



## Sustainable Business Leadership

### Talent is the Key to Business Longevity

Over the past couple of years Consultants at SpenglerFox Executive Search have had discussions with a number of business leaders on how to integrate policies that support long-term sustainability and corporate social responsibility (CSR) into their business strategy. One issue that has come up during discussions is finding top-level management committed to sustainability in action. Successful, sustainability-minded CEOs can meet the company's bottom line, while encouraging their employees to deliver work in ways to show awareness of the environment, commitment to community and engagement in purpose-driven business activities.

SpenglerFox has been studying how sustainability and CSR concerns should inform executive recruitment and HR management processes for a while now. We have examined areas where human resource and talent management intersect with business' long-term strategies for sustainability.

Key issues to watch when selecting talent capable of executing your business' vision for sustainability:

- Commitment from the top: the CEO has to be an embodiment of sustainability and CSR practices
- The company must meet its own sustainability/CSR standards: lead by example
- Sustainability policy must be purpose-driven: younger executives and managers tend to seek real meaning in their career engagements, thus company sustainability programs must work toward tangible goals
- Long-term sustainability and CSR programs rely on the community: businesses with good CSR programs understand they cannot go it alone, they must build networks and coalitions
- Find the right balance between CSR and business goals: companies are not NGOs and have business targets to achieve; however, they should align their CSR/sustainability programs with those targets as much as possible

## Leading from the Top

**D**evising global solutions to environmental and social threats requires strong leadership to potentially influence a diverse range of interests. Successful initiatives that both create solutions to environmental or social challenges and foster long-term business opportunities in today's business ecosystem require determined executive leadership.

Sustainability-minded companies need top managers, who can demonstrate to shareholders how embedding sustainability in their internal processes drives greater, long-term profitability. Company executives need to provide arguments for how sustainable business and commitment to community win out over short-term (usually only profit-motivated) goals.

Such arguments might include efforts that lower costs over the long-term: lower energy expenditure, lower employee turnover (i.e. less expenditure on retraining and severance packages), lower transport costs, etc.

According to an Accenture Study on Sustainability published in 2013, 97% of CEOs see sustainability as important for the future success of their business. However, the bigger problem arises with how to run a sustainable business or how to implement sustainability-driven policies. Company executives increasingly have to work in difficult economic climates and align commitments to sustainability with keeping the business profitable. CEOs have to figure out how to engage their teams and make sure everyone has a stake in achieving the business' long-term goals in both areas.

## Companies Have Unique Leadership Tools

**B**usinesses that are big international players and operate globally are in a unique position to develop comprehensive solutions for sustainable business. They can harness their access to multiple spheres of influence and their extensive market reach. This allows them to engage numerous actors in a complex ecosystem and play a more prominent role in addressing that ecosystem's most complex and critical challenges.



**I**ndeed, employee engagement or involvement is crucial: if employees are not actively involved in CSR activities, then CSR becomes mere external promotion or corporate public relations. The World Business Council for Sustainable Development pointed this out almost a decade ago with the statement: CSR=HR=PR.

## What type of Sustainable Leader are we looking for?

At SpenglerFox we have had many inspiring conversations with our clients and partners on how the company's CSR commitments fit with their hiring policies. We have also done research and reviewed expert media discussions on what the key requirements are for people companies wish to hire to drive sustainable development within their organisations. The criteria were varied yet interesting.

For example, Paul Polman, Unilever's CEO and winner of The Guardian's [Sustainable Business Leader of the Year Award](#) explains: "The future world will be much more purpose- and values-driven, so we want leaders that clearly understand this." This fits in neatly with what research has repeatedly shown on the interests and ambitions among the millennial generation of business recruits. Younger groups of managers and younger executive trainees are looking for deeper meaning in their work processes and they review and study thoroughly potential employers' commitment to long-term sustainable business.

In our past conversations with HR representatives at a large foods manufacturing company, they have echoed Mr. Polman's convictions underscoring that young people are driven by purpose and that it is crucial for companies to be able to provide such purpose to attract top talent. This foods manufacturing giant believes that mind-set, attitude and an entrepreneurial type of leadership are the biggest draws for new talent. Company reps note that the younger generation of business leaders has to focus more on the ability to manage contradiction in the work environment; despite their age they need to possess a certain level of maturity and set their focus beyond quick, short-term results.



## Sustainable Leadership approaches may vary

Having looked closely at individual practices, SpenglerFox suggests that organisations apply several approaches to sustainability. These can be broadly divided into the following styles or a combination thereof: 1) leader inspired, where top management is actively pushing forward sustainability programs and is engaged across the company; 2) execution focused, where middle management is actively involved; 3) externally focused, where leaders build networks and relationships with external players (i.e. NGOs) and their communities; and 4) deeply integrated, where employees are provided with clear guidelines, sustainability commitments are explained during the hiring process and employees are encouraged and incentivised for their sustainability engagement.

Achim Lohrie, Head of CSR at Tchibo, provides some insight as to how these different approaches can work in practice. Tchibo has a fully integrated CSR function in the business, where the CSR department serves as an in-house Consultancy on this issue. Tchibo's hiring process incorporates checks on candidates' sustainability experience or awareness. The company screens candidates for the right mind-set or sustainability-oriented attitude, primarily looking for a balance in commitment to business goals and sustainability. The company is not an NGO and so it is important to see sustainability in a commercial context, i.e. as part of purchasing, quality control, supply chain management and of course HR processes.

## Sustainability in the 21<sup>st</sup> Century

In the commercial context sustainability is not about philanthropy. It is part of an on-going business development process. Yet as generations of consumers evolve, companies know that marketing consumer facing products must involve a focus on sustainability. This feeds into the issue of complexity as part of sustainable business management. Your business has to focus on its own CSR as well as that of your partners and suppliers. This includes setting up compliance policies that bring suppliers in line with your business' rules on transparency, fairness and community involvement.

**M**ary Kramer, Head of SpenglerFox's practice groups for Human Capital Solutions explains how this can be achieved: At SpenglerFox we are able to leverage our Leadership Assessment and Development tools to evaluate how an executive will approach sustainability and corporate social responsibility. Specifically through our business simulation exercises, we are interested in how they address topics that are quite relevant such as how they manage diverse stakeholders, internal organizational and community issues. We then provide feedback to the organization and the executives and prepare customized development plans intended to raise their focus and strength in this area."

## About SpenglerFox

SpenglerFox, an EMEA Talent Consultancy with global reach, provides a fresh approach to Executive Search & Human Capital Solutions. We also offer Interim Management in both mature and emerging markets and a dedicated focus on Board Work for small- to mid-sized companies. Our research team is also adept at providing Talent Mapping and Pipelining solutions.

It is our mission to identify and assess the very best senior talent for organizations in both developed and emerging markets. Our completely integrated and wholly-owned network of 20 offices with outreach to over 70 countries has over 100 Consultants and Researchers with vast and far-reaching industry experience.

**W**e relate to our clients as partners, whose success is bound up with our own. This doesn't end with finding the best executive talent. We offer a wide range of services that have been designed to support our clients and maximise their performance in the ever changing and demanding marketplace.

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