

## Maverick\* Research: Sustainability Will Be the Guiding Principle for Digital Age Entrepreneurial Leadership

Refreshed 3 March 2022, Published 10 November 2020 - ID G00730293 - 26 min read

**FOUNDATIONAL** This research is reviewed periodically for accuracy.

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Initiatives: [Executive Leadership: Enterprise Strategic Planning and Execution](#); [CIO Leadership of Innovation, Disruptive Trends and Emerging Practices](#); [Corporate Strategic Planning](#)

The importance of sustainability is increasing but few organizations consider sustainability as one of their top business goals. Sustainability will become the guiding principle for digital age entrepreneurial leadership.

### More on This Topic

This is part of an in-depth collection of research. See the collection:

- [Maverick\\* Research: Treat Climate Change as the Biggest Business Opportunity Since the Dawn of Time](#)

## Overview

### Specific Maverick Caution

This note breaks new ground on the way sustainability is perceived within and outside Gartner, and it provides thought leadership for executive leaders to reimagine sustainability from a business perspective.

## Maverick Findings

- Conventional wisdom around sustainability did not encourage business leaders to look at either ROI for sustainability endeavors or sustainability's strategic importance in driving financial performance. However, this trend is changing as a better understanding of the link between business sustainability and business benefits has emerged.
- Organizational culture will remain a barrier to adopting sustainability practices unless there is deliberate engagement and communication with internal and external stakeholders. Evidence suggests that, as awareness grows, barriers to adoption subside.
- Sustainability is not an isolated endeavor. Many organizations agree that building the strategy for ecosystem integration and growth is a key component of the journey and a critical success factor.

## Maverick Recommendations

Executive leaders focused on enterprise strategic planning and execution who are yet to undertake serious sustainability endeavors should:

- Regularly monitor key stakeholder perspectives regarding the importance of sustainability in relation to the enterprise activities — including those activities by customers, investors, employees and partners — by making sustainability a top business priority.
- Guide the organization through cultural change to promote sustainability by using campaigns and by rewarding employees who commit to sustainability goals.
- Make sustainability mutually beneficial to your clients and partners by motivating and rewarding good “partnerability” across your ecosystem.

## Maverick Research

*This is "Maverick" research, designed to spark new, unconventional insights. Maverick research is unconstrained by our typical broad consensus-formation process to deliver breakthrough, innovative and disruptive ideas from our research incubator. We are publishing a collection of several Maverick research lines this year, all designed for maximum value and impact. We'll explore each of these lines of research to help you be ahead of the mainstream and take advantage of trends and insights that could impact your IT strategy and your organization (see Note 1).*

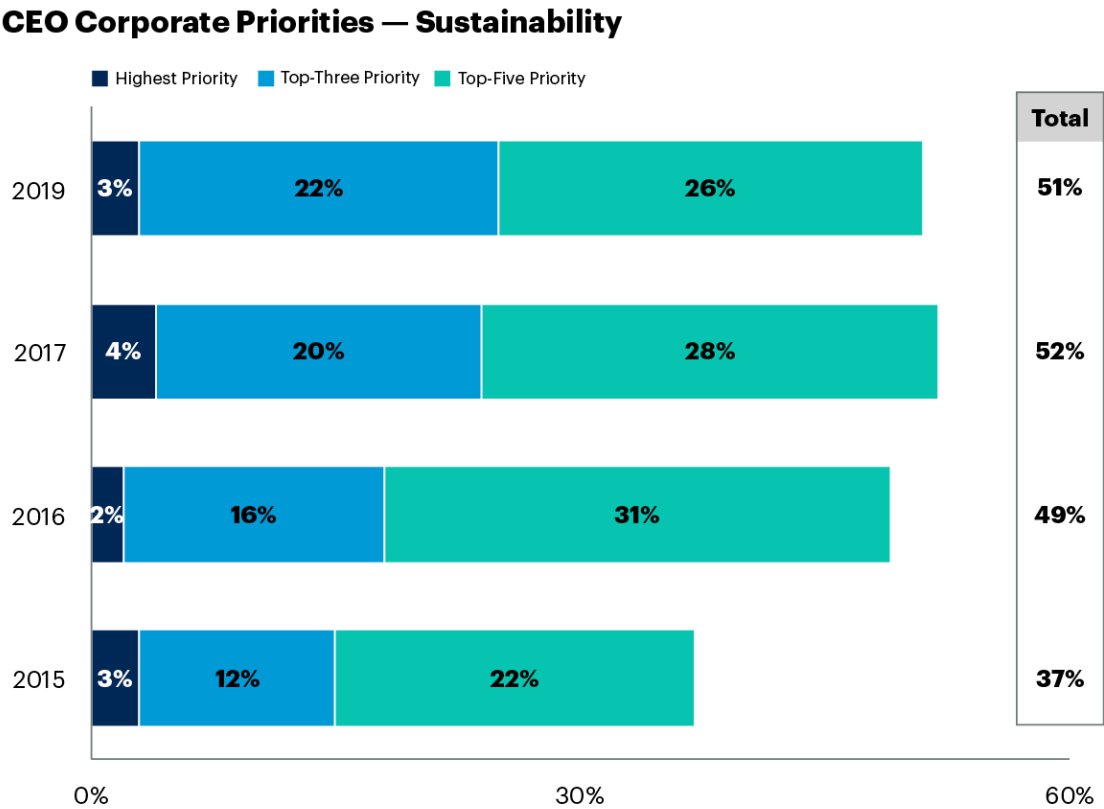
## Analysis

### Sustainability: Compliance or Commitment?

Business focus on sustainability is not a new concept, but it has been growing over the past few decades. Businesses do commit to sustainability goals, but this commitment mostly remains on plan, perception and paper. The United Nations Global Compact-Accenture Strategy CEO Study on Sustainability 2019 report indicates that only 21% of businesses are playing a critical role in contributing to the global (sustainable) goals.<sup>1</sup> Most CEOs in this report also indicated that they perceive that sustainability will improve their brand value. The 2019 GlobeScan/SustainAbility Leaders Survey – Top Sustainability Leaders report indicates that “Experts’ positive perception of the contributions to sustainable development by the private sector and multisectoral partnership has declined.”<sup>2</sup> In addition, current research indicates that climate change dominates the corporate sustainability priorities, but the scope of sustainability is broad (see Note 2). Expect to see increasing focus toward equality, education and health; various surveys and trends are indicating that these areas have growing traction toward sustainability efforts in organizations.

