

SUSTAINABILITY AS USUAL

A change leader's guide to embedding sustainability



Sustainability



ASHRIDGE



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EXECUTIVE SUMMARY

"It's in our DNA"

Increasing numbers of organisations are now stating that they are "embedding sustainability" into their business. In fact 65% of the 176 sustainability reports we reviewed professed to be integrating sustainability. But what does this mean for strategy, operations, culture? What does success look like? In our experience sustainability is still an ill-defined and contested concept; and transformational change is hard. So what were these organisations achieving that others could learn from? Determined to find out, we embarked on this research. In the process we have spoken to 44 sustainability leaders and practitioners across 24 organisations which are seen to be leading the way.

This report is our attempt to provide deeper insight into the ways these organisations make sense of sustainability and how they are responding to the social and environmental challenges that get bracketed as such. In it we share some of their inspiring stories to illustrate the variety of change strategies employed as well as a methodology for change derived from their many examples of success.

The report is called Sustainability As Usual. It's a "reframe" of the idea that sustainability should be Business As Usual. We don't think it can be. SAU places the emphasis on sustainability rather than business as the fundamental organising principle. As Simon Martin, Head of Group Corporate Sustainability at HSBC, said "*Sustainability is a mindset, not a separate function... It is the social evolution of business.*"

Distinctive and Interrelated Change Strategies

What emerges from our interviews is a variety of strategies that take greater account of the external environment than change programmes have historically tended to, and which work more explicitly on convening and developing relationships across and between organisations. And clear change preferences are also evident, relating both to organisational culture – the habits and routines of 'how we do things around here' – and the way that sustainability is framed – the language and metaphors used to define the term.

Whilst strategic management theory has long advocated the alignment of the organisation with its wider context, what we find are attempts to bring these theories to life in ways that are dynamic and adaptive. Stakeholders are no longer discrete populations to be managed, but are increasingly participant, co-creators of strategy and innovation. Organisational boundaries are dissolving in favour of hybrid and project-based structures. Psychological contracts up and down the value chain are shifting, as 'whole lifecycle' organisational responsibility places more demands on suppliers and customers to change their behaviours.

Whilst all the ways of framing change for sustainability we identified have the potential to be transformational, one in particular offers a more ambitious and paradigmatic view. We call it the Visionary Frame. It rests on the idea of re-purposing the nature of the organisation itself, or its very identity, in order to affect change. IOU Project and Unilever offer inspirational examples in this regard.



The Talik: a New Framework for Strategically Embedding Sustainability

Through the research we have identified the common patterns and processes that differentiate change for sustainability from conventional models and distilled them into a systemic theory of change. We call it the Talik, named after a positive feedback loop that generates perpetual heat in the frozen tundra. The Talik model reflects the necessary sensitivity and adaptability to context. It connects external environment and stakeholders with internal experience and culture through both people-focused (social and behavioural) and technically-focused (process and systems) flows of activity. The journey to Sustainability as Usual requires continually paying attention to each element, identifying where the strengths are to build upon and the blocks that need releasing.

Five change preferences

Whilst embedding sustainability involves constant movement around the Talik, most organisations have a preference and strength in one or two areas, and can find themselves blocked or stuck in others.

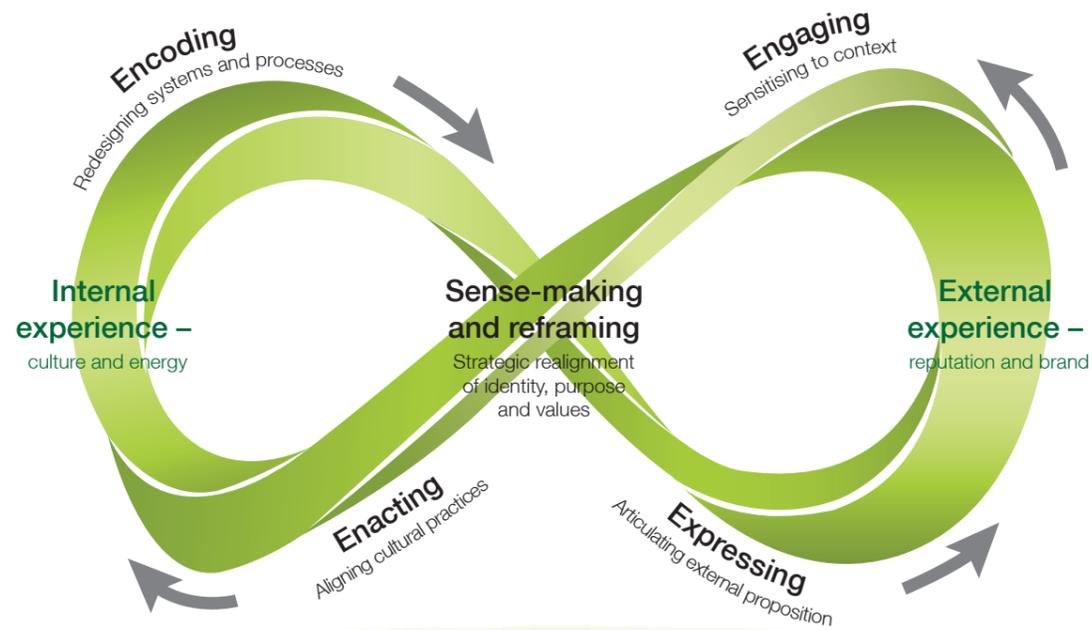
Engaging – this preference involves outside-in change strategies and dialogue with stakeholders. Engagement may foster permission to act, experiment or even co-create through the convening of diverse interests and perspectives around organisational issues. Stakeholders hold up a powerful mirror to organisations to help them make sense of their impact in the world. BAT’s use of Appreciative Inquiry within the agricultural supply chain and Vodafone’s development of M-Pesa represent the cutting edge of this approach.

Enacting – this preference focusses on the leadership behaviours, capabilities and ways of working inside the organisation. Organisations here have found hooks that engage colleagues in ways that feel consistent with their company’s values and principles. Experimentation is encouraged, generating new ideas and challenging conventional ways of working. Sainsbury’s accelerated adoption of Fairtrade and @One Alliance’s application of sustainable innovation offer compelling examples.

Encoding – this preference involves the codification of new behaviours and norms via appropriate structures, processes and systems. It may also involve the dismantling of structural barriers to embedding sustainability. It tends to have a strong emphasis on quantification and analysis, relying on a core group of experts to design new policy and process which is then rolled out as the ‘new normal’. When done well, as in Natural England and the BBC, it can bring dry concepts to life in inclusive and appealing ways.

Expressing – this preference focusses on carefully prepared external communications and public commitments to drive change throughout the value net. It includes the promotion of sustainable products and services but also the design of branded long-term objectives and targets. This preference is increasingly popular amongst market-led organisations and green business networks. SAP and Skanska offer two different examples of how to profitably address customers’ sustainability challenges.

Sensemaking and Reframing – at the heart of the Talik is the work of making sense of both the internal and the external environments in order to think through questions of strategic purpose. It involves dialogue, questioning, hypothesising and decision making in a way that enables new possibilities and new ways of thinking about ourselves – “reframing” what we are about. As Ray Anderson of InterfaceFLOR once said, “There is no more strategic issue for a company, or any organisation, than its ultimate purpose.” It is notable that bold leaders are challenging fundamental assumptions about the role and nature of business and that perhaps this time of social and economic uncertainty offers opportunity for both challenging and going beyond Business As Usual. We also acknowledge that the repurposing of a large existing organisation as Ray Anderson achieved is a far greater challenge than establishing something from scratch as with the IOU Project. Yet each offer positive weak signals for the future.



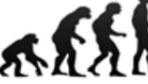
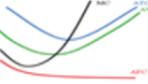
Sustainability As Usual



The Importance of Frames

Corporate sustainability as a concept is highly plastic with diverse definitions and interpretations. Such plasticity can mean the concept falls foul of dilution and hijacking, but alternatively a savvy change agent can mould the concept meaningfully to engage their audience in both familiar and novel ways. The language and metaphors used provokes strong associations by activating unconscious 'deep frames'. These frames influence what we consider more or less important in our environment, how we formulate problems and how we make decisions. So they have far reaching consequences for how we interpret our options and how we choose to respond (WWF 2010).

We have identified nine frames within this report to encapsulate the language and repertoires used by the organisations that took part in the research. We acknowledge they are not exhaustive but hope (as they did at our research event in November 2011) that they enliven the conversations we anticipate this report will stimulate as well as sharpen readers' sensitivity to the frames dominant in their own organisations.

	The Frame	Characteristics	Organisation	What the frame enables	Downsides
	Visionary	Far-sighted, bold and stretching vision Championed from the top 'Bet the Company' Questions of purpose	Unilever Interface FLOR Marks & Spencer	Strong senior sponsorship Potential to cascade throughout organisation	Hard to keep fresh over time Impatience for results
	Green Business	Strong entrepreneurship Sustainability as a source of revenue Experiment with new ideas with a view to scale	Skanska Interface FLOR SAP	Growth orientation Client focussed Innovation	Products performance can exceed operational performance and internal experience
	Market-Led	Deep understanding of the ultimate customer Market research, comms, agencies CMO wields power	Virgin Media Unilever Coca Cola Enterprises	Highly public commitments Product and service focus	Attracts external scrutiny Complex to manage across product and service portfolios
	Issue-led	Working to enable social and environmental improvement Explore new business models such as Bottom of Pyramid approaches	Vodafone IOU-Project	Highly levels of motivation Possibility for transformational change	Requires new capabilities for partnering/collaborating Projects can be over hyped
	License to operate	Contentious industry or activities undertaken Working collaboratively with stakeholders such as government and media	Standard Chartered Adidas BAT	High level of resource Power, authority and influence	Externally facing tactics risk failing to embed internally Change agents risk crisis of identity/integrity
	Learning	Sustainability as stimulus and source of knowledge and new skills acquisition Experimentation and creative recombination	Vodafone Marks & Spencer HSBC	Greater sensitivity and adaptability High engagement and social capital	Multiplicity of issues can prevent focus Employees self-actualise and look elsewhere
	DNA	Long-standing set of ethical principles Principles enshrined in organisational life Autonomy given to experiment	John Lewis Sainsbury's Rabobank	Competitive advantage The evolution of new narratives to incorporate sustainability	Ethical principles are hard to "create" Critical incidents can challenge organisation identity
	Cost Curve	Integrated non-financial impacts into budgets and P&L. Engages engineers, scientists and financiers	Natural England @One Alliance BBC	Powerful financial language Significant return on investment Transferability to other areas	Too cost focussed Savings invested in unsustainable growth without careful attention
	Process-led	Codification into policies and processes which are carefully monitored and allow for control at distance. Centralised subject matter expertise.	HSBC Anglo-American	Reaching people en masse Control at distance and through hierarchies	Requires high level of trust in process Responsibility abdicated to expert few

Continuing the Journey to Sustainability As Usual

Since embarking on this research we have been invited by organisations work with them to put the Talik into practice in order to generate awareness, formulate strategy and build capability. In doing so, we have been struck by the impact of high quality stakeholder engagement and the awareness of frames on releasing potential and engagement in organisations. And whilst we advocate good quality stakeholder led collaboration and innovation as an entry point to working in this regard, as the research shows, this doesn't have to be the case. So perhaps it's just important to get started!

We would like to thank the following organisations for their participation, good will and openness in contributing to the research:

Adidas, Anglo American, @OneAlliance, BAT, BBC, Coca Cola Enterprises, HSBC, InterfaceFLOR, IOU Project, John Lewis Partnership, Marks and Spencer, Natural England, Rabobank, Sainsbury's, SAP, Skanska, Standard Chartered Bank, Unilever, Virgin Media and Vodafone.

As well as our colleagues Liz Ainslie, Phil Jones and Matt Gitsham in the Ashridge Centre for Business and Sustainability.

We look forward to your feedback and to continuing this journey with you.

