

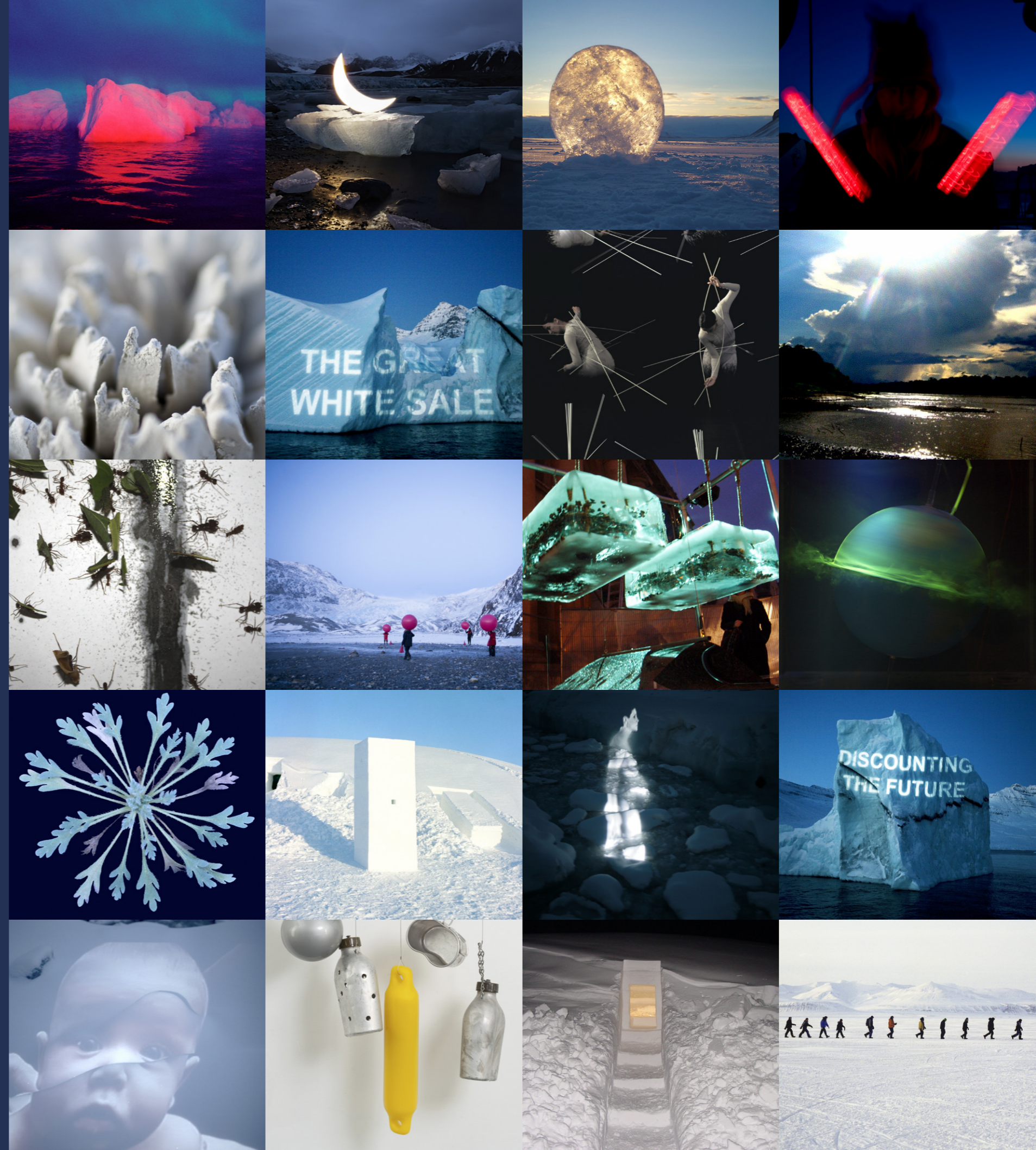
THE FUTURE IN PRACTICE

THE STATE OF SUSTAINABILITY LEADERSHIP



Introduction: The Future in Practice

Mike Peirce



Introduction: The Future in Practice

Mike Peirce



Mike Peirce is Director of Strategy & Communications at the University of Cambridge Programme for Sustainability Leadership. Formerly Chief Operating Officer at AccountAbility, he is a member of the International Advisory Board of The Future We Want, and a Trustee of development education charity Think Global.