Gartner interactions reveal that, often, profitability and revenue targets are discussed without serious focus on sustainability. The focus is often to create short-term shareholder value. In addition, we also observe that many organizations have CEOs who have commitment toward sustainability goals, but the same levels of commitment does not percolate down. We also do not see a significant increase in sustainability commitment toward business priority. GlobeScan’s sustainability survey report indicates that only a quarter of the companies have sustainability in the top three business priorities (see Figure 1), an ongoing trend since 2017. However, the BSR/GlobeScan report is a result of a survey of BSR members who have fair representation from various industries and at varied levels of sustainability implementations. We have considered the findings from a directional guidance perspective rather than a representative of the industry. The report has also been corroborated with other findings.

Figure 1. CEO Corporate Priorities – Sustainability



Source: Adapted From GlobeScan Sustainability Survey Report, 2019  
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This data indicates how sustainability gets prioritized in those organizations that are engaged. However, Gartner believes that many more organizations will take sustainability more seriously in the next five years

A Google Trends search regarding interest for the keyword “sustainability” under the “Business & Industrial” category did not indicate any significant rise in the past five years. This did not change when the category was changed from “Business & Industrial” to “All Categories,” which indicates no significant rise in popularity.

**Figure 2. Google Trends Searches for “Sustainability” (Business & Industrial, Past Five Years)**

**Google Trends Searches for “Sustainability” (Business and Industrial, Past 5 Years)**

Interest Over Time



Source: Adapted From Google  
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**Gartner.**

On the other hand, we also see sustainability as a practice that is widely adopted. The Governance & Accountability (G&A) Institute research team determined that 86% of the companies in the S&P 500 Index published sustainability or corporate responsibility reports in 2018. This has increased more than four times since 2012.<sup>3</sup>

This allows us to conclude that sustainability has been adopted by organizations more from a compliance and visibility perspective, and there are few organizations that are actually committed to sustainability by making it one of the top three business priorities. The conventional thoughts around sustainability as a “nice to have” endeavor will be challenged in this research by using the emerging findings on its direct association with business benefits.

This Maverick Research establishes that the conventional thinking around sustainability will need a serious review. In summary, the key findings in this report are:

- Sustainability has close links to revenue growth, profitability and even stock market performance. Hence, it is an important parameter of business success.
- The barriers around sustainability adoption will eventually weaken as awareness grows and tangible business benefits are realized. This will further be fueled by changes in priorities resulting from the COVID-19 pandemic, which will be a catalyst to the change.
- In the next three to five years, sustainability will become a top-five business priority.

## Key Drivers for Sustainability Commitment

The report investigates key drivers that add up to the claim around the sustainability commitment and also investigates into areas that are important drivers toward a more serious adoption.

These drivers individually contribute to this trend, but they may or may not be sufficient in isolation:

- **Carbon Pricing:** Carbon pricing is an important driver of sustainability. As more and more countries commit to sustainability commitments toward 2050 zero emission goals (70 countries have committed for zero emission so far), expect to see the governments taking measures, including carbon pricing, to achieve that goal. Carbon pricing has been fairly successful: \$45 billion was collected by different governments in 2019. If the full benefits of emissions trading are realized, by 2050, annual resource flows from carbon markets could reach \$1.86 trillion, with trade of 4,310 MtCO<sub>2</sub>.<sup>17</sup> The number of carbon pricing mechanisms, as per The World Bank data, continues to increase to 61; it was merely seven in 2001 at national and subnational levels. However, you should also recognize the slow pace and inhibitors of growth that prevent the acceleration of adoption.
- **Competitive Advantage:** Competitive advantage results from a firm's ability to perform the required activities at a collectively lower cost than rivals, or perform some activities in unique ways that create buyer value and, hence, allows the firm to command a premium price.<sup>18</sup> In recent times, the competitive advantage from sustainability has gained more attention. We see sustainable products and services gaining more traction, and sustainable stocks are performing better than others. In addition, a number of studies have been conducted to review and understand competitive advantage resulting from sustainability. "Sustainability — Competitive Advantage?" — published for the 2015 International Conference on Operations Excellence and Service Engineering in Orlando, Florida — discusses case studies of two businesses — Starbucks and IKEA — and how they have used sustainability for competitive differentiation.<sup>13</sup>

- **Financial Performance:** Contrary to earlier beliefs, sustainability improves financial performance. We have discussed the various nuances in this research. This realization of greater financial value will drive more organizations to bring sustainability to the forefront of their business priorities. In addition, the Center for Sustainability and Excellence (CSE) findings in 2018 indicated a strong link between sustainability and financial performance. We believe that these findings will drive organizations toward embedding sustainability as a top-five, if not top-three, business goal.
- **Regulatory Changes:** There is a direct link between the commitment to sustainability and regulatory changes. As more countries commit to environmental protection, environmental activism across the world gains more traction, greenhouse emissions become a bigger concern and global warming becomes a bigger risk. All this will have direct bearing on regulatory changes across the globe. Regulatory requirements were one of the top 10 drivers as per the BSR/GlobeScan report.
- **Investor Sentiments:** The BSR/GlobeScan report indicates that investor sentiments are the third most powerful driver for sustainability adoption. The vast majority of investors say they usually conduct a structured and formal review of environmental, social and governance (ESG) disclosures. A 2020 report published by EY indicates that investors are increasingly interested in reviewing it, and this traction has changed significantly since 2018.<sup>14</sup> Investors believe that organizations that commit to sustainability are more structured toward handling risk and uncertainties. This means more companies must undertake visible and more serious endeavors to attract investors and keep them interested in their business.
- **Consumer Demand:** Consumer demand is the second most important driver toward adoption according to BSR/GlobeScan sustainability findings. Consumer demand for sustainable products continues to increase. New York University (NYU) Stern School of Business research of sustainable products indicates that, across all categories, sustainability-marketed products delivered \$113.9 billion in sales in 2018, which grew by 29% since 2013, and are expected to grow to \$140.5 billion by 2023. Again, across all categories studied, sustainability-marketed products account for 16.6% share of market in 2018, up from 14.3% in 2013.<sup>15</sup> In the CGS 2019 U.S. Consumer Sustainability Survey, more than 1,000 consumers were surveyed as to their buying habits, revealing that more than two-thirds of the respondents consider sustainability when making a purchase and are willing to pay more for sustainable products. Gen Z shoppers led the way, with 68 percent having made an eco-friendly purchase in the past year.<sup>16</sup> Multiple surveys are now indicating that consumer sentiments and requirements will increase demand for sustainable products and services, and businesses will strive to differentiate themselves in this direction.

