



Accelerating sustainable transformation:

Dispelling old myths to seize new value

In collaboration with the
World Economic Forum

accenture >



Business leaders are holding back from fully committing to sustainability because of perceived trade-offs with profitability. This report dispels the myths underpinning this misperception. It outlines three business case updates companies must make to give operational and functional leaders the license to accelerate sustainable transformation and generate new sources of profitable growth.

Reinventing for sustainable value

Sustainability is a growing force for change in businesses: stakeholder demands are sharpening, regulations are hardening and value is shifting to new sustainable markets. While executives recognize the potential of sustainability to shape business reinvention, a perceived trade-off with profitability reinforces today's tight focus on short-term financial results.

Ultimately, this makes it hard to justify integrating environmental and social impact into corporate decision-making. As such, sustainability often remains 'bolted on' in certain pockets of the organization – not 'built in' intentionally and systematically.

Is it really true that companies must sacrifice profitability to pursue sustainability – or is it a myth? And must responsible leaders really tear up the traditional business case to make incorporating sustainable impact a viable strategy?

We worked with over 140 members of the World Economic Forum's Young Global Leader and Global Shaper communities to answer these questions. These 'next-gen leaders' identified five headwinds to embedding sustainability: complexity, cost, practicality, reliability and speed. However, using cutting-edge neuroscience research techniques to test¹ these findings with a group of 280 senior executives in large companies, we discovered that, in reality, some of the supposed headwinds are actually strong but largely unacknowledged tailwinds.

While it is true that this second group of execs associate embedding sustainability with being slow and unreliable, they also see sticking to 'business as usual' as being relatively more complex and more costly.

We see this playing out clearly in sectors like automotive, where a combination of regulation, demand and electric vehicle (EV) innovation are making the internal combustion engine uncompetitive.

A new business case, realized with new tech

These results underline both the opportunity and the challenge: **companies are finding it harder and more expensive to deliver value from 'business as usual', but they are concerned that embedding sustainability will be slow to offer a return, if at all.**

To explore this, we placed the 140 next-gen leaders in a series of profitability/sustainability trade-off scenarios (e.g., your most profitable business line is also your most polluting) and asked them how to reconcile the situation. The result? Next-gen leaders advocate three updates to the traditional business case to give them – and their operational and functional lead peers – the license to accelerate sustainable transformation across their respective parts of the organization:

- **Pervasive Purpose:** make sustainability more human by focusing on solving specific societal challenges – then determine how to do so profitably
- **Extended Horizons:** consider the viability of the business over the long-term and allow new sustainability initiatives time to scale
- **360° Value:** broaden the definition of business success beyond short-term financials and collaborate across your ecosystem and industry to drive change



How open are seasoned business executives to adopting these new rules of the game? Our research shows that 70% agree with the next-gen leaders. However, at the same time, 67% said more traditional decision-making norms, like minimizing costs and delivering strong quarterly returns, remain critical.

The results suggest that organizations looking to unlock sustainable value at scale should not tear up the traditional business case, so much as enhance it to meet today's challenges. This is a tricky balancing act that requires both new tech and capabilities. Companies should start by building a strong digital core – a continuous process that leverages cloud to incorporate new technologies across three interoperable layers: infrastructure and security, data and AI, applications and platforms.

When combined with a robust talent strategy, this digital core can unleash a new set of tech-powered capabilities: more precise understanding of challenges, bringing diverse collaborators together at scale and faster, more immersive prototyping. These capabilities can reduce the fear of failure and shorten “time to value”², overcoming genuine concerns about speed and reliability and support the financial viability of pursuing sustainability.

The onus is now on responsible leaders to accelerate sustainable transformation. As financial viability becomes increasingly contingent on delivering positive social and environmental impact, the need to operate more sustainably has emerged as a key driver of business reinvention strategies. **Seizing new sustainable value means dispelling the myths that prevent change, rewriting the business case to tap sustainable markets and building a new set of tech-powered capabilities.**

This report will show you how.

The profitability/sustainability trade-off: myth or material?

Business leadership teams around the world recognize that sustainability is no longer a “nice to have” – it is imperative. Most CEOs – 98% – believe it is their role to make their businesses more sustainable, up from 83% a decade ago.³ However, many are also concerned that pursuing sustainability means sacrificing profitability: **58% of the 1,496 executives we surveyed in a previous study⁴ see sustainability locked in conflict with growth.** Is this a material concern – or a myth?

Despite the strength of the trade-off narrative, many companies are leaning in: 63% of CEOs are launching new sustainable products and services, with 43% transitioning to circular business models.⁵ Progress is visible in sectors, such as automotive, where some governments have tightened regulations and offered incentives.

However, in general, sustainable business models are not scaling, at the speed the world requires or stakeholders demand. For instance, the NYU Stern Sustainable Market Share Index™ finds that products marketed as sustainable⁶ grew by 7.3% from 2015 to 2021, vs. 2.8% for products not marketed as sustainable, yet still account for only 17% of the total market.

Building a new generation of responsible leaders

Our research program with the World Economic Forum to date has looked at the attributes modern leaders need to deliver both value and impact (the “5 Elements of responsible leadership”); the policies, practices and processes responsible leaders use to infuse their values throughout their organizations (“Sustainability DNA”); and how to overcome “consensus gaps” with stakeholders on sustainability performance. These insights were put into practice to explore perceived trade-offs and new business case criteria in this study.



