

Business Skills for a Changing World:

An Assessment of What Global Companies Need from Business Schools

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BUSINESS SKILLS FOR A CHANGING WORLD: AN ASSESSMENT OF WHAT GLOBAL COMPANIES NEED FROM BUSINESS SCHOOLS

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We also greatly appreciate the generous time and insights provided by those interviewed for the project. Their names are listed in Appendix 1.

A handwritten signature in blue ink, appearing to read 'Terry F. Yosie'.

Terry F. Yosie
President & CEO, World Environment Center

A handwritten signature in blue ink, appearing to read 'Liz Maw'.

Liz Maw
Executive Director, Net Impact

Executive Summary

As sustainability becomes more integrated within the business strategies and operations of global companies, the specific skill sets these companies require to support innovation, product development and other attributes of value creation become increasingly important. Marketplace dynamics and economic trends, government policies, technological change and the expectations of current and future employees and customers all create a highly dynamic business environment. A company's ability to stay focused on executing its business plan while demonstrating resilience and adaptability to marketplace and societal changes becomes a greater strategic imperative.

In this setting, the World Environment Center and Net Impact have partnered to identify the core skills needed by business school students to prepare them better for future employment in companies with strong sustainability agendas. Unlike traditional business competencies such as finance and marketing, sustainability is not currently institutionalized within the required curricula of many business schools, giving way to inconsistencies in its teaching. These inconsistencies need to be addressed given the role of sustainability as a major source of value creation and for the preparation of future business leaders who will be expected to demonstrate greater competencies in the implementation of sustainable business strategies.

An examination of these issues with the senior executives of 33 companies across multiple business sectors leads to the following conclusions:

- Business school students need to develop skills that focus their attention both inside the company, towards daily operations and core competencies, *and* outside the company, towards the wider ramifications of business decisions. "Inside" skill sets include: understanding of companies' actual products and services and how they are made; the changing nature of business planning; the role of global management systems; risk mitigation and cost savings; the relationship of sustainability to science and innovation; the fundamentals of project management; finance and marketing; and development of newer accounting models. "Outside" skills include: comprehension of policy drivers and how they impact market demand; major trends shaping the global marketplace; the integration of sustainability reporting with financial reporting; understanding multi-cultural perspectives; and improved listening and communications skills with customers and stakeholders.
- There are skills that traverse inside-outside boundaries. They include greater knowledge of the management of complexity; systems thinking; improved interpersonal skills; and negotiation skills within project teams and external business partners or stakeholders.
- Sustainability is not a stand-alone function within the corporation, nor should it be an isolated part of the business school curriculum. Rather, companies have begun to adapt their governance processes to integrate sustainability factors with research and development, procurement and supply chain management, product development, financial management,

marketing, branding and other operations. An understanding of this integration is a critical knowledge factor for students seeking employment with global manufacturing and service companies.

- Sustainability teaching must be formally integrated into MBA programs. There is a need for a more formal engagement of global companies with business school professors and deans, in addition to expanded student participation in this dialogue in order to align the curricula of the schools to the needs of the marketplace. At the same time, global corporations need a better understanding of the “business” of universities, and how they can better integrate external societal, technological, and marketplace trends within classroom teaching methods and skills development.

Both the World Environment Center and Net Impact plan to widely circulate this report with the goal of expanding and deepening knowledge among business school deans and professors, MBA students, and global companies on how they can more effectively collaborate to create value for both business and society.

Why This Evaluation Now?

The highly dynamic role of sustainability in the global marketplace, juxtaposed with existing methods of teaching this subject in the classroom, reveals numerous opportunities for improvement from both companies and business schools. The catalyst for this report was a September 16-17, 2010, Roundtable of approximately forty thought leaders representing a diverse cross section of companies, renowned business schools, and non-governmental organizations, organized by the World Environment Center (WEC) in Washington, DC. (See **Appendix 2** for a summary of the event.) Discussions at that roundtable revealed pressing questions on the teaching of sustainability in business schools and how future business leaders were developing the skills necessary to implement sustainability in business, including:

- How is sustainability currently integrated into business school curricula?
- What skills do global companies want their new employees to have?
- How will sustainability evolve in the future, and how must global companies and business schools prepare to respond?
- What more can business schools do to prepare graduates for success in companies that prioritize sustainability across their businesses?
- What more could businesses be doing to support this effort?

WEC and Net Impact are two organizations particularly well positioned to answer these questions. WEC is a leading center of sustainability thought leadership and implementation within the global business community, and Net Impact represents a new generation of student leaders who apply their business skills to work for a better world. Our organizations have partnered to assess the sustainability skill needs of the marketplace by interviewing senior executives in 33 companies.