- **CEO Ecosystem:** According to the 2019 U.N. Global Compact-Accenture Strategy CEO Study on Sustainability, 26% of CEOs in 2019 cited “no clear link to business value” as a barrier to sustainability compared with 31% in 2016 and 37% in 2013. In addition, 40% of CEOs we surveyed in 2019 say sustainability is driving revenue growth and 35% are realizing value through cost reduction today. Leaders say an unprecedented shift in public expectations is driving them to get ahead on sustainability to build trust and competitiveness in their markets, and 76% of CEOs say citizen trust will be critical to business competitiveness in their industry in the next five years.
- **Risk Mitigation:** Reputational risk is the biggest driver for sustainability adoption, according to the BSR/GlobeScan report. Operational risks are the No. 4 driver for sustainability adoption. Many organizations will adopt sustainability from a risk avoidance perspective. The Case Study: Orsted A/S section later in this research is an example of operational risk avoidance that resulted in unexpected business benefits for the organization.

These drivers are expected to trigger transformation across organizations and will have a wider impact on businesses. We expect many business and operating model changes will be required to meet the changing requirements, along with technology- and process-related changes. Organizations that are proactive enough to understand and transform themselves to align with the above-mentioned changes early will be able to set the narrative.

## Business Case of Sustainability

The COVID-19 global pandemic has renewed the conversation around sustainability and its direct implication on business. According to the Asian Development Bank, as of May 2020, the global economy could witness a loss of \$8.8 trillion due to COVID-19. <sup>4</sup> This outlook may increase further.



“Much has been said about the opportunities to reset that COVID-19 affords us. We can reset specific industries (such as aviation, healthcare and energy); the way financial systems work; the way we tackle climate change; and even our chosen brand of capitalism. We can imagine another world, one in which we can sustain ourselves as envisioned in the U.N.’s Sustainable Development Goals (SDGs) and collectively prosper, if we start from the ground up with lessons from the pandemic.”

— *World Economic Forum [5]*

In their research “Sustainability Practices and Corporate Financial Performance: A Study Based on the Top Global Corporations,” Rashid Ameer and Radiah Othman established that companies that place emphasis on sustainability practices have higher financial performance as measured by return on assets, profit before taxation and cash flow from operations. <sup>6</sup> Sustainable businesses consistently improved their business performance on these parameters during the study (2006 to 2010). In the study, 100 companies across different countries with sustainability goals were compared against those that did not have it across different sectors. This was a paradigm shift in the way sustainability was viewed earlier.

Gartner has also indicated that leading supply chains are increasingly pursuing the circular economy to reduce environmental impacts, improve customer engagement and build resilience. See [Supply Chain Top 25: 3 Strategies to Accelerate Circular Economy Outcomes](#).

There were strongly held beliefs and established findings in the early part of the century that sustainable companies gave lower returns. But more recent studies have found that the opposite is now true (for example, see [Can Sustainable Investment Yield Better Financial Returns: A Comparative Study of ESG Indices and MSCI Indices](#)). Sustainable companies are now ascendant and outperforming nonsustainable companies.

BlackRock, a New York-based firm that oversees approximately \$6.5 trillion in assets, stated that 88% of sustainable indexes did better than their nonsustainable counterparts in the first four months of 2020. <sup>7</sup> That comes after those same 32 indexes, which BlackRock said are widely used and represent the global market, notched superior performance to their traditional counterparts during declines in 2015 to 2016 and again in 2018.

