

Names and Sustainability: How do Company Names Reflect Sustainability?

Ingrid Spitzner
Germany

Abstract

Company names of family enterprises often reflect, among other things, a long lasting history of development, growth, decline, changes and tradition. Sustainability is thus a component of the semantic structure of a company name.

This article describes the interaction of company names and brand names which were acquired from other companies to extend the company's portfolio. In the sense of sustainability it can be seen as one way of adapting to economic challenges.

It enables the company to get access to new markets and clients. In this way the company stabilizes its existence and its own value. It also creates a solid basis for future acquisitions and extensions, and furthermore it prevents the extinction of a well-known name.

The article aims to demonstrate by some examples how some companies incorporated brand names in their portfolio and the outcome of it.

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Historical Background and Aspects of Sustainability

Historical Background

The term *sustainability* has a long tradition and is a multifaceted concept. More than 300 years ago the German Hans Carl von Carlowitz, a famous scholar at that time, coined the concept of sustainability. His field of activity was the forest and he recognized and realized the importance of the forest for the environment and also for our life.

The German word *nachhalten* means – tracking, keep tracking, following up. With reference to his activities it was to keep part of the forest which was well grown, to fell those trees which were ill or old or both and to replace them by seedlings and finally to repeat this process through the generations, and maintain/grant a continuous life cycle.

In our mind map and related to all areas of life this has to be understood as keeping an essential part of a system and add, extend and spread a new part for generations to come.

Aspects of Sustainability

Moreover, in economic or corporate contexts sustainability is essentially recognizing that ‘a corporation’s long-term interests are intellectually and financially consistent with resource efficiency, proactive health and safety practices, and responsible leadership’ as Doug Morrow, vice president of research at Corporate Knights, said:

‘On the one hand, it means doing more with less; squeezing more output out of every capital input including financial, human and natural capital,’ he explains. ‘But the hallmark of a sustainable enterprise is not just efficiency, but also mechanisms to encourage meritocracy, diversity, innovation and long-term planning.’ (Forbes 2014)

Toby Heaps, editor-in-chief of Corporate Knights, says sustainability is when what is good for a company is also good for the planet, and vice-versa. ‘It means creating more wealth than we destroy’ (Forbes 2014). Corporate Knights, a Toronto-based media company, published a list of the 100 most sustainable companies in the world.

Aspects of the Proper Name, Especially the Company Name

General Semantic Aspects

I briefly want to mention the definition and functions of a name just to demonstrate the relation between both or to show where sustainability may anchor on a name.

The semantic background of company names is referred to as reference, identification, individualization, signalization and traditionalisation or heritage communication.

Reference, identification and individualization cover the core meaning of a name. With regard to the company name this refers to the name of the company being given by the founder, owner or entrepreneur.

Special Semantic Aspects of Company Names

P1 peripheric or connotation level 1 is related to the products carrying this name – also the level of the brand. I am not going to go into detail here as it will require more time and space. P2 peripheric or connotation level 2 comprises all the activities related to marketing. P3 peripheric or connotation level 3 includes all activities within the social sphere, among others sustainability.

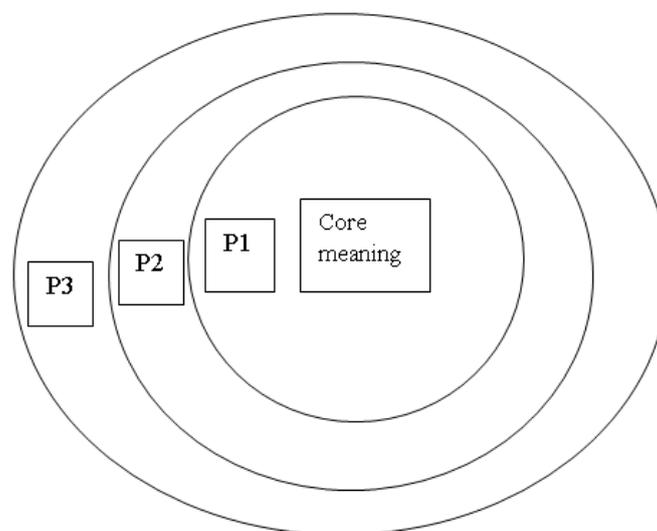


Fig.1. Levels of connotation

Sustainability is certainly not a part of the core meaning of a name, but it does not have a fixed position in the peripheric meanings. It depends on the role sustainability plays within an enterprise, institution, organization or company.

Sustainability has a connotational meaning and it may therefore vary in its position. The stronger and the more pronounced companies include sustainability as a principle in their philosophy the stronger this connotation will become.

What data are considered to assess a company's sustainability, among others ethics + innovation?

A major role is given to the handling of resources, energy consumption, production of waste but also to social engagement and fair business conduct.