With this report, both WEC and Net Impact aim to assist business schools by providing examples and analysis for how MBA programs can better respond to the needs of a changing global marketplace, and identify specific, practical examples of curricular changes that can help schools adapt to a market that is increasingly demanding sustainability skills.

Previous studies have primarily sought to categorize and classify skills particular to sustainability professionals, or identify those that are most critical to implementing sustainability strategies or initiatives. Earlier works on this subject have noted that implementing sustainable development will require a new set of skills and abilities (ISSP 2010¹), and that integrating sustainability or socially responsible business practice into companies requires a certain brand of leadership (BCCCC 2010²).

¹ The International Society of Sustainability Professionals (ISSP) completed a study in 2010 designed to identify the “most commonly used set of competencies for those working in the field [of sustainability].” The report elucidated a taxonomy of competencies that would “define professional conduct and practice” in the field. This study sought to create criteria by which sustainability professionals could be judged, with an eye towards professional accreditation.

² *Leadership Competencies for Corporate Citizenship: Getting to the roots of success*, The Boston College Center for Corporate Citizenship (BCCCC), Boston: 2010.

Both Net Impact and The Aspen Institute have produced publications on business graduate programs and their treatment of sustainability in their curricula. Net Impact's *Business as UNusual* guide features descriptions of graduate schools' attention to social and environmental priorities in business education, written by each school's Net Impact chapter leader. In addition, Net Impact recently published *Corporate Careers that Make a Difference*—a guide to pursuing and building a career in corporate social responsibility and sustainability. The Aspen Institute's Beyond Grey Pinstripes initiative surveys MBA programs and ranks them on their values-based teaching. The Aspen Institute's publication, *The Sustainable MBA: The 2010-2011 Guide to Business Schools That Are Making a Difference*, features write-ups by faculty and staff of the schools covered on sustainability and social responsibility in the curricula.

This study takes the identification of sustainability skills a step further by asking which of these skills are particularly relevant for new MBA hires in a company with a strong sustainability agenda. In addition, ideas are examined on how those skills can be taught, as well as how businesses can more effectively interact with MBA programs to make their skill requirements known. As a result, this study reveals key skill requirements for business executives and managers and is useful for MBA programs seeking to increase their competitiveness by cultivating the skills required for the implementation of sustainability.

This study builds on previous findings revealing a menu of skills that are desirable in all professionals who manage sustainability issues as part of their jobs. Rather than focus on the competencies most critical to *existing* professionals, the research focused on which skills are *most important* for MBA graduates to exhibit when *entering* their business careers. Questions were asked such as “How should business schools be teaching sustainability?” and “How can businesses take a more active role in encouraging business schools to prepare students better?” Issues related to how graduate schools of business can best teach those skills, and how companies can interact more effectively with business schools to ensure that students are being adequately and appropriately trained to meet the real needs of the workplace were also explored.

The findings of this report will be relevant to both business schools and executives alike, as they examine global market issues and trends across multiple business sectors and identify the core sustainability skills that are most relevant to MBA graduates in preparation for their future careers.

Methodology

To assess companies' existing sustainability strategies and future talent needs, WEC and Net Impact conducted in-depth interviews with the senior executives of 33 companies representing a variety of business sectors and geographic regions. This assessment consisted of telephone interviews of approximately 30 to 45 minutes in length, covering seven questions that were jointly prepared by WEC and Net Impact. Most interviewees currently serve in sustainability-related roles, but have been responsible for a variety of business functions throughout their careers. The names and affiliations of the interviewees are listed in **Appendix 1**.

The majority of interviewees are sustainability-focused executives, purposefully sought because these individuals have the most direct experience and knowledge of the skills required to execute a sustainability strategy. In the future, there may be an opportunity for research that addresses sustainability with a specifically non-sustainability-focused sample of executives, but, for this report, the purpose is to elucidate specific sustainability skills, and hear from those who had the greatest need for them.

The data from the interviews were then evaluated to prepare the analysis and conclusions of this report. This report is intended for business executives, deans and professors, and MBA students. Of particular interest to the business audience will be the skills other organizations value most when thinking about sustainability. Similarly, academic stakeholders will be interested to learn what skills executives are looking for in new business school graduates.

The Changing Role of Sustainability Within Global Companies

The modern origins of the concept of sustainable development were articulated within the 1987 report from the World Commission on Environment and Development, *Our Common Future*, that identify overlapping economic, environmental and societal factors necessary for “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

In the intervening years, however, most global companies that implemented sustainability strategies and/or initiatives have moved to a more operational approach whose twin premises are value creation and integration of sustainable development into the business process. While historically connected to the 1987 report, the current practices of global sustainability leaders have moved well beyond it. In addition, academic courses that approach sustainability from a corporate social responsibility or philanthropic context also lag in thought leadership even within the business school community where concepts of “sustainable growth,” “shared value creation,” and other leading ideas integrate sustainability into core business strategies.