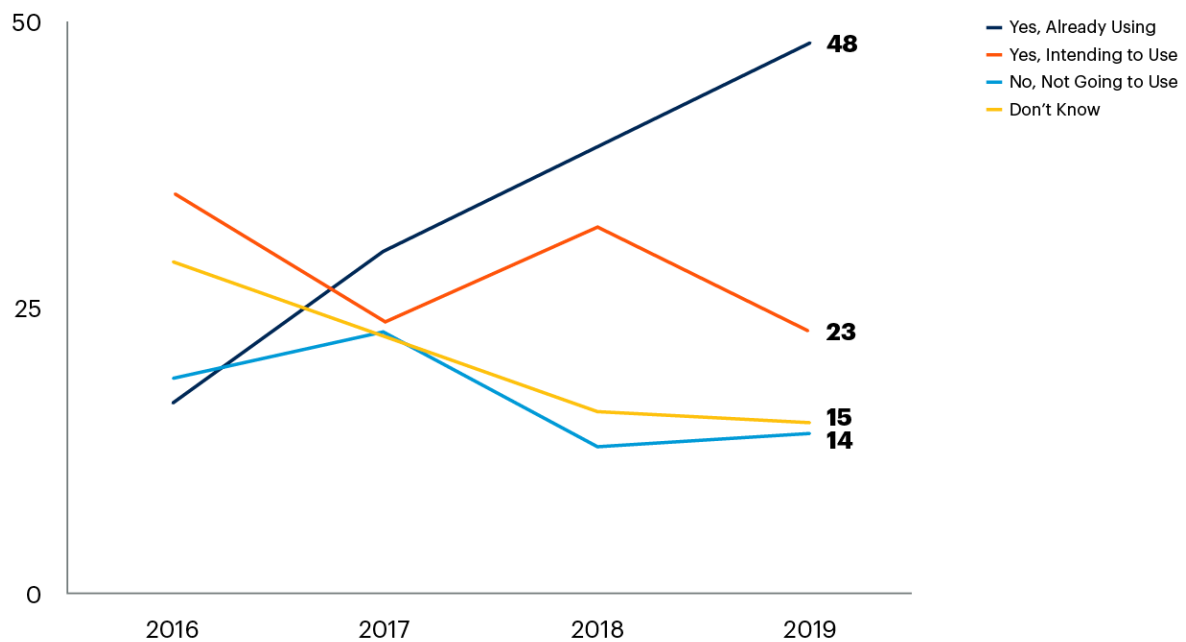
Over the years, the perception of sustainability has changed. In 2019, [Can Sustainable Investment Yield Better Financial Returns: A comparative Study of ESG Indices and MSCI Indices](#) concluded that, “over the period of five years, TRESGUS provides the highest return out of all indices under reference on an average.” <sup>8</sup> The study also concluded that TRESGUS was a favorable investment option, offering the highest return with a convenient risk level. This perfectly aligns with the findings of other previously mentioned research where sustainability improves financial performance of companies. <sup>6</sup>

## Growth of Adoption of Sustainable Practices

The adoption of sustainable practices has been growing within organizations, with more and more organizations reporting sustainability endeavors. Figure 3 shows the adoption of U.N.-defined sustainability goals by organization over a period of time.

**Figure 3. Adoption of Sustainability Is Rising****Adoption of Sustainability Is Rising**

All Company Respondents, 2016-2019



Source: Adapted From BSR/GlobeScan

Q: Is your company already using or intending to use the U.N. Sustainable Development Goals to set corporate performance targets?

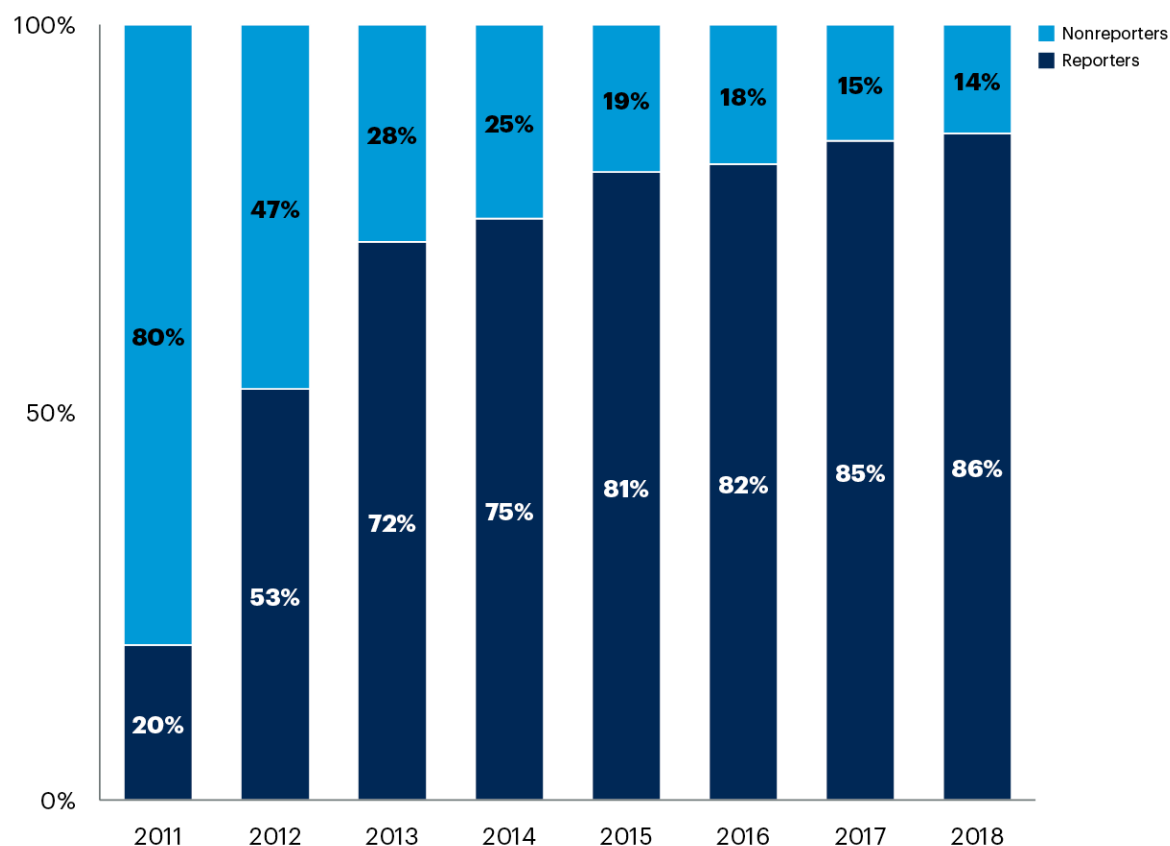
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Source: BSR/GlobeScan

This trend completely aligns with the findings that show the growth from 20% of S&P 500 companies reporting sustainability in 2011 to 86% reporting it in 2018.

