

## **Sustainability Leadership – a Force for Change**

**A thought-piece by the University of Cambridge Programme for Sustainability Leadership, November 2010**

According to a recent survey of 766 United Nations Global Compact (UNGC) member CEO's<sup>1</sup>, 93% of CEOs see sustainability as important to their company's future success. Furthermore, 96% believe that sustainability issues should be fully integrated into the strategy and operations of a company (up from 72% in 2007). This begs a question: what does this mean for those in leadership positions? And is 'sustainability leadership' different from leadership elsewhere?

In his book, *The Leadership Mystique*, Manfred de Vries<sup>2</sup> reminds us that the Anglo-Saxon etymological root of the words lead, leader and leadership is *laed*, which means path or road. Hence, the leader is one who shows the way ahead. This idea is presented rather more compellingly by Tom Peters<sup>3</sup> who suggests that leadership is about "discovering the passion, persistence and imagination to get results, to be able to find the 'wow' factor and think the weird thoughts necessary to learn and thrive in a disruptive age."



Over the last 50 years, an entire cottage industry has emerged seeking to solve the mystery of what leaders can and ought to do in order to spark the best performance from their people. In an article entitled "Authentic leadership: excite others to exceptional performance"<sup>4</sup>, Rob Goffee and Gareth Jones describe three basic tenets of leadership:

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<sup>1</sup> A New Era of Sustainability: UN Global Compact – Accenture CEO Study 2010

<sup>2</sup> De Vries, M.K., 2001. *The Leadership Mystique: Leading Behavior in the Human Enterprise*. Financial Times/ Prentice Hall.

<sup>3</sup> Peters T., 1989 *Thriving on Chaos: Handbook for a Management Revolution*. HarperBusiness

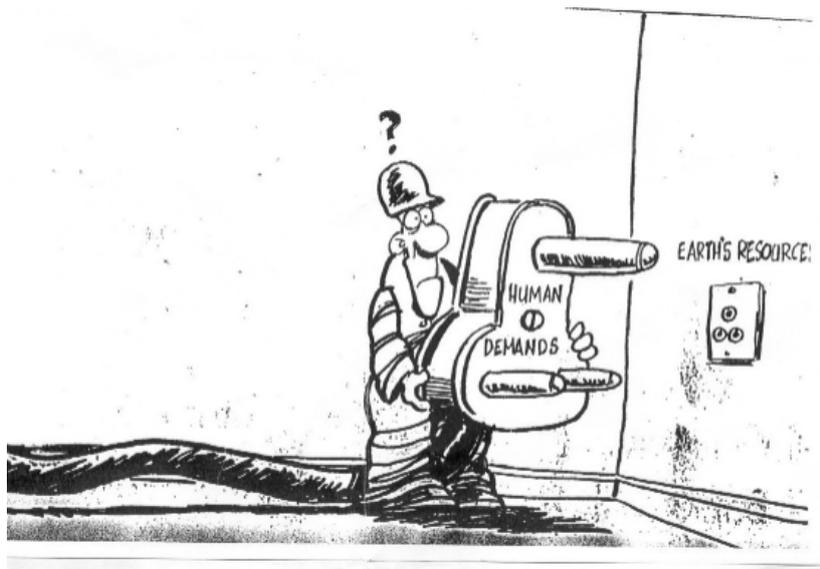
<sup>4</sup> Goffee R. and Jones G., *Authentic leadership* Leadership Excellence 1-877-250-1983

- Leadership is **relational**. It is something you do *with* people, not *to* people. Put simply, you cannot be a leader without followers. Like all relationships, it needs to be monitored and cultivated.
- Leadership is **non-hierarchical**. Formal authority or a title doesn't make you a leader. Leaders can be found at all levels.
- Leadership is **contextual**. You need to size up and tap into what exists around you and then bring more to the party.

They describe “authentic leaders” as modifying their behaviour to respond to the needs of their followers and the situations they encounter whilst remaining true to who they are. This view of effective leadership being about choosing from a collection of styles – each in the right measure, at just the right time – is also captured by Daniel Goleman in his paper “Leadership that Gets Results”<sup>5</sup>, where he compares styles of leadership to the “array of clubs in a golf pro’s bag. The pro senses the challenge ahead, swiftly pulls out the right tool and elegantly puts it to work. That’s how high impact leaders operate too.”