“Companies cannot really afford to avoid embedding sustainability: regulation means it’s becoming more expensive to pollute so they need to get a solid view on their material environmental impact”

Hilde Nordbø, Director & Head of Sustainability
– Handelsbanken NUF

We explored the headwinds hindering sustainability transformation by placing 140 next-gen leaders⁷ – who typically run business units in large organizations or innovative start-ups – in scenarios where profitability and sustainability seemed to be in conflict [see About the research]. Their responses confirmed the underlying challenge: for example, while many next-gen leaders would like to support a supplier looking to pay its employees a living wage, they noted that their margins would shrink if prices rose to fund higher salaries.

Similarly, next-gen leaders agreed that large infrastructure projects should positively impact host communities – but recognized that such benefits may extend relatively far into the future. They also noted that while a manufacturer should aim to reduce waste, investors would need to be convinced that dampening profits today would be beneficial for their investments over the long-term.

Overcoming the sustainability “say-do” gap

We used neuroscience-inspired methods – specifically Implicit Association Testing (IAT) – to mitigate bias and unearth the real barriers to sustainable transformation. Senior executives from a broad range of industries and geographies were asked to associate – at high speed – each perceived headwind with either the traditional, tight focus on financials or the incorporation of environmental and social impact in decision-making.

[See About the research for more detail]

When headwinds become tailwinds

Five perceived headwinds to sustainability transformation emerged from this exercise – complexity, cost, speed, reliability and practicality. We tested these headwinds with 280 senior executives using Implicit Association Testing to limit the biases that often lead to “say-do” gaps when researching sustainability [see sidebar].⁸ Specifically, we asked the senior executives whether they associate each headwind relatively more with embedding sustainability, or with maintaining a traditional, tight focus on financials.

The results were surprising [see Fig. 1]. Senior executives associate the pursuit of positive environmental and social impact with being relatively slower, and to a lesser extent, more unreliable, compared to ‘business as usual’. This reflects concern that new sustainable initiatives may not scale quickly enough, if at all.

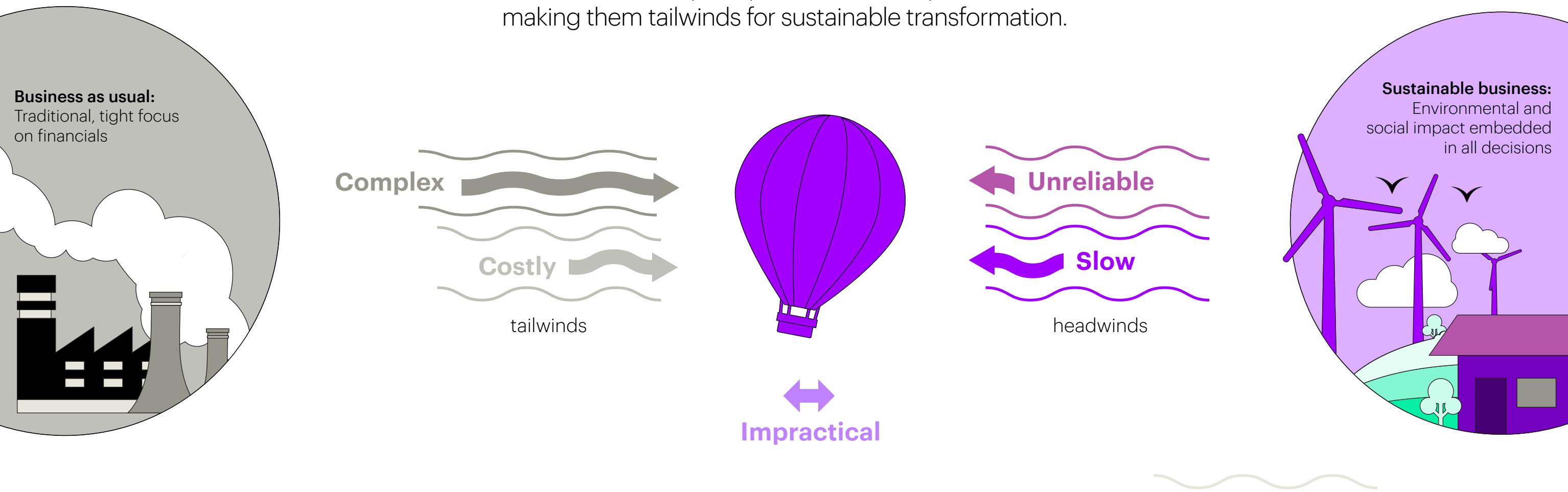
However, two supposed headwinds to sustainable transformation actually turn out to be tailwinds. Senior executives see failing to incorporate environmental and social impact in decision-making as relatively more complex and costly. It is a challenge that car manufacturers understand well as they accelerate circularity and EV investments while struggling to drive revenue growth from current business models.⁹ Regulation – from phasing out the internal combustion engine car to subsidies and emissions standards – has clearly played an important role in this shift. Automotive incumbents that have been quick to spot which way demand and regulatory winds are blowing, and pivot to EVs, have been best positioned to compete with new market entrants.