Alexandra Stubbings and Nicolas Ceasar

1. THE SUSTAINABILITY PRACTITIONER IS DEAD. LONG LIVE THE SUSTAINABILITY PRACTITIONER

In 2010 we ran a masterclass in sustainability for a European mobile technology provider. Sat in the gardens during one of the exercises we asked the Head of Sustainability about her plans for the future. She told us that by 2012 she intended to wind down her department entirely. There would be no need of it, she said, because sustainability would be fully embedded into the company culture and business processes. She'd return to a commercial role. We were left wondering, *can an organisation really embed sustainability to this extent? If so, how would we know?*

Later the same year the UN and Accenture launched a report stating that 81% of the 766 CEOs surveyed claimed sustainability was embedded into their business (Lacy, et al, 2010). Had we blinked and missed something? Most of the organisations we knew were still struggling with the contested and ill-defined nature of the concept and their legitimacy in addressing it. Even within our own programmes in the business school, sustainability could elicit all manner of reactions from defensiveness to evangelism. So how was 'sustainability' being defined by these CEOs? And what strategies had they taken to effect such an apparently radical transformation?

As strategy and change consultants ourselves we know only too well how complex such change can be. We decided to embark on a piece of research to find those organisations who are leading the way, stepping out of the take-make-waste growth at any cost paradigm and serving their markets and their stakeholders in new, more sustainable ways.

What are 'frames'?

"Frames are the mental structures that allow human beings to understand reality – and sometimes to create what we take to be reality. They structure our ideas and concepts, they shape how we reason, and they even impact how we perceive and how we act."

(Lakoff and Johnson, 1980)

The language and metaphors used to define sustainability activate associations, often unconsciously. For example, when framed as risk, sustainability strategies will be deficit-oriented, about reducing uncertainties and mitigating against losses. Framed as efficiency, strategies may draw on Lean and Quality processes, reducing energy consumption and waste.

Altogether we reviewed 176 sustainability reports (see the Methodology box) and interviewed 44 senior sustainability professionals from 24 leading organisations, hearing many inspiring examples of success. Collectively they tell a story of an 'arms race for good'; increasing ambition and targeted responses to the intersecting economic, environmental and social challenges of our times. Individually they illustrate the diversity of interpretations of 'sustainability' in use today and how those diverse 'frames' prompt distinctive strategies for embedding. Ultimately they demonstrate that traditional methods of change formulation and implementation are no longer adequate - neither proportional to the size of the issues nor sufficiently integrated to

work across the structural, technical, cultural and personal dimensions. At a recent GACSO (Global Association of Corporate Sustainability Officers) event, co-founder Alan Knight put it quite simply:

“What happens if as a change agent, the size of the problem you are wrestling with is bigger than the organisation you work for?”

We have ambitiously called this report Sustainability As Usual. It's a clear reaction to the idea that sustainability can become Business As Usual. As the research has shown, it cannot. Whether seen through the lens of raw material price hikes, encroaching environmental legislation, social unrest, demographic change or Web 2.0, sustainability, as recognised by our participating companies, requires concerted effort beyond the bounds of any one organisation, sector or institution. The response needed is systemic. It means rewriting business models, loosening organisational boundaries and re-imagining the social purpose of business. It means embedding a new paradigm - Sustainability As Usual (SAU).

“Sustainability is a mindset, not a separate function... It is the social evolution of business.”

Simon Martin,
Group Head of Sustainability, HSBC

This paper offers a synthesis of the findings from the dozens of stories told, of pockets of brilliance, obstacles overcome, ambitions met and work still in progress. It explores what makes *change for sustainability* different and sets out a model of change designed to meet these different needs. It also considers the inimitable qualities of organisational culture. There isn't a one size fits all blueprint for change; certain cultural factors lend themselves more to one style of approach than another, and the dominant frame in use has both advantages and risks associated with it.

We can't overlook the qualities of the sustainability practitioner themselves. There are few roles in business requiring such a variety of external relationships or breadth of knowledge. Effective sustainability practitioners situate themselves at the organisation's margins, where the weak signals can be found. They help make sense of incoming information and translate it into actionable insight. The role is one of strategic change agent, identifying exogenous issues as they appear and supporting the organisation to adapt and evolve in time. How such practitioners and senior managers frame sustainability is critical to the strategic choices they make. Identifying the limits of existing frames and engaging with alternatives is key to how they make the transition to SAU.

Methodology

We first reviewed 176 sustainability reports from the FTSE 100, FTSE 4 Good and Dow Jones Sustainability Index. 65% explicitly stated they were 'embedding' or 'integrating' sustainability.

Once the review was complete the top 30 organisations were invited to participate in strengths-based interviews to identify examples of successful change initiatives and explore the factors – culture, leadership, practitioner style – that enabled the success of the examples given. Where possible, two or three practitioners and leaders from each organisation were interviewed to 'triangulate' across the alternative experiences and insights and construct rich multi-stakeholder accounts in each instance.

2. WHAT MAKES 'CHANGE FOR SUSTAINABILITY' DIFFERENT?

There is a school of thought that sustainability is 'just' another megatrend that can be managed like those that have gone before¹ (globalisation, internet, Y2K), as if much of what has been learnt from these disruptive discontinuities can be reapplied. We would agree up to a point with perhaps the most applicable learning coming from the recognition of strategic engagement with wicked problems (Camillus, 2008; Rietel and Webber, 1973). Historically, however, organisational responses have been designed from the 'inside-out', producing corporate strategies intended to respond to and *meet* the new context; if possible to gain competitive advantage from it. The fundamental purpose, the *raison d'être*, of business may have been tested at these times but it wasn't consummately challenged. The era of sustainability does otherwise. It demands an 'outside-in' perspective sensitive to the confluence of conditions across geopolitics, technology, natural capital availability and shifting societal values. We repeatedly heard about the trends prompting this more outside-in perspective, including:

Transparency and hyper-connection – with the rise of social media (Facebook, Twitter), opinion-formers scrutinise and comment on corporate operations as never before. Any perceived misalignment between strategy and action can ring alarm bells around social media in an instant, severely denting organisational reputation.

Porous organisational boundaries – as social media increases the exchange of information across traditional organisational boundaries, they cannot be policed as they once were (employees will say what they think about their company's human rights record in public arenas without expectation of redress); psychological contracts are becoming more 'organisationally agnostic'² with increased movement within and between companies as partnerships and hybrid organisational structures form, dissolve and reform.

Complex and dynamic stakeholder inter-relationships – as boundaries dissolve the potential for individuals to embody multiple personas increases. In large corporates one individual can be employee, contractor, investor, customer, activist and community member. Managing these relationships and the various partnerships, alliances and collaborations involved (e.g. cross-sector collaborations on fish, forestry, mining and textiles) requires more democratic and participative engagement approaches.

Systemic level drift – the growing divide between external challenges and lone organisational responses points to a need for greater systems level innovation and cross-sector collaboration. Difficult where traditionally and legally competition is the norm, certain systemic challenges – energy, water, finance, climate compatible development – are galvanising at least sectoral if not systems-level interventions now.³

¹ See for example, Lubin, D. and Esty, D. (2010). The Sustainability Imperative. *Harvard Business Review*. (May), 42-50.

² Bulloch, G., Lacy, P. and Jurgens, C. (2011). *Convergence Economy: Rethinking International Development in a Converging World*. London: Accenture.

³ See for example, Elkington, J. (2010). *A new paradigm for change*. Available: http://whatmatters.mckinseydigital.com/social_entrepreneurs/a-new-paradigm-for-change. Retrieved 2 November 2011.

From culture to identity

In this milieu of radical transparency and dissolving boundaries organisational identities have become problematic and diffuse. Organisational Identity (OI) is often overlooked as a driver and inhibitor of change, a poor cousin to culture. But in the era of sustainability, identity has become far more prominent⁴. Not just in terms of externally-focused brand image (although brand is often cited as both accelerator and brake on sustainability initiatives), but more centrally in the psychological phenomenon of the 'we-identity'. The questions 'who are we here?', 'what values and purpose do we not just espouse but live?' and therefore 'what do we want to be known for?' are questions that arise when an organisation's core proposition and operating principles are called into question. This becomes more overt when opinion-formers denounce the actions of the 'we-identity' we associate with. These are fundamentally strategic level questions concerned with positioning and purpose, and with no-one wanting to be the bad guy our desire to be sustainable and ethical becomes aligned with our sense of self/group esteem.

Positive identity affirmations arise from group associations with sustainable values and behaviours; this was evidenced repeatedly in the research with examples of improved employee engagement related to producing sustainability strategies and increased motivation to generate sustainable value (innovation, upswings in non-financial indicators). At the same time the journey to becoming sustainable is not easy and can threaten aspects of the status quo, particularly if dominant frames are not considered.

Engaging with sustainability, then, is to pull on threads in the unconscious ideological fabric of organisational and personal life. A tug here produces puckering, even unravelling, over there. So a change approach that acknowledges this was to work holistically with individual and group psychological patterns simultaneously. The face that is turned to the external world needs to be of similar complexion as that which turns inward. In a world where transparency and openness is on the rise, congruence is increasingly critical.

3. LEADING SUSTAINABLE CHANGE

Inevitably, as the rest of this paper demonstrates, we heard many and varied approaches to engagement and strategic change. The most effective paid careful attention to extant cultural norms and embedded practices, creatively building upon and sensitively disrupting them at the same time, working across organisational boundaries to take a more inclusive view. Taken together the examples consistently emphasise certain characteristics and competencies that meet the needs outlined above, taking account of:

- **Contextual 'outside-in' competence** - leaders who have been able to engage meaningfully with the megatrends bracketed as 'sustainability' understand their strategic relevance and translate them into meaningful options for organisational responses
- **Systems level strategy** - the recognition that many of these 'wicked' challenges require a different, 'supra-organisational' approach to strategy. Approaches that connect diverse stakeholders across the value net and work at a systemic level have a greater chance of success
- **Pre-competitive collaboration** - knowing which issues and what stages require cooperation rather than competition to support a winning strategy (Brandenburger and Nalebuff, 1996) such as customer behaviour change and improving supply chain practices
- **Horizontal working** - sustainability is departmentally agnostic and needs a transdisciplinary approach. Many of the issues demand working across traditional organisational structures, boundaries, sectors, psychological contracts and business models
- **Facing path dependencies** - existing investments, resource configurations and related ways of working create patterns that can be both hard to see and hard to shift. The bigger and further out the investment decision the worse this is. These patterns need to be surfaced, discussed and addressed
- **Attending to social phenomena** - the field of behavioural economics increasingly demonstrates that decisions are mostly irrational.⁵ They are bounded based on heuristics (personal experiences and best guesses), culturally-based attitudes to risk and loss and expediency (convenience) and cognitive dissonance and coherence (to what extent our words and deeds align). Responses to sustainability challenges will remain inadequate unless such phenomena are attended to.

⁴ For insight into the relationship between identity, image and culture see Hatch, M. J. and Schultz, M. (2004). *Organizational Identity: A Reader*. Oxford: Oxford University Press.

⁵ See for example, Kahneman D. (2003). A psychological perspective on economics. *American Economic Review*, 93, 162-168.

3.1 The Talik – a means to make sense of sustainability

Mapping these themes together what emerges is a model of strategic change that balances external contextual sensitivity with internal culture and identity; technical and operational systems and processes (the 'inter-objective') with interpersonal and behavioural patterns (the 'inter-subjective'); purposeful strategic intention with responsive adaptability.

The model, which we call the Talik for its fluidity and systemic nature, builds on a legacy of whole systems participative approaches to innovation, learning, strategy and change. It encompasses:

- Strategic dialogue and alignment across a number of (potentially competing) internal and external stakeholder agendas
- High participation authentic engagement processes that address behavioural and technical aspects
- Attention to responsible and sustainable practices across the value net
- Alternative framings of sustainability and the language used in their expression
- Different starting points required by particular actors and cultural conditions
- The importance of coherence and consistency throughout the process to overcome dissonance and cynicism
- Awareness of paradox and tendencies to make trade-offs, splitting, holding the tension of seemingly opposing phenomena.

Taliks are layers of permanently unfrozen ground in tundra regions, kept fluid by positive feedback loops of microbial activity.