Now, an understanding of the science behind sustainability must be coupled with a foundation in finance, and, on top of that, the ability to communicate. Carl Rush of Waste Management, described this well by noting: “[Candidates are] a lot more credible when they can come in and talk about the science in addition to the ‘hope and dream’ of sustainability. They also need to know how a sustainability project is financed, and how it earns a return. Finally, they must be able to communicate the message. If they understand the technical and financials, then they need to be able to rally folks around it.”

Indeed, sustainability does not occur in a vacuum, and its implementation within the global private sector must be tailored by each individual company to align with its particular business model, strategy and culture. Corporate leaders that apply sustainable thinking do so to advantage themselves in the global marketplace. They recognize that, if sustainable business is to avoid becoming another example of “fad surfing,” it must be aligned with the company’s principal business objectives and deliver value in the implementation of day-to-day business operations. Leaders in corporate sustainability recognize that achieving marketplace advantage means the simultaneous development of business solutions to

major societal challenges. Failure to do so can create additional risks to corporate brands, market access and financial returns.

Business executives interviewed in this study provided numerous ideas and examples of how their companies are repositioning sustainable development within their business strategies, and they identified the implications of this development for their future workforce. Three broad themes emerged from their responses:

SKILLS FOR SUSTAINABILITY

The skills required to advance a company's sustainability strategy reflect the evolution of sustainability as a business concept whose overriding purpose is value creation. At the same time, company sustainability strategies retain capabilities of risk mitigation through environment, health, and safety management. Technical skills associated with metrics and measurement are important to the understanding of the scientific and business rationale behind corporate sustainability initiatives, but improved management and communication skills are key in order to explain and garner support for sustainability initiatives throughout one's company and externally.

INTEGRATION OF SUSTAINABILITY

Integrating sustainability into the broader fabric of company operations is a widely shared priority. Companies' methods of incorporating sustainable practices and a "sustainability mindset" into their operations vary by business sector, company strategy and specific objectives and culture.

TEACHING SUSTAINABILITY

Sustainability should be taught in business schools so students are better prepared as newly hired employees of global companies. The teaching of sustainability-relevant skills can be improved by creating opportunities for companies to work more collaboratively with MBA programs and communicate their needs for sustainability skills.

Skills for Sustainability

What major skill sets are most important for new MBA graduates to have in order to advance their careers and company's sustainability strategy? "Seeing the big picture." "Language skills." "Environmental law." "Regulatory frameworks." "Communication." "Systems thinking." "Carbon accounting." "Ability to move from the tactical to the strategic and back again." Respondents' replies included a variety of skill sets, but ultimately could be categorized according to three distinct categories of skills:

- **"Inside-out skills."** These skills refer to the conceptual, technical, and behavioral skills necessary for success in day-to-day business management. Inside-out skills include an understanding of:
 - companies' actual products and services and how they are produced and utilized
 - the changing nature of business planning for achieving greater efficiencies in current operations while adapting to newer factors such as the increasing globalization of markets and scale of production
 - the role of global management systems that both drive performance and align business units and individual behaviors to improve business results
 - risk mitigation and cost savings
 - the use of sustainability as another platform for the application of science to develop more innovative and differentiated products and services
 - the fundamentals of project management (e.g., customer expectations, budget planning, team management)
 - finance and marketing
 - development of newer accounting models

Embedded in each of these skill sets is a variety of business relevant technical competencies that include knowledge of energy efficiency options; life cycle analysis; materials science innovation; performance measurement and reporting; return on investment analyses; and risk assessment. At Rio Tinto, for example, the cost of carbon is accounted for in the company's risk assessments across its various businesses.

- **"Outside-in skills."** These skills assist a company in understanding the major external factors that currently impact or can reshape its business strategy and operations. Outside-in skills include:
 - a comprehension of public policy drivers and initiatives (e.g., global, national, state/province or local) and how they will impact business costs and operations and the terms of marketplace competition
 - the integration of sustainability reporting with financial reporting to achieve a more seamless communication of corporate objectives, governance and performance with important stakeholders
 - improved understanding of multi-cultural perspectives across the various geographies of business locations and how they foster development of critical relationships or impact market access

- improved listening and communications skills with customers and stakeholders to better discern major global and marketplace drivers and society’s concerns
- **“Traversing skills.”** These cross over inside-looking or outside-looking skills. They include:
 - greater knowledge of the management of organizational and societal complexity
 - the importance of systems thinking and its application to business goals and operations
 - improved interpersonal and negotiation skills within project teams and with external business customers or partners
 - knowledge of how to create or manage social networks directly relevant to a company’s business objectives and processes
 - the ability to communicate the foundations of sustainability projects and garner support for them from other areas of the business.