The idea of the long term, and of avoiding ‘short-termism’, has become a dominant topic in business and sustainability debates. From frameworks to measure organisations’ adaptive capacity, to calls for a radically new form of long-term leadership; from thinkers who argue we are intellectually, and perhaps morally, ill-equipped to consider the future, to researchers who find that the public is fundamentally altruistic towards future generations; and, in the finance and investment worlds, from critiques of capital market short-termism, to calls for ‘capitalism for the long term’ and shifts away from quarterly profit reporting – it seems that the question of how far business leaders and policymakers can envisage or influence the future has never been so hotly debated.¹

This flurry of discussion about the long term culminated in the UN’s decision to brand the Rio+20 World Summit on Sustainable Development ‘The Future We Want’. Pervading many of the conversations at Rio and elsewhere were successive layers of pessimism and of optimism. For some, there appears to be a sense of failure at what is being achieved now, in the face of gloomy prognostications about what will happen in the future. For others, there is a sense of needing to define and understand the future, so that companies, policymakers and individuals can get on with practical action to make a difference.

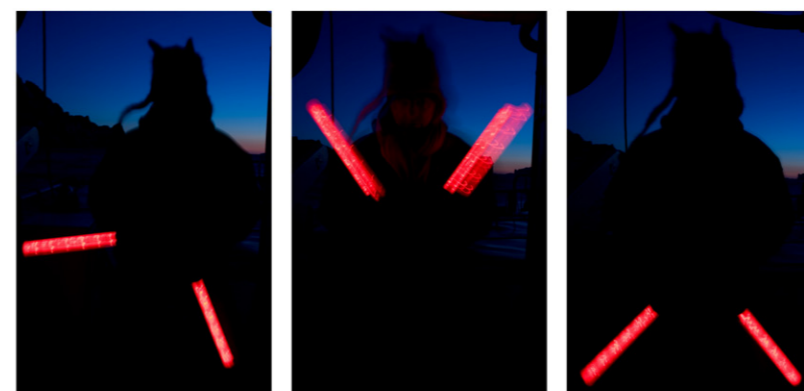
¹ See the work of Tom Gladwin at the University of Michigan; John Elkington, *The Future Quotient: 50 Stars in Seriously Long-Term Innovation* (2011); Stephen M Gardiner, *A Perfect Moral Storm: The Ethical Tragedy of Climate Change* (2011); the Alliance for Future Generations; Andrew Haldane at the Bank of England; Dominic Barton, McKinsey & Co; and Paul Polman, Unilever.

Sustainable development thinking is grounded, of course, on considerations of “the ability of future generations to meet their own needs”.

Perhaps we should not be surprised at these arguments about the long term; sustainable development thinking is grounded, of course, on considerations of “the ability of future generations to meet their own needs” (Brundtland Report, *Our Common Future*, 1987). And business, while considered by some critics an unlikely champion of the sustainability cause, nonetheless has a strong tradition of long-term analysis, planning and investment, as well as frequently placing the long term at the heart of organisational vision and purpose.

Given our focus on working with business leaders, the University of Cambridge Programme for Sustainability Leadership (CPSL) decided to join the debate by adopting the future as our theme for this year’s review of **The State of Sustainability Leadership**. We hoped to tease out what we may expect from the next 50 years, as well as highlighting progress towards factoring that future into business decisions today.

We focused on leadership for the long term, ‘The Future in Practice’ – asking people from business, finance, academia and cultural institutions how executives could think far-sightedly, and interpret their responsibilities towards future generations. How could they discover the likely implications of decisions they would be taking in the coming months and years? We invited these contributors to



Here Comes The Sun – There Goes The Ice, Chris Wainwright (2010)



think long-term, but also to consciously avoid the abstract, keeping focused on the priorities of today. Sometimes the long-term thinking they outline is very much to the fore of their articles; in other cases it lies more subtly behind the stories that they tell.

