C-suite tactics: Selling sustainability

Posted by Mallen Baker [1] on Feb 25, 2011

There are some simple rules to follow when engaging with senior colleagues

The best companies have an approach to sustainability that reaches all the way to the top. But if you're not there yet, how do you begin? How can you persuade the board that there is more here than some non-essential "nice-to-do" stuff that they don't need much to think about?

If you're really at square one – joining a new company that has little history of board involvement – you have to take one step at a time.

Mike Kelly, head of corporate responsibility at KPMG Europe, says the first thing he did when he started the journey some years ago was to get one of the board members as a mentor – someone who could show him how things get done, and could provide an entry point at a senior level.

Once you have a foot in the door, you can gradually work on getting further in, inch by inch. "It's more difficult these days," Kelly says, "but for me it was important to choose one or two areas where I could identify some quick wins. I was able to focus on waste audits, for instance, where relatively easy action could give you measurable returns."

From there, it became a case of getting a bigger goal through the door, focused on medium-term actions that would engage the full business. For KPMG, this took the form of a commitment to rolling out the ISO 14001 environmental management system.

One of the challenges of building support within the board is high turnover of personnel. For instance, one third of the KPMG board is re-elected every year – so the time horizon for each member is very limited. Kelly found it important therefore to get different board members agreeing to take leadership on specific issues. This reduces dependence on the chief executive or one or two other champions, and therefore the risk of a set-back when they leave.

"You have to find out what motivates board members individually and play to their strengths," he says.

This chimes with Celesa Horvath's experience when she was at Canadian oil company Encana. Due to a complex historical board structure – and then a merger – she faced major changes at board level not once but twice in the space of two years.

"We had already benchmarked ourselves against the company we were merging with, so we knew their approach and systems pretty well," she says. "We engaged the people in our own business that we expected to be the power players in the new firm, and we did a lot of research on the person we expected to be the new CEO. We read his old speeches, looked at what he'd said about his values and priorities. We tried to fashion our entry point in a way that would match his perspective."

Make your case

Another key part at a time of major change was ensuring that the business case for action was robust. Horvath explains: "We prepared executive briefings and made the business case as strong as we could. This made a difference, even though we didn't have the strong evidence for showing return on investment that is available today."

The need for a high quality business case is a common point of agreement. Practitioners agree that what often passes for a business case for sustainability is too vague and woolly to work at board level.

Mike Barry, head of sustainable business at Marks & Spencer, says the case for action needs to be specific. “Wherever you think you are,” he says, “you always need to try harder on the business case. Drill and drill, and really challenge yourself on the level of hard proof you need.”

At M&S, the board’s journey began with benchmarking. The corporate responsibility team was able to produce in-house measures of how the company stacked up against key competitors. They showed that performance could be better – and that the company had the tools it needed to attain a real competitive advantage.

How much did it matter when the company had a change of chief executive? This is one of the chief worries for practitioners – that a new face at the top might push the process back years. For M&S, Barry says, this wasn’t a problem.

“Plan A had become so big and so public that a new leader was going to understand when they came in that this was part of the culture of the business.

“Of course, any incoming CEO will kick the tyres and look under the bonnet, so however embedded the programme has become, you still need to have the back-up of that robust business case.”

Another thing that proved important, he says, was some mechanism that got the board to look outwards, and think longer term. The danger is always that boards can become inward-focused, and obsessed with what’s selling well or badly on any given day.

In a very different context, this is a process that also worked well for British American Tobacco. BAT started with the luxury of top level commitment – the company at that time was enduring so many reputational attacks, the need to act was not questioned.

But the thing that proved most important was dialogue with stakeholders. From the beginning, these brought together a range of interests, and had the direct participation of the chief executive and other members of the board.

“There’s no doubt,” says Mike Nightingale, group head of sustainability at BAT, “that attacks on the company had led to a bunker mentality. But the process of dialogue helped us to learn some important things at the very top. For instance, we found that the way we were talking about certain issues internally simply wouldn’t cut it in the outside world. That made a big impact.”

The impact of the dialogues did diminish over time – as the same questions provoked the same answers. But the thing that kept the senior engagement through that dip was the focus on reporting. “Once you’ve made the commitment to report on progress, it creates a momentum all of its own,” Nightingale says.

This was an important factor for drinks company SABMiller. Andy Wales, the company’s head of sustainability, agrees about the need for research feeding into a business case. But he also says that the company’s approach to transparency and reporting has been an important spur.

Across the board

“Over the last decade the company experienced very rapid growth through mergers and acquisitions to become a huge company operating across the world. The challenge then becomes how you have one system that a large company can operate that will engage all those different businesses in those various locations.”

SABMiller reports on how the different businesses are performing in a transparent way – a move that Wales suggests could only come about because the board had become confident in how the issues were being measured and managed across the business.

So what are the key learning points for those setting out to engage the board?

Understand the individuals you’re dealing with, and aim for broad engagement, not just relying on one or two champions.

Become obsessive about getting the most robust business case you can for what you want to do.

And, Mike Barry adds: “Even though this is your passion, never assume it will be the be-all and end-all for the rest of the business. Keep a sense of humility.”

Links:
[1] http://www.ethicalcorp.com/users/mallen-baker