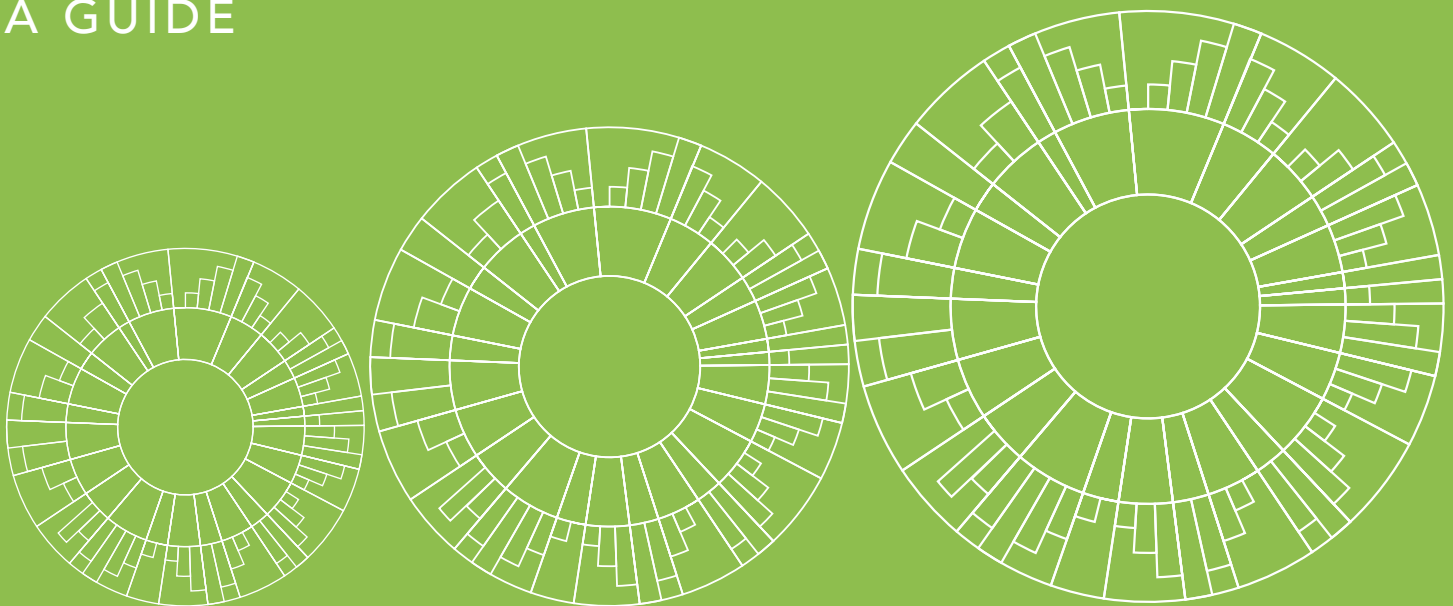


Supporting Your CEO and their Decision-Making Around Sustainability

A GUIDE



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Supporting your CEO and their Decision-Making around Sustainability

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CEOs play a crucial role in embedding sustainability into the strategies and day-to-day decisions of their organizations. This guidebook derives from a report we undertook for the [Network for Business Sustainability South Africa](#) that asked:

Why do some CEOs make the shift to incorporate sustainability
into their decision-making (and what holds others back)?

This guide is based on a review of prior academic research on CEO decision-making, combined with the practical experiences and insights gleaned from interviews with over 100 CEOs, board members, and sustainability executives from a range of global companies and industries including financial/insurance, extractives, retail, manufacturing, transport, logistics, utilities and agribusiness. We also engaged with companies with a range of ownership structures including public corporations, privately owned businesses and co-operatives. We share insights on how corporate change agents can help influence CEO thinking on sustainability. We presented and discussed our interim findings, our frameworks and resources in a series of three global workshops with 24 international companies, which supported the further development and refinement of these resources.

This guidebook compiles what we have learned, incorporating as much of the direct experience of our participants as possible so that you can learn from their experiences 'in their own words.'