These tailwinds must not be squandered if businesses are to accelerate their sustainable transformation. Responsible leaders should harness them to dispel the old trade-off myths that make it hard to justify integrating environmental and social impact into decision-making. But **to systematically account for both the headwinds and the tailwinds, organizations must reimagine the criteria that govern business case approval.**

Fig 1. Organizations face headwinds like speed and risk on the journey to becoming a sustainable business – but complexity and cost tailwinds are even stronger

The headwinds to sustainability transformation: Myth or material?

Next-gen leaders say the journey to becoming a sustainable business can be **costly, complex, impractical, unreliable** and **slow**. However, testing these perceived headwinds with 280 senior business executives, we found that cost and complexity are more closely associated with business as usual, making them tailwinds for sustainable transformation.



Source: CloudArmy, Accenture

The length of line denotes “effect size” i.e., how strongly executives associate the terms with sustainable business vs business as usual

“Companies are often stuck in a groove of comfort and convenience. They talk about future sustainability commitments, multi-stakeholder partnerships and pilots – but remain focused on profits. Getting out of this groove requires external forces – pressure from disruptors, consumers and NGOs, and regulation. It also requires serious upfront investment. Yes, you typically add costs at the start – but get it right, and you can win big too.”

Tom Szaky, CEO and founder of TerraCycle, & Young Global Leader

Building a sustainable business case requires evolution, not revolution

The business case must evolve to meet today's challenges. By dispelling myths and shaking up the criteria governing decision-making, responsible leaders can give their functional and business unit leads the license to fully commit to sustainability transformation.

So how can companies build a more balanced business case to tap into new sustainable markets?

This question was posed to the 140 next-gen leaders in the context of the same five trade-off scenarios [see *About the research*]. For example, in the first scenario – a footwear manufacturer whose best-selling business line is also its most polluting – participants suggested boosting circularity through an incentive-backed recycling program, combined with investment in the development of more sustainable manufacturing techniques and materials.

In the second scenario – a tech company with a non-diverse leadership talent pipeline – next-gen leaders identified two ways that investors, who might be nervous about unnecessary scrutiny, could be convinced of the company's plans to set diversity goals. First executives should map out their ambition to expand into previously underserved communities and explain how leadership diversity would fuel that. Next they should allow up to 12 months to prepare for the new disclosures, allowing time to embed the new corporate purpose and metrics into reporting.

New value requires a new approach

The overriding message from this exercise was that ‘business as usual’ is not going to cut it. Next-gen leaders told us that the traditional business case, with its tight focus on financial performance, needs to be updated. They argue that organizations must encourage operational and functional leaders to incorporate social and environmental concerns into decision-making – specifically by flexing the way they set goals, timelines and success parameters [see Table 1].

This means considering why and how to keep the company profitable (Pervasive Purpose), considering the viability of new ideas and the business as a whole over the long-term (Extended Horizons), and broadening your KPIs beyond financials (360° Value).

Table 1. A new approach to setting goals, timelines and success parameters

The leader perspective	Illustrative example
<p>Pervasive Purpose: Make sustainability more human by focusing on solving specific societal challenges – then determine how to do so profitably.</p> <p><i>Think: How can we make it easier, cheaper and more engaging for our customers to operate/consume more sustainably? What human challenge can we solve to support the long-term financial viability of the business?</i></p>	<p>"We identified a challenge in education and created a business model around it. Solving that problem is central to every decision we make."</p> <p>Maria Agustina Ibañez Co-Founder – Evaluados & Global Shaper</p> <p>An automotive company evolves from being a car manufacturer to a mobility services provider. This allows the company to explore new options like electric vehicles, leasing and digital services monetization.</p>
<p>Extended Horizons: Consider the viability of your business over the long term – and give new ideas time to scale.</p> <p><i>Think: Is our current model at risk? Do we give new ideas time to scale? How might creating stakeholder value today create financial value tomorrow?</i></p>	<p>"Investors are increasingly asking about how a business model plays out over the longer-term; for example, in a low emission society."</p> <p>Hilde Nordbø Director & Head of Sustainability – Handelsbanken NUF</p> <p>A healthcare products company increases the time for new products to achieve a 20% Internal Rate of Return from 3 years to 5 years. This allows for a lag in consumer demand patterns, offering new business models time to scale.</p>
<p>360° Value: Broaden your definition of value beyond short-term financials and collaborate across your ecosystem and industry to drive change.</p> <p><i>Think: How do we define the parameters of success? How can we partner to drive change across our entire ecosystem?</i></p>	<p>"Decisions we made a couple of years ago to build credibility and transparency into our supply chain will give us a competitive advantage as consumer demand evolves towards sustainable produce."</p> <p>John R. Tyson CFO – Tyson Foods & Young Global Leader</p> <p>A mining company helps to develop cross-industry environmental standards on emissions, water and biodiversity for all new projects. This raises the efficiency of operations globally while minimizing local environmental degradation.</p>

How a seaweed packaging start-up approaches innovation

Notpla is a UK-based start-up that makes packaging out of seaweed. The company has developed a range of products, from fully recyclable takeaway boxes to dissolvable sachets, to replace single-use plastic packaging. In 2022, it won the **Earthshot prize** for reducing waste.