The report is framed by a piece from Polly Courtice, CPSL’s Director, who examines how companies are building long-term sustainability thinking into their strategy. Based on her recent research with senior executives, HR directors and sustainability champions, she argues that highly effective leaders are developing the basis for their sustainability vision through a complex set of external interactions with peers and other stakeholders, and through sustainability learning experiences that have little to do with the formal leadership development processes offered by their companies. “Some of the longer-term sustainability challenges... require real understanding in the top team about the changing global context, the deep interconnectedness of many issues, shifts in societal norms, and an appreciation of how all this relates not just to the current but also the future prospects for the business.”

We then open **The State of Sustainability Leadership** with a series of future projections, ‘Framing the Future’. In our first chapter, Professor Jorgen Randers reviews the effectiveness of his life’s work after four decades of campaigning for sustainability, and predicts what the next 40 years will bring. In this article based on his Cambridge Distinguished Lecture of 2012 and his book *2052: A global forecast for the next forty years*, he blames short-termism for a series of likely outcomes, including an environment damaged by climate change,



Leafcutter Ants, Daro Montag (2011)

starvation driven more by skewed income distribution than by a shortage of land, and a declining sense of wealth in currently 'developed' nations.

If Jorgen Randers believes that lower-than-expected population growth will, nonetheless, mitigate the worst effects of approaching resource scarcity, hedge fund manager and co-founder of GMO LLC Jeremy Grantham puts a crisis in commodities – in particular, water, soil, phosphorus, and potassium – at the heart of his narrative for the future. In this adapted version of his high-profile lecture to delegates at The Prince of Wales's Business & Sustainability Programme 2012, he uses the history of stock-market bubbles to explain why we should concern ourselves with broadening our vision and learning lessons from the past.

Former DeutscheBank financier Pavan Sukhdev takes a closer look at our immediate priorities. Now leader of UNEP's landmark project The Economics of Ecosystems and Biodiversity, Sukhdev argues that within the next decade we need a new corporate paradigm to meet the challenges of delivering a green and equitable economy. He proposes four

'planks' to this new model for 'Corporation 2020': disclosing externalities, accountable advertising, limited leverage over public funds, and resource taxation. His approach demands what he describes as an unprecedented level of collaboration across government, business and civil society.

For the last chapter of this section we turn to a vivid crisis of the present – the economic turmoil within the European Union and beyond. The Director of CPSL's Brussels office, Sandrine Dixson-Declève, outlines the current status of sustainability issues in the corridors of power in Europe. With many political leaders preoccupied by the Eurozone crisis, now is the time, she argues, for business to take a lead, deploying its influence to create the political space for forward-thinking regulatory action.

The second section of **The State of Sustainability Leadership**, 'Building the Future', presents a series of business responses to Randers', Sukhdev's and Dixson-Declève's challenge, including contributions from a Brazilian petrochemicals company, a South African bank, and a global food giant. Leaders from this range of international companies highlight the importance of consumer and other competitive pressures that are placing sustainability at the core of their corporate strategy, and, reiterating a developing theme, the need for a mature dialogue between business and government in generating creative solutions.

The CEO of Braskem, Carlos Fadigas, describes his vision of sustainability integrated into core business objectives, and why he believes this need not mean an end to competitive