HOW CAN CHANGE AGENTS SUPPORT THEIR CEOS?

- Help them to create strong business cases
- Create opportunities for them to experience sustainability issues first-hand
- Help them learn from influential peers
- Let the business fail small
- Leverage the interests of key customers
- Help board members to be better sustainability advocates
- Create opportunities for them to make public commitments
- Create opportunities for them to receive recognition for this work

We also developed [Supporting your CEO – A Tactical Inventory](#) to help sustainability change agents reflect on these tactics to support your CEO and to identify which of them might be most appropriate for your own setting

How can Change Agents support their CEOs?

So what can a change agent do to support their CEOs and help them to catalyze better decision-making around sustainability? Through our research, we identified a set of tactics that have been used by others that might be appropriate for your own setting.



Help them create strong business cases



Create opportunities for them to experience the issues first-hand



Help them learn from influential peers



Let the business "fail small"



Leverage the interests of key customers



Help board members be better sustainability advocates



Create opportunities for them to make public commitments



Create opportunities for them to receive recognition for this work

Help your CEO create strong business cases



Start by helping your CEO to be able to articulate the business case. Help them understand (and when possible quantify) the risks of inaction and the potential return on investments in sustainability. Provide them with compelling stories that signal the potential to win new business, reduce risks, or develop innovative new products or services. Consider the following:

- Frame your proposals in language that clearly makes use of your company's existing strategy and how it defines business value
- Frame your proposals in terms of business risk AND opportunities
- Identify your company's current or upcoming 'big projects' and show clearly how sustainability can help improve the business value for the company

"Every project we do it's like 'guys you need to track the economic benefit on it.' I did that because previous iterations never got off the ground because no one could ever prove it. I was very adamant at the beginning, saying 'I can't guarantee you we're going to save money, but I know that other companies have saved money, so it's a little bit of a leap of faith here. Let's just see what happens.' Logic would dictate that if you're doing things more efficiently or innovatively, there should be some economic benefit. I've always been very conscious of it because I've always wanted to be able to show the successes. Maybe for some projects we might lose a little bit of money, or it might be a little bit more expensive, but if you look at the thing overall, these are the amounts of savings that we generated.

I remember the first year of the program I said, 'Give me a target of \$1 million,' which was my operating budget, 'I just want to be able to show that if I'm not costing you any money, and I'm at least covering my own costs, then let me live because employees love this, and customers like it, and we're getting lots of press. As long as we're not costing you money, at least give it some runway.' So my target was a million, and we saved \$23 million alone on one project.

Every time you implement a project you track the economic benefit of it right from the get-go. So you take the baseline assumption, and then you say this is the embedded value had you continued in the go forward mode, and we've implemented this change and as a result here's the difference.

I know the supply chain group, for example, you have a couple of individuals who are the sustainability reps and I know one in particular, every time we talk about money she bristles and says 'This is not about saving money.' Okay, maybe we're not doing this purposefully to save money, but there is an economic benefit, and we can't ignore that. Just because we're tracking it and celebrating the fact that there's also an economic benefit to it, there's nothing to bristle at. It doesn't diminish what we're trying to do here... we're a very low margin business, so we don't have a big margin for errors here." (VP Sustainability)

Create opportunities for your CEO to experience the issues first-hand

There is nothing like being immersed in a situation to truly gain understanding of all the factors at play. Change agents agreed that engineering situations where your CEO can have personal experiences of the issues is highly effective. Recent research supports this tactic revealing that through immersive, experiential learning and service-learning, executives can develop and enhance a set of capabilities such as a responsible mind-set, ethical literacy, cultural intelligence, a global mind-set, and community building that are crucial for responsible global leadership.¹ In your own organization, consider the following:

- Create opportunities for your CEO to personally and genuinely interact with key community and / or supply chain stakeholders in meaningful and positive ways
- Find opportunities for your CEO to experience firsthand the key ecological and social issues facing staff who are working at the front lines of these challenges

