



Sustainability | Leadership | Innovation

ACCOUNTING FOR SUSTAINABILITY



2014 WINNER CASE STUDY

LESSONS IN DRIVING BUSINESS SUSTAINABILITY

HIGH FIVE

Interserve has adopted a strategic framework to cover all the group’s operations; this includes social knowledge and natural capital.

THE BUSINESS

Interserve is a UK-based, FTSE 250-listed support services and construction company. It delivers a wide range of design, build, equipment, facilities management and frontline services to both the public and private sectors in the UK and beyond. The company’s revenues exceed £3bn and it has more than 75,000 employees across the world.

THE IDEA

In 2013 Interserve launched a new sustainability plan, **SustainAbilities**, a set of strategic outcomes to help deliver a more sustainable future. Interserve’s idea was that this, and the company’s vision to ‘redefine the future for people and places’, would place a commitment to ingenuity and sustainability right at the heart of the company’s business model.

‘We were aware of two huge factors in the future financial resilience of our business,’ explains Laura Spiers, Group Sustainability Manager. ‘We employ a large workforce and deploy their experience, knowledge and skills to meet clients’ needs. Our operating model places us at the heart of complex value chains. These impact on many different communities and stakeholders and expose us to social and environmental risks.’



Installation of solar panels on site cabins

Interserve believes that its **SustainAbilities** approach ‘transforms vulnerabilities into possibilities’ by placing value on social, natural and knowledge capital alongside more traditional financial capital. ‘The approach measures the contribution of each to strengthening our core business,’ says Spiers.

‘The best evidence of success is that the business development teams across the divisions have embraced SustainAbilities in the way it was always intended – as an offer that Interserve pushes out to all of its clients to build shared value and generate positive social and environmental outcomes.’

THE INNOVATION

Assigning a value to positive environmental and social impacts as well as to knowledge, learning, skills and innovation is an important innovation for Interserve. ‘We are able to assess our broader business performance to create shared value with our stakeholders and the communities within which we operate,’ says Spiers.

Interserve set out five high-level objectives, which it calls its ‘outcomes’ – places that benefit people, public service in the public interest, more skills and opportunities, positive environmental impact and sustainable growth. In time, these will be the guiding principles for every action the company takes.

The high-level outcomes have helped Interserve to define 15 goals and 48 targets, which span a range of issues that can influence and build long-term resilience for the company and those it deals with. For instance, there has been a new emphasis on creating local jobs. ‘This came at a time when clients were starting to place the very same demand on us as a contractor,’ says Spiers. ‘It made us more competitive, it has focused our own contract managers on community outreach, and it has spawned partnerships with local authorities and community organisations seeking to achieve the same outcome.’

In another example, Interserve backed the **Grown in Britain** initiative for timber. This initiative supports UK jobs and adds momentum to sustainable forest management. But it also reduces Interserve's exposure to reputational risk from deforestation in its supply chains – and builds resilience into them.

Hundreds of people at all levels in Interserve have a responsibility to achieve or influence specific **SustainAbilities** objectives. The breadth and scale of the plan reach all divisions and contracts. It is a group-wide organisational change backed by an online training programme. The programme, designed by a creative agency for maximum interactivity and visual impact, has been rolled out across the company.

There is also an interactive data reporting dashboard – called **INsight** – which was designed and built in-house, with help from the finance function. **INsight** enables managers to view high-level results and drill down to view how parts of the company are contributing to goals and performance.

Spiers says: 'Perhaps the best evidence of success is that the business development teams across the divisions have embraced **SustainAbilities** – as an offer that Interserve pushes out to all of its clients to build shared value and generate positive social and environmental outcomes.'

FINANCE FUNCTION LEADERSHIP

At Interserve, Tim Haywood, the Group Finance Director, has also taken on the role of Head of Sustainability. He doesn't view the two roles as in any way incongruous. 'Quite the opposite,' he says. He believes it is not possible to be a competitive, economically sustainable business, fit to meet clients' ever-changing needs, without sustainability values and capabilities pervading the culture of the whole company.

Haywood assembled a high-level Sustainability Board and formalised the governance structure that enables a network of people who bring a wide range of expertise to drive and embed sustainability across the whole business. The origin of **SustainAbilities** within the finance function not only ensures it is taken very seriously across the company, but that its framework and structure has a distinct value-led core. **SustainAbilities'** social, environmental and knowledge/innovation values can often only be measured in qualitative ways. So it is important that the discipline of managing them is rigorous, transparent and confirms the business case. Accountants and sustainability practitioners have established a scorecard that begins to identify and measure these complex intangible values.

And to help its investors and wider stakeholders understand their philosophy, Interserve used the International Integrated Reporting Council's integrated reporting approach – incorporating social, natural and knowledge capitals into the reporting framework – for its 2014 annual report.

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Tim Haywood, Group Finance Director and Head of Sustainability at Interserve Plc

POSITIVE LONG-TERM IMPACT

There are many ways in which **SustainAbilities** is delivering payback now and will deliver benefits for Interserve long into the future. The emphasis on knowledge and innovation has generated a greater appetite for learning. And Interserve is able to have franker discussions on sustainability with its clients. 'This confidence gives many Interserve people more skills and a new approach when collaborating and forging partnerships to build a new norm within the business,' says Spiers.

LESSONS FROM THE CASE STUDY

Interserve's experience is that building a sustainable strategy doesn't just happen. 'It is important to develop strong engagement with people at all levels of the business,' says Spiers. 'You have to bring them on the same journey with you, otherwise they may not see the relevance of what you're trying to achieve.'

There is also a lesson for companies which, like Interserve, have a global business. It is important to appreciate the cultural and contextual differences from one country to another. Interserve has tackled both issues by setting up multiple communication channels so there is a constant stream of relevant messages about the programme, its relevance and successes. These channels include newsletters, blogs, videos and interactive quizzes.

What makes people believe in the programme is seeing measurable results. Interserve's **INsight** 'dashboard' is viewed by senior managers and cascaded down the organisation so that staff at all levels can see their contribution to success.