Notpla works with clients to reduce their plastic pollution which gives them clear insight into the trade-offs large organizations need to reconcile. These include long complex supply chains, that prize efficiency over flexibility. As **Rodrigo García González**, Cofounder and Co-CEO of Notpla, told us: "Companies typically design for worst-case scenarios – for example, how to keep crisps fresh in Antarctica for four years." [Pervasive Purpose]

As such, Notpla knows that its products do not (yet) eliminate the need for plastic. But anchored to their mission of making plastic packaging disappear, they are focused on collaborating with companies who are committed to wholesale change. "We're trying to encourage our clients to match the shelf-life of the packaging with the shelf-life of the product," Rodrigo told us. "Moving away from one-size-fits-all solutions won't happen through minor tweaks in your procurement function." [360° Value]

Founded in 2014, Notpla is now looking to scale. One key challenge is knowing when and how to move from development to deployment. Notpla knows it could keep designing new products, but it has already proved the demand for its existing solutions. As Rodrigo noted: "Our investors want to make an impact, but they want to make money as well. Packaging is a game of scale, so the next phase for us is to work closely with a small number of clients to boost volume." [Extended Horizons]

Transformation requires transition

We asked the group of 280 senior executives to assess the proposed updates to the business case put forward by the next-gen leaders, compared to more traditional decision-making criteria. For example, in terms of success parameters, respondents were asked to consider both “thinking long-term” and “delivering quarterly returns” [see [About the research](#) for a full breakdown].

The “fast choice” method we used to limit bias also produced some surprising results [see Fig. 2]. Overall, 70% of the senior executives agree on the merits of the approach proposed by the next-gen leaders. However, it’s clear that many don’t advocate abandoning traditional decision-making norms like minimizing costs and delivering strong quarterly returns: 67% view these as still being important to developing sustainable business models.

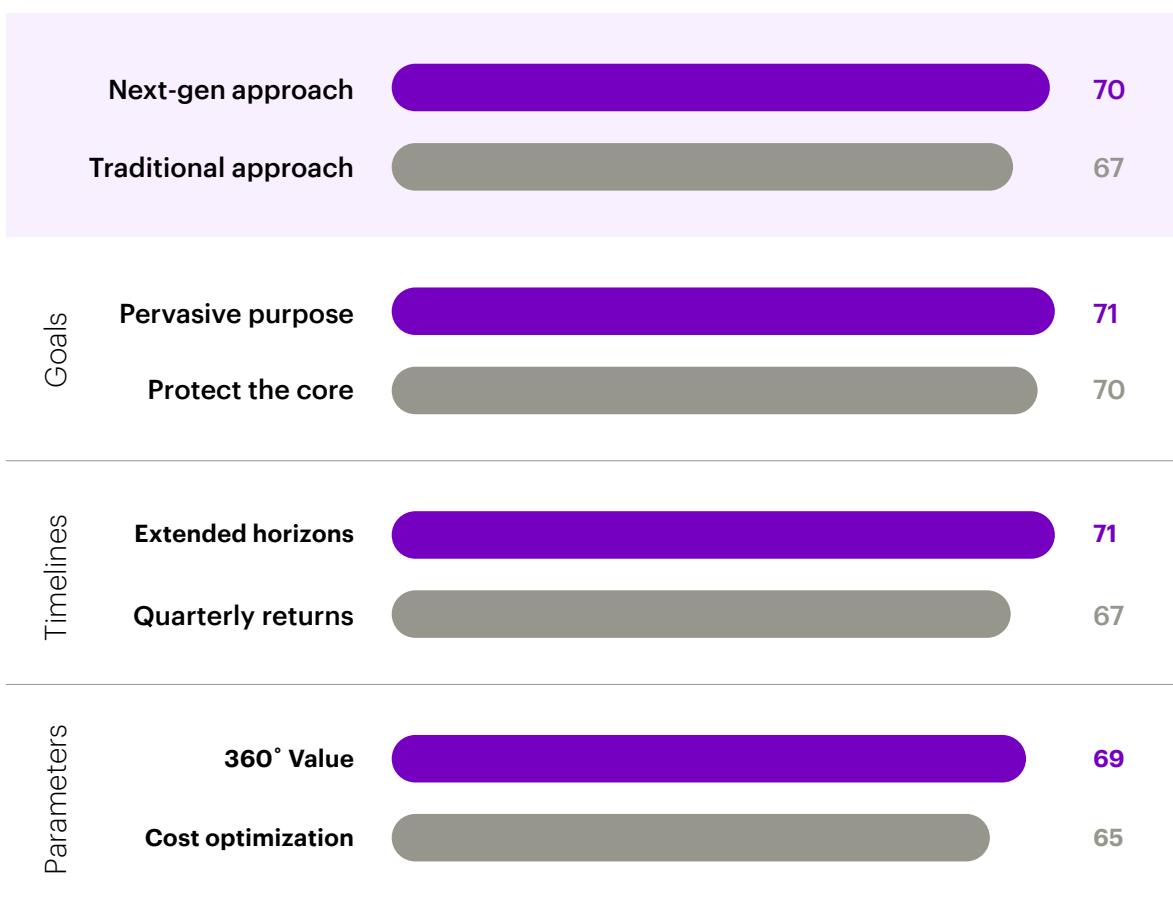
The support for both new and traditional approaches suggests that embedding sustainability requires evolution, as opposed to revolution. Yes, senior executives understand that environmental and social impact measures can unlock new value. At the same time, the business cannot lose sight of how it makes money. **The key is to update the company’s decision-making processes to find and scale new pockets of sustainable value.**

