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Dear Reader,

Last month we ran a webinar on "Developing sustainability-minded leaders", and the events of the recent weeks have certainly served to highlight the need for developing a whole new type of leader. The growing damage to the ecosystem caused by the BP oil leak underscores our need to change the way we lead and how we do business.

This newsletter, written by Tony Pearson, captures some of the webinar content, about the need for organizations to pay attention to developing the mindsets and competencies in those who will lead this change effort.

Enjoy the reading!

Isabel Rimanoczy
Editor



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June 2010

Developing Sustainability-minded Leaders

by **Tony Pearson**

The Brundtland Commission's definition of sustainability is, 'To meet the needs of the present without compromising the ability of future generations to meet their own needs', and those charged with meeting those needs must acquire certain skills sets and mindsets.

Our experience is that companies interested in making sustainability an integral part of their business strategy tend to focus on its legal, technological and compliance aspects. They usually pay little attention to developing the key leadership skills and mindset essential to successful integration. We believe that this ignores a critical need, especially for organizations operating in the global context.

And so it behooves the new leadership to work to meet those needs. It is essential that they pay

attention to all aspects of the Tripe Bottom Line of Profit, Planet, and People. Historically senior management and business schools have focused on just the first of these, Profits, and have overlooked the maintenance and restoration of our environment, and paid scant attention to how organizations must seek a positive social impact in the form of community development, poverty reduction, education and social justice.

This newsletter suggests what the mindset and competencies might be, and the benefits that can accrue to companies invested in sustainability. In the [LIM April 2009 newsletter](#), we quoted some benefits mentioned by Bob Willard: reduced manufacturing expenses; reduced expenses at commercial sites (energy, water, consumables); reduced employee recruiting costs; increased employee productivity; increased revenue/market share; and easier financing. There are other motivations for organizations to become involved with sustainability, and these are:

- The opportunity to influence the regulations that are being established by local and national governments around Corporate Social Responsibility (CSR)
- The development of stronger links with the community in which the organizations do business
- The chance to reduce costs and increase innovation by collaboration with competitors to address sustainability challenges
- The building of a heightened corporate image, and accompanying brand strength

Who is involved?

It is becoming clear that organizations are increasingly including sustainability in their business strategies. In the Jan-Feb 2010 edition of *CR Magazine*, the 100 Best Corporate Citizens issue, it was reported that a growing majority of corporations — 68% of the top 250 global companies on the Fortune 500 — has embraced corporate responsibility or sustainability reporting (Colbert et al, 2007). And the Center for Business Excellence Survey among CROs (Corporate Responsibility Officers) in 2009 mentioned that 72% say their board places high priority on sustainability, while 74% say that their company attempts to link sustainability efforts to the business strategy.

There is still a long way to go before engaging people becomes the norm. For example, 33% of respondents say that their organization's sustainability initiatives are only fair or poor.

Skills and mindsets

We have long pondered what does it take for a manager to lead in the era of CSR. Is the mindset radically different from what organizations believe is required by those they select to lead in the changed workplace? And what do organizations consider to be the skills needed by these leaders

a) Mindsets

To get answers to these, Isabel Rimanoczy focused her doctoral thesis on interviews with corporate leaders, centered on two basic questions.

1. What knowledge, competencies, values, attitudes and experiences prepared them for taking the lead in fostering sustainability in their organizations?
2. How should we be developing the new generation of leaders?

This study, a qualitative exploratory study, was conducted among 16 corporate leaders who had had, or were having, experience in championing sustainability initiatives. Responsibility for the sustainability effort was not an explicitly stated part of their job, and their ages ranged from 37 – 75, and 20% were female.

The findings are instructive and have, we believe, implications for the organizations and business schools charged with leadership development.

The key finding is that current education, both business school and leadership development programs, is an obstacle to this development because it:

- Is often unconnected to the organization's business strategy
- Does not teach or inquire deeply into the consequences of the strategy on society or the environment
- Is not aware of systemic connections between the different factors
- Does not encourage reflection on the ethical dilemmas posed by the strategy
- Tends to be parochial and US-centered in its overview

Other findings suggested that the mindset needed was a variant of that required by organizations facing change. This includes a mindset that incorporates:

- Systemic thinking:
 - Interconnectedness
 - Long-term thinking
 - Both/and, win/win
 - Inclusiveness
 - Oneness with Nature
- Innovation and Creativity
- From doing/having to being
- Self examination and introspective practices

Further, the research surfaced certain spiritual needs felt by the leaders, such as:

- Their search for purpose in their work
- Need to make meaning
- An answer to the question, "What is my role in the world?"
- Their desire to make a difference
- Awareness of one's personal footprint,
- The importance of leaving a legacy to future generations

- Sense of harmony with self and nature
- Social sensitivity and distress leading to an internal call to action

b) Skills and attributes

To complement the mindset, our experience with our clients involved in integrating sustainability into their strategy, indicates that other skills are needed to guide this change effort, such as:

- Listening and advocacy skills
- Engagement processes to involve all employee levels
- Team working skills
- Cross-functional perspectives
- Global mindset and cross-cultural awareness
- Commitment to learning and development
- Developing a new Score Card to reward new thinking and behaviors

Client experiences

We have been using the Action Reflection Learning methodology to develop the new leadership competencies and mindset⁴¹. Our aim is to engage high-potential managers in addressing their sustainability business challenges, and these challenges become the arena to develop the new competencies and skills. With the support of a Learning Coach, the participants are organized into small cross-functional and cross-cultural teams, and over the period of several months they are asked to propose responses to the strategic challenges of their organization. We use individual coaching, peer group coaching, learning partners, just-in-time learning, site visits, reflection and dialogues and content-specific information relevant to their challenge as part of their learning journey. As a result, the participants not only acquire a new awareness and a different mindset, but transform their perspectives for analyzing and solving problems, and make significant progress on the sustainability issues they work on.

Here are some questions that leaders have addressed in this type of team:

- As a responsible corporate citizen, how can my function contribute to the triple bottom line?
- What are the inefficient practices and processes that are costing us money, and that are also costing the Planet?
- What should be this organization's vision of Sustainability?
- Acknowledging global realities, what must we do to balance our corporate business strategy with our local and regional needs?
- How can we collaborate with competition to benefit society, the environment and our shareholders?


Final remarks

"If you don't believe in development, try ignorance", was a popular saying in the 1980s among trainers challenging senior management to see the consequences of not investing enough in training. We only need to follow the awful headlines in the daily news to realize that ignorance has a very high cost, to the corporation, to whole communities, and to the world. The question no longer centers on whether or not we can afford not to develop a new mindset in our leaders, but can we afford to LIVE according to a mindset that jeopardizes not only our social, financial and environmental well-being, but the livelihood of the future generations?



[ii](#) See CoRe Program http://www.limglobal.net/op_core.html

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If you want more triggers for reflection, visit <http://isabelrimanoczy.blogspot.com>



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