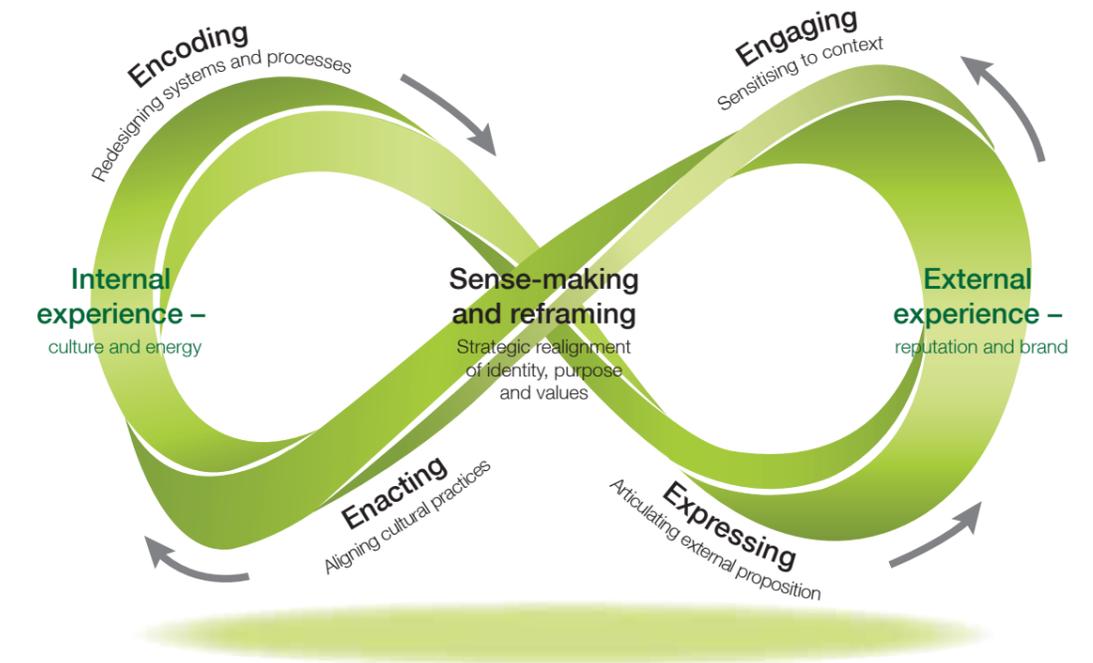
A dynamic process that maintains fluidity, the Talik encompasses the organisational dynamism and adaptability required of Sustainability As Usual.

The Talik provides a simplified illustration of the positive feedback loops of engagement, sense-making and action, with movement around outer and inner foci of attention. All the activities the Talik identifies are of course going on all the time. What the model highlights are the interconnections and influences across them. As a diagnostic it then becomes possible to:

- Map the system, identifying where specific stakeholders and their agendas sit, along with their alternative framings of what constitutes sustainability
- Surface cultural and identity-based enablers and inhibitors
- Reveal opportunities and obstacles (blockages) that exist and that can accelerate and limit initiatives
- Apply alternative framings to expand the repertoire of diagnoses and motivations
- Develop an integrated approach that takes account of the wider context and value net.

Shifts in culture and visibly embodying ethical stances, leads to determination to codify into everyday practice. This may be subtle (a rewritten policy document) or transformational (redesigning the business model). From encoding new processes, plans and products, services are imagined and the cycle continues. Key process owners, Organisation Design specialists, Procurement and customer-facing functions will likely dominate here.

Stakeholders - customers, investors, suppliers, opinion formers - reflect back into an organisation their impressions of its activities. How these groups are engaged with has consequences for relationships, values, strategy and sense of purpose. Participative whole system processes enable collective sense making and build social capital. Responsibility for 'engaging' is diffuse, though can involve Marketing Strategy, Procurement, CSR and HR.



As new meaning is made through on-going discourse, it becomes enacted through shifts in behaviour that collectively appear as culture change. Interventions at this point include disrupting fixed routines, strengthening informal communication channels, workshops, learning and leadership development, ideation and experimentation. Arguably responsibility for Enacting sits everywhere, though learning and innovation may take the lead.

Organisations express themselves through their espoused value proposition: products and physical artefacts - annual reports, adverts, logos, marketing collateral, built spaces - and services, customer interaction, partnerships and collaborations, PR, awards and surveys. Intentionally or not they are continually sending messages about their identity and values. Expressing is often the province of Marketing, Product Design, Communications and Retail.

The Talik makes central the role of inclusive, visible sense-making and decision-making for realignment of identity, purpose and strategy. As a 'discursive entrepreneur' the sustainability change agent's role is to help their organisation and its partners surface and notice the assumptions they are making and how sustainability is being framed, and what this includes and excludes. From here new alternatives can be explored and developed.

Taking the Talik as the structural framework this paper explores the four change preferences integrated into the model – Engaging, Enacting, Encoding, Expressing – and the central role of sense-making and reframing, providing further insight into each, along with examples of how sustainability is being framed there. Short vignettes accompany each framing based on the many stories and best practices we heard through the research.

3.2 Why be interested in 'frames'?

Sustainability is a catchall for a broad range of complex, encompassing and interconnected subjects. With such complexity comes a slew of diverse definitions that drive alternative approaches designed to accommodate that diversity. Such plasticity of definition has advantages and disadvantages. It allows concepts to be moulded to be meaningful and engaging to diverse audiences. But it can also fall foul of being diluted and subsumed to the point of meaninglessness. The linguistic repertoires used to make sense of sustainability are by no means value-neutral.

When we use particular language and metaphors we activate 'deep frames' (WWF, 2010), the mental structures through which we associate ideas and interpret situations (Benford & Snow, 2000). Deep frames are generally out of awareness but can have far-reaching consequences for making sense of our environment and how we choose to act. So, for example, the phrase 'war on climate change' can activate associations with sacrifice, oppression and loss of freedom for some and community welfare for others. The actions that ensue may then be protectionism on the one hand and altruism on the other. All such associations implicitly and often unconsciously put boundaries around our problem formulation and so limit the choices we can envisage.

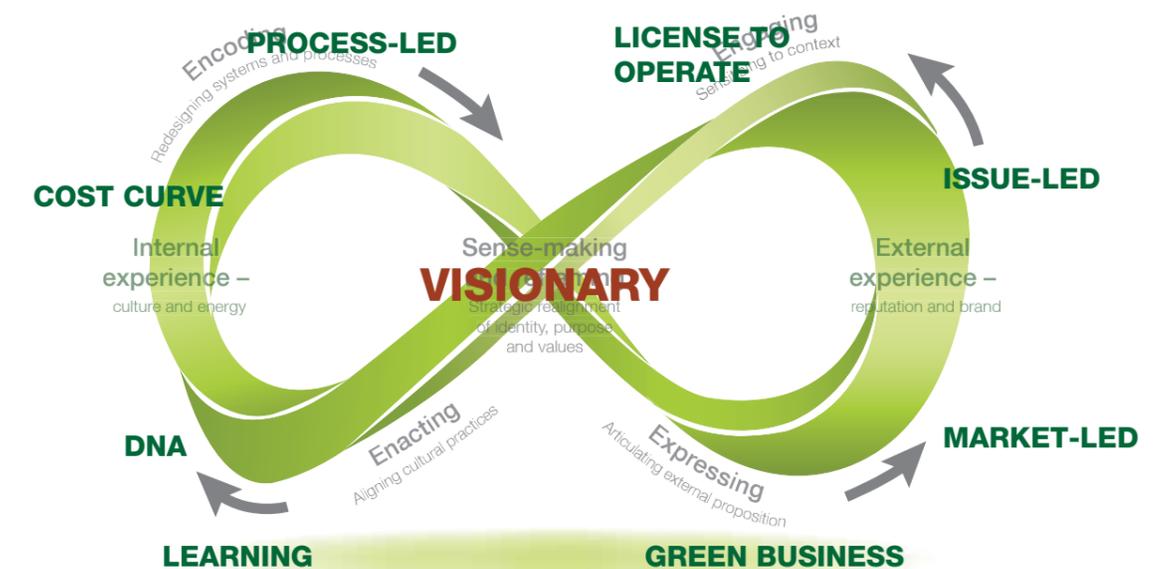
Frames become explicit in the metaphors and language we use and the linguistic repertoires that are drawn on. Particular frames will resonate more strongly with certain groups than others (e.g. the repertoire of accounting will resonate strongly with finance), likewise some frames will become more salient at certain times than others (e.g. the repertoire of risk at moments of high uncertainty). Different stakeholder groups will show a propensity towards different frames, particularly where they strengthen the group identity (Shmueli, et al, 2006). Bringing frames and their strengths and limitations into conscious awareness creates the potential for other, more enabling ones to be found.

A skilled change agent, then, can usefully a) make explicit the various frames in use, b) assess where various stakeholder groups may favour one over others and c) act on the miscommunication, confusion, conflict and poor decision-making that can ensue.

4. THE NINE FRAMES OF SUSTAINABILITY AS USUAL

In the research we identified nine distinct frames which map onto the Talik. These are explored in the rest of this paper, each under the heading of the change preference they sit within.

Included with each frame are some of the cultural norms that we have noted associate with it, plus the potential risks and advantages of favouring this frame. The sections follow the four preferences through the change flow of the Talik and finish with the central work of sense-making and reframing.



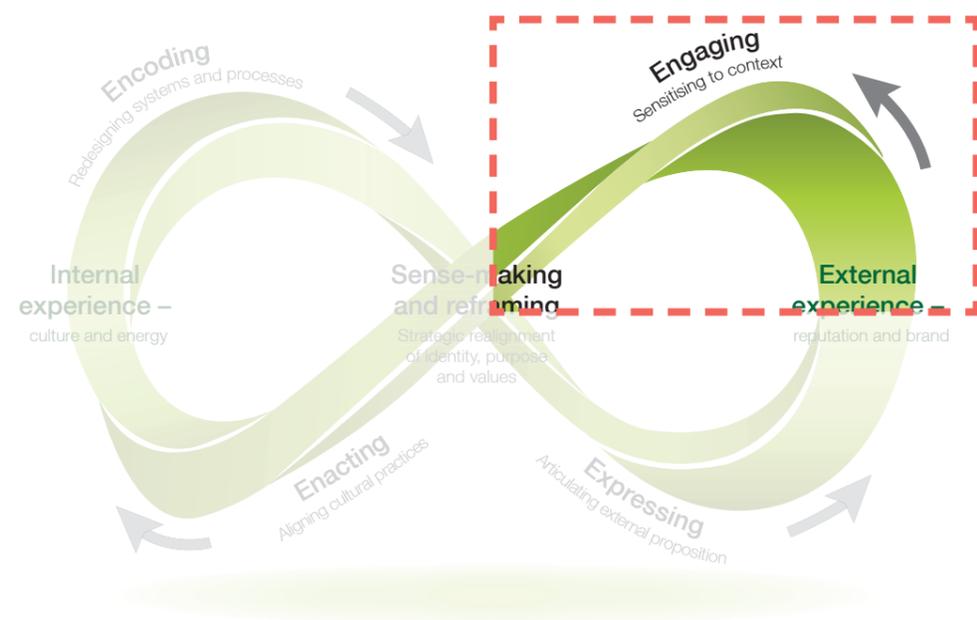
4.1 Engaging

Engaging is focused on working with the 'outside-in' perspective, drawing on an array of data sources including market analysts, suppliers, communities, customers, opinion leaders and government.

Change preferences with a focus on 'engaging' favour more outside-in change strategies and opening up dialogue with stakeholders that not only foster permission to act and experiment, but also give the organisation access to valuable contextual information. Furthermore, engaging through participative stakeholder processes sensitises an organisation to its context and encourages more adaptive, proportional and novel responses.

Closer engagement with partners and associates opens up the organisation to great stakeholder scrutiny and shows commitment to longer-term value-adding relationships.

Progressive companies strong in this frame have led the evolution of stakeholder engagement from revelation (show and tell), through validation (checking priorities are met) to co-creation, where more generative relationships built on mutual interest lead to collaboratively-designed strategies and methods of implementation.



The License to Operate Frame

"The ultimate business challenge is to appreciate the consuming public. It wants ever more inexpensive gasoline but won't stand to taste, touch, see or smell it or its production".

John Hofmeister, ex-CEO Shell,
The Guardian, May 2010

Certain organisations and sectors have developed an advanced *stakeholder engagement* approach to sustainability. Perhaps for historical reasons or by dint of their defining operations, they have found themselves subject to intense public criticism, and in response have developed sophisticated strategies to engage in ways that not only ensure concerns are heard, but extend to the co-design of more conscientious activities. Sustainability here is concerned primarily with maintaining the 'license to operate' and organisations that lead with this frame will likely fall into one of three categories: 1) highly visible environmental footprint, 2) products and services that raise ethical questions or 3) are in a sector contaminated by association with poor performance by peers.