Consider bp, a global energy company facing increased market and regulatory pressure to limit the global warming caused by burning fossil fuels. The company is committed to accelerating the energy transition. But as bp CEO, Bernard Looney, recently explained “[the transition] needs to be orderly, because if it’s not, supply and demand get out of whack ... prices will skyrocket, and people around the world will be dealing with a cost-of-living crisis.”¹⁰

bp therefore expects to reduce oil and gas production by ~25% by 2030¹¹, but to maintain profitability, for example, through greater efficiency. This will allow it to push ~50% of CAPEX into greener “transition growth engine” projects such as renewables and EV charging, up from 3% in 2019. These new business units have the space to refine their solutions while customer behavior is given time to catch up.¹²

Sustainable transformation requires a series of such transitions. Fusing a broader set of properly incentivized environmental and social impact criteria into business decision-making allows companies to remain financially viable today. At the same time, it funds the innovation required to find and scale the sustainable growth opportunities of tomorrow.

Fig. 2: Percentage of executives who cite criterion as “important” for companies to develop / adopt more sustainable business models



Source: CloudArmy, Accenture

Notes: For variable grouping see “About the Research”

Embed sustainability at scale with tech+talent

If this updated business case is the compass for sustainable transformation, then tech, data and talent combine to form the engine.

Executives are convinced that technology has an important role to play in achieving their sustainability goals¹³. Yet they are much less certain on how. Just 49% of 560 executives surveyed by Accenture in 2022 agreed that technology-led sustainability initiatives help create new businesses, while only 48% agreed the initiatives led to increased revenues from better products¹⁴.

Companies should start by building a strong digital core – a continuous process which leverages cloud to incorporate new technologies across three interoperable layers: infrastructure and security, data and AI, applications and platforms. This provides the foundation to unlock sustainable innovation – and so, further dispel concerns that embedding sustainability means sacrificing profitability [see Table 2].

Table 2. How selected technologies could accelerate sustainable transformation

See About the research for more detail on the five scenarios

Technology	Benefit	Impact
Cloud computing	Bring supplier data closer to the manufacturer, providing a much deeper understanding of its environmental and social impact across the value chain. [Scenario 4]	Migrating to the public cloud can reduce IT CO ₂ emissions by 5.9% annually and offers total cost of ownership savings of up to 30-40%; Accenture's own cloud migration led to the realization of US\$14.5 million in benefits after the third year. ¹⁹
Data analytics	Find patterns in existing data sets; for example, linking greater diversity with innovation, employee engagement or improved customer satisfaction. [Scenario 2]	Companies that measure progress towards inclusion, diversity and equity goals enjoy elevated levels of employee trust (1.9x), and job satisfaction (1.7x). ²⁰
Digital twins	Reduce both industrial waste and water usage, improving resource efficiency. [Scenario 1]	Digital twins could save an estimated US\$137 billion in raw material usage and product development costs, while reducing 281 metric tons of CO ₂ in the consumer packaged goods industry. ²¹
Digital platforms	Allow the manufacturer to incentivize customers to record their experience using the product, including how they might dispose of it. The data could be used to measure and track impact, and to inform product improvements. [Scenario 5]	Customers are twice as likely to purchase more from companies that listen and incorporate service feedback; integrating customer service as a source of value rather than a cost center is associated with 3.5x higher revenue growth. ²²
Immersive technologies	Help local communities understand the long-term benefits of major infrastructure projects; for instance, virtual reality would allow people to "experience" an area once the construction and regeneration work is complete. [Scenario 3]	Accenture has used its enterprise metaverse (the "Nth floor") to boost learning retention by an estimated 33% and to onboard 150,000 new employees safely during the Covid-19 pandemic. ²³
Smart contracts	Boost accountability in downstream processes such as recycling management. [Scenario 1]	Adopting a fully circular value chain in the automotive sector (e.g., by scaling advanced recycling and end-of-life logistics) is associated with a 50% increase in profits and up to a 75% decline in emissions. ²⁴

Source: Next-gen leader workshops, Accenture

Technology, however, is only one part of the puzzle. That's because nothing changes if people don't change. Companies must embed sustainability into everything they do by creating a culture in which people are empowered – even expected – to become sustainable innovators. They must build new capabilities by helping their people adopt new ways of working, processes and technologies; capabilities like a more precise understanding of challenges, bringing diverse collaborators together at scale, and faster, more immersive prototyping.

These tech-powered capabilities have the potential to unleash waves of sustainable innovation by reducing fear of failure and shortening "time to value". Tellingly, a recent Accenture study found that companies could gain up to 11% on top-line productivity (revenues per employee) if they unlocked the growth combination of data, technology and people like the top 5% of global organizations.¹⁵

"Sustainability needs to be a fierce commercial priority: if it's only a side project, it can only ever be a side success. The problem is most sustainable activity is owned by non-commercial actors; they get pilots off the ground but struggle to scale them because they don't have the necessary P&L gravitas."

**Tom Szaky, CEO and founder of TerraCycle,
& Young Global Leader**

How Accenture helps its clients embed sustainability

01

Pervasive Purpose

Accenture is expanding its partnership with a multinational aerospace corporation to help improve their environmental and social impact across the enterprise. In recent years, we have worked together to digitize the company's supply chain and manufacturing operations, using a digital twin to improve productivity and reduce waste.