David Kiser of International Paper puts communication skills for the sustainability-focused professional on par with “influencing skills.” Underpinning this is the ability to, as Kiser said, “translate knowledge into the *language* of the people you need to convince.” This means that a sustainability professional must be ready to explain sustainability in financial terms, operational terms, scientific terms, or human resources terms, among others. Since sustainability requires so many actors, a major skill in facilitating sustainability projects is being able to help stakeholders to understand their value by making sustainability relevant to them.

The three types of skills identified apply at the individual level as well as the team or company-wide levels. They reflect the integration of technical and behavioral factors that are intended to achieve alignment both within and across corporate functions and with external stakeholders. In short, these skills reflect the increased maturation of the “boundary-less” company where successful management of all three competencies is a key factor of success.

Integrating Critical Skill Sets in Business Strategy and Operations

Individual companies tailor their skill requirements to meet the needs of their respective strategies and day-to-day operations. The same goes for sustainability-related skill requirements and their applications in companies; they will be customized in order to maximize the value-added dimensions of sustainability as they relate to other skills and processes that are valued by the company. Study participants’ responses to questions regarding the advancement of a sustainability “mindset” within their organizations reflected a wide variety of sustainability applications, while recognizing the numerous opportunities for further learning and improvement.

Business executives within the surveyed companies remain acutely aware of the need to continue to manage the fundamentals of environmental, health and safety performance if their sustainability initiatives are to retain credibility. Allard Castelein of Royal Dutch Shell, for example, regards sustainable development as an “outcome of high performance in the EHS fields.” In other words, a

“Sustainability and business goals are one in the same.”
- Mary Capozzi, Best Buy

company should be competent in environmental compliance before it can derive business value from sustainability. Sustainability and the associated value can only be built on top of a solid foundation in EHS, according to Shell. Similarly, Ann Klee of General Electric reports that a basic grounding in environmental law, environmental regulatory frameworks, chemical use, and waste management are necessary to inform sustainability tools such as Life Cycle Assessment.

Brian Shuttleworth of HJ Heinz attests that sustainability professionals have to “spend hours communicating with everyone from business leaders to the shop floor.” One must be able to explain the reasoning behind a sustainability initiative in five minutes or fifty, and be able to use language that is relevant to each unique audience. One must draw upon leadership skills and communication in order to convey new initiatives to a variety of stakeholders.

Additionally, respondents concluded that it was important for new hires to understand where their roles and actions fit within the “big picture;” in other words, to see beyond their immediate sphere and understand the downstream effects of their actions. According to Marcelle Shoop and Michael Tost at Rio Tinto, “these skills are becoming more like hard skills, and are as important as technical skills; they are harder to learn, and therefore more valuable.”

Deloitte’s Chris Park believes that a true sustainability skill is the ability to incorporate environmental and social considerations into other business disciplines. Similarly, Beth Stevens of The Walt Disney Company notes that success in sustainability is the ability to “synthesize the subject for a business—not a sustainability—audience. You need to be able to boil a conversation down to its key points.”

Sustainability initiatives often require various degrees of behavior change on the part of their constituencies. Suzanne Fallender of Intel says that being able to influence, and, more importantly, to “influence without authority,” is a key skill, as “so much of sustainability involves integrating” and communicating between stakeholders. An example of such directed spontaneity occurs at Boeing where approximately forty “Green Teams” of different size and scope operate across the corporate boundaries. These teams are self-mobilized by managers and other employees but function within general guidelines to ensure their relevance to business. These teams implement a top-down “business value” focus combined with a bottom-up ability to operationalize Boeing’s sustainability efforts beyond traditional environmental, health and safety management parameters and place them directly into product design and manufacturing. Similar

“Social, economic, and environmental considerations only truly benefit a company if you are able to operationalize them.”
- Ann Klee, General Electric

bottom-up initiatives engage employees at companies such as ARAMARK, The Walt Disney Company, Intel, Mattel, The Campbell Soup Company, and Wipro. In addition, company-wide intranets or e-mail list-serves disseminate sustainability metrics and information to all employees.

In companies both large and small, it is critical to link personal accountability and behavior to company-wide goals and plans. At IBM, this is achieved through a global management system. This system establishes company wide business objectives and expected outcomes and is used to define behaviors and drive individual units to realize their interdependences and accountabilities. According to IBM's Wayne Balta, Vice President of Corporate Environmental Affairs and Product Safety, "it is critical for future employees to be educated in the institutional processes and systems through which sustainability is integrated into normal business operations, and to understand how their own role gets positioned for success."

