Earth to All Executives: Achieve Sustainability Goals With Leadership, Talent and Culture Principles

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> Sustainable business is a key objective of organizations. Executive leaders must use conscious principles — rules that are radically responsible, self-aware, deliberate and adaptive — in leadership, and through behaviors and relationships with employees, to advance sustainability goals.

Overview

Key Findings

■ Sustainable business is a strategy that incorporates environmental, social and corporate governance factors into decision making.

■ Conscious principles are rules or guidelines that are radically responsible, self-aware, deliberate and adaptive. They provide clear direction on the organization's goal.

■ Executive leaders that define and implement sustainability-focused conscious principles through their leadership, talent and culture, increase the likelihood of achieving their sustainability goals.

Recommendations

Executive leaders focused on ambitious business sustainability goals should:

■ Craft sustainable, conscious **leadership principles** by questioning and generating an understanding of what leadership is in the context of sustainability. Advocate relational and inclusive behaviors, and anticipate and adapt to change.

- Compose sustainable **talent principles** where employees feel empowered to solve issues aligned to the organization's sustainability priorities. Help them take personalized action, and provide coaching and support of required mindset and behavioral change.

- Support a **culture of sustainability** by fostering a safe, yet innovative, environment where employees feel comfortable. Adopt sustainable business behaviors. Share progress, and embrace rewards, recognition and time to recharge.

Introduction

Sustainable business is rising in CEOs' and boards' business priorities. [1] Many enterprises have made sustainability commitments, such as achieving net zero greenhouse gas emissions. Executive leaders should expect the pace of climate mitigation, adaptation and regulatory change to accelerate as stakeholders' expectations rise (see Quick Answer: What Does COP26 Mean for Businesses?). Bluntly put, executive leaders are on a sustainability path, whether they acknowledge it or not. [2]

Leaders do appear to be taking note. Our mid-2021 CEO Survey reveals that environmental sustainability is now a top 10 business priority for the first time in more than a decade. [1] On the talent front, employees expect their employers to take action on societal and environmental issues they care about. Nearly two-thirds (64%) of employees report they want to work for an organization with a strong social and environmental conscience.

Strategy must give way to action. However, meeting these promises will not be easy. Many enterprises will have to change the way they operate to meet sustainability goals. This has significant implications for how executives define the role of leadership; how they attract, retain and develop talent; and how they build and support organizational culture. To achieve these goals and ambitions, executive leaders must adopt conscious principles that focus on sustainability.
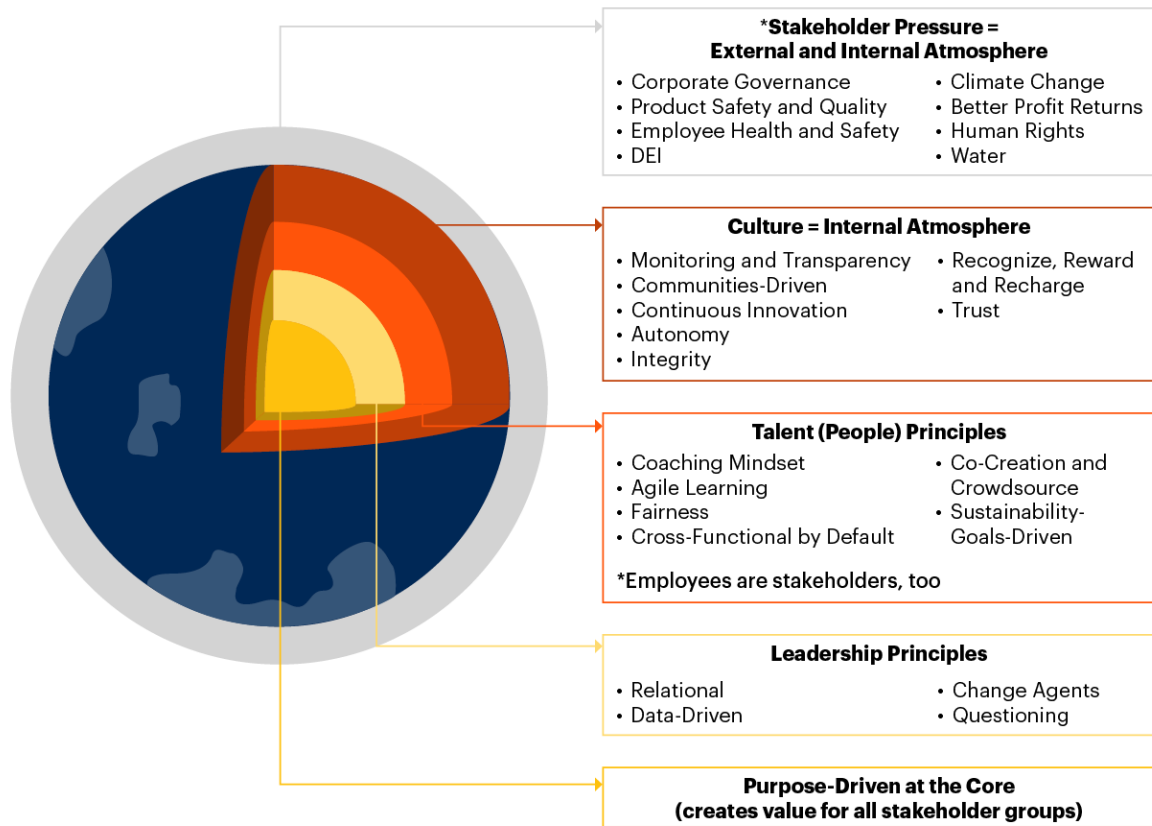
> **Conscious principles are rules or guidelines that are radically responsible, self-aware, deliberate and adaptive. They provide clear direction on the organization's goal.**