Figure 4. S&amp;P 500 Sustainability Reporting

**S&P 500 Sustainability Reporting**

Source: Adapted From Governance & Accountability Institute  
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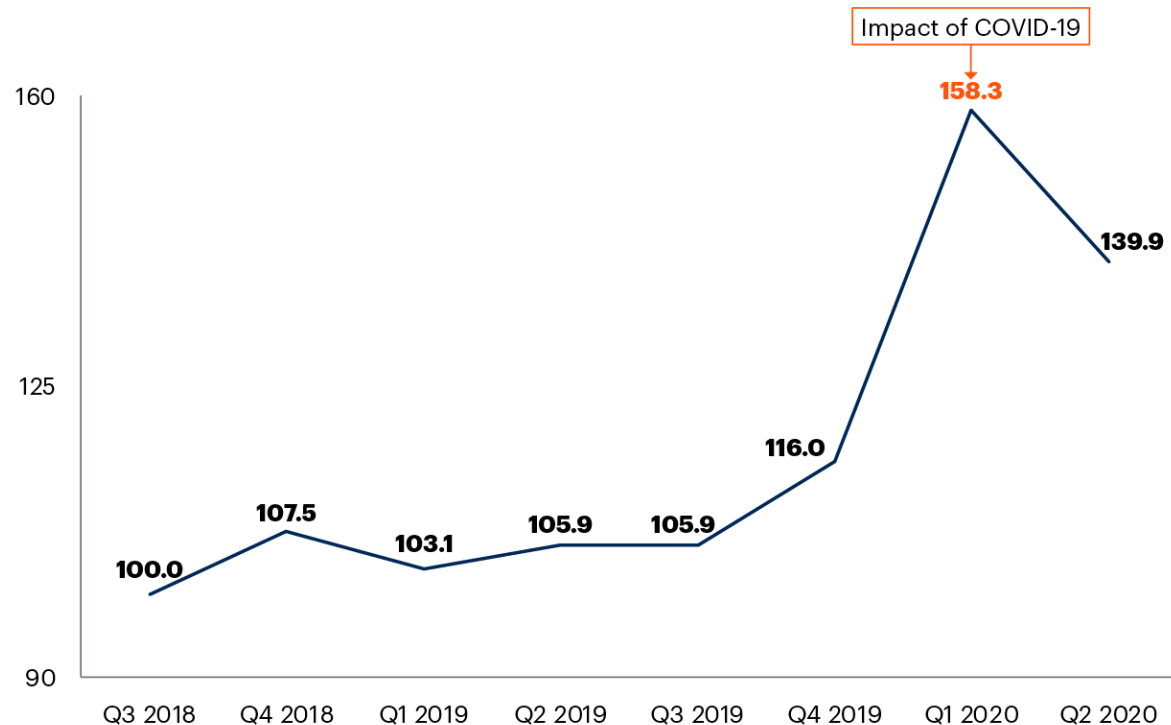
Source: Social Responsibility as a Strategic Orientation of Modern Business Development

**COVID-19 Impact on Sustainability: Social Media Trends**

Gartner also conducted an analysis of social media trends on how sustainability is being perceived or discussed around businesses (see Figure 5). The findings revealed a few interesting aspects around sustainability (see Note 3).

**Figure 5. Social Media Trends on Sustainability for Business****Social Media Trends on Sustainability for Business**

Change in Number of Social Media Mentions on Sustainability Goals From July '18 to June '20 (Indexed to 100)



Source: Gartner  
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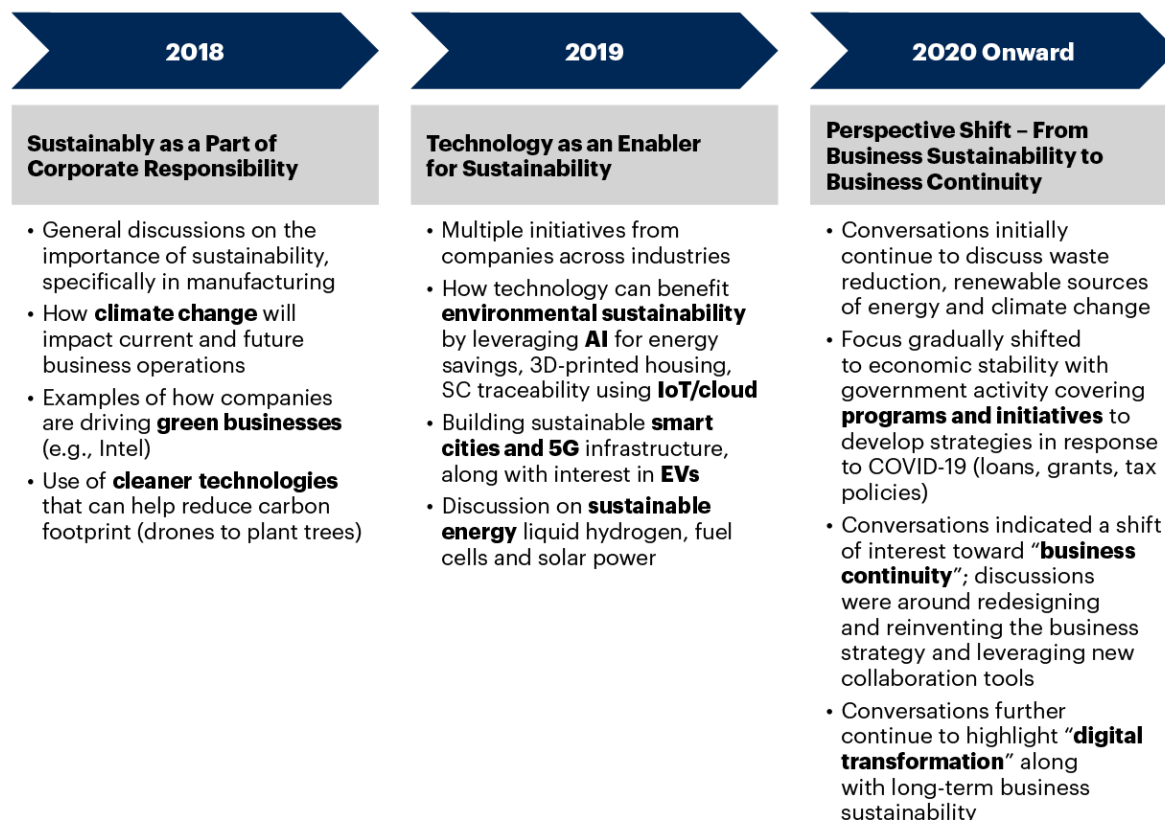
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Source: Gartner (optional)

When the broader concept of “sustainability” (with respect to businesses) was tested on social media (see Figure 6), it was found that the mentions of the term gradually increased until it peaked in 1Q20 – a possible impact of the COVID-19 crisis.