An increasing number of companies are updating and adapting their existing management tools and programs for sustainability-related business needs. Financial consulting services firm Deloitte, for example, has incorporated sustainability attributes into its existing tools for supply-chain assessment. At United Airlines, recent MBA graduates entering United's "Emerging Leaders" program participate in job rotations that now include positions directly related to sustainability oversight.

Thoroughly prepared MBA graduates will also be able to communicate all the technical aspects of sustainability to a variety of audiences. The Boeing Company's Terry Mutter, Director of Enterprise Strategy in Environment, Health, and Safety, believes that translation between hard and soft skills is a key success factor for new MBAs. For example, the ability to: relate sustainability elements to the company's core business, to understand global and national regulatory frameworks and interpret their effect on the business, and to communicate sustainability imperatives to external *and* internal stakeholders are all key attributes. Translating sustainability for context, and showing its merits through different lenses, is especially important when dealing with geographic and cultural differences.

Many respondents raised concern over the social implications of sustainability, and were quick to note that sustainability is not simply an environmental concept. Rio Tinto noted the importance of "understanding that our company is not the center of the universe, that the company exists within a society." Indeed this is a key mindset to maintain in order to be aware of the far-reaching ramifications of local business decisions. Many respondents said that a high level of awareness was important, using terms like "see the big picture," "thinking externally," and having a "holistic view" of the world.

"[Integration] is the idea that we and everyone else are working on. It's growing in importance. The challenge is in finding what makes sense to integrate, and then getting people on board."

- Mitch Jackson, FedEx

More specifically, companies are finding increasing business value by integrating societal needs and designing business solutions for them. At The Coca-Cola Company, Vice President for Environment and Water Resources, Jeff Seabright, shared an example in which a Coca-Cola business unit in Africa needed to acquire higher quality pineapples, but lacked the

capacity to obtain such yields by itself. By lending a company employee to the Ministry of Agriculture in Ghana and by partnering with individual farmers, the overall pineapple crop was improved, enabling more and higher quality pineapples to be sold. This satisfied both a business and societal need. “Finding the sweet spot in value creation needs to be taught in business schools,” concluded Seabright.

Companies have increasingly established councils with cross-functional leadership from throughout their organizations to strengthen the governance of sustainability. These councils are devoted to aligning and implementing sustainability with the company’s business strategy. For example, every functional department head at HJ Heinz is part of that company’s Global Sustainability Council, which oversees the sustainability goals developed and executed by each department. United, Boeing, Citigroup, IBM, and Walmart all reported similar cross-functional, executive-level teams.

Employees’ job descriptions are also changing to include tasks that integrate sustainability within business functions. At Intel, for example, promoting a new sustainability initiative involves telling employees “this is now 15% of your job.” Given the cross-functional nature of companies’ approaches to sustainability integration, business schools should engage in interdisciplinary projects with students from across the university, particularly if the university has other graduate schools in related disciplines whose work has implications for sustainability and business, such as engineering, public policy, public health, design, or environmental science.

Recruiting Future Employees

Human Resources (HR) frequently serves as the gateway to a company obtaining the talent it needs. In companies with strong sustainability programs, recruiters need to be well-versed in their company’s sustainability efforts so that they can talk about them with prospective employees (who increasingly cite a company’s sustainability commitments and performance as a factor in their own selection of companies). Some companies’ HR departments work closely with the sustainability group to understand what skill sets they should be evaluating in order to make business-relevant hiring decisions. At F. Hoffmann-La Roche, Ltd., for example, Human Resources maintains a “code of conduct” that includes sustainability-oriented values. The top candidates for executive positions are given this list of attributes and asked how they identify with each. “Average people do not think in these terms,” notes Urs Jaisli, the company’s Chief Compliance Officer. “So this is a good test. We want to get candidates thinking about their long term impact on this company.”

Companies are addressing this challenge in different ways, while some have yet to address it at all. In certain companies, HR teams work directly with sustainability teams, and are frequently briefed on the skill requirements for new hires to carry the sustainability agenda forward. Almost all respondents, however, concluded that the recruiting process for positions in their companies could be improved. The challenge of staffing for sustainability lies in the fact that, “By its very nature, sustainability is more horizontal than vertical,” says Clay Nesler, Vice President of Global Energy and Sustainability at Johnson Controls, Inc. Successful sustainability professionals need an awareness and understanding of many different disciplines, from technology to policy to environmental science, in addition to the

communication skills required to connect them. “Sustainability is a way of viewing the world,” notes Nesler, “and it’s much harder to screen for that.”