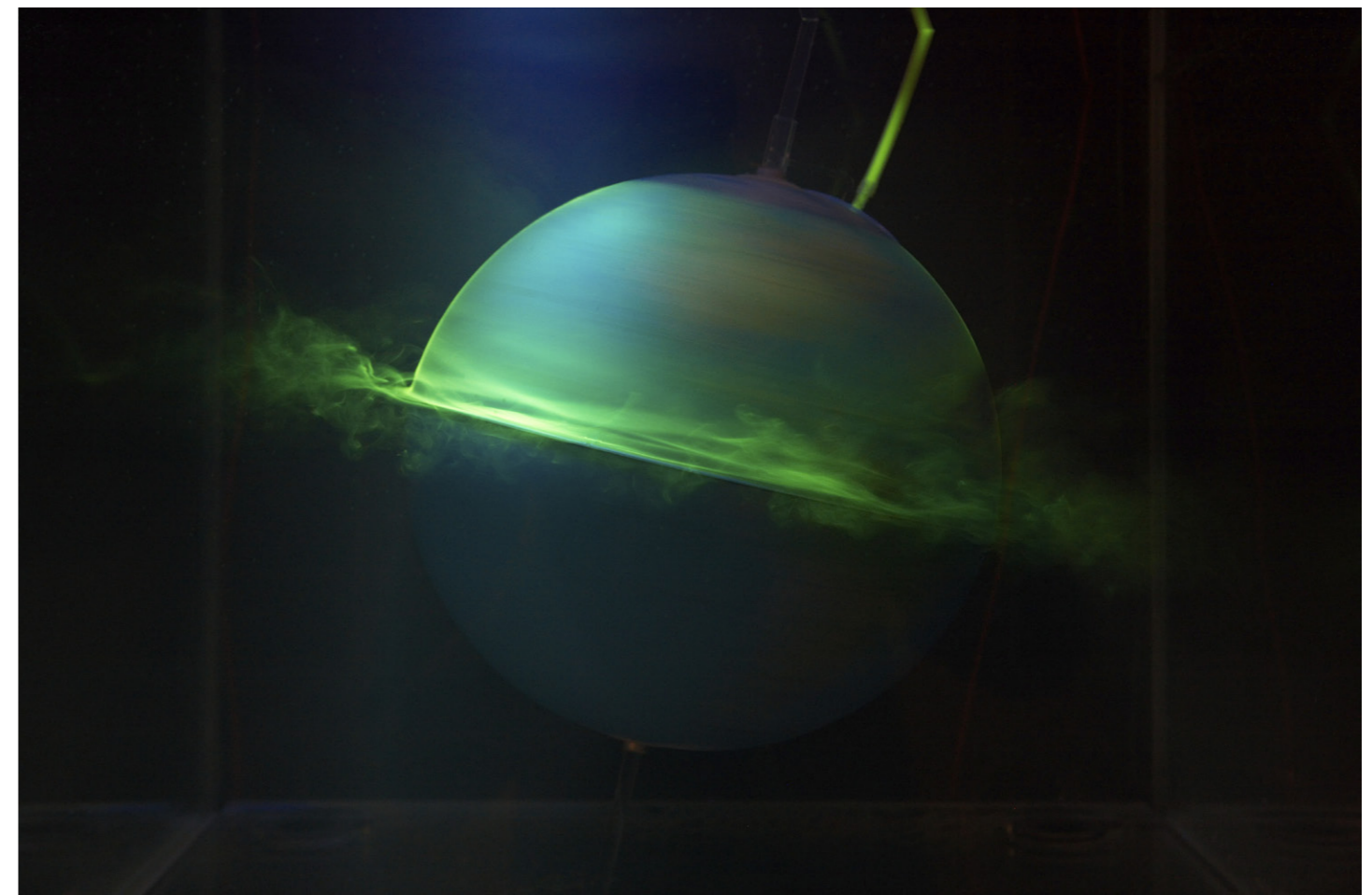
How could executives think far-sightedly, and interpret their responsibilities towards future generations? How could they discover the likely implications of decisions they would be taking in the coming months and years?

Our academic contributions demonstrate the breadth and diversity of possible intellectual approaches to long-term challenges, and touch on real-life, practical choices faced by business leaders and policymakers every day.