Now, Accenture is working together to advance their sustainability agenda. We are supporting their aviation decarbonization roadmap—from accelerating the use of sustainable aviation fuel to helping design low-emissions aircraft. We're finding new ways to help make the supply chain more transparent and ethical, helping the company replace hazardous materials from the product lifecycle with safer, greener alternatives. And we are outlining a strategy to help them meet their net-zero targets and, internally, to foster a culture that's focused on sustainability.



02

360° Value

Accenture, Avanade¹⁶ and Microsoft are pioneering a methane emissions detection solution that will help **Duke Energy**, one of the largest energy holding companies in the United States, achieve its ambitious net zero targets. This solution will also lay the foundations for tougher industry emissions regulations.

This first-of-its kind, end-to-end Azure-based platform monitors baseline methane emissions from natural gas distribution assets like pipelines and gas meters, using satellite monitoring, analytics and AI. The solution quantifies and prioritizes findings in reporting dashboards, making data easily consumable at multiple levels of the organization, including leadership, planning and field force management.

The platform is already delivering results. A holistic view of emissions is helping to improve operations and regulatory reporting. Accurate insights enable management to make more informed decisions about assets, processes and operations, improve workforce efficiency and lower costs. Once scaled, the platform will help Duke Energy's natural gas business reduce methane emissions and achieve its net-zero methane goals for 2030. Importantly, this solution has the potential to accelerate the journey to net-zero for the industry.



03

Extended Horizons

Braskem is Latin America's biggest petrochemical company, producing commodity products at the base of the plastics industry. Its business model today relies on fossil fuels, which makes reducing carbon emissions especially challenging – accounting for about 11 million tons of CO₂ equivalent (tCO₂) per year. Still, Braskem announced commitments to reach carbon neutrality by 2050, with an intermediate goal of reducing greenhouse gas (GHG) emissions by 15% by 2030.

Working with Accenture, the joint team onboarded engineers, suppliers and petrochemical experts across the company's major industrial complexes to discuss potential initiatives – and the tech needed to realize them. These roadmaps outlined the business cases and implementation strategies for as many as 18 proactive decarbonization pathways. More than 160 decarbonization and energy efficiency initiatives were approved for Braskem's 2050 net-zero roadmap. Accenture also delivered a centralized Roadmap Prioritization Tool, which enables Braskem to pull industrial insights and visualize the cost of any project per ton of carbon emissions reduced.

Based on current estimates, Braskem hopes to reduce carbon emissions by nearly 30% by 2030. That's a dramatic shift in just a few months—inspiring confidence not only for Braskem, but also for corporate decarbonization programs everywhere.



How to accelerate your sustainable transformation

Updating your decision-making norms and investing in new technologies provide a blueprint for change, guiding the continuous reinvention of your business as sustainability demands and opportunities evolve. But how, practically speaking, can teams implement it?

We advocate a three-step process which outlines how organizations can profitably embed sustainability, use technology to realize goals at speed and scale, and build the human capabilities needed to transform:

Understand

Develop a **roadmap** to profitable change. Update your traditional business case with a clear focus on how your organization plans to deliver value and impact over the long-term with associated KPIs.

Unlock

Invest in **tech** to realize your goals at scale and speed. Cloud, AI, metaverse and other new tech offer clear benefits such as precise understanding of challenges, bringing diverse collaborators together at scale, and faster, more immersive prototyping.

Unleash

Focus your **talent strategy** on building new capabilities. Encourage your people to adopt new processes, ways of working and technologies – and also to lean into perceived trade-offs by matching incentives with your sustainability goals.

There is no time to lose. The speed at which you reinvent your organization to generate value from sustainability today will dictate your competitiveness tomorrow. Evolving the business case to better anticipate changes in demand and regulation, to encourage cross-industry collaboration and invest at the opportune moment, will give operational and functional leaders the license to accelerate your company's sustainable transformation.

Appendix: About the research

Hypothesis building

In September 2022, we conducted two workshops with over 140 Forum Young Global Leaders and Global Shapers (“Next-gen Leaders”) in Geneva.

Approach: In each session, participants were divided into groups of 5-6 and asked to imagine that they were the C-Suite (e.g., CEO, CFO, CIO) of a large multinational organization. Each group was given one of five pre-designed scenarios in which a prevailing approach to business appears to thwart the creation of new value and impact from sustainability:

Five sustainability-profitability trade-off scenarios

Scenario 1: Private sports footwear manufacturer, France	For many years, your most profitable business line has been your running shoes. <u>However</u> , recent internal analysis found that this running shoe brand is the <u>least</u> environmentally sustainable product in your portfolio.
Scenario 2: Large, listed technology company, United States	Analysis by the Human Resources (HR) team has found that your next generation of leaders is overwhelmingly white, male and from higher income backgrounds. To boost diversity, you have been advised to introduce goals by gender, ethnic minority and socioeconomic background; and to boost accountability, to publish progress in your annual integrated report. <u>However</u> , some board members feel this is a distraction which could open the company up to unnecessary scrutiny.
Scenario 3: Government business department, Sub-Saharan Africa	You are overseeing work on a new hydroelectric power plant that could, when finished, provide up to 30% of your country's electricity needs. The project is within budget and on schedule. <u>However</u> , a group of employees in your department have raised concerns about the foreign construction company (<i>Buildio</i>). They say <i>Buildio</i> is failing to provide the benefits promised to the host community including jobs for local people, business for local suppliers and the protection of local biodiversity.
Scenario 4: Listed food & hygiene products manufacturer, Brazil	Indonesia-based <i>Palmolito</i> has been your major supplier of palm oil – a key input for many of your most profitable and enduring products – for over 10 years. <i>Palmolito</i> employs 15,000 people locally and always meet deadlines; no other single supplier has been able to match the price per unit it offers. <u>However</u> , <i>Palmolito</i> has told you that it will need to raise prices by 25% to pay for several initiatives, including: raising worker salaries to meet the rising cost of living, protecting local endangered wildlife and achieving a “sustainable farming” certification.
Scenario 5: Not-for-profit selling affordable eyeglasses to low-income individuals, India	To attract new investment in Europe, you have been advised to develop robust Environmental, Social and Governance (ESG) performance data infrastructure and collection processes covering your entire ecosystem. This would include gathering data on carbon emissions and salaries paid by your suppliers. <u>However</u> , you know developing robust ESG measurement, analytics and performance reporting would require significant investment in both training and technology without a clear return on investment (ROI) in the short-term.

Each group was then asked three questions:

1. What's stopping the organization from pursuing the sustainable path?
2. How could the challenge be resolved?
3. How might technology accelerate your proposed solutions?

Outputs:

- Our analysis of the workshop produced three sets of hypotheses:
1. Five key barriers slowing sustainability transformation
 2. Business case updates on how goals, timelines and success parameters are set
 3. A list of technologies and tech-powered capabilities to accelerate progress

Note: these scenarios have been simplified for brevity

Hypothesis testing

We worked with neuroscience research agency CloudArmy to test the relative strength of the five headwinds and the new approach to building a sustainable business case.

Approach (Part 1 - Headwinds): Research on humans should always account for response bias.¹⁷ This is especially true for topics such as sustainability where biases such as social desirability are strong. As Dr. Michael Smith, a scientific and business advisor to CloudArmy, told us: "By measuring implicit attitudes, individuals and organizations can better identify and understand unconscious biases that may be hindering progress towards sustainability goals."

Specifically, we wanted to understand not which of the five perceived barriers executives say is the strongest, but which *actually* is the strongest. We therefore decided to use Implicit Association Testing (IAT), a method designed to uncover automatic biases. It has been used, for example, by Harvard University in Project Implicit which seeks to uncover racism in organizations like local police forces in the US.¹⁸

We recruited 280 senior executives at large companies (+US\$500m in annual revenue) from 15 industries and asked them to respond to a series of prompts to gauge how strongly they associate the five barriers with embedding sustainability, as opposed to business as usual (i.e., the traditional, tight focus on financial performance). The IAT measures the difference in the reaction time between two poles – in this case embedding sustainability or not – for several terms. This difference is calculated at an individual level to even out reaction-time differences and then aggregated across individuals.

For example, for the “complexity” barrier, respondents were asked to associate “sustainable business” with the terms below (as fast as possible):

Complexity	
Easy	Complex
Simple	Hard
Straightforward	Difficult
Clear	Complicated

Outputs: Our analysis of the test results yielded two key insights:

1. Executives associate barriers of cost and complexity more strongly with business as usual than with embedding sustainability
2. Executives associate barriers of risk and speed more strongly with embedding sustainability than with business as usual

Approach (Part 2 – Business case): After completing the IAT, we explored respondent attitudes to the new business model approach suggested by the next-gen leaders. We developed six statements covering the new approach to setting goals, timelines and success parameters, and three covering more traditional considerations [see table below].

	Language seen by respondent	Grouping + chart label
Goals	Set ambitious social and environmental impact goals	Pervasive Purpose (Next-gen)
	Focus on fulfilling human needs	
	Protect profitable business activities from change	
Timelines	Measure business performance over the long-term	Extended Horizons (Next-gen)
	Allow time for new business models to scale	
	Deliver high financial returns to investors/owners every quarter	
Success parameters	Define success beyond financial growth	360° Value (Next-gen)
	Consider the impact of business activities on the world	
	Prioritize low-cost solutions	

Then, using Fast Choice preference testing, which calibrates scores by speed of response – again to reduce bias – we asked them to rate the importance of each for developing and adopting new sustainable business models.

Outputs: Our analysis of the test results yielded two key insights:

1. Executives see the new approach as important to building new sustainable business models
2. Executives see more traditional decision-making norms as almost equally important

Authors and project team

Debra McCormack – Global Board Effectiveness and Sustainability Lead, Accenture

Olivier Schwab – Managing Director, World Economic Forum

Jill Rademacher – Head of Social Impact, Foundations, World Economic Forum

Acknowledgements

The authors thank members of the Forum's Global Shapers Community and the Forum of Young Global Leaders, as well as other experts and business leaders, for their insights and contributions.

In particular, we acknowledge the support of Natalie Pierce, head of The Global Shapers Community, and Wadia Ait Hamza, head of The Forum of Young Global Leaders.

We also thank the Young Global Leaders and Global Shapers for their time and insights; in particular: María Agustina Ibañez, Tom Szaky and John R. Tyson.