This is why several companies have started making inroads with their recruiting processes by working with HR to ensure that MBAs with the “right” skills get hired. At Rio Tinto, documentation of the core competencies of Rio Tinto’s leaders, one of which is “the ability to empower and embed sustainability skills throughout the company,” is circulated throughout the company and especially within the HR function. Disney’s sustainability team shares a list of qualifications and desired skill sets with its HR department, so that recruiters are made aware of what factors to evaluate in applicants. At Deloitte, there are dedicated recruiters that look for specific sustainability skill sets, but, even then, “recruiting for sustainability is less well understood,” says Chris Park. Usually generalists are hired and then trained internally for the sustainability skills and focus that Deloitte requires. Allard Castelein at Shell takes personal control over sustainability hiring, and instructs recruiters on what to look for in candidates. Recruiters at Intel, on the other hand, do not do a lot of targeting recruiting for sustainability. Part of the reason for this is that there are so many internal candidates who want to focus on sustainability.

Because many sustainability-specific positions are staffed with internal candidates, recruiting teams are less experienced in what to look for in new MBAs interviewing for a sustainability position. According to one interviewed executive, “there is still a gap between recruiters and sustainability. Recruiters are not as well equipped to talk about sustainability as they should be.” This can create an inconsistency in companies’ messaging; if a company is trying to demonstrate its commitment to sustainability, its recruiters must be prepared to answer students’ questions about the company’s sustainability efforts. Students often want to know exactly what a prospective employer is doing to ensure sustainable sourcing or safely treating waste. Recruiters must be equipped with enough knowledge to act as ambassadors of their company’s sustainability practice and policies. When this connection is overlooked, companies risk missing out on top talent.

Supporting MBA Programs in the Teaching of Sustainability

Beyond the enumeration of critical skill sets and the citation of actual current practices for integrating sustainability within their businesses, interviewed executives had additional specific suggestions for how MBA programs can improve the teaching of sustainability. “The market is moving quicker than universities can train people,” noted Dave Stangis, Vice President of CSR, Sustainability, and Community Affairs at The Campbell Soup Company. “When students do get trained, they often think they have all the answers. They learn about examples of things going *right*. They need more examples of applied sustainability, and, most importantly, to look at what didn’t work—about why some sustainability projects have failed—instead of what *did* work.”

“The next generation of business leaders will be those for whom environmental performance is intuitively understood and employed on the same level as finance.”

- Chris Park, Deloitte

The larger issue that many respondents referenced as well is that students tend to arrive at companies as idealists, thinking that they can simply suggest a sweeping change or initiative and that everything will fall into place. As most executives know, this is a far cry from the realities of the business world.

“Companies are trying to bring about a mindset shift, so schools should not solidify that mindset too firmly, but leave it open and lend credence to sustainability.”

- Suzanne Fallender, Intel

Executives elaborated on other examples of curricular changes that would improve the teaching of sustainability:

- Specific courses on sustainability in the core curriculum
- New case studies with sustainability and value creation
- Guest presenters addressing sustainability topics
- Practicums/applied learning experiences related to sustainability
- Collaboration with science, design, and engineering programs whose work have implications for sustainability and business
- Corporate advisors on integrating sustainability into the curriculum

When asked how businesses could take a more active role in helping schools better prepare students, respondents identified three main opportunities:

- Expanding business participation in the classroom and as conference speakers, as well as leveraging employees who are MBA alumni to share their case studies with current students. Many companies encouraged more dialogue between MBA programs and the business community to reinforce that sustainability is a growing business priority.

- Communicating and acting on sustainability as a recruiting priority by actively hiring individuals with the skill sets and experience to drive sustainability agendas forward. By working closely with schools' career services, companies can create a demand for students with the sustainability skills they require. Schools, in turn, should meet that demand by training students to have the desired skill sets.
- Curricular change, specifically around developing participatory learning opportunities for students, such as student projects and internships. For example, "deep dives" into companies that do not sell consumer products, such as B2B companies, would enable students to address an important question posed by Ann Klee of General Electric: "What do you do when you can't sell the *emotional value* of sustainability?" Sustainability needs to be integrated into less obvious departments, "beyond packaging and marketing" and should provide students with a "realism" of how to integrate sustainability into the business process.

There is still tension between teaching sustainability principles in a stand-alone course versus integrating sustainability elements into traditional business problems such as finance and operations. Beth Stevens of the Walt Disney Company asserts that, "Business schools with sustainability offered only as an elective will be less effective than those that require students to study it." Respondents had several key ideas on the *types* of cases that should be taught to convey lessons in sustainability. Jimmy Samartzis of United Airlines suggests cases on selling sustainability "upwards," in other words convincing a CEO to spend money on a sustainability initiative. This requires making sustainability relevant to more familiar metrics such as financials or ratings. Getting an entire workforce onboard with a company's sustainability initiatives is often the first hurdle to overcome on the path to creating value based on sustainability. "If we didn't have to convince people of sustainability's relevance to the company overall, our work would be so much easier!" Samartzis added.

