“A new generation of CEOs will emerge.”
Ray Anderson
Founder & Former Chairman, Interface Inc.

Who would want to be a business leader in these volatile times? The debate about boardroom pay and excess rages, the global economy is so volatile it is hard to plan anything with conviction, issues of ethics and trust echo through the media, and then there are more icebergs looming on the horizon: resource scarcity, soaring energy prices, and the increasing impact of climate change. The list goes on.

There is no doubt that the boardroom agenda is getting interesting, in response to these drivers and risks. We see a host of short, medium and long-term issues being discussed:

- What are our plans if another financial crisis hits? How will it affect our markets and customers?
- How dependent are we on increasingly scarce, non-renewable resources, and what are the viable, sustainable alternatives?
- Climate change appears inevitable, whether or not we agree it is man-made, but how will it impact on our business, and how should we prepare and adapt?
- How do we move towards more sustainable consumption, as we come to terms with limits to growth?

One also wonders at the boardroom conversations, should ecocide become the Fifth International Crime against Peace, as is currently being campaigned for at the UN Law Commission. If you can’t imagine that happening, then you might want to have a look at the video created of a mock trial, led by Michael Mansfield QC, which took place at the Supreme Court in London last year (http://www.eradicatingecocide.com/the-trial/). I can foresee a whole bunch of risk managers rushing off to check out the potential implications of this one.

We are already in a time of radical change, and change often means stress for everyone, whether you are an employee or a business leader. But how should we deal with this minefield of unprecedented challenges, how can we develop a vision of a better future for our business, make this transition, and still make a profit? This is no easy task.

For sure, the 21st-century executive will need to develop a raft of new approaches, to help make sense of our changing world, to synthesise strategies based on a new set of business dynamics, to lead people through uncharted waters, and hopefully arrive at a...
better place. There will clearly be a need to be suitably informed and briefed on the nature of critical issues and their impacts, but there is perhaps a wider set of skills required, in addition to the conventional disciplines for business management and leadership.

Evolutionary and revolutionary

Christoph Lueneburger and Daniel Goleman propose a framework for business sustainability leadership skills, built around three distinct stages of evolution: Phase 1 focuses on making the change happen, and requires a mix of collaboration, influencing and change leadership skills; Phase 2 is about translating vision into action, emphasising results delivery and commercial orientation; and Phase 3 requires the business to expand its boundaries. This is where leaders must evolve into futurists, pursuing long-term approaches that strengthen and transform organisational assets, rather than create stranded assets, which will tend to destroy long-term value. Would you rather run a business model configured on solar activity, or on increasingly scarce and expensive fossil fuels?

A time for futurists

Leaders in sustainable business need to advocate and develop new approaches and practices that can often run counter to the ways in which an organisation may have been run in the past. To do this, they need to be able to look ahead, beyond the current paradigm.

This can be difficult for some. As John Elkington puts it: “In difficult times, one of the first things to suffer is often the future. As uncertainty grows, we focus on what worked well in the past, but try to do more of it, faster.” For many companies, especially in the current climate, the short-term pressures of cashflow, worrying about the next bid, day-to-day operational challenges, or even the threat of survival, are all too immediate.

Yet, this is where real leadership is most vital; to be able to manage the short-term issues, but still keep one foot in the future. It would be dangerous for any business to have a myopic focus on today, but miss the broader risks and opportunities associated with the fundamental changes occurring in their external environment. Referring to the innovative Future Quotient project, Elkington says: “We also need future thinkers, focusing on what next; moving towards areas of chaos and uncertainty where new ideas and possibilities emerge. Without this, the path of extinction looms large”.

But it’s not all about managing downside risk. The companies that thrive in this time of change are those most able to look ahead and adapt, to find new ways of making money. We have seen the likes of InterfaceFLOR, Life Technologies, Patagonia, and others developing product take-back business models; not only do these approaches make the most of resources, and prepare for life within a circular economy, but they can also help businesses to continue to generate good returns, for a longer period. They make business sense.

Systems thinking

Business leaders have always had to balance and manage many competing factors, but the landscape is becoming even more complex. The economic environment is unpredictable, but if you add to this picture an intensifying range of factors such as energy and resource scarcity, plus the long-term impact of climate change, you get a sense that many companies could struggle, if their business models are not resilient or adaptable enough.

To deal with these complex situations we need to add systems thinking to our leadership competencies, to be able to understand and model diverse factors, synthesise different scenarios, develop adaptable strategies, and follow these through to their ultimate impact on profitability – now and in the future. A number of companies have found systems thinking invaluable. This enables them to deal with complexity of their challenges, but also understand the causal link between the various aspects of their business operations and any impacts on energy use/carbon emissions and other sustainability impacts. Adopting a systems approach can also help make visible the opportunities for associated cost savings, too.

For Life Technologies, this is about finding the ‘sweet spot’, recognising the different drivers acting on the business, and trying to identify solutions that combine to meet the needs of customer preference (functional, affordable & sustainable), the stock-market (green growth, exceeding conventional growth) and which deliver improved sustainability impacts, along with a robust business case. Systems thinking in action.

Holistic, authentic and evolved

Nicolas Caesar, from the Ashridge Business School, identifies four key traits for sustainability leadership, all of which point to a more enlightened approach for these challenging times: mindfulness – staying aware of and paying close attention to the present moment; advocacy – arguing in favour of sustainability; holding discomfort – staying with the difficult stuff for long enough; and femininity – displaying and using characteristically feminine attributes. This provides a fascinating contrast with the attributes commonly held for successful business leadership.

Humility

Dave Balter, founder of BzzAgent, a word-of-mouth marketing company, provides advice to all entrepreneurs, CEOs and business leaders: “Dig a hole, throw your ego into it, and pour concrete on top. Find humility instead.”

His learning comes from serious, personal experience. He realised that he was blinded by his own press, an attitude that prevented him from seeing the changes coming, until they were literally chocking his business. “Recognise your place in the universe is no more important than anyone else’s,” says Balter. “Learn from every interaction (no matter what the person’s credentials), understand that your competitors are smart (perhaps even smarter than you), remember that media glory is fleeting, treat your employees with kindness, be willing to be wrong and share the spotlight.”

This is clearly not a time to let executive pride or arrogance stand in the way of doing the right thing.

Integrity

The Sky Future Leaders Study established the importance of integrating sustainability, by embedding it within the core values of a business. Being able to walk the talk is important, especially at a time when trust is breaking down all over the place. Our leaders have to take us with them, to show they are as committed as they ask us to be. Perhaps it could be time to ditch that gas guzzling status symbol, in favour of something more appropriate? Real leadership means leading by example.

The emerging picture is of a need for more enlightened leadership in the 21st century. Business leaders need to be all the good things they were, and then some. They need to be collaborative, have a high Future Quotient, be systems thinkers, open and adaptable to new approaches, and to think and operate with integrity and humility.

Armed with these skills, they should become more aware of the threats and opportunities to the business model, to configure more appropriate strategies, take their people with them, and deliver the best long-term business performance.

So who would be a business leader in the 21st century? Perhaps Ray Anderson was right; a new breed will emerge.