Preparing Business Leaders for a Sustainable Future

By

Mike Barry and Terry F. Yosie

The global competition for talent and the increasing immediacy of sustainability challenges are making the development of new business leadership a growing imperative. From dealing with ambiguity from consumers to building partnerships, measuring shared value to thinking long-term, tomorrow’s business leaders will require a new set of skills to deliver corporate and societal prosperity in the future.

Why are new leadership skills needed? What are they?

We are at an important juncture where the leadership skills of the 20th Century have to change. New leadership skills include:

- **Dealing with disruption** - Sustainability challenges are becoming a more disruptive threat to business - climate change, resource availability, population growth and other demographic changes will be additional factors that business leaders will have to address in developing and executing commercial strategies.

- **Joining up the business** - These challenges can no longer be managed as individual risks by a few good auditors or internal compliance or sustainability groups on the edge of a business. They demand an innovative, joined-up response based on the development of completely new sustainable business models (e.g. circular and transparent) that involve every part of an organization working together in a joined up way.

- **Creating shared value** - Shareholder value is receding as the dominant model for managing corporations. New corporate leaders must learn how to engage and partner with stakeholders as a way of creating value for all.

- **Creating new incentives** - Financial reporting will need to be integrated with social return, and this can lead to a re-direction of the day-to-day incentives for how a business is run.

- **Engaging consumers** - Consumers are sending complex signals on sustainability that new leaders need to understand to earn their confidence and trust. Consumers expect ‘eco and ethical’ to be the norm (not something unique that costs them more) and that also creates benefits for them too (aspirational, social, fun, innovative, cost savings etc).

- **Leading for the long term** - Future leadership is about continuity, passing the baton from one leadership team to the next rather than just focusing on quarterly reporting or sidestepping previous leadership initiatives as soon as the previous incumbent leaves the building.
• **Offering purpose** – Salary and career progression will remain important factors in motivating business leaders but, increasingly, leaders must look for a purpose beyond the material. How can I make a difference while I make a buck?

**How will learning change?**

Not only do business leaders need to learn new skills they need to learn in a different way by:

• **Expanding horizons** – Solo learning or learning with a group of individuals with a similar background and experience of business is not enough. The concept of shared value can only be taught if universities, companies, and NGOs create new collaborations to ensure learning for business leaders about the needs of others (communities, workers, the planet etc) as a criterion for business success.

• **Learning collaboratively** – Business leaders need to break down internal silos and help teams learn and develop together while aided by external partners that can inform and challenge core business assumptions.

• **Creating innovative learning partnerships** - New institutional innovations for talent development for both new and existing workers are becoming increasingly important: relevant examples include the Environmental Defense Fund’s Climate Corp, IBM’s Corporate Service Corps (modeled after the Peace Corps) and the Volkswagen Academy.

• **Learning flexibly** – In busy lives we need to offer people the opportunity to learn flexibly. The online course movement is growing but is still in its infancy in terms of how it supports, challenges and connects business leaders. Meanwhile, global consortia organized by business and engineering schools offer new platforms to teach core fundamentals across cultures.

• **Learning practically** - Gaining access to information is important, but it does not substitute for the practical knowledge that is required to successfully manage companies. Effective learning also transcends the classroom and never more so when we think about the interaction with communities and planet. Some individual companies, such as Volkswagen, have applied an apprenticeship model to integrate sustainability practically into the work responsibilities of employees.

• **Learning for life** – Such is the pace of change that we cannot hope to teach individuals all the skills they’ll require at the start of their workplace journey. Both companies and universities need to structure life-long learning opportunities. Like insurance coverage, learning must become portable across a career path leading to constant development and refreshing of key skills.

• **Starting ‘em early** – While formal university education can teach business leaders much in their 20s, we also need to start earlier in helping school children understand the rapidly changing world of work and the sense of purpose, excitement and opportunities that a more sustainable approach to work offers. The ability to integrate such early learning within corporate STEM sponsorship is one such mechanism to advance this outcome.
What new curriculum content and skills are needed?

So how do we build a curriculum to prepare business leaders for a more complex future?

- **Getting the basics right** - A knowledge of fundamental rules and policy frameworks needs to be taught and understood—legislative and regulatory requirements involving clean air and water, and toxic chemicals management establish a foundation for managing sustainability challenges.

- **Involving leaders** - Faculty members should directly seek out sustainability leaders to better understand companies’ skill needs for the future and engage them in developing curriculum content and teaching students.

- **Understanding technology** – From 3D printing, to remote sensors; big data to artificial intelligence; genetics to robotics, a series of technologies are emerging that could lead to dramatic improvements in our quality of life. Business leaders need to learn how to develop them in the right way that builds trust and confidence in consumers.

- **Engaging hearts and minds** – Marketers will also have to learn new skills that allow them to make more sustainable approaches that are good for the planet and communities but also aspirational and better for the purchaser.

- **Being bold** – Ultimately our learning path must lead to new business models, circular, social, transparent, sharing value, to name but a few attributes. To develop and implement these new approaches to business is not an iteration of today but very, very different. Learning needs to challenge the status quo.

- **But also being grounded** – We must never forget that many of today’s core business skills remain relevant to the future. What matters is that we frame business outcomes differently (good for all, not just the corporation).

How can the talent pipeline be strengthened?

As we create a new approach to business education we also need to draw people into it:

- **Giving business a greater purpose** – Young people are more engaged and demanding. They want authenticity and will migrate away from educational options that are too expensive and don’t generate sufficient value for them—e.g., MBA enrollments have declined by 17% in recent years.

- **Recognising there’s going to be more churn** – The job for life has already largely disappeared, but business still needs to get used to how quickly millennial workers may shift careers. Companies need to balance the short-term perspectives of many younger workers with their own long-term needs.

- **Being business led** - Leading companies are becoming more focused on talent development and are building their own university ecosystems to secure their future workforce. Dow Chemical’s program with ten universities invests in both technology and talent development and includes executive sponsors of specific universities.

- **Mixing it up** - The most effective talent pipeline partnerships possess a multi-tiered approach: experiential learning, internships and project challenges. Successful partnerships with universities transcend internal university programs and boundaries.
• **Recruiting differently** - New models of recruitment are emerging that include: a) recruiters have additional functional responsibilities within companies; b) recruiters receive formal training in sustainability; c) on-line recruitment substitutes for sending recruiters to campuses; and d) corporate investment in community colleges provides a less expensive alternative for students to finance their education while finding employment opportunities.

**From Ideas to Actions**

Developing business leaders with new skill sets is one of the most important challenges in creating a sustainable economy. Some companies and selected business and engineering schools have started to take steps to address this challenge but, realistically, much more work needs to be done.

Through its new strategic initiative, “Preparing Business Leaders for a Sustainable Future,” the World Environment Center aims to focus the efforts of global companies and leading business and engineering schools to attain three major objectives. They include: 1) accelerate the sharing of business concepts, case studies and best practices from companies to the core curriculum; 2) provide students with expanded opportunities to learn business processes and cultures as part of their university experience; and 3) enable companies to identify talented potential employees well in advance of campus recruiting.

Given the increasing scope and intensity of sustainability challenges, the development of new leadership is a major business imperative.

Mike Barry is Director of Sustainable Business at Marks & Spencer in London and chairs the World Environment Center’s Board of Directors. Terry F. Yosie is WEC’s President & CEO in Washington, D.C.