According to the above-mentioned scheme, sustainability seems to have a marginal role, but the peripheries mentioned are not rigid, their transition is smooth. It may be compared to an atomic model where the electrons switch from one level to another as some branches of a company are, e.g. more profitable than others, are better known or more popular etc.

What data are considered to assess a company's sustainability?

Among others: ethics, innovation meritocracy, diversity and long-term planning. Management teams at sustainable corporations are afforded room to think and plan beyond the next financial quarter.

Methods and Purpose of the Study

Going through social and economic changes demands a great flexibility and adaptability to new situations, regulations and standards. On the one hand, I searched for family enterprises, big and small that have a long tradition. On the other hand, I looked for new companies having started their business under the precondition of sustainability. I read about both their historical development and about their business philosophy.

I chose articles from business newspapers, weeklies, books and internet presentations, e.g. reports on sustainability. The articles were searched for changes in names, additions to names, e.g. claims, adverts and possibly in management, as some companies added the position of a CSR manager or employed a person who has a strong approach to sustainability. I linked the facts and information collected to the requirements of the topic, i.e. theory of sustainability and CSR.

The aim was to find out in which respect sustainability is represented by the name and may have an effect on both the business and the environment.

Examples of Sustainable Companies

How are the different aspects of sustainability handled in companies? Let me show you some examples of companies to demonstrate how this can be seen. First I analysed companies that have existed for a very long time.

Lemken GmbH & Co. KG – a manufacturer of agricultural machinery. They started their business in 1780 as blacksmiths producing, e.g. ploughs. Now in the seventh generation

of the family, they are among the leading companies in this field worldwide. They improve and develop machinery focusing on safe agriculture, i.e. avoiding damage to the structure of the soil when employing a harvester or plough and minimizing energy consumption. Their motto is groundedness (Erdverbundenheit). The customer thus knows what he is investing in and what he is going to buy. Currently their portfolio also includes the production of plant protection equipment and materials.

Faber-Castell AG also a company with a long history, founded in 1761, F-C has consequently followed its strategy of selling pencils at reasonable prices. The present CEO does not necessarily give way to any trend that comes up. He sees the strength of the enterprise (present in almost all parts of the world) in extending the visibility of their products, i.e. to open more shops, but also selling products via online platforms. Sustainability for F-C means accompanying people through their life, from childhood to adult age. But the company also invests in new branches. Their field of innovation develops cosmetic pencils.

These two companies represent enterprises that do not show their involvement in sustainability at the surface, but in their philosophy. With having been in the market for such a long time, sustainability must have played a major part in their history, in both their entrepreneurial thinking and their entrepreneurial approach/attitudes.

Secondly, I would like to give you two examples of company names that underline and emphasise their commitment to sustainability through a claim added to their name.

ABB Turgi – a Swiss company, the **ABB subsidiary** in Turgi has been given the Industrial Excellence Award in 2014. For the employees sustainability is a synonym for quality, and quality is considered as specialization, service and product and process development. Good products are improved ones, having been made cheaper and having been given a longer life span. Furthermore, their aim is to adapt to special/individual conditions of the customer.

Memo AG – nachhaltig gut; their claims are ‘sustainably good’ and ‘go shopping sustainably’. Founded in the late 1980s this company has grown consistently. They started with selling writing material for pupils made of recycled paper.

They were among the first who sold writing material and paper which was produced wholly from recycled material. The idea behind the business was to offer and sell only environmentally friendly products, the prices of which should not exceed those of conventional products. As the company has continued to grow, they even developed their own recycling system.

Thirdly: a new class of company names will emerge showing their commitment to sustainability at the surface, in their name, such as:

Innatura – the spelling is different to the Latin expression *in natura* (in German this expression has several meanings among others *in Naturalien*, in English it is referred to as *in kind*).

Innatura is a very young company founded in 2013. Its business idea has emerged from the necessity to help people who cannot afford the things they need. The people of Innatura mediate donations of things. Normally products that are not sold are taken to a disposal site and the company may write off the cost. But goods donated cannot be written

off, so it took some persuasive powers to convince the companies to donate their goods to Innatura.

The goods they receive are transported to many parts in the world – glasses to Africa, medicines to Eastern Europe or Latin America. In all these cases the product is not wasted and neither is the energy, but great social responsibility is shown.

Other examples in this group are Green Banks, in German Grüne Banken or Ökobanken. Two names have become quite established in this sector, the **Thüringer Ethikbank** and the **Triobos Bank**, a Dutch based institution.



Fig.2. Ethics Bank, money is given under fair conditions

Cooperative Banks, in Germany also related to Donate-Borrow-Give (GLS Geben-Leihen-Schenken), are increasingly investing and donating money into projects having a sustainable perspective.

Green Banks have moved to the centre of attention of ecologically oriented clients. Green Banks used to support and finance social and environmentally-friendly projects. Due to the change in energy production, Green Banks now invest and grant loans for wind and solar plants/parks beside the classical green projects, such as Bio agriculture or Bio-shops. Energy efficiency is the key parameter for deciding whether to invest. A future project for financial support may be care homes for elderly people. The number of clients is increasing consistently.