"I think to some extent holding up the realities of what's happening on the ground... Sometimes surprising your CEO in terms of the real situation leads to changes. It brings an understanding that this issue's a real issue, there are real consequences on the ground, this has been the impact on us as a business because of this particular area of neglect or oversight. There were a couple of those wake up calls, I suppose. Seeing it firsthand would catalyze a much more outspokenness in him where he'd put himself out there. These sorts of experiences of things going wrong in the system have catalyzed his bringing them to top of mind and spearheading initiatives to try to overcome some of the issues." (Chief Executive Risk)

Help your CEO learn from influential peers



"I think it's only when you can take yourself out of the industry, put yourself into something else, and suddenly you see the burning platform they face. The whole thing of why revolutions happen, it's very difficult for you to really believe that much is going to change. You don't want to change too much. You're on this winning streak and you've got your share options and you've got a good formula and you allow a few people to talk but you say the world isn't really going to change." (CEO)

"Whether it's the Clinton Initiative or the World Economic Forum, you're bringing people together in an environment where they are hearing expressions of what other leaders regard as the big issues in the world and being forced to take some position on those." (Sustainability Change Agent)

Several CEOs and change agents pointed to moments where peers were able to articulate the sustainability imperative in a way that was deeply influential. You may wish to consider the following tactics:

- Identify respected leaders in your industry, and share articles or excerpts from speeches where they describe how sustainability issues have shaped their approach to business.
- Create an opportunity for your CEO to engage with influential peers.
- Arrange for your CEO to participate in industry and cross-industry sustainability leadership initiatives.

"I got together with my Chairman and we organized a day for the executive team. We invited three CEOs from other sectors, well respected, already taking action on sustainability and good storytellers. They linked it for us – how all these things are going to play out in the long run. When that big picture penny drops it makes a very big difference because these are big picture people we're talking about. So, I think after that day it just got a momentum of its own. It just happened automatically because they got it. They got it just like they get the understanding of their own business or the understanding that they have of politics in South Africa. All these things are relevant... once you see it you can't unsee it. When you spend a day like that it's actually a worthwhile day not a wasted time. It's wonderful and adds legitimacy to you as a CEO when you do it properly.

On a smaller scale, maybe just organize a meeting with one of these guys, saying to your CEO, 'Listen I want you to just meet this person.' Obviously briefing this other person properly before the meeting so know why they're really there." (CEO)

"I felt that our CEO needed to be more actively involved with our industry association's sustainability initiative. I encouraged him to take a role on the board. ...It wasn't easy to convince him that it was important to make the time. We saw that our CEO really wanted to play amongst the big players and that's how we convinced him to join. He did, and through his involvement I think that he learned a lot more about what was going on, what the challenges were, and he was able to see himself more as someone who could enable this for the future of the whole industry. He was really inspired by that. That also enabled us, I think to build more credibility overtime and have more influence within the industry as well."

(VP Sustainability)

Let the business “fail small” ✓ ⊗ ✓

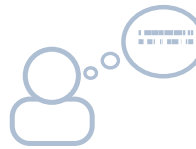
“Believe it or not, one of the tactics I adopt is one of just letting mini-crises come up... because it just creates a sense of urgency. That blood rush to the brain just makes them more receptive to solutions or different solutions because now there’s a need to deal with the problem. I just need to do the preparatory work for when the crisis hits because I can see when it’s coming. Or you fall into the trap of fixing everything before anything ever goes wrong so everyone goes: Well what’s the big issue? Because look how great everything is.” (Chief Executive - Strategy)

“I’ll want information that I can analyse so I can understand why it happened and what are the consequences. Then, most importantly, what can we do to prevent it from happening again? For that, you need to understand why it happened in the first place.” (CEO)

Several change agents pointed to moments when they let the business stumble to illustrate the potential for much greater failure. You can leverage failures in the following ways:

- Identify small failures as they occur and demonstrate the value in learning from them by tying them to larger failures in other companies or industries
- Allow small failures to happen in order to have the organization feel the reality of the issue at a small scale
- Invite others in the organization to share their sustainability setbacks and engage in a psychologically safe process to help them understand and prevent future issues

Leverage the interest of key customers



"Bringing back a story from a key customer can make all the difference."