Interviews with successful CEOs confirm the importance of context. For example, Jeff Immelt, CEO of General Electric, when talking about the 10 keys to great leadership<sup>6</sup>, said “The most important thing I’ve learned since becoming CEO is context. It’s how your company fits in with the world and how you respond to it.”

This is the essence of **sustainability leadership** also: responding urgently and effectively to the world’s most pressing social, environmental and ethical challenges.



*The Scale of the Challenge?*

In order better to understand this fundamental leadership challenge, CPSL has been conducting research on sustainability leadership over the past 12 months. Thinking about applying the different leadership theories to sustainability issues, we asked ourselves questions such as: What is the difference between the leadership approach and effectiveness of General Electric’s CEO, Jeffrey Immelt and former BP CEO, John Browne? Or between former Presidents Luiz Inácio Lula da Silva of Brazil and George W. Bush of the USA? Or between civil society leaders like Kenya’s Wangari Maathai and South Africa’s Alan Boesak?

<sup>5</sup> Goleman D., 2000 Leadership that Gets Results. *Harvard Business Review*, March-April

<sup>6</sup> Fast Company, 2004 10 Keys to Great Leadership: an interview with Jeff Immelt

The research also considered the need for balance between the idealistic view of what could be possible and the hard-headed realities of commercial markets. As Jim Collins wrote in his best-selling book *Good to Great*<sup>7</sup>, leaders must retain absolute faith that they can and will prevail in the end, regardless of the difficulties *and* at the same time, confront the most brutal facts of their current reality, whatever they might be. At the same time, Neil Carson, CEO of Johnson Matthey<sup>8</sup> reminds us that “Until everybody on the whole planet gets sustainability, there’s a real competitive advantage in moving in this direction aggressively.”

Our research concluded that leadership for sustainability is not a separate school of leadership but a particular blend of leadership characteristics applied within a definitive context. The context – comprising the sustainability challenges facing the world and our aspirations for a more sustainable future – calls for particular types of leadership and is manifested in key areas of action and styles of implementation.

So what does it take to be a successful sustainability leader and where are the examples for all to follow? In addition to knowledge of global sustainability challenges, the CPSL research<sup>9</sup> suggests that the following seven key characteristics are important in the leadership approach:

- Systemic, interdisciplinary thinking
- Emotional intelligence
- Values orientation
- A strong vision
- An inclusive style that engenders trust
- A willingness to innovate and be radical
- A long-term perspective

This list of attributes has strong resonance with transformational leadership and it is no coincidence that when Jeff Immelt was asked how he would like to be remembered as a leader, he used just two words: *drove change*. The scale and urgency of the global sustainability challenge is such that only those who are prepared to drive change at an industry, organisational and individual level are likely to be seen as truly successful sustainability leaders.

This emphasis on action was confirmed by the UNGC survey: CEO’s believe that integrating sustainability into business-as-usual is one of the key challenges of leadership. 49% of those surveyed cited complexity of implementation across functions as the most significant barrier to implementing an integrated, company-wide approach to sustainability i.e. *execution* is perceived to be the real challenge.

The scale of this challenge was summed up by Jeffrey Hollender, former CEO of Seventh Generation, in his book, *The Responsibility Revolution*: “I believe that the vast majority of companies fail to be good corporate citizens, Seventh Generation included. Most sustainability and corporate responsibility programmes are about being less bad rather than good. They are about selective and compartmentalised programmes rather than holistic and systemic change”.<sup>10</sup>

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<sup>7</sup> Collins, J. 2001 *Good to Great: Why Some Companies Make the Leap...and Others Don't* HarperBusiness

<sup>8</sup> Carson, N., 2010. Interview with Neil Carson, CEO of Johnson Matthey, conducted by Polly Courtice

<sup>9</sup> Courtice, P., 2011, *Breakthrough Leadership – the challenge to business as usual* (in *The State of Sustainability Leadership* – to be released 2011)

<sup>10</sup> Hollender, J. and Breen, B., 2010. *The Responsibility Revolution: How the Next Generation of Businesses Will Win*. Jossey-Bass.