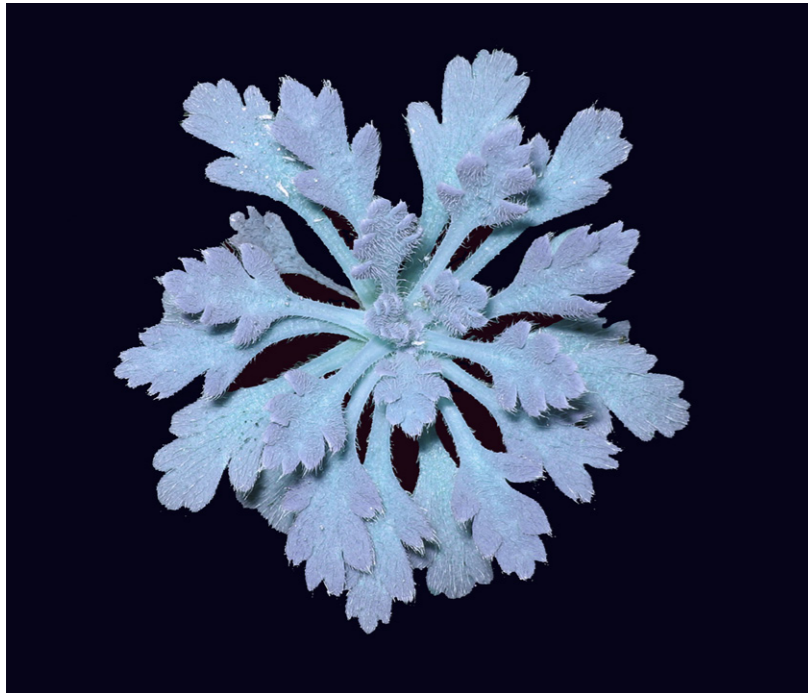
advantage. Only with the participation of 'the economic mainstream', he points out, can we achieve results on the scale required. Mike Brown, Chief Executive of major South African bank Nedbank, describes the personal impact of learning about the '2°C limit', why he feels this 'hard' technical and ethical boundary may be just what's needed for business to engage, and how our leaders' creativity and innovation must match the very inflexibility of this goal. In the following article, José Lopez, VP for Operations at Nestlé S.A., outlines why our treatment of natural resources is a concern to the company, and his determination to champion the 'natural capital' upon which Nestlé's business is based.

The next section, 'Investigating the Future', highlights four areas of research from outstanding Cambridge academics. Such intellectual arguments could be seen as more abstract; they are certainly less rooted in the urgency of decisions that need to be made today. Yet the four contributions – from an engineer, a mathematical biologist, a human geographer and a social scientist – demonstrate the breadth and diversity of possible intellectual approaches to long-term challenges, and all touch on real-life, practical choices faced by business leaders and policymakers every day.

Dr Julian Allwood, former IPCC author, is convinced that energy efficiencies in production will not be enough to reach the UK's carbon emissions targets. Grounded in data and wide-ranging research into industrial efficiency, his argument calls for a new approach to material efficiency – 'sustainable materials, with both eyes open' – as well as a new vision of product lifecycles to help us build a sustainable future.



Domestic Disaster 3: Planet Earth, HeHe (2012)



Arctic Poppy Chronicles, Michèle Noach & Ian Martin (2012)

Revisiting Jeremy Grantham's concern with how we will feed our growing population, Professor Chris Gilligan explains that improved responses to crop disease and pests must play a major role in boosting agricultural productivity. The toolkit developed by his Cambridge team, coupled with insights from the social sciences and humanities, aims to provide policymakers with the information they need to make informed and timely decisions on this crucial issue. Collaboration between the private and public sectors, he argues once again, is essential.

Next, Dr Bhaskar Vira introduces us to the political economy of ecosystems services – the complex social and political questions behind attempts to set a value on natural resources. Who gains, who loses in choices over nature conservation? Without asking these questions, we will miss out on just and equitable, not to mention realistic and sustainable, solutions to preserving the resources championed by José Lopez and other leaders.

Returning to the theme of emissions, Dr David Reiner focuses on what we can learn from the controversies surrounding an area of major technical innovation and potential investment – carbon dioxide capture and storage. His explorations of the views of different environmentalists, and the way politicians and

the energy industry communicate with the public, reveal challenges both for the 'green' movement and for the whole of society, as we try to establish trust and consensus in the face of climate change. He calls for greater leadership from those with the resources and experience to open up genuine dialogue – policymakers and the energy industry.