In this research, we focus on the key conscious principles executive leaders should embrace to enable sustainable business through the lens of leadership, talent and culture. To help understand how these principles integrate together with an enterprise's purpose and stakeholder pressures, we've visualized it using Earth as a metaphor (see Figure 1):

- **A purpose-driven core**. Enterprises are shifting their purpose from simply maximizing shareholder returns to supporting a broader set of business and societal goals. Recent Gartner research on a purpose-driven enterprise describes it as one that "creates value not only for shareholders, but for stakeholder groups — including customers, suppliers, local communities and employees" [3] (see Boost Sustainability and Build a Purpose-Driven Enterprise by Rethinking Product Innovation).

- **Leadership,** at the next layer, drives this purpose through a set of key sustainable principles.

- **Talent,** which comprises its people, fuses leadership and culture.

- **Culture,** at the outermost layer, encompasses the entire enterprise through the set of behaviors with sustainability in mind.

- **Stakeholder pressure,** represented as the external atmosphere that is constantly exerted on the enterprise, is made up of the top 10 material issues across industries and geographies. [4]

Conscious Principles for Leadership, Talent and Culture Drive Sustainability

***Stakeholder Pressure =
External and Internal Atmosphere**
- Corporate Governance
- Product Safety and Quality
- Employee Health and Safety
- DEI
- Climate Change
- Better Profit Returns
- Human Rights
- Water

Culture = Internal Atmosphere
- Monitoring and Transparency
- Communities-Driven
- Continuous Innovation
- Autonomy
- Integrity
- Recognize, Reward and Recharge
- Trust

Talent (People) Principles
- Coaching Mindset
- Agile Learning
- Fairness
- Cross-Functional by Default
- Co-Creation and Crowdsource
- Sustainability-Goals-Driven

*Employees are stakeholders, too

Leadership Principles
- Relational
- Data-Driven
- Change Agents
- Questioning

**Purpose-Driven at the Core
(creates value for all stakeholder groups)**

Source: Gartner
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Gartner

Analysis

Craft Sustainable Leadership Principles

Sixty-one percent of global leaders and global influencers under 30 years old said that business leaders should only pursue business models that generate profitable growth and improve societal outcomes at the same time. [5]

The following are at the heart of Gartner's perspectives on conscious leadership:

- Sustainability based on a clear understanding of the role of leadership in a sustainable world

- The formation of strong working relationships (so-called "relational leadership")

- Co-creating a culture that enables acceleration toward sustainability goals

To mold leadership that enables sustainable business, executive leaders should apply the following principles.

Question and explore how to consciously lead sustainable business:

- What are the impacts of activities from a sustainability perspective in a given leader's control?

- What actions can leaders then take in relation to specific enterprise sustainability goals around these activities?

    - For example a logistics leader can help with scoping three greenhouse gas emissions reduction goals. A manufacturing leader may be focused on scoping one or two emission-related goals, as well as water and waste goals.

- How can initiatives be coordinated to maximize impact and benefit?

- How will leaders be held accountable for these?

- What performance metrics and incentives will be put in place to ensure leaders contribute and support the enterprise to meet its sustainability goals?

- Align executive pay with sustainable business impact. This is another approach to ensure leadership feels invested and committed as there is a consequence if the goals are realized.

- **Example:** Salesforce leaders at the executive vice president level or higher will have part of their variable compensation tied to certain ESG initiatives. [6]

Prioritize the organization's relationship with sustainability:

- Sustainability in business is driven to a large extent by the relationships leaders create with the topic in the organization, meaning how they advocate for it, and how they use their power and influence to weave sustainability into the organization's identity. Ask yourself: How should we consider sustainability in the decision-making process?

- **Example:** Novo Nordisk is a great example of this. Its CEO focuses first on sustainability performance and then on financial performance (see [Video: Novo Nordisk — How Supply Chain Delivers on Company Sustainability Goals](#)).