Faced with this gap between the sustainability challenges and the response-to-date, our Cambridge interviews with CEOs found that leaders deliver change for sustainability through both organisation-specific and external actions. These can be summarised as follows:

***Internal Actions:***

Strategic direction:	Providing a compelling vision and clear strategic goals. E.g. Wessex Water has developed a vision that sets out what a fully sustainable water company would look like, using the Five Capitals Framework.
Informed decisions:	Acting in accordance with the best available knowledge. Paul Polman, CEO of Unilever, says: "The art of leadership is to look reality in the eye".
People empowerment:	Providing opportunities and resources for self development and societal contribution. Jim Collins says: "Good to Great leaders get the right people on the bus and in the right seats".
Learning and innovation:	Empowering sustainability learning and innovation throughout the organisation. The DfES Sustainable Action Plan 2005/6 noted: "The agenda is one of innovation, inviting us to rethink how we organise our lives and work so we don't destroy our most precious resources".
Management incentives:	Aligning management and incentive structures. E.g. Diageo, Siemens and Merck all build sustainability related performance criteria into executive remuneration.
Performance accountability:	Fostering a culture of accountability and a focus on performance improvement around sustainability challenges. According to Jeff Immelt, "Good leaders are never afraid to intervene personally on things that are important".

***External Actions:***

Increasingly, sustainability leaders are recognising that the true solutions to sustainability challenges often lie outside the boundaries of their organisations. They are, therefore, also responding to the challenges and opportunities of sustainability by influencing their external environment, especially through partnerships and collaborative working. The need for collaboration was one of the 3 key challenges picked out by CEOs in the 2010 UN Global Compact Survey. Examples include:

Cross-sector partnerships:	Working in partnerships between business, government and civil society. According to a review of 122 partners across 27 partnerships for sustainability, the most common aims for such
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	programmes are improved water and sanitation for the poor and education <sup>11</sup>
Sustainable products and services:	Focusing R&D, sales and marketing on sustainability principles. E.g. Toyota's Eco-Project programme which produced, among other things, the Prius and a zero-waste production facility in New Zealand. CEOs identify the consumer as the most important stakeholder in influencing the way in which they will manage societal expectations over the next five years. <sup>12</sup>
Sustainability awareness:	Sharing knowledge and understanding with wider stakeholder groups and driving change. E.g. Reckitt Benckiser found that almost two-thirds of its carbon footprint came from product consumption by its customers and is targeting reduction through a programme of education and enabling consumers.
Context transformation:	Working collaboratively to change the context and operating environment. E.g. The Corporate Leaders Group on Climate Change, a coalition of CEOs across Europe has been successful in influencing policy makers in the UK, EU and beyond.
Stakeholder transparency:	Encouraging openness and trust through active stakeholder engagement. Malcolm Brinded, former Shell UK Country says: "One thing is certain. The days when companies were judged solely in terms of economic performance and wealth creation have disappeared."

### **Conclusion: Bold Action**

Ultimately, given the scale and urgency of the challenges, sustainability leadership needs to be bold leadership. For example, when Unilever CEO Paul Polman recently launched their "Sustainability Living Plan", it seemed to confirm something Sandy Ogg, Chief HR Officer for Unilever, had said during our research:

"There's so much going on now in the world that if you don't have amplification and time compression, then it doesn't rumble. So I call that LEADING BIG. You can't let it drool or dribble out into an organisation like ours and expect to have any impact."

In this case, for Unilever, "leading big" means seeking to double the size of the company, while halving the environmental footprint of their products, sourcing 100% of their agricultural ingredients sustainably by 2015 and helping 1 billion people out of poverty.

Of course, "leading big" on sustainability will mean different things for different industries and organisations. What is clear, however, is that our global challenges are calling forth a new generation of leaders that are prepared to respond to sustainability in bold and inspiring ways, which ultimately serve their business interests as much as society.

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<sup>11</sup> Findlay-Brooks R., Visser, W & Wright T., 2009 In Marques, J.C. & Utting, P. *Corporate Social Responsibility and Regulatory Governance – Towards Inclusive Development?* Palgrave

<sup>12</sup> A New Era of Sustainability: UN Global Compact – Accenture CEO Study 2010