Cultural Characteristics

Engagement with core proposition may be ambiguous – at different times pride, shame, defiance and self-protection may all feature

Can be a subtle sense of being beleaguered or unfairly persecuted

Stakeholder engagement is co-educational and intrinsic

Advantages

Sustainability teams will likely have considerable experience, resource and therefore authority through relationships to permission-givers and decision-makers in markets, finance and government relations

Risks

Framing can feel excessively externally facing and Corporate Affairs driven for some practitioners

Sustainability is framed too narrowly so seen as getting public permission or endorsement to carry on poor practices (greenwash)

The comment from John Hofmeister relates specifically to the Deepwater Horizon spill, but it equally reflects the wider discomfort many consumers have with the origins of their goods. In the first category mentioned, particularly for the extractives sectors – mining, oil and gas – the environmental impact of their activities is highly visible and thus subject to intense scrutiny. The connections between these 'front-of-pipe' operations and our preferred lifestyles can seem tenuous and it is easier to denounce them than acknowledge complicity.

For other sectors, those in category two, it is their manufactured 'goods' – tobacco, alcohol, nuclear energy – that, as social values and opinions shift - have come to be normalised as 'bad'. The third category suffer most from reputational contagion resulting from the poor practices of others in their sector – human rights abuses, low safety or environmental standards and irresponsible lending.

British American Tobacco (BAT) – extending dialogue in the tobacco industry

BAT is very well aware of the controversial nature of their business. Despite repeated efforts to engage there are still some NGOs that refuse to speak with them. They have, however, put great effort into stakeholder dialogue to keep channels of communication open and pursue more responsible practice. Such efforts include establishing a supply chain stakeholder panel with organisations involved in agricultural commodities and using Appreciative Inquiry (AI) to take dialogue to the next level of co-creating positive change strategies. Jennie Galbraith explained:

“We’ve been doing dialogue now for ten years so they (senior management) are relatively comfortable with the concept and we’re just pushing things further... We use AI with stakeholders so we can work collectively on tasks together.”

Using AI has enabled BAT to embrace a whole systems approach, bringing together all the relevant players to explore perspectives, identify obstacles and opportunities, and co-design appropriate initiatives. Engagement also extends to the margins of the organisation too, spotting innovative next practices from the field. In Bangladesh, rice husks are now used to fuel the tobacco curing process, rather than the traditional but less sustainable wood. Engaging the whole system not only increases sensitivity to these novel possibilities, it also encourages collaboration around the value net, a virtuous circle that enhances environmental and social awareness and fosters further innovative practices.

Standard Chartered Bank (SCB) – regaining public trust

Despite SCB suffering more from sector contagion than direct involvement in the financial crisis (it has no investment bank for example), Peter Sands, CEO, has been vocal about the need for the banking sector to redefine itself in order to regain public trust.

“The crisis has been a wake-up call to bankers that they are not just there to make money but to play a role in the broader economy and society...There is a fair criticism that the banking sector before the crisis lost sight of how much of what it did was ‘socially useful’ and how much was excess...All of us who are bankers have to recognise that our role is a value laden role at this point.”

Peter Sands, January 2010.⁶

To this end SCB launched ‘Here for Good’, an internally and externally facing encapsulation of what it means to be a sustainable bank. Intended to make a break from the past and the pack, Gill James, Group Head of Sustainability and Corporate Affairs Operations at the Bank describes how this translates internally:

“Here For Good was a natural progression for our sustainability work really. It’s not just about our community efforts, it’s about being here for good for our clients, customers, regulators and all our stakeholders... You talk to any of our senior management and you’ll find that retaining this culture is really important and we have embedded this into our performance system.”

In addition to traditional performance measures, that system includes a 360 feedback process where peers feed back against a framework that aligns with their five values of courageous, responsive, international, creative and trustworthy. “It’s only by doing well in both areas (performance and values) that it’s possible to obtain a full bonus.”



- What level of legitimacy does your organisation have with key stakeholders today? How does this correspond with internal identity and pride?
- Does this legitimacy enable your organisation to meet its sustainability ambitions?
- How could you bring internal and external stakeholders, even competitors, together to build understanding and push the realms of what’s collectively possible?

Ask yourself...

⁶ Ahmed, K. (2010). *City has been damaged by banking mistakes*. Available: <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/7005935/City-has-been-damaged-by-banking-mistakes.html>.

The Issue-Led Frame

If the License to Operate frame is about responding to the concerns stakeholders have about the issues created by an organisation, the Issue-Led frame is the opposite. In identifying social and environmental problems that the organisation has the capability to address and designing services to do so, the Issue-Led change preference seeks to be a champion of social and environmental change and innovation.

In this frame social and environmental utility are leading factors in determining the approach, and tricky triple bottom line tensions are resolved through enterprise that looks to solve systemic problems such as corruption, secure access to capital, poverty and child mortality. It is the exemplar of Porter and Kramer's Shared Value concept⁷.

The concept of serving the bottom of the pyramid (BOP) has found fertile ground since CK Prahalad and Stuart Hart brought the idea to corporate awareness in the early 00s⁸, producing an outpouring of innovation to meet emerging economic needs. What takes the issue-led frame to the next level are three things:

1. Creating shared value with multiple stakeholders in mind
2. Identifying of 'wicked problems' that are systemic in nature and no agent can address in isolation
3. Building from core competence and engaging in multi-party partnerships to pool skills, knowledge and resource.

Cultural Characteristics

Outside-in values-led perspective - attuned to and engaged with trends in wider environment
 Pushing boundaries with disruptive innovations
 Socially conscious, embracing the shared value paradigm
 Liberty to experiment at fringes

Advantages

Can be easily initiated and have far-reaching transformational results commercially and at the values level
 Encourages innovation and experimentation, can be quite low risk
 Strengthens values and social purpose

Risks

Weight of Business As Usual suffocates environmental and social innovation
 Partnership capability is vital in this frame and may need to be rapidly developed.
 Excessive attachments prevent hand-offs as new skills required to scale projects up the maturation curve

M-Pesa: Vodafone's mobile payment scheme in Africa

Since its launch in 2007, M-Pesa has grown to become the world's largest mobile payments system with 14 million customers in Kenya alone. A means of cashless money transfer, M-Pesa enables secure payment for goods and services, reducing the need for lengthy hazardous travel between rural homes and city banks, speeding access to critical services such as emergency healthcare and reducing corruption.

M-Pesa's origins lie not in a great commercial vision though or plan for sweeping socio-economic change, but in a partnership project conducted with DfID and led by the sustainability team. The initiative benefitted, Joel Roxburgh, Head of Sustainability told us, specifically because its genesis was outside the strategic mainstream. With no expectation to deliver large revenue-generating projects they had freedom to experiment in the margins. That, combined with their heightened sensitivity to social trends born of their many relationships in the broader environment, enabled them to spot and act on the opportunity to use Vodafone's core competence in ICT for social benefit.

But what has made M-Pesa so successful is the transition that took the experiment to scale and into Vodafone's mainstream commercial strategy. Joel identifies two critical factors. Firstly, demonstrating the proof of concept through pilots in Kenya and Tanzania. This alone required a raft of new skills and expertise to manage complex stakeholder needs across disciplines and navigate idiosyncratic regional regulatory systems and infrastructures on the ground. Secondly, once the proof was in, was transferring sponsorship from the sustainability team to a full-time dedicated unit with resource to commercialise at scale. Instituting new leadership that helped encode the best of the social enterprise into mainstream practice ensured the project continued up the maturation curve and expanded into other regions.

Vodafone have learnt from the process of creating M-Pesa, too. The team facilitate innovation workshops in their emerging economy operations to identify local social needs that Vodafone has the ability to address. Formalising such an issue-led approach is not only uncovering new strategic opportunities, it is also building local capability and embedding new forms of value into the wider organisation.

IOU Project – turning fashion on its head

The IOU Project was set up with an issue-led vision, that of transforming the fashion industry. Kavita Parmar, founder and fashion designer, told us why. "What's happening in our industry is literally a race to the bottom. Everyone is trying to make things cheaper and faster."

In India, it's cheaper for the chains and more profitable for local artisans to produce in factories now, but rare skills and aesthetic qualities retained in the community for four or five generations are being rapidly lost. At the same time, opines Kavita, consumers are getting wise to the ethical issues of high street fashion. For a T-shirt to sell for \$4 someone somewhere is bearing the cost, probably in poor working conditions. And who wants to dress the same as everyone else, anyway?

In 2008, Kavita said "when the economy made a radical reversal we decided to do the same in the fashion industry". She began working with Madras weavers, who still sell primarily through co-operatives, taking their individually unique bolts of cloth and bringing them to Europe where designers make equally unique garments. Every piece has an ID code and history, so provenance is transparent and every item has its own story. Working directly with co-operatives representing over 20,000 weavers already, Kavita sees the IOU Project not only retaining skills and community, but retaining a unique aesthetic.

It's not just the supply chain that is innovative. Kavita is democratising the route to market too. She has engaged bloggers to put together 'trunk shows' and take a percentage on items they 'sell'. Using the viral effect of online communities, this tiny start-up is revolutionising fashion marketing and gaining IOU Project plaudits at major global fashion shows.

- What are the adjacent social and environmental issues that your organisational competence could help to address?
- Who could you partner with?
- What enables experimentation and innovation to thrive in your organisation?

Ask yourself...

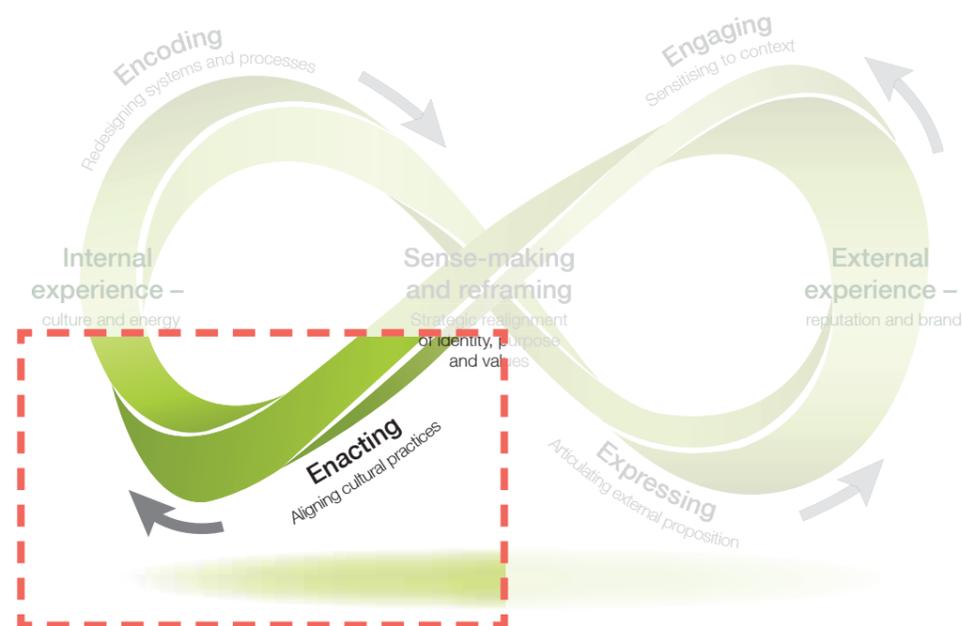
⁷ Porter, M. and Kramer, M. (2011). *Creating Shared Value*. Available: <http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/1>.

⁸ Prahalad, C.K. and Hart, S.L. (2002). The Fortune at the Bottom of the Pyramid. *strategy+business*. (26), first quarter.

4.2 Enacting

Moving from Engaging to Enacting involves reflection and making meaning from a more data-rich position, a transition from inquiry through strategic positioning to action. The details of that sense-making/strategic positioning process are given their own space in Section 4.5. As we gain a more informed sense of our context and options, and become more attuned to the subtle shifts in values and behaviours around us, so we begin to frame sustainability in new ways and act from those new framings. At this stage in the cycle new behaviours become apparent, some subtle, others more overt, as more aligned responses are strengthened in informal discourse (gossip, day-to-day conversation) and also in more formal proceedings (how meetings are managed, the tenor of high profile events such as town halls and management conferences) as well as visible leadership styles and the more prominent organisational narratives.

This stage is called Enacting because of its action-orientation and attention to behaviour. It involves enhanced group-level development and change. Organisations that have strengthened this reflexive capacity – becoming ‘learning organisations’ – are not only more capable of responding to contextual upheaval themselves but have embedded skills their employees and stakeholders can usefully deploy outside the organisation.