Treat sustainable business change as an ongoing co-created journey:

- Create and advocate for a better understanding of effective change, based on evidenced-based approaches. Executive leaders need a range of data to track, plan, reduce risk, and deliver efficiency and growth.

- Sponsor the exploration of the organization's experience with sustainable business change and engage in a "lessons learnt" review of what seems successful in your organization.

- Encourage the organization to embrace more open-source/dialogic approaches to sustainable business change where there is a greater focus on co-creation and development of change initiatives in partnership with employees.

- **Example:** Patagonia's founder Yvon Chouinard has been a frontrunner in sustainable leadership. For more on his approach (see Note 1).

Compose Sustainable Talent Principles

Gartner's 2021 Post-Election Survey found 68% of employees would consider leaving their employer for an organization that takes a stronger stand on societal and cultural issues. [7] This blatantly spotlights the fact that your people are both the biggest risk and the biggest opportunity to achieve sustainability goals. In addition, leadership commitment will not translate into action without employees being engaged and empowered to achieve the sustainability goals. They must fully understand, own and align their efforts through their actions to deliver against purpose-aligned goals.

To achieve this, executive leaders should implement the following key principles.

Create and foster a shared purpose, ensuring employees feel represented and invested:

- Provide opportunities for employees to participate in the identification of issues and develop solutions aligned to the organization's sustainability goals. Crowdsource ideas for priorities and action steps, incorporating different perspectives from employees that will drive shared accountability in taking actions to achieve sustainability goals.

- Help employees link the shared purpose with their individual purpose-driven goals and action plans. Provide guidelines and best practices that will show and tell employees how they can apply their expertise in their work to advance the organization's sustainability agenda. Getting employees involved in these programs can also help them acquire and develop new skills. Feeling a sense of purpose can't be mandated or forced.

- **Example:** Griffith Foods developed the "Purpose Journey" program to help employees align their individual purposes with the organization's and hold employees accountable for creating their own personalized purpose plan (see Case Study: Purpose Activation Journey (Griffith Foods)).

Make sustainability everyone's responsibility with clear focus and direction:

- Define required knowledge, skills and behavioral change to set expectations and drive ownership across the organization. Adopt principles from Gartner's Agile Learning Manifesto and incentivize reskilling/upskilling.

- Build engagement, and support employees with education, community connections, peer coaching and behavioral nudgings to enact changes on their jobs. Give employees permission to devote time in contributing to sustainability initiatives with clear focus and guidance where needed.

- Establish visibility into how individual employees' actions contribute to overall goals, for example, giving real-time progress updates against individual, functional and organizational goals.

- **Example: Coca-Cola's** Do One Thing campaign was an internal program used to educate employees on the sustainability initiatives going on at the brand. The team's main role was to spread awareness and engage employees by getting them to share the one thing they would do for sustainability that Earth Day. [8] The campaign paved the way for Coca-Cola's World Without Waste program (see Note 2).

Foster an environment of positive influence, integrity and team autonomy:

- Create space for debate, and encourage and facilitate challenges. This can be done by creating the role of "devil's advocate" in all key decision-making sessions. The role can rotate around a team, and, regardless of status, the appointed individual can challenge assumptions, interpretations, etc. This embeds challenge as a norm and encourages people to speak up.

- Baseline activities against a shadow or actual carbon price to drive awareness and measure change (see Quick Answer: How to Establish Internal Carbon Pricing).

- Show your workings. Make sure every decision made has a clear explanation of why/because. This creates a sense of transparency and demonstrates a degree of integrity.

- Always ask how things will be perceived. One approach is to ask, "If this got into the press, how would it look?"

- Encourage and facilitate teams in the development of their own team constitutions, which develop a team's own sense of purpose, and the responsibilities, accountabilities and performance criteria that outline what success needs to look like.

Differentiate the EVP for talent attraction and retention by emphasizing sustainability value contribution:

- Create brand messages that authentically communicate the organization's commitment to sustainability as an integral part of its long-term business strategy. Share the progress to date. Attract candidates who want to work for organizations that take actions on a larger purpose.

- Consistently deliver against the commitment to sustainability goals, and keep employees informed of actions taken and impact generated. Employees are more satisfied with the EVP in organizations where their day-to-day experience matches the expectations set during the recruitment process. [9]

National Grid runs a talent attraction campaign called "The Job That Can't Wait." Featuring idealistic employees challenges the false assumption that people who care about sustainability don't take jobs in the energy sector. The campaign encourages potential recruits to see how they can live their values and combat climate change by working for the company. [10]

Support a Culture of Sustainability

The concept of a "sustainability culture" implies that sustainability principles are embedded at all levels of the organizational culture, including its values and underlying assumptions. In fact, through the implementation of the sustainability-focused purpose, leadership and talent principles, executive leaders have already begun to create a culture of sustainability. These efforts align directly with the P (purpose), R (rules) and I (identity) from Gartner's PRISM model, which is used to change culture (see Using Gartner's Culture PRISM to Change Culture).