Figure 6. Social Media Analytics Trends Indicate the Connect Between Business Sustainability and Business Continuity Has Intertwined

### Social Media Analytics Trends Indicate the Connect Between Business Sustainability and Business Continuity Has Intertwined



Source: Gartner  
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Gartner

Source: Gartner (optional)

COVID-19 has given sustainability a dress rehearsal. However, opinions are divided among experts. Business continuity has gained more relevance post-COVID, and resilience is more important. In some cases, it may indicate that there will be renewed focus on health and environmental aspects. The analysis of trends also indicates that, if sustainability and resilience are interconnected in our conversations, they can have better traction and buy-in. However, the latest GlobeScan survey report indicates that, due to financial impact, experts believe that sustainability will be less of a priority as companies settle into survival mode.<sup>11</sup>

## Future of Sustainability as an Organizational Priority

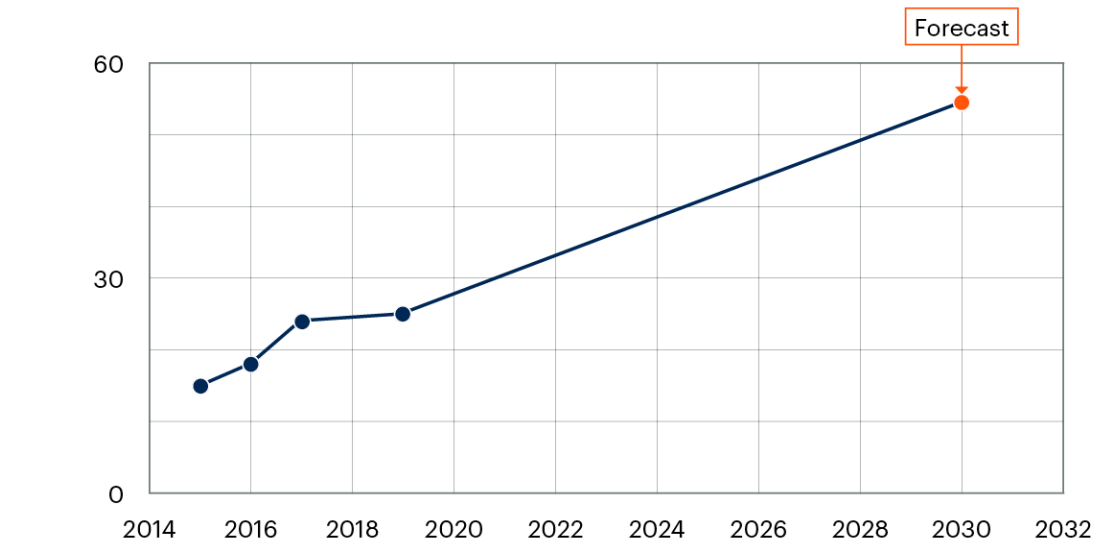
Though sustainability awareness has grown, fewer organizations demonstrate a commitment to change. As indicated in Figure 1, only 3% of organizations have sustainability as a top priority and 25% consider it a top-three priority. This is expected to change.

In Gartner's 2020 CEO Survey, 50% of the respondents said that climate change mitigation had a significant impact on their organizations, with only 5% considering this a top-three business priority.<sup>9</sup> However, when asked for their top five business priorities, open and unprompted, 11% mentioned something to do with environmental sustainability, and it was among the top 15 business priority topics in our categorization. Also, note that 11% was a sharp rise from 2% in 2019.

This shows emerging interest from CEO's to bring sustainability up to be one of the top business priorities. Post-COVID-19, when business leaders return to long-range planning, there is a good chance that climate change mitigation — and environmental sustainability, more generally — will be one of the big themes that shape business in the 2020s. However, these results suggest that it will take a few years before the subject becomes a true foreground priority for the majority.

If this awareness continues, a simple mathematical forecast indicates that, by 2025, more than half of organizations will consider the environment a significant theme, and this should increase to nearly all by 2030. In addition, from an extrapolation of Figure 7, forecasts show that 40% of the organization will consider sustainability as a top-three business priority by 2025.

Figure 7. Forecast Based on Past Data for Sustainability as a Top-Three Priority

**Forecast Based on Past Data for Sustainability as a Top-Three Priority**

Source: Gartner  
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**Gartner**

The pressure from the global pandemic, as well as the growing awareness and realization of value in terms of improvement in business performance when organizations take sustainability seriously over a longer term, will further accelerate the prioritization of sustainability as a first choice. However, in the short term, some cost pressure may prevent progress. Awareness, weakening resistance to change and growing realization of economic impact can further accelerate this trend.

The fear from environmental disasters and the need for better business performance will make sustainability the first choice for organizations. However, there can be counter arguments and rebuttals for this assumption. A CEO study on sustainability in 2019, published by the United Nations, indicates that 71% of CEOs believe that — with increased commitment and action — businesses can play a critical role in contributing to the global goal. This requires overcoming current barriers and indicates the need for purposeful actions. This also aligns quite well with GlobeScan's sustainability report, where 78% of CEOs indicated that, beyond 2020, they want to embed sustainability more deeply into the organization.

Multiple surveys have been conducted to understand the existing barriers for making sustainability a business priority, including those in Table 1.