Sustainability As Usual

The DNA Frame

You will know the well-worn phrase, “It’s in our DNA”, used liberally in describing organisational culture. It cropped up regularly in the sustainability reports reviewed for our desk research. One organisation even professed to have sustainability ‘genetically imbued’ in their DNA. An exaggeration?

For some organisations the belief that sustainability was encoded into their DNA by their founders provides a powerful narrative upon which to base operating principles today. Whether evidence exists such as in the original writings of John Spedan Lewis, founder of the John Lewis Partnership, or the story has a more mythological tone, having access to a socially conscious shared identity and historical narrative is a valuable tool for the sustainability practitioner.

In the DNA frame, social and environmental responsibility can already be perceived as intrinsic to the organisational principles, cultural habits and obvious activities - ‘we would do it that way, wouldn’t we?’ The narrative becomes the ideological filter through which meaning is made and decisions taken and acted upon⁹.

Even organisations that don’t have a strongly evidenced story of founding fathers can still benefit from strengthening this frame, drawing out historic examples and amplifying them through communications strategies to show how environmental and social values are already present. After all, who doesn’t want to be thought of as ‘the good guys’?

Cultural Characteristics

Embedded principles and values that can be traced back to the foundation of the business
 More or less conscious awareness of a social purpose to create stakeholder value and not just shareholder value
 May have patriarchal or even matriarchal tone arising from embedded ethic of care

Advantages

Pervasive genesis narrative consistent with values and principles normalises sustainable behaviours
 Engagement is easier and deeper, with consonance between narrative identity and cultural experience

Risks

Too great a pull to history and precedent to frame choices
 Identity too static, stifling innovation and contextual response.
 Story annexed by marketing and gets over-used
 Critical incidents that challenge narrative cause crisis of identity

⁹ For an excellent explanation of this social psychological process see Weick, K.E. (1995). *Sensemaking in Organizations (Foundations for Organizational Science)*. London: Sage Publications, Inc.

John Lewis Partnership – following in the founder's footsteps

Unique among large retailers in the UK, the John Lewis Partnership, made up primarily of Waitrose supermarkets, John Lewis department stores and increasingly on-line retail, is owned by its 76,000 employees (known as Partners). This unusual ownership model is just one manifestation of the principles encoded into the business back in 1864 by its founder, John Spedan Lewis. Gemma Lacey, Head of Corporate Social Responsibility, has the good fortune to be able to access those principles still today, because Lewis left behind a number of writings on everything from industrial democracy to civilisation and inflation.

Mr Lewis' vision still looms large over the Partnership, enshrined into the decision-making processes. In 2002 he was voted Britain's Greenest Businessman, astonishingly 39 years after his death.¹⁰ His strong foundation has fostered traditions and norms that have been passed down through generations of new Partners. For Gemma and the CSR team more widely, the ability to reference Lewis' ideas and build on his ethic is invaluable. Whilst there can be a risk that deeply embedded norms could restrict learning, adaptation and growth, the universal nature of these – reflecting equity, fairness and respect – mean they remain timeless and even enable a long-term foundation for growth.

The John Lewis Partnership is certainly growing. As it does, JLP are increasingly engaging external partners, not only to strengthen their supply chain but also to reach out to new markets (insurance and telecoms online, service station sites for Waitrose) and careful screening is needed to ensure those partners meet the stringent CSR standards that John Lewis Partnership expect of themselves. Having a back-story which normalises Sustainability As Usual is an effective lever in making the sustainable choice the commonsense one, and the values that John Spedan Lewis espoused 150 years ago extend their influence further than ever.

Sainsbury's – going Fairtrade As Usual

For Sainsbury's the choice to go Fairtrade was an obvious one, according to Jack Cunningham, then Head of Climate Change and Environment. Sainsbury's, a retailer, was founded in 1869 in London with the objective to supply quality products at low prices. According to Jack, "The Sainsbury's brand with its heritage is not separate from sustainability. Quality, value for money and values – this leads to added value for the customer and employees."

Jack uses the story of how Sainsbury's became the UK's largest Fairtrade retailer to illustrate. "It started with an email from the CEO to the fruit buyer to see if it would be possible to go 100% Fairtrade with our bananas. We realised we were in a unique position to do this because we weren't as big as some of our competitors. We also decided to price match standard bananas. Despite the increased cost, sales immediately increased taking profits beyond previous levels. This issue is so vitally important to our customers that employees and the quest for sustainability has now spread across coffee, tea and sugar." Other buying teams are now asking what sustainable versions of other products could look like. "Fairtrade is shorthand for good and we can now apply a similar model of conversion to other product ranges containing timber, palm oil etc."

The symbolic move of the CEO was very powerful in Sainsbury's culture. The buyers ran with it supported by the sustainability team who provided internal consultancy expertise and ensured the positive messages and learning were communicated and celebrated. Like John Lewis Partnership, reference to a long history of values-based decision-making creates congruence, identity and shows how contemporary a 140-year-old vision can be.

Rabobank – from opt-in to opt-out

A Dutch co-operative bank, Rabobank is unique when it comes to sustainability. Bouwe Taverne, Head of Sustainability and an environmental educator by background, told us why. "Rabobank is the largest AAA rated bank in the world and the only major Dutch bank not to need government assistance in the financial crisis." Rabobank places greater emphasis on social purpose than many other banks, founded in a different view of what value is, "more orange than blue (people more than money)". Customers are attracted by their co-operative status and because they "share values which self-reinforce", helped by high fixed salaries and low bonuses which encourage long-term mindsets and behaviour.

And Rabobank is ambitious in its vision. "14 years ago we set out to become the most sustainable big bank in the world, and we want to be among the top four most sustainable organisations in the world.

We don't wait for large shifts. When you observe large shifts you are too late." Bouwe sees his role as spotting the weak signals that enable the bank to innovate from their values-led approach. "My role is to spot trends in NGOs, changes within the organisation, competitors etc. All these signal opportunities to act." Bouwe regards Rabobank's stake in Triodos Bank as an opportunity to do just this. Triodos, a relatively niche player, was voted Sustainable Bank of the Year by Financial Times in 2009, and through its relationship with Triodos, Rabobank not only spots weak signals relevant to the sector, it aims to take these ideas to its own customer base in order to take them to scale. And so they are. In Rabobank's asset management division the combination of leadership, market interest and culture has made possible a move from an "opt-in" approach on green investment for all of their mainstream assets to "opt-out", so now all asset managers include ESG (environment, social, governance) issues in their investment

decisions. It's a strong argument for keeping organisational boundaries porous and maintaining that outside-in focus. To make inventions that translate to the mainstream, Bouwe stresses "we need people who are working continuously with innovators in the world".



- What are the founding principles of your organisation? How are they lived today?
- What are the narratives – founding or turnaround, heroic or tragic – that are identified with?
- How can these principles and narratives be aligned with the sustainability agenda to bring it to life?
- What are the strengths in your culture that you can build upon?

Ask yourself...

¹⁰ (2002). Lewis tops business leaders poll. Available: <http://news.bbc.co.uk/1/hi/business/2526147.stm>.

The Learning Frame

Not many organisations can claim such strong ethical roots as the John Lewis Partnership, Rabobank and Sainsbury's, but that doesn't mean that such cultures cannot be developed over time. Indeed most if not all the companies researched consider embedding sustainability into culture as a critical milestone in their journey to sustainable functioning.

Although developing a learning and innovation orientation is an obvious prerequisite for engaging with sustainability there is substantial difference between learning *about* sustainability – the facts of climate change, resource depletion, the goals of sustainable development – and learning *how*, developing capacity to take appropriate action such as systems strategy, pre-competitive collaboration, horizontal working and contextual competence. What sets certain organisations apart is the culture of learning they have intentionally promoted and the permission to experiment they have created.

There are numerous examples of organisations taking a formal approach to learning for sustainability and embedding principles into their leadership development practices. InterfaceFlor have the Ambassadors' Programme with Forum for the Future; HSBC have run a highly progressive Climate Programme with the citizen science NGO, Earthwatch, for a number of years. For a thorough account of great examples see Matt Gitsham and Nadia Zhexembayeva's forthcoming book, *Leading Organisations of Tomorrow*. The interest in the learning frame however is specifically about learning as a means to embed sustainability.

Cultural Characteristics

Embedded principles and values that can be traced back to the foundation of the business

More or less conscious awareness of a social purpose need to create new stakeholder value and not just shareholder value

May have patriarchal or even matriarchal tone arising from embedded ethic of care

Advantages

Adaptive ability that stems from continual questioning, dismantling and rebuilding.

Enhanced sensitivity to subtle trends and signals in the environment

Change at level of mindset as well as behaviour, strategy and operations

Risks

Imprecise interpretive frames mean sense-making and thus action too diffuse – 'initiative-itis'

Passions and reactions to external change dictate strategic choices too frequently

Sustainability is limited to the purview of the few experts

@One Alliance

A partnership of seven companies formed to deliver a multi-billion rolling capital investment programme for Anglian Water, @One Alliance takes carbon accounting very seriously.

"There's no doubt the central theme for us has been carbon...what the carbon story has helped us do is demonstrate that it's not a trade-off – it is an integral part of our business performance.

Putting an emphasis on carbon has helped improve commercial performance and is probably now the key driver of innovation." What such a focus has allowed them to do, however, is become far more innovative in their on-the-ground practices, releasing a flood of creativity from amongst their engineers.

Dale Evans, the @One Alliance Director, has many examples of significant carbon and cost reductions (around 40% embodied CO₂e, 20% operational CO₂e and more than 20% associated cost reduction) by using carbon as a focus to drive novel engineering solutions. They are confident enough in the approach's commercial value that engineering teams now put aside cost to focus on reducing embodied carbon in their solutions. "Invariably they come up with some wonderful innovations," says Evans, designing out inefficiencies and designing in re-use and process optimisation. Success breeds success. Celebrating great results publicly permits more experimentation and creativity.

Davide Stronati, Corporate Responsibility and Sustainability Manager, emphasises the cultural usefulness of the carbon modelling approach, and has taken the idea of embodied energy further, using it as a proxy to explore any and all wasted energy and effort, technical or human. With a consortium of mainly engineers, the rigorous analysis and observable, empirical data that carbon modelling requires is proving to be a perfect way to engage them. It's created a carbon-sensitive culture. Stronati says "Engineers' mindsets are typically driven by solving practical problems...consequently it was crucial to provide them with the right tools and training that resonate closely to their behavioural preferences."

Marks and Spencer – learning by doing

Plan A was the first sustainability strategy to be publicly promoted in the UK and used as a clear differentiator by a major retailer. In its inception it could easily have been used as a case in the Visionary frame, not least because the vision to be 'the world's most sustainable retailer by 2015' has only strengthened with the transition from Sir Stuart Rose to Marc Bolland as CEO.

But for our purposes here, the focus is on the way Marks and Spencer have led the way in effectively engaging NGOs, suppliers and their own staff to learn what sustainability means for retail and how to enact it.

Plan A commenced with a list of 100 and then 180 targets, individual commitments across a range of environmental, community, well-being and employee engagement factors. Whilst they contributed successfully to getting concerted action underway quickly, the next phase, working systemically, has the potential to go much further. M&S is opening a number of 'Sustainable Learning Stores', the first opened in Sheffield in early 2011. These stores are built using the latest green construction techniques and enabled M&S to learn quickly from their experience and disseminate that learning elsewhere. Moreover, staff are trained to explain the store's features to customers and invite them into discussion about their own habits. Learning loops are embedded up and down the value chain.

According to Clem Constantine, Director of Property & Store Development, "...by bringing [all these sustainable features] together in one development ... we will achieve a whole that is worth far more than the sum of its parts. The learnings we have taken from building the store, coupled with those we will make over its lifetime, will help us achieve our goal of becoming the world's most sustainable major retailer by 2015."