For their support and assistance, we also thank the following individuals from Accenture:

Program leads: Andrea Moore, Andlib Shah and Cyrus Suntook

Research lead: Dominic King

Core research and marketing team: Veronica Filgueira, Sandra Najem, Catalina Mainardi, Matthew McGuinness and Carrie McWilliams

Additional insight and advice: Laurence Bellenguez, Rebecca Caseby, Dannetta Bland, Katie Dunn, Wytse Kaastra, Joanne Kaufman, Carrie Kleiner, Mikayla Hart, Kathleen O'Reilly, Matthew Robinson, Wesley Spindler and David Treat

References

- 1 Implicit Association Testing (IAT) measures the strength of associations between concepts (e.g., sustainability) and evaluations/stereotypes (e.g., risky, costly). We selected this method to mitigate respondent bias when discussing a topic where people may seek to mask the socially unacceptable response.
- 2 Accenture, 2023. "Breakthrough Innovation: Is our organization equipped for breakthrough innovation?". <https://www.accenture.com/content/dam/accenture/final/capabilities/technology/technology-innovation/imagery/Accenture-Breakthrough-Innovation.pdf>
- 3 United Nations Global Compact – Accenture, 2022. "Reimagining the Agenda: Unlocking the Global Pathways to Resilience, Growth and Sustainability for 2030". <https://www.accenture.com/gb-en/insights/sustainability/ungc>
- 4 Accenture – World Economic Forum, 2022. "Perception is reality: closing stakeholder consensus gaps to shape sustainable organizations". https://www.accenture.com/_acnmedia/Thought-Leadership-Assets/PDF-5/Accenture-Sustainability-Consensus-Gap-Report2.pdf
- 5 United Nations Global Compact – Accenture, 2022. "Reimagining the Agenda: Unlocking the Global Pathways to Resilience, Growth and Sustainability for 2030". <https://www.accenture.com/gb-en/insights/sustainability/ungc>
- 6 NYU Stern, 2022. "Sustainable Market Share Index™". <https://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/csb-sustainable-market-share-index>. Compound Annual Growth Rate (CAGR)
- 7 Individuals drawn from the World Economic Forum's Young Global Leader and Global Shaper communities
- 8 Accenture – World Economic Forum, 2022. "Perception is reality: closing stakeholder consensus gaps to shape sustainable organizations". https://www.accenture.com/_acnmedia/Thought-Leadership-Assets/PDF-5/Accenture-Sustainability-Consensus-Gap-Report2.pdf
- 9 World Economic Forum – Accenture, 2022. "Driving Ambitions: The Business Case for Circular Economy in the Car Industry. Insight Report". https://www.accenture.com/_acnmedia/PDF-177/Accenture-WEF-Driving-Ambitions-Report-2022.pdf
- 10 Fortune, 2023. "BP CEO Bernard Looney pushes beyond recent headlines to detail the company's upcoming plans". <https://fortune.com/2023/02/17/bp-ceo-bernard-looney-energy-transition-carbon-emissions-affordability-security>
- 11 Compared to 2019
- 12 bp, February 7th 2023. "bp Integrated Energy Company strategy update: Growing investment, growing value, growing distributions". <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/4q-2022-update-on-strategic-progress.html>
- 13 Accenture. May 2022. "Uniting Sustainability and Technology". https://www.accenture.com/_acnmedia/PDF-177/Accenture-Tech-Sustainability-uniting-Sustainability-and-Technology.pdf
- 14 Accenture. May 2022. "Uniting Sustainability and Technology". https://www.accenture.com/_acnmedia/PDF-177/Accenture-Tech-Sustainability-uniting-Sustainability-and-Technology.pdf
- 15 Accenture, 2023. "The CHRO as a growth executive". <https://www.accenture.com/us-en/insights/consulting/chro-growth-executive>
- 16 A joint venture between Accenture and Microsoft
- 17 Stephens-Davidowitz, Seth. 2017. "Everybody Lies: Big data, new data, and what the internet can tell us about who we really are". <http://sethsd.com/everybodylies>
- 18 Project Implicit. Implicit Association Testing. <https://implicit.harvard.edu/implicit/education.html>
- 19 Accenture. 2020. "The green behind the cloud". <https://www.accenture.com/content/dam/accenture/final/a-com-migration/manual/r3/pdf/pdf-135/Accenture-Strategy-Green-Behind-Cloud-POV.pdf>
- 20 Accenture. 2022. "Driving real ID&E change: measuring what matters". <https://www.accenture.com/us-en/insights/software-platforms/measuring-inclusion-diversity-equity-goals>
- 21 Dassault Systemes – Accenture. 2021. "The critical role of virtual twins in accelerating sustainability". dassault-systemes-and-accenture-virtual-twin-and-sustainability.pdf (3ds.com)
- 22 Accenture, 2022. "End to End-less Customer Service". https://www.accenture.com/content/dam/accenture/final/a-com-migration/custom/_acnmedia/pdf-173/Accenture-End-to-Endless-Customer-Service.pdf#zoom=40
- 23 <https://www.accenture.com/us-en/about/going-beyond-extended-reality>
- 24 Accenture. March 2021. "A new roadmap for the automotive circular economy". <https://www.accenture.com/us-en/insights/automotive/roadmap-circular-economy>

About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

Visit us at www.accenture.com

About Accenture Research

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients' industries, our team of three hundred researchers and analysts spans 20 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations such as MIT and Harvard—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients.

Visit us at www.accenture.com/research