**Table 1: Examples of Barriers to Sustainability Goals**

(Enlarged table in Appendix)

<i>Barrier</i> ↓	<i>Explanation</i> ↓
Political and economic uncertainty	Political uncertainty across many geographies, extreme cost pressure, a competitive market and the absence of market pull are all at times barriers to sustainability. Moreover, emerging countries often prioritize growth over sustainability goals.
Unclear business value	Many organizations are driven from the perspective of top-line and bottom-line growth, which consumes the maximum attention. A long-term strategic endeavor like sustainability is often a luxury. The business outcome and positive impact are not understood due to a lack of awareness or very short-term thinking.
Lack of understanding and commitment	There is often a lack of understanding on the impact of sustainability. Even when awareness and commitment are expressed at the highest levels, the commitment of line managers and grassroot employees is often missing due to a lack of awareness.
Lack of financial resources	Many small and midsize businesses often face challenges due to lack of financial resources to commit to sustainability goals.
Lack of motivation	If there are not enough incentives for investment in sustainability, it often discourages some organizations from adoption.
Culture	Resistance to change, lack of vision, lack of interest, tactical and operational thinking, internal politics and lack of commitment toward society and people are some of the building blocks toward creating cultural barriers.

Source: Gartner (November 2020)

A combination of various research suggests that there is a consistent view with respect to the inhibitors of sustainability adoption. Thankfully, evidence shows that many of these barriers are weakening as awareness grows and increased realization of business benefits become visible. The weakening of barriers will fuel growth in terms of prioritizing sustainability as a top-three business goal.

[Maverick\\* Research: The Future of Business – Profit Second](#) predicts that the climate change crisis and the ongoing sustainability debate will create a second major wave of business transformation over the next decade. It will be forced by consumers who are “aging up” and have a new set of expectations of the businesses they transact with. The findings of this Maverick research corroborate with those findings. Further, the findings indicate that sustainability will be a guiding principle for digital age entrepreneurial leadership.

## Research Gaps

This research attempts to capture the areas of importance around sustainability, but further research is possible by conducting deeper investigation regarding how sustainability endeavors can:

- Disrupt or open new market opportunities
- Create new types of competitors
- Render some products/services irrelevant
- Make organizations more innovative

The next version of this research may address these requirements, or we may create independent research in these areas.

## Recommended Actions

**Adopt sustainability as a business strategy to drive commercial benefits, and leverage the opportunities it brings to the organization.**

This research discusses the connect between sustainability and financial and business benefits. Contrary to the previous beliefs that sustainability does not contribute to financial goals, it has now been established that it helps in driving financial objectives and in building trust. Even sustainable stocks perform comparatively better and help drive trust.

Executive leaders should:

- Build a business case around sustainability by leveraging research that indicates a positive impact on corporate financial performance and customer preferences.

- Create greater visibility and trust with employees, partners, customers and the ecosystem by communicating endeavors and generating value by undertaking serious endeavors.
- Foster and invest in innovation, and redesign products to meet ecological and environmental requirements. Along with your partners, integrate sustainability into your innovation pipeline.

**Drive cultural change within organizations to promote sustainability by using campaigns and providing rewards for employees who drive commitment toward sustainability goals.**

The commitment to cultural change often does not percolate down within the chain of command. Organizations must seriously undertake sustainability actions that engage people and enable them to drive sustainability goals. Most organizations believe in strategy, structure and systems, and it becomes difficult in such organizations to drive a change that revolves around sustainability. Changes must be made to the way the organization is run. Often, purpose-, people- and process-driven organizations are more adaptive and see sustainability as not just a goal, but also a key purpose of survival and existence of the ecosystem.

Executive leaders should:

- Drive cultural change by embedding sustainability as one of the top three business goals, thereby making it a purpose, and ask the organization to achieve it.
- Engage, empower, enable and educate employees to take ownership and align their endeavors to business goals using people, process and technology. Make sustainability a commitment as part of employee performance goals.
- Reward and recognize sustainability by creating platforms, and make it an important part of marketing campaigns to showcase visible outcomes. Encourage employees to use social media platforms to showcase their endeavors to their community and to motivate others.
- Start early with cultural change because it takes a lot of time to drive this within an organization, and sometimes it is one of the most challenging components of organizational change.

Align your ecosystem toward sustainable growth because sustainability is not an isolated exercise. Reward and motivate partners and customers for driving sustainability along with you.

Sustainability can provide better results if the ecosystem focuses on sustainability and if it complements the outcome. Move out from shareholder value to stakeholder value; stakeholders include employees, shareholders, supply chains, civil society and the planet. This can only be possible by stitching the chain of stakeholders toward sustainable goals.

Executive leaders should:

- Create processes to engage with the ecosystem, and commit to shared values and vision around sustainability goals. It can be partners, providers or stakeholders who contribute to the overall outcome of the business. For example, for the agriculture industry, farmers can be an important stakeholder. Lack of commitments can disrupt the overall endeavor.
- Engage with your ecosystem to improve stakeholder relationships, to identify and perfect the initiatives, and to drive continual improvement and better sustainable benchmarks and financial goals.
- Create a joint risk management program that identifies and addresses the environmental risks. Environmental risks are not limited to one part or entity of the ecosystem, but they have a cascading impact that usually disrupts the entire chain.

## Case Study: Orsted A/S

**Purpose:** During 2020, Orsted A/S, a Denmark-based company, topped the list of the 2020 Global 100 for most sustainable corporations in the world.<sup>12</sup> Orsted is a power generation company that is currently in the business of offshore wind energy generation. A decade ago, it started transitioning from a business of power generation using fossil fuels to a much cleaner option of generating power using wind energy. The company believed that the cost of not taking action could be higher and that it is better to transform into renewable energy now rather than make an expensive transition later. It was viewed as a proactive risk mitigation step.<sup>16</sup>

**Challenge:** Wind power has traditionally been more expensive compared with other sources. The transition from fossil-fuel-based capability to much cleaner wind-power-based capability has not been easy for Orsted. Driving down the cost was a challenge. While this change is happening, continuity in shareholder value creation was another big challenge. Driving creative destruction at such a large scale was difficult because not everyone was on board. Driving down the cost with ambitious targets was also a huge challenge. Now, the company intends to become carbon neutral by 2025.