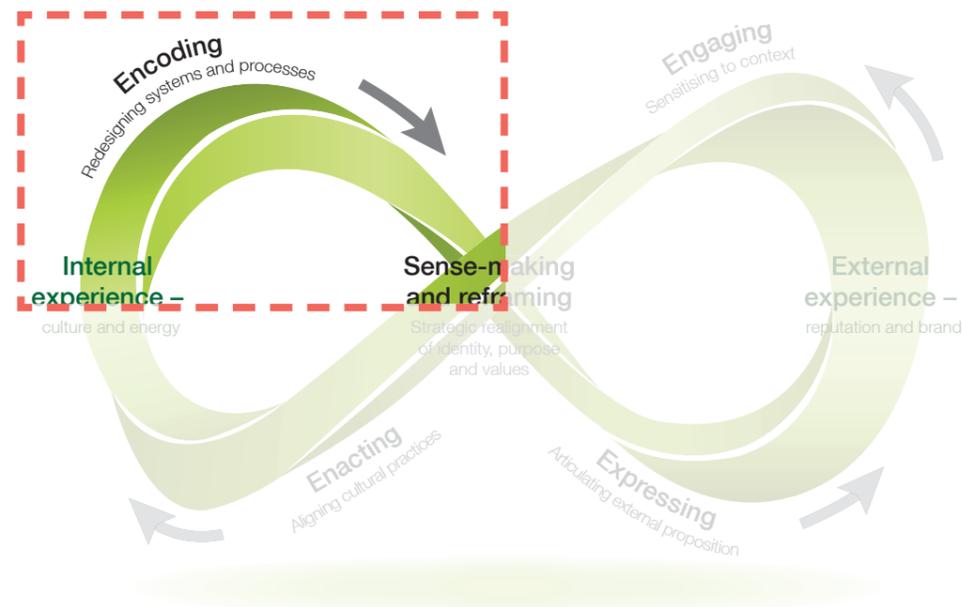
- 
- What capabilities and values does your learning and leadership development really promote today?
 - Who's responsibility is it to 'know' about sustainability today? How far does that knowledge extend?
 - How does sustainability appear in your learning 'curriculum'?
 - What potential for learning and innovation exists today that you're not yet harnessing?

Ask yourself...

4.3 Encoding

The move from enacting to encoding entails the codification of new behaviours into appropriate structures, processes and systems. This includes the development of policies, procedures and information management systems as well as the re-alignment of performance metrics, 'HR levers', governance structures, success criteria and leadership expectations.

It involves the dismantling or reconfiguring of structures that prevent effective embedding and avoids taking a retrofitting approach to systematising sustainability.



The Cost Curve Frame

It's long been recognised that the way we 'account' leaves an extraordinary amount unaccounted for. Flourishing economies accompany shrivelling ecologies and widening rich-poor divides. How can this be? Perhaps because the costs and benefits we notice (often within organisations) tend to be of the more immediate, proximate and tangible variety while much else – the more long-term, distant, intangible - remains squarely off the balance sheet.

In the cost curve frame modifying accounting practices to take account of social and environmental costs helps make sustainable decisions more comprehensible, attractive and obvious – it's applying a familiar mental model of quantifiable metrics to what has previously been overlooked and externalised. A bright environmental economist can create cost-benefit calculations for almost any recognisable sustainability variable given enough resource. Currently the most common is greenhouse gas emissions (GHGs). Given that for most businesses energy is the major source of GHGs, a reduction in energy is not only an environmental win but a major cost saving too. As such carbon accounting can offer a safe mental 'adjacent space' to enter that doesn't require upsetting existing values or norms; its familiar territory to Finance and Operations. As such in the SAU research accounting for carbon is so common we might say it is Business As Usual.

But whilst seductive, attending to carbon and energy efficiencies alone are a sustainability cul-de-sac. Done well however, environmental accounting can be a launch-pad to much more in terms of engagement, innovation and collaboration. We heard some excellent examples.

Cultural Characteristics

Relatively culturally agnostic, more a 'meta-frame' of quantification than specific to a culture

Likely to get faster traction in environments where decision processes show a strong bias to quantifying business cases

Advantages

Familiarity of language of finance lends credibility and access at executive level

Simple extension of existing accounting practices lowers barriers to engagement

Risks

Too much emphasis on carbon and few other measurable quantities; systemic, qualitative considerations overlooked

Rebound effect - savings made in one area may be reinvested in unsustainable practices elsewhere

Natural England – "It's policy but not as we know it"

Paul Hinds, Head of Sustainability at Natural England, the UK Government's advisor on the natural environment, spoke to us a week after his team had been integrated into the finance team, a suitable location for the cost curve frame. "A lot of the reports we produce, the carbon and sustainability reports, are so closely interlinked with the financial data that it just seemed sensible for us to be integrated into that team."

What sets Paul's approach apart is the combining of a top-down technical analysis with bottom-up engagement. Once a carbon reduction target was calculated and agreed (50% in four years, focused primarily on travel) his team engaged employees to surface real and perceived barriers to low carbon alternatives, and to help select appropriate investments. They acted as 'facilitators and advisors' without direct operational responsibility, meaning ownership of the outcomes stayed with employees and "everyone had a stake in terms of developing the final policy." Paul's team continues to support by providing tools and high quality monthly data so employees can assess themselves against personal carbon budgets aligned to their financial budgets. "Once they exceed their carbon budget, they have to find it from somewhere else and so an informal carbon trading system has developed. I don't think any money has changed hands yet but I suspect a few favours and the like have probably happened as payment!"

As well as strengthening their credentials as environmental stewards, Natural England is reaping financial dividends too – a £1.5m saving on the annual travel budget, and a shift to public transport and teleconferencing has added a further £600k in productivity benefit. "It just goes to show," says Paul, "how giving staff a stake in sustainability can really drive a more sustainable culture in a business."

BBC and Albert – "It's mandatory in the nicest possible way"

Albert is the BBC's comprehensive production-focused carbon calculator, which they are now sharing with the UK broadcasting industry through a partnership with BAFTA. Hattie Park, Environment Manager, explained the quirky name. "We didn't want to call it the BBC production carbon calculator, so instead we gave it a more human name, Albert. Albert is robust and credible whilst being user friendly." Sharing it through BAFTA, an industry body, makes it available to other independent production houses, suppliers and contractors.

Albert is now mandatory for BBC in-house productions, a culture built on stewardship and responsibility to the license fee payer

which sees reducing environmental impact as core. "It's part of getting the green light for productions. If you didn't make it mandatory a few people would do it but we want to get data across to the whole organisation. It's mandatory in the nicest possible way in that everyone who uses Albert gets support and advice from the team whenever they need it and are guided through the process."

Richard Smith, former crime and business correspondent, developed Albert and now helps production colleagues engage with the tool. "My background meant I could see the story in a wall full of numbers." It's the story expressed in accessible language that matters. "You won't find the word sustainability anywhere on it. There's a little button that says 'show me the maths', so if people want to dig into the detail they can. Why say 'materiality' when you can say 'things that matter'?"

What 'matters' most in the BBC is what WWF call Brainprint. "There is definitely something around normalising sustainable behaviour through the content we produce. We don't get directly involved with editorial content however; our role is to make the BBC's working practices as sustainable as possible" Hattie says.

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- What is 'accounted' for today? How might accounting practices be extended to include other externalities?
 - What role can the finance department play? How can they be effectively engaged?
 - Who does the cost-benefit/accounting language include/exclude? What behaviour does it provoke?
 - How can social costs and benefits be accounted for in this frame?

Ask yourself...

The Process-Redefinition Frame

Establishing new behavioural norms that align with a stated sustainability strategy requires that sooner or later those norms become codified. In some organisations that encoding into policy or process is almost an afterthought, formalizing a practice that's existed for some time. In others, particularly those that manage through clear control at distance or are already heavily regulated (e.g. banking, extractives, pharmaceuticals), rewriting policy may be the primary mechanism to embed new codes of conduct, funnel action choices and mitigate risk. Those sectors, where the stakes are high, whether in terms of health and safety or significant capital investment, develop strong process cultures to manage behaviour and risk-taking. Process compliance provides an effective cover for managing issues of moral hazard¹¹ (where the acting agent is not directly exposed to the risk instigated) and moral 'floating'¹² (where responsibility is so diffused that accountabilities 'fall through the gaps' between agents).

Banking transactions and complex projects lend themselves to process-led interventions and governance restructures that multiple agents can follow. 'Piggy-backing' incumbent processes – especially those material to the core proposition of the business – can be a powerful route to mainstreaming transformational change. But as a change method rewriting policy can be and often is overused. A potentially blunt instrument when used to cajole behaviour change, policy redefinition works less well in cultures where processes are not easily replicable or policies transferable. Alternatively policy maybe followed in letter but not spirit (an argument made against ever-increasing regulation of banking for example).

Cultural Characteristics

Inclination towards prudence, safety and risk mitigation
Expectation of behavioural compliance with rigorous and policed processes
Innovation defined within parameters and monitored
Subject matter expertise highly valued

Advantages

Strong policy/process compliance enables effective control at distance
New norms and practices can emerge from standardised practices
Creates standards that can be replicated across the industry

Risks

Sustainability gets limited to compliance and employees look for 'workarounds' (engaging with letter but not spirit of the policy)
Small group become the 'experts' and even the 'conscience' of the organisation

An over reliance on policies can also create compliance cultures where accountability is abdicating and innovation stifled. In the examples shared here, however, process redesign is clearly value-adding, an enhancement to existing practices providing commercial as well as sustainability benefit.

Anglo-American is one of the world's largest mining companies, with a heritage and interests across Africa, the Americas, Australia and Europe. Over recent years they have seen the regulatory and wider geopolitical landscape

shifting, with direct consequences for how they acquire permits and manage operations. They have felt the social landscape shift too, as stakeholder relations have become more sophisticated. It was in recognition of such trends that the Safety and Sustainable Development (S&SD) Integration Team was formed three years ago.

Conscious that most of Anglo-American's impacts occur in their major capital projects, Deidre Lingenfelder, Head of S&SD, and her team came alongside project leads to redesign key aspects of the project assessment process, in order to spot potential risks and opportunities for value creation at early stage gates where critical decisions are made. By identifying SD value drivers and enablers across water, health and safety, energy and climate change, biodiversity, stakeholder relations and waste and applying financial risk metrics, they can predict, for example, where replacing equipment can not only reduce emissions and improve air quality, but also reduce downtime in plants. Already they have identified project options that realise 10-15% increase in operating margin almost immediately.

Such quick wins have built a clear business case for institutionalising the model into early stage project assessment and bought credibility with project leads. Now the team regularly review projects at design stage, informing feasibility studies with scenario and financial modelling that highlight synergies and trade-offs across significant value drivers.

Responding to the more complex demands of permit-awarding authorities and local communities, the team have had to quickly build strong transdisciplinary teams drawing on expertise across operational and corporate functions. The collaborative skills and transversal connections built are an unexpected but valuable auxiliary benefit of working in this way.

HSBC – An engaging approach to writing sustainability policy

Among many initiatives, HSBC are rewriting policy to make more sustainable finance an easier choice for credit managers and clients.

For Simon Martin, Head of Group Sustainability, and Francis Sullivan, Deputy Head, “influencing change is not about convincing, but rather sitting alongside operational functions and helping them understand how this is of commercial relevance”. Because many of the concepts are new to client-facing staff, they work closely with them, designing clear policies that achieve a binary yes/no precision on credit decisions.

“Banking is about good risk assessment and policies that support sustainable development are no different,” says Sullivan “except perhaps for extending the time horizon.” HSBC’s policies on forestry and palm oil offer a good example, where mandated monitoring and approval ensure that more sustainable options are prioritised. Over time poor performers fall away. The strategy is clear for Martin, “it is not the bank’s job to determine whether or not a sector should exist, that is government’s role.” Rather the bank takes a position, assessing the extent and type of economic activity that will promote social progress without degrading ecosystems and sets policy accordingly. For a client in Latin America, says Mayu Avila, Head of Sustainability there, taking HSBC’s advice on adopting the banking framework *Equator Principles*¹³ enabled them to expand distribution to the US. Clearly then HSBC’s policies are valuable to clients too.

Framing sustainability in terms of policy and mandating compliance like this expands the reach of sustainability strategy from employees to customers and to the sector at large. The next step for HSBC is to make these policies open access – as is already the case with the energy sector policy that measures carbon intensity – encouraging collaboration and learning within the sector as well as continually raising the bar on what constitutes standard practice.



- What are the core processes in your organisation?
- How might they be redesigned through an SAU lens?
- How do you build the trust and visibility that will get SAU encoded?