(Sustainability Change Agent)

Addressing the sustainability demands of customers can represent a major opportunity for innovation.² Consider leveraging the influence of key customers in the following ways:

- Identify the sustainability challenges and opportunities of key customers and then empowering your CEO to have constructive discussions with them about these issues
- Use customer engagement opportunities to enable your CEO to hear their sustainability related concerns
- Document cases where you have successfully earned new business by solving a sustainability problem for a customer

Help board members be better sustainability advocates



CEOs were unanimous in pointing to the board as a key leverage point. There was a sense among many of the CEOs that even one board member that is willing to ask the right questions can be quite influential.

"I really think a single director can change the way [sustainability] is managed in the board. Obviously it helps to have one or two other people who are supportive." (CEO)

We were surprised to learn how much effort some sustainability change agents put into getting to know the strengths and weaknesses of their board members and trying to use what little face time they might have with board members to plant the seeds for future conversations and priming them to ask the right kind of questions.

We found that change agents can help leverage the power of the board in these ways:

- Leverage the social and ethics committee and through them proactively make more connections to the other committees (such as audit and risk)
- Develop an understanding of where each board member is likely to stand on different sustainability issues
- Leverage the sustainability experience and knowledge that board members gain from their other board appointments

"I suppose it's seeing the board as another tool. We're very lucky. Our chairman has been very engaged on this, but we also know that amongst the other board members there are those that are friendly to our cause and there are those that are not so. We've ranked our board on how engaged they are and how supportive they are of our agenda. That really helps because you then know who to contact on what issues. Whether you're taking something to the board or to the executive team, you know that you can run it past some friendly faces at the board level first. I think the main advice around the board is they will have experience from being board members at other organizations, so check out where else they sit and what they will be aware of. What is their background, what questions are they likely to have been asked in their other boards that they sit on?"

We have guys who've come from the mining sector and so we think 'great on a social agenda how can they be useful to us?' It's also - where have they been based? One of our board members has been based in Germany. Well, they're quite developed in extended producer responsibility conversations. Brilliant, we find a way for her to share what she's learned and what she's experienced. I think it's really looking at them as individuals that have strengths and weaknesses. Therefore, if you have a session with the board what do you need to focus it on, who is going to be a supporter in that room? You can also call individual board

members into the conversation and say, 'you've obviously come across this. You've operated in Brazil for a number of years and you've worked in this other sector where these issues are more front and centre, can you give us an example of how they dealt with an issue like this?'

That then starts to really bring them into it because they can bring in their experience. With the boards, you have to use them as experts and you have to help them present themselves like that. If you go and try and teach them, have a teaching session, that doesn't always go well because they sit there going 'seriously we're board members here, we've got a certain level of intelligence,' so it's very much going in and leveraging their current knowledge and focusing on specific things you want to be developing with them or conversations you want to have. And then while you may have done all the homework to check out which case studies you want to be putting forward or who you're going to ask what, they need to own it and you need to let them have the conversation.

Our CEO and our Finance Director and our Chief Operating Officer all sit on the board as well, so having that conversation and knowing who you want to leverage and what you want them to be saying means that your execs will hear that from the board perspective and in that board discussion. Then when you present it again to the executive team they've got other examples, so they can then take the examples that were discussed at board and share them with the rest of the executive team to make them feel that they've got a handle on it and that they understand it. It's really key." (Head of Sustainability)

Create opportunities for your CEO to make public commitments



"For some people it's only when you get them talking about it publicly that they really start making the links to how important it is and how it can add value."

(Head of Strategy)

Several of our CEOs pointed to moments when they were asked to make public commitments or to speak publicly about sustainability as pivotal moments in shaping their own thinking, the depth of their understanding and in formalizing their commitment to sustainability.