The S (safety) and M (measures) are the two remaining elements of this model that need to be addressed to support the new culture and ensure it sustains. To achieve this, executive leaders should adopt the following principles.

Create a safety network whereby employees feel they are doing "the right thing."

- Work with all organizational members to help each other succeed, which creates a safe place to try new things, by gathering informal feedback, opening communication and providing support.

- Establish communities of practice, where employees with similar affinities on sustainability initiatives meet regularly to discuss initiatives and find support/fine-tuning from the rest. These communities can also extend outside the walls of the company, engaging with other companies or local communities, taking in a diversity, equity and inclusion (DEI) angle too (see Advancing Diversity, Equity and Inclusion in Society: How CIOs Can Play a Pivotal Part).

- **Example: Mastercard** launched a global Sustainability Innovation Lab (see Note 3) in 2021 to give employees space to innovate on climate solutions and work with a network of outside partners to create sustainable enterprises. It has already delivered innovation like the Mastercard Carbon Calculator.

Make transparent monitoring with key performance indicators (KPIs) your ally:

- Revise existing KPIs at enterprise, team and individual levels to make sure they are aligned with the sustainable business culture you are aiming to create. Remove or remake the ones that collide with that culture. All sustainability goals should be connected to the material issues (most important sustainability issues for the company to address — those listed as "atmosphere" in Figure 1).

- In case there aren't any, create a few new KPIs that reflect the desired culture. Use them as a guide and proxy to measure progress in adopting sustainable business behaviors.

- Ensure progress is tracked and monitored over time and is visible for all in the enterprise to see by creating a dedicated internal- (and potentially external) facing website showing KPI and metric status.

> **"We realized we needed to be thinking of the mental health of employees and how to give them some additional days off. We set the tone from the top that these are supposed to be completely unplugged days."**
>
> *— Bob Mahan, Cloudera CHRO*

Prioritize personal sustainability with a focus on recognize, reward and recharge:

- Sustainability applies directly to the enterprise's people, too. To allow the culture to thrive, executive leaders must make recognition a key behavior, as well as reward it. Set the tone at the top and encourage recognition at a peer-to-peer level. For more on **recognition practices** see Improve Employee Well-Being and Engagement in the Hybrid Organization.

- Ensure employees are given the time to "recharge their batteries" by making personal sustainability (physical, mental and emotional) a top priority. For example, pay your employees with time by providing them with additional PTO every quarter to help improve work-life balance. Many organizations, especially since the pandemic, have introduced "unplugged," and even full company shutdowns to help improve employee sustainability.

Evidence

[1] Mid-2021 Update Gartner CEO and Senior Business Executive Survey was conducted from July through August 2021 to examine CEO and senior business executive views on current business issues, as well as some areas of technology agenda impact. The research was conducted via an online survey among 105 business leaders. All respondents were screened for active employment in organizations greater than $50 million in annual revenue.

Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[2] Quick Answer: What Does COP26 Mean for Businesses?

[3] Business Roundtable Redefines the Purpose of a Corporation to Promote 'an Economy That Serves All Americans', Business Roundtable.

[4] Gartner SRS Analysis on Top 10 Material Issues

[5] Seeking New Leadership, Accenture.

[6] Driving Greater Accountability With New ESG Measures, Salesforce.

[7] Gartner 2021 Post-Election Survey. Conducted February 2021; n = 3,000 employees in North America, Europe, Australia and New Zealand.

[8] Sustainability, Coca-Cola.

[9] 2020 Gartner ReimagineHR Employee Survey; n = 5,000 employees.

[10] The Job That Can't Wait | National Grid, YouTube.

[11] 10 Reasons Why Patagonia Is the World's Most Responsible Company, The Green Market Oracle.

[12] At These Companies, Workers Are Required to Take Time Off, CNN Digital.

[13] Mastercard Launches Global Sustainability Innovation Lab, Mastercard.

Acronym Key and Glossary Terms

COP26	The 2021 United Nations Climate Change Conference, more commonly referred to as COP26, was the 26th United Nations Climate Change conference, held at the SEC Centre in Glasgow, Scotland, United Kingdom, from 31 October to 13 November 2021.
Culture	Set of behavioral norms and unwritten rules that shape how employees interact and get work done.
Sustainable business	A strategy that incorporates environmental, social and governance factors into decision making.

Note 1: Patagonia Case Study

Leadership in Action: Patagonia Case Study

Note 2: Coca-Cola Company News

Do One Thing

World Without Waste

Note 3: Mastercard

Mastercard Launches Global Sustainability Innovation Lab

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