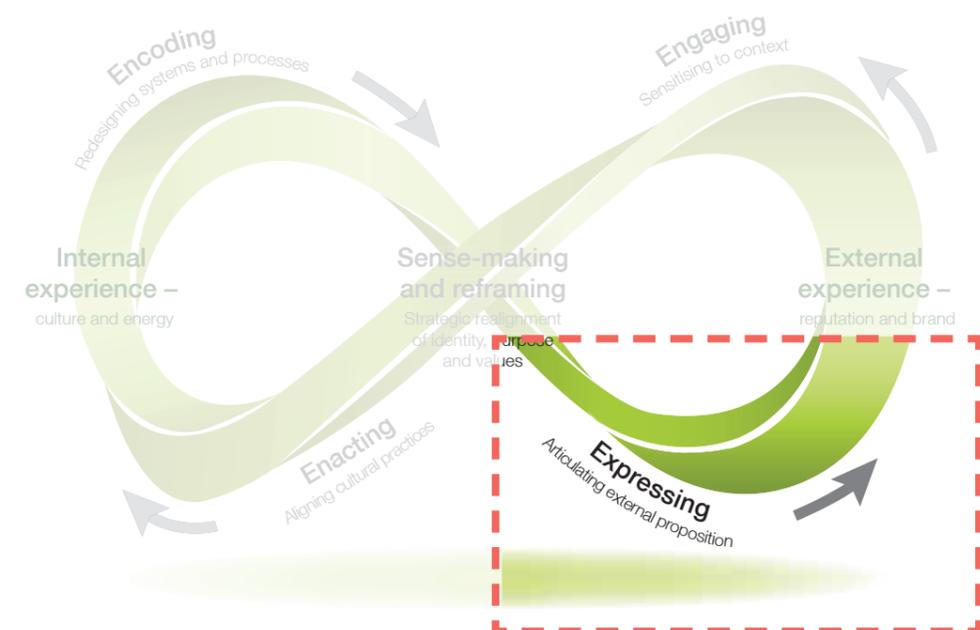
Ask yourself...

4.4 Expressing

Clearer values and identity lead to refinement of the value proposition and crafting new messages to express it to the market and wider external environment. Alignment here may start with, but quickly progresses beyond, communications and marketing devices to promote green products and services. It becomes about expressing an intent and commitment to action which stakeholders can use to hold the organisation to account. Expressing is where there is greatest risk of misalignment, through over-zealous marketing speak or possibly having both new and legacy products competing in the same market and sending confused signals. This is where transparency, honesty and authenticity become figural. Setting and publishing stretching targets, honestly admitting progress and setbacks and inviting accountability; all help with engaging stakeholders to support in the journey.

For SAU, aligning messages and externally focused action with sustainability values grounded in the organisation’s identity is paramount. In practice this means:

- New offers to market built upon identified environmental and social strengths
- External value propositions are integrated across product, service and business portfolios
- Strategies are developed for winding down inconsistent products and services
- Appropriate, brand-sensitive, communication strategies are crafted
- Suitable partnerships around the value net (Brandenburger and Nalebuff, 1996) and systemic level collaborations and strategic alliances are formed.



¹³ Available: <http://www.equator-principles.com/>

When effective, the result is a virtuous circle, where expressed sustainability through products and services sensitises consumers and service-users. They in turn then expect greater values-led product innovation thus pushing the agenda back in the business.

The two frames that sit most naturally in 'Expressing' are the Green Business Frame and the Market-Led Frame. Organisations with entrepreneurial and challenger-brand cultures will more likely see sustainability as market opportunity and source of competitive advantage, making them strong in this domain.

The Green Business Frame

"What's deep green today will be vanilla in five years' time".

Nigel Sager, Skanska

In the Green Business Frame intrapreneurship and the commercial opportunities of sustainability dominate. Central to this frame is an appreciation of the material (primarily environmental) impacts of the customers' value chain, leading to the production of offers that support clients to 'green' their own operations.

The companies interviewed are building expertise and commercially astute offers to an internal market that can be tested and refined, then made available to their external client base. The change strategy works by coming alongside the organisation using familiar business as usual concepts (growth, product innovation, customer focus), then expanding them to take account of externalities not currently addressed in the organisation's portfolio. The framing assumes substantive knowledge of the market and the entrepreneurial vision to re-interpret the organisation's competence into sustainable market offers.

The two examples given here – Skanska and SAP – offer very different intrapreneurial approaches, yet both highlight a) how to help customers address their own sustainability challenges, b) the importance of education and engagement with employees and customers, and c) the value of offering alternative mental accounting models that establish a firm business case.

Cultural Characteristics

- Entrepreneurial, fast-paced, making bold disruptive plays
- Sensitive to weak signals in environment.
- Tolerant of 'exotic species' and experiments in margins with potential to scale
- Learn by trial and error, building on core competence

Advantages

- Familiar commercial language facilitates engagement
- Growth orientation is easy to sell as business case
- Uses own organisation as testbed for piloting innovations
- Builds green brand

Risks

- Product performance outstrips operational performance and internal experience
- Parallel green and non-green business generates confusion in market
- Branded strategies can give impression of bolt-on not built-in

Skanska - Green Hub of Excellence

Winners of the 2011 Sunday Times Best Green Companies Award, Skanska's 40-strong UK sustainability team are energetically creating a 'business within a business', an infectiously creative and engaging hotbed of innovation that looks like an internal consultancy team. They benefit from a visible and supportive CEO, Mike Putnam, and have a lot of latitude to experiment. Their approach is both values and commercially driven, identifying clients who share their values and co-creating sustainable construction solutions with them. Finding innovative solutions to their clients' sustainability questions beyond the immediate scope of their projects (how to encourage electric transportation? How to reduce disruption in road maintenance projects?) makes Skanska a valuable partner to have around. Upstream they provide an Innovation Fund to support suppliers to develop lower impact products and techniques, help them realise the value, and reinvest the surplus into funding further projects. Directly addressing clients' and suppliers' own sustainability issues is generating increased client and employee interest and creating a valuable profit centre in its own right.

SAP - Greening the Suite

Given SAP's core competence of providing business management information, it isn't surprising that their framing of sustainability can be summarised as 'what gets measured gets managed'. Aware that the greatest opportunity they had to effect change was through providing their 170,000 clients with timely analytics on key material and energy impacts, they set about 'greening the suite' of their core software solutions. They started by using their own sustainability department as their R&D testbed. Working as a co-development team with the software engineers, they are producing a range of analytical tools to provide insight across critical impacts through the supply chain. As well as providing a sophisticated dashboard of metrics, with input from the sustainability team, mechanisms for stakeholder engagement are being integrated into them too. By making metrics available online, stakeholders are invited to interrogate the data, give feedback and offer ideas and recommendations for improvement. As well as showing an appreciation of the increasing need for radical transparency in reporting, SAP also benefit from the 'wisdom of crowds' to get free advice and market intelligence.



- What espoused and implicit messages is your organisation sending to the market?
- Where is the greatest alignment/misalignment between word and action?
- Where and how can you accelerate green innovation in products and services?
- How can you wind down or reinvent potentially damaging legacy propositions?

Ask yourself...

The Market-led Frame

"I do not work for the shareholder, to be honest; I work for the consumer, the customer. I discovered a long time ago that if I focus on the long-term to improve the lives of consumers and customers all over the world, the business results will come."

Paul Polman, CEO Unilever¹⁴

For most organisations the customer is seen as important. For the market-led organisation it's a continuous obsession that runs horizontally through the business and concerns both the customers' current and future needs. Brand is key, not only to building trust and loyalty, but as a source of permission to 'do different'. As Guy Champniss, author of *Brand Valued*, says "People often talk about corporate sustainability as being about the license to operate. In the context of brands it's far more important. If brands can create social capital, then what sustainability gives them is a license to innovate."¹⁵ Building social capital favours dialogue (talking and listening) over communicating and shared thinking over advocating, says Champniss. If organisations can involve stakeholders more participatively, their products and services can strengthen community connection and foster trust.

Cultural Characteristics

Customer is king! That means the end user, not just the client
Brand leads decision-making, so external image may be some distance from internal experience
Sensitivity to market trends and customer fashions keeps pace of change high

Advantages

Brand strength is a license to innovate if brand is well regarded
Focus on market engagement and building positive brand (be the 'good guys')
Can hugely influence consumer behaviour if engaged well

Risks

Brand strength leads to excessive protectionism and conservatism.
Marketers listen to consumers – if there isn't an obvious market, innovation for green products may stall
Sustainability is just about the message

Transparency and engagement, then, in communications, design and marketing, is a source of differentiation and customer value. Consumers are invited into a whole life-cycle relationship that is not only about product purchase decisions but about the use and disposal of those products too. An assessment of L'Oreal's shampoos showed that over 80% of the energy used through the full lifecycle of the product (from raw material acquisition to rinsing it out of your hair) comes from hot water used in the shower¹⁶.

For P&G's Ariel laundry detergent, the in-use energy consumed is 60-80%¹⁷.

Sustainability seen through the eyes of the Chief Marketing Officer is far more than an operational requirement to reduce energy in production and packaging; it's entering into a new contract with customers that shares responsibility beyond the point of purchase, inviting us (like Ariel's 'Turn to 30°' campaign) to change our behaviour and reflect on the sustainability of our lifestyles. The Market-Led Frame then is redefining customer relationships, entering a new era of collaborative corporate-consumer stakeholder responsibility.

Coca Cola Enterprises

Coca Cola Enterprises knows all about entering into new relationships with their customers. As part of their target to become a zero waste manufacturer by 2020 they are attempting ambitious behavioural change initiatives with their consumers to encourage recycling. Discussions with experts on stakeholder panels in the last few years have persuaded them that with a brand as powerful as theirs they could be getting significant impact with a wide audience. So whilst CCE are not Coke – they are the bottlers and distributors, not the brand itself – they are recognising they can use the brand beneficially, through activities such as awareness raising campaigns at festivals and events, and partnerships with distributors such as Asda.

CCE have recognised that with packaging accounting for 48% of their carbon footprint they need a systemic approach. So they are re-contracting with suppliers to increase plant-based and recycled PET plastic in their bottles, exploring alternatives in design of product delivery, and of course re-contracting with consumers to divert more valuable material away from landfill. They are also working with WRAP, local councils and central government, promoting change at the public policy level. Internally they have cross-disciplinary teams collaborating to close the loop and innovate waste out of their packaging and processes. What CCE demonstrate well is how identifying the most significant impact in their value chain, setting an audacious goal to reduce it (ultimately to recycle more than they use), and then pursuing it systemically on multiple fronts at once using brand as a lever, can drive innovation and pro-environmental behaviour,

not only inside the organisation but much further beyond it.

Virgin Media – “Making employees the stars of the show”

“At its heart, Virgin stands for offering customers another way, one that focuses on building relationships with customers, using the powerful brand as a vehicle for change”.

Katie Chapman, Head of Sustainability, Virgin Media

The Virgin Group is well known for being a challenger brand, entering and disrupting the industries that have often neglected to champion the needs of the consumer. Sustainability for them is a lifestyle thing. For Virgin Media that means offering digital products and services that help customers lead more sustainable lifestyles, whether that's through new ways of communicating, better access to information or connecting communities around entertainment.

As a challenger brand, finding a point of difference in the conversation with stakeholders has been important. Coupling brand values and culture with their digital entertainment expertise has produced some innovative ways to engage employees and external stakeholders. One example is their approach to reporting, 'show not tell'. Employees are given cameras to make films about the initiatives they have underway, “demonstrating the kind of company we are and how sustainability can be made part of everybody's job.” From teardrop lorries to closed loop paper systems, employees show what's going on behind the scenes. “We've found there's no better way to engage our employees in the sustainability story than make them stars of the show” Katie Chapman, Head of Sustainability, told us. Connecting to customers and stakeholders through such brand-consistent methods invites them to join Virgin on the journey, building a narrative of sustainable lifestyles together. “We're relatively new to this game... so we're trying to do things a bit differently. We're a Virgin brand after all.”

Unilever – Earning Trust

“It's an arms race for good”.

Gavin Neath, Senior Vice President for Sustainability, Unilever

When Unilever published its Sustainable Living Plan (USLP) in late 2010, with stated goals to halve the environmental impact of their products, source 100% of their raw materials sustainably and help one billion people improve their health and well-being, all by 2020, they were building on many years of social capital built with consumers, NGOs and their own employees. Their experience of developing 'Brand Imprint', a lifecycle assessment and brand-led innovation process, and working on numerous pre-competitive initiatives, such as sustainable fish, showed them the value of stakeholder engagement and transparency. As Gavin Neath told us, “We were taught by our work with fish that you can be really bold and ambitious with public statements. When we announced we had achieved only 63% of our goal in 2005, we were really heartened by the response of the NGOs. People said 'good effort, you did far better than we thought you would.' As long as we do this with integrity and work really hard to deliver then people are tolerant.” In the context of trusted transparent relationships, stakeholders understand the galvanising effect of stretching visions.

