate and train staff, and to profile suppliers—Spier monitors and rewards its employees for their performance against a set of carefully defined measures.

These are broadly categorised as carbon neutrality, zero waste solids, zero wastewater, water sustainability, biodiversity enhancement, organic farming and poverty eradication goals, which are broken down further into relevant targets for each business unit within the group.

"This is based on our firm belief that defining, managing and setting goals against financial and non-financial indicators will define our longevity as a business," says Milne.

"Success can no longer simply be measured in financial terms and so, accordingly, we measure and reward the performance of business units against sustainability measures that are relevant to them."

The company's approach to sustainable business, he says, follows the argument that balance is not the opposite of growth and "does not have to lead us into the dull and dreary tunnels of decrease: it is simply looking at how our activities can take place without impinging on the natural equilibrium".

"And in fact, this new approach may actually catalyse innovation and creativity, and enable us to see new possibilities and opportunities not evident before".

Milne's words are reminiscent of a quote attributed to Albert Einstein: "The world will not move beyond its current state of crisis using the same thinking that got us there in the first place."