"The sustainable products space is exploding. I don't think MBAs will be successful if they don't know how to integrate customers' desire to be sustainable into market opportunities."

- Linda Fisher, DuPont

Terry Mutter of the Boeing Company recommends that business schools: "reach out to businesses and discover where the real pitfalls are in implementing sustainability strategy, and teach those in case studies." In addition, Mutter suggests creating an endowed faculty position or chair for sustainability, which would be responsible for constantly reviewing and updating the curriculum in this still-evolving field. Neil Hawkins of the Dow Chemical Company felt similarly, adding: "Deans should take sustainability seriously, and show their commitment by staffing sustainability-focused professorships across all teaching departments."

Just as corporations are being asked to make changes to their operations and perform more sustainably, so too are universities being expected to meet this expectation. Ultimately, Mutter summed up the challenge for both businesses and business schools alike: "All of these changes and improvements may be hard, but those that can figure out how to do them sooner rather than later will find themselves in an advantageous position."

Conclusion

This study demonstrates that a growing number of influential executives are thinking clearly and precisely about the skill sets required to advance their companies' business strategies. In order for business schools to remain competitive and meet the demand for sustainability skills in the future, MBA programs must hear from companies as to the skills required for future employment. This evaluation provides a window into the types of skills needed by sustainability-focused businesses, now and in the future. It is clear that business school graduates must become skilled communicators, listeners, influencers, and negotiators. They must also remain grounded in the scientific basis of environmental challenges, so that they can make sound decisions at the intersection of business, environment, and society. Most importantly, they must recognize the important fact that ***sustainability is a business concept and needs to be applied as such.*** Future employment opportunities will overwhelmingly reside in individual business units rather than corporate level sustainability positions, as sustainability becomes more integrated throughout the company.

One challenge that remains for business schools is how to teach "skills" that are, in many ways, more akin to personality traits. How can one be *taught* to be a good listener, and a good communicator, in addition to possessing the necessary skills in finance, marketing, life cycle assessment or management systems? This is something business schools will have to address in their curricula going forward. Given the changing demands of the workplace, MBA graduates cannot succeed simply with technical or traditional business skills alone.

Businesses want to hire people with these sustainability skills because integrating sustainability throughout the company has become a key mandate for a growing number of global companies. Sustainability will be manifested in new and innovative ways throughout business going forward, as the concept of sustainability becomes an even greater imperative for tomorrow's marketplace.

Appendix 1: The Interviewees

Contact	Title	Company
Miranda Ballentine	Director of Sustainability	Wal-Mart Stores, Inc.
Wayne Balta	Vice President, Corporate and Environmental Affairs and Product Safety	IBM
Dan Bross	Senior Director, Global Corporate Citizenship	Microsoft
Soeren Buttkeireit	Head of Corporate Sustainability – External Office	Siemens
Mary Capozzi	Senior Director, Corporate Responsibility	Best Buy Co., Inc.
Allard Castelein	Vice President for Environment	Royal Dutch Shell PLC
Claus Conzelmann	Vice President for Safety, Health and Environmental Sustainability	Nestlé S.A.
Suzanne Fallender	Director of CSR Strategy & Communications	Intel
Linda J. Fisher	Vice President for Safety, Health and Environment and Chief Sustainability Officer	DuPont
Kevin Hagen	Director, Corporate Social Responsibility	REI
Neil Hawkins	Vice President, Sustainability and Environment, Health, & Safety	The Dow Chemical Company
Mitch Jackson	Director of Environmental Affairs and Sustainability	FedEx
Urs Jaisli	Group Compliance Officer, Head of Corporate Sustainability Committee	F. Hoffmann-La Roche, Ltd.
David M. Kiser	Vice President, Environment, Health, Safety, and Sustainability	International Paper
Ann Klee	Vice President for Environmental Programs	General Electric
Connie Lindsay	Executive Vice President and Head of Corporate Social Responsibility	Northern Trust
Rick Martella	Vice President of Corporate Affairs	ARAMARK
Maureen Midgley	Executive Director, Engineering	General Motors
Terry Mutter	EHS Enterprise Strategy and Risk Analysis	The Boeing Company
P.S. Narayan	Vice President and Head of Sustainability	Wipro Ltd.
Gavin Neath	Senior Vice President for Sustainability	Unilever
Clay Nesler	Vice President for Global Energy and Sustainability	Johnson Controls, Inc.
Lisa Neuberger-Fernandez	Senior Director, Corporate Citizenship Programs	Accenture