We close this publication with a cultural perspective from David Buckland, the creator and director of Cape Farewell, which works with artists and scientists on a cultural response to climate change – and which has provided the stunning images in this year's report. Echoing David Reiner's concern that we raise significant risks by relying on technology without adequate public debate, David Buckland explains why the arts have a vital role to play in driving humankind's response to the climate challenge.

So what can be gathered from these contributions – and, in particular, what are the implications for business leaders and policymakers?

In last year's **The State of Sustainability Leadership**, Polly Courtice's article, 'The Challenge to Business as Usual', introduced CPSL's model of leadership for sustainability. This encompassed three interacting elements: context (both internal and external to an organisation); individual characteristics (such as styles, skills and knowledge); and actions (both internal, such as strategic direction, and external, such as partnerships and products & services).

A parallel trio of elements can be observed in this year's articles, with leaders seeking to:

Envisage the future – whether via scenarios or visioning, forecasting or backcasting, stakeholder analysis or one of numerous other techniques;

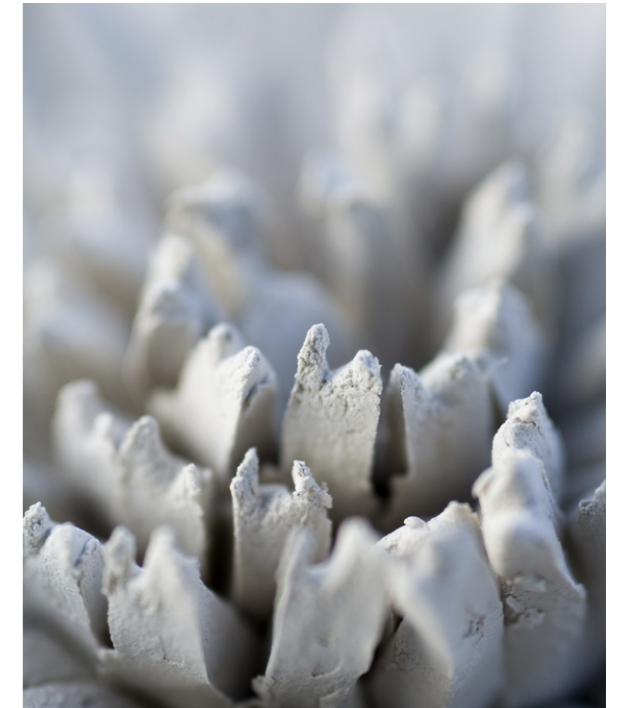
Prepare for the future – in terms of building skills and adaptive capacity, and taking bets on likely market and societal developments; and

We hope to offer readers some sense of hope and agency, and encourage them to embark on their own journeys of envisaging, preparing for, and even influencing our shared future.

Influence the future – whether by shaping future markets and the policy environment, or through research and product development, long-term investments and new forms of collaboration.

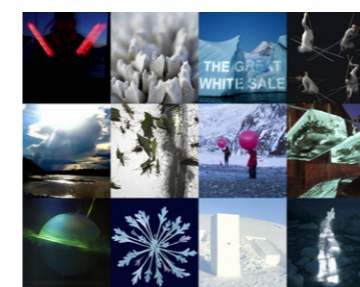
The current fascination with the future demonstrates that the most important ideas come around time and time again. At another moment of social upheaval and high idealism, the eighteenth-century Enlightenment, Voltaire commented that "the present is pregnant with the future".

It is our hope that, in the face of all the challenges ahead, **The State of Sustainability Leadership** will offer its readers in business and beyond some sense of hope and agency, and encouragement for them to embark on their own journeys of envisaging, preparing for, and even influencing our shared future.



Blossom, Clare Twomey (2008)

The State of Sustainability Leadership is CPSL's annual thought leadership report, delivering insight and challenge from our world-wide network of business leaders, policymakers and academic experts. This year's edition, to be published in full in December 2012, is focused on the theme of business and the long-term – what leaders can do to understand and shape the future. CPSL is an institution within the University of Cambridge's School of Technology. www.cpsl.cam.ac.uk



The images in **The State of Sustainability Leadership** were kindly provided by Cape Farewell, which works with artists and scientists on a cultural response to climate change. www.capefarewell.com