**Outcome:** The company has hugely benefited from this change. Today, 85% of the company's energy comes from renewable sources and 15% comes from the traditional fossil fuels. This mix was just the opposite when they started the transition process toward clean energy. CO2 emission has reduced by 80% since 2006, earning it a title as the most sustainable company on the planet. The company managed to cut costs by 35% to 40% by 2016 — ahead of the industry target of 2020. The transformation was completed 20 years ahead of schedule. Since 2016, the valuation of the company has doubled.

**Lessons Learned:** The company has been quite focused and believed in its journey toward more sustainable clean energy. Sustainable endeavors created value for the company and became the core component of its strategy and execution. The sheer scale and speed of transition was key to success.

## Evidence

<sup>1</sup> [2019 United Nations Global Compact — Accenture Strategy CEO Study on Sustainability](#).

<sup>2</sup> [The 2019 GlobeScan/SustainAbility Leaders Survey | Top Sustainability Leaders](#).

<sup>3</sup> [86% of S&P 500 Index Companies Publish Sustainability/Responsibility Reports in 2018](#), sustainability-reports.com.

<sup>4</sup> [Global Economy Could Witness Losses Worth Up to \\$8.8 Trillion Due to COVID-19: ADB](#), The Times of India, 15 May 2020.

<sup>5</sup> [How the Great COVID-19 Reset Can Help Firms Build a Sustainable Future](#), World Economic Forum, 15 May 2020.

<sup>6</sup> [Sustainability Practices and Corporate Financial Performance: A Study Based on the Top Global Corporations](#), Springer, 15 October 2011.

<sup>7</sup> [BlackRock Joins Allianz, Invesco Saying ESG Outperformed](#), Bloomberg, 18 May 2020.

<sup>8</sup> [Can Sustainable Investment Yield Better Financial Returns: A Comparative Study of ESG Indices and MSCI Indices](#), ResearchGate, February 2019.

<sup>9</sup> [2020 Gartner CEO Survey: The Year of Recession](#)

<sup>10</sup> [TCS Fails to Follow CSR Limit for All Five Years Despite Its Chairman Being on Govt's CSR Panel](#), CFO.com (from The Economic Times), 18 December 2019.

<sup>11</sup> [2020 GlobeScan/SustainAbility Leaders Survey | Top Sustainability Leaders](#)

<sup>12</sup> [Top Company Profile: Denmark's Ørsted is 2020's Most Sustainable Corporation](#), Corporate Knights, 21 January 2020.

<sup>13</sup> E.M. Ojo, C. Mbohwa and E.T. Akinlabi, [Sustainability – Competitive Advantage?](#), 2015 International Conference on Operations Excellence and Service Engineering, 10-11 September 2015.

<sup>14</sup> [How will ESG performance shape your future?](#), EY, July 2020.

<sup>15</sup> [Sustainable Share Index: Research on IRI Purchasing Data \(2013-2018\)](#), NYU Stern Center for Sustainable Business, 11 March 2019.

<sup>16</sup> [The Most Sustainable Company in the World](#), Orsted.

<sup>17</sup> [Using Carbon Revenues, Partnership for Market Readiness](#), August 2019.

<sup>18</sup> [Towards a Dynamic Theory of Strategy](#), Strategic Management Journal, Page 8, 1991.

## Note 1: Roots of the Word "Maverick"

Derived from the name of Texas rancher Samuel Maverick and his steadfast refusal to brand his cattle, "maverick" connotes someone who willfully takes an independent – and frequently disruptive or unorthodox – stand against prevailing modes of thought and action.

## Note 2: Definition of Sustainability

Sustainability is a management discipline embracing corporate strategies, operational capabilities, competencies, behaviors and cultures. It focuses on products, services, the enterprise and the supply chain, and it seeks to optimally balance organizational performance and outcomes across economic, environment and social criteria over all time scales. The United Nations has defined 17 sustainable development goals (see Figure 8).

Figure 8. U.N. Sustainable Development Goals



Source: un.org

## Note 3: Methodology of Social Media Analytics Data Collection for Gartner Study

**Approved Methodology:** Gartner conducts social listening analysis by leveraging third-party data tools to complement or supplement the other fact bases presented in this document. Due to its qualitative and organic nature, the results should not be used separately from the rest of this research. No conclusions should be drawn from this data alone because it may not be entirely market representative. Social media data in reference is from 1 July 2018 to 30 June 2020 in all geographies and recognized languages.

**Sources Covered:** By default, social media sources considered for analysis include Twitter, Facebook (publicly available information only), aggregator websites, blogs, news, mainstream media, forums and videos (comments only), unless and until specified.

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## Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

[Maverick\\* Research: The Future of Business — Profit Second](#)

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Table 1: Examples of Barriers to Sustainability Goals

<i>Barrier</i> ↓	<i>Explanation</i> ↓
Political and economic uncertainty	Political uncertainty across many geographies, extreme cost pressure, a competitive market and the absence of market pull are all at times barriers to sustainability. Moreover, emerging countries often prioritize growth over sustainability goals.
Unclear business value	Many organizations are driven from the perspective of top-line and bottom-line growth, which consumes the maximum attention. A long-term strategic endeavor like sustainability is often a luxury. The business outcome and positive impact are not understood due to a lack of awareness or very short-term thinking.
Lack of understanding and commitment	There is often a lack of understanding on the impact of sustainability. Even when awareness and commitment are expressed at the highest levels, the commitment of line managers and grassroot employees is often missing due to a lack of awareness.
Lack of financial resources	Many small and midsize businesses often face challenges due to lack of financial resources to commit to sustainability goals.
Lack of motivation	If there are not enough incentives for investment in sustainability, it often discourages some organizations from adoption.
Culture	Resistance to change, lack of vision, lack of interest, tactical and operational thinking, internal politics and lack of commitment toward society and people are some of the building blocks toward creating cultural barriers.

*Barrier* ↓

*Explanation* ↓

Source: Gartner (November 2020)