Christopher Park	Principal and U.S. Practice Leader for Sustainability & Climate Change Practice	Deloitte
Carl Rush	Vice President, Organic Growth	Waste Management
Jimmy Samartzis	Managing Director, Global Sustainability	United Airlines
Jeff Seabright	Vice President, Environment & Water Resources	The Coca-Cola Company
Kathleen Shaver	Director, Corporate Responsibility	Mattel
Brian Shuttleworth	Director, Operational Risk Management and Sustainability	HJ Heinz
Val Smith	Vice President, Corporate Sustainability	Citigroup
Dave Stangis	Vice President, Corporate Social Responsibility	Campbell Soup Company
Beth Stevens	Senior Vice President Environmental Affairs	The Walt Disney Company
Michael Tost; Marcelle Shoop	Project Leader, Sustainable Development (Tost); Principle Adviser, Sustainable Development & Product Stewardship (Shoop)	Rio Tinto

Appendix 2: September 2010 WEC Roundtable Summary

“PREPARING THE NEXT GENERATION OF BUSINESS LEADERS TO IMPLEMENT SUSTAINABLE DEVELOPMENT”

A WEC Roundtable sponsored by F. Hoffmann-La Roche, Ltd. and IBM Corporation

What:

The acceleration of sustainable development initiatives in the marketplace has stimulated a variety of responses from global companies and the business schools producing the next generation of leaders for those companies. In addition, government policies, economic trends, and the expectations of current and future employees all affect sustainability activities in corporations and business schools but remain disparate in actions and results. Within this context, WEC’s Roundtable focused on three major questions:

1. How is sustainability currently integrated into business school curricula?
2. What skills do global companies want their new employees to have?
3. How will sustainability evolve in the future, and how must global companies and business schools prepare to respond?

Who:

The Roundtable provided a highly interactive discussion amongst 35 sustainability experts. 46% of participants came from WEC member companies, 30% from business schools, 19% from government agencies and civil society and 5% from non-member companies.

Major Discussion Points:

- Unlike traditional business subjects like finance and marketing, sustainable development is not institutionalized in the formal structure of business schools, nor is it required in the core curriculum of most schools. The definition of sustainable development continues to vary widely as well.
- Action-based learning has become an important tool for helping students understand the implementation of sustainable development in business. Examples include: projects to negotiate a global climate treaty, internships with corporations and NGOs, and consulting projects. This is fortunate given that it is the *operationalization* of sustainability that concerns most executives these days.
- With few exceptions, current MBA programs do not specifically prepare students to meet the needs of business regarding sustainable development. There is a need for a more formal engagement of global companies with business school professors and deans simultaneous with expanded student participation in this dialogue in order to align the curricula of the schools with the needs of the marketplace. At the same time, global corporations need a better understanding of the “business” of universities.
- Dialogue with company executives revealed that students need enhanced skill sets in the following areas: a better understanding of a company’s products and services; business planning; communication with customers and other stakeholders; comprehension of policy drivers and how they impact market demand; major trends shaping the global marketplace; the relationship of science and innovation to sustainable development; the fundamentals of project management; finance and marketing; development of newer accounting models and the recognition that environmental reporting is migrating into financial reporting; systems thinking and the management of complexity; and “soft” skills such as a knowledge of multi-cultural perspectives, inter-personal dynamics and negotiation skills within company teams and external groups in order to achieve priority objectives.
- Participants cautioned against “bolting” sustainable development onto existing MBA programs or developing a separate sustainability MBA program. Rather, the goal should be to integrate sustainable development into the teaching of core business strategies and their execution.
- Corporations continue to evolve in their culture and structure. As corporate hierarchies have become flatter, students will need to adapt to the fact that not everyone will be promoted upward. As a result, new core competencies will need to be defined for pathbreaking leadership with the following factors becoming more prominent: influence without authority, the management of ambiguity, and the importance of design. There is also a need for greater flexibility in executive training. At the same time, companies must achieve closer integration between human resources departments and their sustainability teams.



About the World Environment Center: WEC is an independent, global non-profit, non-advocacy organization that advances sustainable development through the business practices and operations of its member companies and in partnership with governments, multi-lateral organizations, non-governmental organizations, universities and other stakeholders. WEC creates sustainable business solutions through individual projects in emerging markets; convenes leadership roundtables to shape strategic thinking across a range of sustainability topics; and honors industry excellence through its annual awarding of the Gold Medal for International Corporate Achievement in Sustainable Development. For more information, please visit www.wec.org.

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About Net Impact: Net Impact inspires a new generation of leaders to put their business skills to work for a better world. We help members transform their careers into ones that make a 'net impact'—benefiting not just the bottom line, but people and planet too. More than 20,000 student and professional members turn to Net Impact for learning, connections, and leadership opportunities. Net Impact chapters can be found in cities across the globe and on the world's leading business school campuses.

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