"To take a public stance on the issue you have to believe 1) it's relevant and 2) you're qualified to take it and have some conviction that you're going to sustain it. ...Flip-flopping is never a great thing." (CEO)

Research in social psychology suggests that even small actions can put people on a path to further commitment in order to be perceived (both by themselves and others) as maintaining consistency with that position, especially if those commitments are long-term.³

"Our company was doing some work with an NGO to look at how different major economies were doing in terms of managing their commitment to lowering CO₂ emissions. I was called upon to stand up and be able to talk about the report. That encouraged me to learn more about all of this. That was I guess how I came to it first. ... I think if that opportunity presents itself, it's actually a good way to get a CEO engaged initially. I think the potential danger of that is they get engaged for a week or two weeks, give the speech, and then that is over or it's on to the next thing... I think most CEOs hate to look stupid in public. I think most of them will try and learn a bit more than is actually there in the speech because they will need to interact with people around the speech, and respond to questions, and at least appear knowledgeable. I think in order to have that interest maintained, you need to link this to how you can run your business more effectively and more successfully." (CEO)

CEOs also pointed to leveraging those moments to make real commitments, things that the organization could be measured against.

"I think the first thing is you must measure because there's no point making speeches, speeches help but following up from the speeches, you've got to measure. If your electricity saving is 2%, well, that's fine, you've made a big speech and you turned off three lights, but you haven't transformed the business. You have got to measure, you need to set targets and you got to measure, you got to have those targets in some form or another in the daily targets of the business." (Board Chairman / Former CEO)

Again, research supports the value of public commitments to motivate action.⁴ In addition, small initial comments generate more substantial future commitments.⁵ Here are things to keep in mind to help prepare your CEO for making public commitments:

- Find the right opportunity where there will be a receptive audience
- Prepare the speech well in advance to give your CEO time to make it their own
- As much as possible, try to include concrete, longer-term, measurable commitments

"Our CEO got it. He was one of our biggest supporters... but until he stood up and actually presented it he hadn't engaged with the detail of our program. He knew we had the framework, he knew we were doing good stuff in it, he'd seen the reports we submitted to the board, all of that type of stuff, but until he had to stand up and talk about it, and be prepared to answer questions on it, he hadn't sat down and looked at - well what is the scale of what we invest in education and how much did we invest in renewable energy this year? Then we had to coach him on to make sure that he was comfortable standing up at that event.

It was a brilliant opportunity for us to get him up to speed, to get him to see the scale of what we were already doing, and to understand what the opportunities were for the future. That final slide of the presentation, the next step ...what are we going to do, well now you're basically getting your CEO to commit in public to what you want to do in the next 3 years. It was really brilliant. He was the only CEO that presented at the event. It was the heads of responsible business or sustainability for everybody

else. He gained great respect from people for standing up, and for knowing the level of detail he did. People saw that if our CEO knew that much, we were serious about it. It was a turning point for us because he then turned around and said, 'Okay, so we've now committed to these things. I see what were doing on all of this, what more do you need from me?'

I think picking which event and when is key. For us it was the perfect place the perfect time. We're known there. It was an event connected to a big sponsorship. It was a known entity. We'd been to the event the year before, so we knew who the audience were. We knew the types of questions they would ask so we could really prepare him. I think you need to pick your event very carefully. It was the right audience. We had investors, we had media, we had a real mixture of people there. They were broad enough in their knowledge. They had the basics, but they weren't experts, so it wasn't putting him in front of technical experts ready to shoot him down.

I think the fact that he was the only CEO was helpful for us because it was a chance for him to differentiate himself. We watched the agenda very closely. Nobody else did a high level talk like his, they all did specialist conversations about water management, or coms, or whatever it was, they did a theme-based presentation, so our CEO was the only one who talked about the strategic approach and the broad-based approach that we had, so he wasn't duplicating anybody else's stuff.

It took us 4 weeks or more to prepare him, and that was daily emails, daily conversations, him reading stuff, recrafting it. So it's about giving them the flexibility to make it their own. We created a slide deck and had written a script to go alongside it. But we had to say: here it is, it's yours now, put your voice to it. He actually sat in his hotel and we wrote the script, so that he would feel comfortable saying it and he basically gave it back to us and said have I changed anything that makes it incorrect, and it was that flexibility that was key."