I do not want to forget to mention a company that has worked in this context for decades – **Speick**. They started their production of natural cosmetics before anybody knew the term. It is the Walter Rau GmbH near Stuttgart. The name of the production line is derived from the plant which is used as the basis for the cosmetic series. Speick (spelling may be either Speik or Speick) is a plant that grows in the Alps in Austria, and may only be picked up with special permission of the regional government, as it is under protection and collection is strictly regulated.

Speick does not speak of sustainability – they live it. There is minimal turnover of employees, they use environmentally-friendly production processes, a nursery for the employees' children, and workers' representatives have been in place from the start.

The company is sustainably organized and built: ventilation, provision of heating and water, etc. Speick was elected the most sustainable brand in Germany in 2013. They now make use of the prize in their marketing strategies. It has become a part of the advertisements, so it has become fixed in the awareness of the customers.

German Award for Sustainability



Fig.3. Prize for Germany's most sustainable enterprises

Since 2008 the German industry has been awarding the so-called Nachhaltigkeitspreis. The prize is awarded in different categories to companies, organizations and individuals for their engagement in and their attitude towards sustainability. Enterprises are grouped according to their size: small, medium and large. Among the companies in 2013 were: **Tchibo** – large over 5,000 employees, **Hipp** – over 500, **Studiosus Travel** – from 50 employees upwards.

Tchibo buys the coffee harvest of a whole area – this area grows coffee in a sustainable way, for example they harvest manually, wash with water, dry in the sun etc. This coffee is sold as a specialty product at a somewhat higher price. Tchibo thus supports the Rainforest Alliance in their activities of eco-friendly agriculture and CSR. Rainforest Alliance certifies these producers for their social role.

Groups of Sustainable Naming Behaviour

Taking the examples into account we can say there are three groups of company names reflecting sustainability:

Family Enterprises with a Long Entrepreneurial Tradition

In this group sustainability is an inherent element of the company's name. They have been practicing sustainability for generations and they will certainly continue to do so. To them sustainability means surviving, planning ahead. Company and sustainability form/make up a unit. A long list of names may be mentioned here, such as Faber-Castell, Kühne (food industry), Lemken, Klosterfrau, etc.

Enterprises Emphasizing their Sustainable Commitment in a Claim

In this group sustainability is visibly expressed. Their products or services are directed towards sustainability. They take care of social needs. This attitude is mainly expressed in a claim in the form of sentences, noun phrases or adverbial phrases. Memo – sustainably good, Lemken – The Agrovision Company (they have added this claim recently to demonstrate their commitment to sustainability).

Enterprises, Choosing a Name which Points out their Business Approach

In this group companies use a name indicating their commitment and responsibility to the environment. Often these names have elements, such as green, eco-, or ethics to reference their sustainability. E.g. Green Bank, Ethics Bank, Innatura, Speick and others

Conclusions

What influence does sustainability have on business activities? There are at least five important points to be mentioned:

- **Better image**
The company is not only seen as being interested in making profit but giving something back to their employees and the area in which the company operates.
- **Long-term success**
As customers and stakeholders alike value the company's engagement in sustainability, they support this attitude by buying the products.
- **Higher rate of motivation of employees**
Employees learn that their work is appreciated.
- **Better customer contacts and relations**
This is due to the better image.
- **Better access to financials – so far sustainability has not yet paid off**

These items summarize the main purpose why companies and enterprises should give more attention to sustainability.

‘Younger people now pay particular attention to the company they want to work for. When they choose to work for a company they look closely at the company's philosophy and its attitudes towards environment and its engagement in the area it is based’, said Claudia Rewitz (personal communication, 20 November 2014). Mrs. Rewitz is a business coach who is involved, among others, in the training of young staff of green enterprises.

Summary

Not only within Europe, but also worldwide, standards and regulations have changed. Enterprises need to follow the expectations of their stakeholders and consequently suppliers are obliged to adapt to these regulations. The pressure exerted by customers is passed on to the company to alter their attitudes and approaches, to rethink their way of manufacturing, handling and processing.

The name of classical family enterprises does not itself reflect sustainability at the surface. The different aspects of sustainability are hidden in the connotations or visible in claims.

A lot is done through advertising or presented in reports. Enterprises such as Bayer, Daimler or BMW and others publish a yearly report on sustainability. Bigger companies create a position for a CSR manager to direct and guide their social activities.

When going public, a change in the name may be anticipated resulting from the expectations of the customers and as an indication to competitors. New brands may even be created to promote the company's activities in this field. Prizes awarded may encourage smaller companies to rethink or reorganize their business. Start-ups may follow this path from the beginning.

Ingrid Spitzner
Germany
info@languages-names-and-more.de

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