(Head of Responsible Business)

Create opportunities for your CEO to receive recognition for this work

"The week that I was scheduled to meet with our CEO to ask for more resources for sustainability, we had been given a supplier award by one of our biggest customers. They had implemented their first sustainability award, and they gave it to us. I don't know why they gave it to us because we weren't even really doing that much, but I guess we were doing more than their other suppliers. Our CEO was over the moon that we had won this. He comes to the office the next day, and I'm in there pitching the sustainability thing and he's like 'Of course we're going to do this. This makes perfect sense. It's important to our customers. Look, we just won this award last night.' So he said, 'Go hire the people, get this up and running and let's get going.' We spent the next couple of months hiring the people and developing the strategy. We've been kind of going at a lightning speed since then." (VP Sustainability)

Several change agents pointed to the commitment amplifying potential of recognition. Here is what we heard:

- Make sure your CEO and your executive team get credited for their leadership, support and vision
- Look for opportunities where you can position them to be seen as leaders among their peers

"I think one of the key things in all of these conversations when you're dealing with the senior guys is your ability to be invisible. You may do all the work to prepare your CEO to turn up, stand up and do a speech, but you stay in the background. It's his day. It's his thing. He gets the glory... If you're starting to sit there and go well we did this and we did that, with the senior guys particularly, that's not what they're about. They need to be able to stand up there and own it and own it comfortably." (Head of Responsible Business)

"I think awards are important for programs that aren't that mature. It was part of my strategy, looking at rankings and awards, not to win them, but to understand what the evaluation criteria were so we would know what to focus on. I needed some guidelines as to what the leading companies were doing. What are the things they're focusing on? What are they getting high scores on?"

We definitely had a strategy, looking at all these rankings. It wasn't to win them, it was just to understand what the criteria were. What are we doing poorly in? What do we need to do differently to get our score up, just so that I would know what to focus on. Much to our surprise, we started to win awards. Does it mean anything in and of itself? No.

I looked at them all with a little bit of a jaundiced eye, but the rest of the executive team started to sit up and pay attention. It just generated a lot of support and a lot of momentum at the very senior levels really early on, so I think it was useful. I've heard other companies who have more mature companies say that they don't want to get ranked anymore because they don't think it's meaningful. I can see us going that way. But I think it's important in the early days, and it helped our program a lot.

I'm a little concerned, because we can't keep going up every year, and we probably reached a plateau very early on. I'm sometimes concerned as they change their criteria from year to year, maybe we'll even slip a little bit. Then our people go say 'What's wrong, why are we slipping? Is our program not good?' I'm a little bit concerned about that, but I can talk to that. I can explain it, so I'm not that concerned about it. I think overall it was good for us." (VP Sustainability)

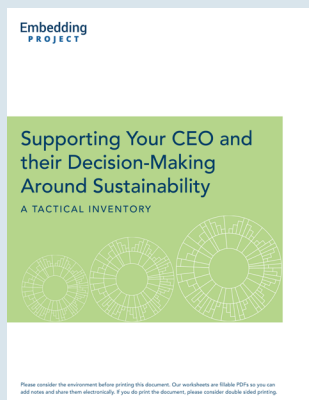
This guide is part of an online series of resources that we are developing for practitioners working to embed sustainability at their organizations.

Our resources are co-created with our members based on an extensive review of academic research, practitioner guidance and feedback from experts. Preliminary versions are trialled in workshops and in pilot projects in our partner companies, through working with global practitioners in executive, sustainability, operations, human resources, marketing, and communication roles in a range of industries. Feedback is then incorporated into successive versions of the resource.

It is important to note that our research is ongoing. We recognize that the knowledge presented here is provisional and we invite you to participate in improving these resources.

What next?

We also developed a tactical inventory to help you support your CEO:



[Supporting your CEO – A Tactical Inventory](#)

This inventory helps you to reflect on a set of tactics to support your CEO, catalyzing better decision-making around sustainability. By scanning the inventory, you may identify tactics appropriate for your own setting.

For more resources to help you embed sustainability, please visit us at:

www.embeddingproject.org

Endnotes

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