When they came to write the USLP, they chose to be transparent about their intentions for 'enlightened self-interest' and they engaged stakeholders extensively throughout the process, testing the proposition at every step to avoid 'green puffery'. Making Keith Weed, the Chief Marketing Officer, responsible for the Plan, sent a further powerful signal that the plan is nothing if not customer-led.

Branded published sustainability strategies are not for everyone. They inevitably expose an organisation to heightened scrutiny from activists, analysts and customers alike. But as Gavin pointed out, such scrutiny does have the benefit of focusing internal operations and the message of customer expectation carries more weight than the sustainability function alone ever could.

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- How do marketing and communications engage with sustainability today?
 - How could we differentiate if that engagement was stronger?
 - What is our point of difference?

Ask yourself...

¹⁷Sustainability in the Home: Ariel Excel Gel. Available: http://www.scienceinthebox.com/en_UK/sustainablehome/arielexcelgel.html.

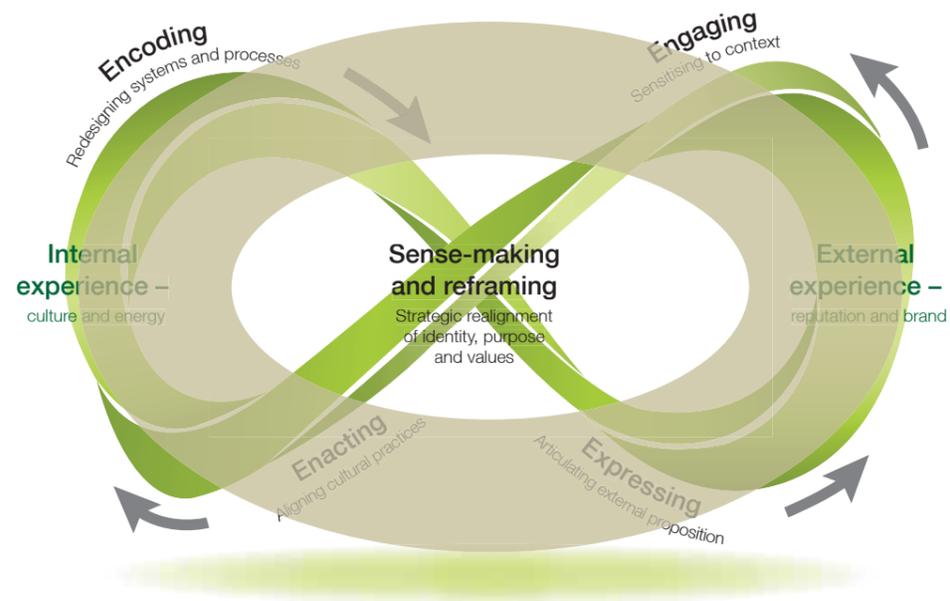
4.5 Sense-making and Reframing

At the heart of the model is the work of making sense of the external and internal environments and taking decisions on action. It requires raising awareness of assumptions and blindspots in habitual thinking patterns and exploring alternative framings that ‘increase the aperture’ of the lenses through which we see.

Formal and informal processes of dialogue, questioning, hypothesising, and decision-making are the lifeblood of organisations. Despite the common preference for action over words (‘talk is cheap’) it is in discourse that we determine the best course of action. But whether we notice it or not these discourses are limited by out-of-awareness beliefs – about context, about what is right or achievable, what messages we want to send, what sense of purpose we adhere to. The chosen frame limits both the diagnosis (how we frame the problem),

and also the prognosis (how then do we frame the solution?), creating value-laden blindspots as well as opportunities (Benford and Snow, 2000).

Perhaps most importantly is the question *who has the power to frame the debate?* Whose voice(s) and thus whose values come to dominate the decision-making process? Where multiple frames are in use (and this will certainly be the case with regard to sustainability in any organisation) it is likely to be those with the strongest rhetoric or ‘linguistic capital’ (not necessarily formal authority) who will determine the frame (Cohen, 2011 and Kaplan, 2008). Surfacing and highlighting such frames-in-use helps to widen perspective and spot the blindspots. Applying generative reframes – alternative frames that change the perspective – enables new questions to be asked and thus new strategic options to be discovered.



Sustainability As Usual

Naming the frames can be challenging in itself, particularly our own. *The fish is the last to see the water.* It can also be confrontational, because frames express values and ideology – is our position on sustainability about ethics? about risk? about growth? Whatever the frames, inevitably getting to resolution and shared commitment on strategic action becomes easier when these fundamental differences are acknowledged and engaged with.

Ultimately, making progress towards Sustainability As Usual involves a continual looping around the Talik, pushing the limits of what can be considered or imagined within the organisational context and breaking down barriers – real and perceived – to reconstruct purpose, strategy, values and identity, the mental building blocks of the organisation.



The Visionary frame

“There is no more strategic issue for a company, or any organisation, than its ultimate purpose. For those who think business exists to make a profit I suggest they think again. Business makes a profit to exist. Surely it must exist for some higher, nobler purpose than that.”

Ray Anderson, InterfaceFlor¹⁸

We place the Visionary frame in the centre of the Talik because it integrates all the other frames and the aspects of change necessary to support Sustainability As Usual – context sensitivity, behavioural and procedural change, innovation and engagement. But more importantly, because it transcends them all. To fundamentally question and re-determine the social purpose of business enables the potential for paradigmatic change. There is much that can be achieved within business as usual – efficiencies, new products, process innovations – but like Anderson’s proverbial plane that gives a brief sensation of flight as it falls off a cliff¹⁹, some sustainability plans give the impression of substantial progress but fail to register the scale of the challenge. We are with John Elkington when he said of the UN Global Compact / Accenture report: “81% (of respondents) said they had ‘already embedded’ sustainability. Whatever they may have embedded, the chances are it does not address the need for systems change.”²⁰

Cultural Characteristics

Far-sighted and contextually attuned – has long-term and systemic awareness.

Positive and audacious – excited by ‘bet-the-company’ goals

Porous boundaries – open to partnering and novel collaborations

Sense of social mission – solving global problems

Advantages

Integrated approach creates experience of coherence

Sponsorship plus devolved leadership creates high engagement throughout company

Bold leadership that produces systemic change across industries

Risks

Frame is set and owned by a few vocal individuals and doesn’t disseminate.

External stakeholders, especially suppliers, can’t keep up with audacious goals.

Top-down and bottom-up approach squeezes and disengages the ‘middle’.

Systems level change requires system-wide approaches and today most plans start from the category level of the organisation, not surprising since current governance structures and ownership models, not to mention competitive concerns, inhibit the necessary radical corrections. But eventually any conversation about SAU must address the thorny questions of business model and purpose at the systems level and the Visionary frame does just that.

It reflects a mindset that engages with these more expansive and existential questions. Start-ups can address them from the outset, as the I Owe You Project is doing. But for major corporates it is another matter. To continue the aviation metaphor, it requires the foresight and imagination to redesign the plane in flight, a whole system effort. Visionary then is not about the role of the leader so much as enabling visionary leadership to emerge at any and all points in the system. It’s a mindset that imagines a bold and holistic re-purposing of business, dismantling inhibiting governance structures and reconfiguring operating systems that align to acknowledged sustainability needs.

“Those companies that wait to be forced into action or who see it solely in terms of reputation management or CSR will do too little too late and may not even survive.”

Paul Polman, CEO Unilever

InterfaceFlor – distributing leadership

It is one thing to espouse a paradigmatic shift that re-purposes business. It is quite another to take a whole organisation, its supply chain, customers and stakeholders on the journey too. This is what Ray Anderson, the sadly late CEO of InterfaceFlor, set out to do. After famously experiencing a ‘spear in the chest moment’ that led him to question the environmental ethics of his carpet tile business, he began the long journey to transform a multi-billion dollar flooring enterprise wholly dependent on virgin hydrocarbons and linear take-make-waste processes into one based on closed loop cycles and zero (indeed restorative) environmental impact.

For 15 years now InterfaceFlor has been rewriting the book on environmentally-led innovation. From designing tiles that mimic random forest floors (so no waste) to finding inspiration from NASA in cutting technology, the company proudly exhort the commercial value of an SAU paradigm.

Ray had the advantage of being in an influential position and as a charismatic and admired CEO could bring others with him. But where

InterfaceFlor have shown real innovation is in promulgating change across the whole business and beyond – from quality-circle style innovation groups on the shop-floor, to Appreciative Inquiry whole system engagement methods, to actively lobbying and partnering to build momentum and shift mindset in the sector. Ramon Arratia, Head of Sustainability EMEA, points out that such engagement and open innovation is key to maintaining the pace of change necessary to meet their Mission Zero goal of zero environmental impacts by 2020. Why bring in expensive expertise on bitumen (a component of carpet backing) when you can partner with experts, co-develop closed loop products and share the intellectual and financial benefit?

Realising a vision of Sustainability As Usual requires this form of ‘metastasized’ leadership, where experimentation and ground-up open innovation can flourish, not only within organisations but more crucially across them, their sectors and society.

Unilever Sustainable Living Plan (USLP) – ‘An arms race for good’

The USLP was launched with great fanfare in late 2010 with the headline grabbing announcement from the CEO, Paul Polman that Unilever plans to double growth whilst reducing environmental impacts in absolute terms by 2020. With 50 targets under three pillars – reducing environmental impact, enhancing livelihoods and improving health and well-being – it touches every aspect of Unilever’s markets, strategy and operations.

The brain-child of Gavin Neath, Senior Vice President for Sustainability, the Plan was five years in the making with input from many sources. Whilst Unilever can claim a heritage of social purpose right back to its Anglo-Dutch roots, the seeds of the current plan were sown in the mid-90s, through partnerships with organisations such as WWF that produced the Sustainable Agriculture Code focused on agriculture, fisheries and water. Co-creating the code and making it open source brought learning and the foundations upon which the more comprehensive plan could be built. Neath and his team laid the foundations well, building robust metrics and assessment tools, getting critical stakeholders such as the marketing and brand teams on board.

¹⁸ <http://www.gpiatlantic.org/conference/proceedings/anderson.htm>

¹⁹ A metaphor he used in his presentations and his book Anderson, R. C. (1998). *Mid-course correction: Toward a sustainable enterprise*. The interface model. Atlanta, Ga.: Peregrinilla Press.

²⁰ Elkington, J., Morton, Ali. and Love, C. (2011). *The Future Quotient: 50 Stars in Seriously Long-Term Innovation*. London: Volans and JWT.

Unlike Anderson, Neath is adamant that the USLP is a commercial endeavour, an 'engine for growth' but the vision was created with NGOs and other key stakeholders engaged every step of the way. Growth is sought in health and well-being, meeting the needs of the bottom of the pyramid. With a business the size of Unilever, with sales in 170 countries, the limits to growth are already very visible, so the business case speaks for itself. As a change strategy though – a published plan that invites outside-in accountability – it is radical. Not only is the plane being redesigned in flight its destination and reason for flying are changing.

Polman's decision to terminate quarterly reporting is a good example of that redesign. It's allowing a more long-term vision and plan to emerge. The next step is the small matter of bringing the literally millions of small and large suppliers along with them, to share in the vision. Because, as Neath said, "in five years' time the Sustainable Living Plan will look woefully inadequate."

A decade ago these might have been called 'Bet-The-Company' strategies, requiring high levels of investment with a long-term payback, an apparently high-risk venture. Today, as M&S and Unilever are demonstrating, the risk is in not investing.



- What would a whole-organisation vision for sustainability look like for my organisation?
- What global problems would we solve?
- How could we become truly 'restorative'? (giving back more than we take)
- What is my personal vision? How can I inspire others to join me in it?

Ask yourself...

5. Continuing the Journey to Sustainability As Usual

Leading organisations are beginning to think and do differently. We entered into this research wanting to know how they were going about it; how they were engaging staff, suppliers, stakeholders on the journey towards sustainable enterprise. The intention was to map and compare their diverse approaches. What we have discovered is that not only are their approaches diverse, but the initial routes into the territory – the starting points – are too. Such first steps are fateful. The dominant framings of sustainability powerfully inform strategy and action - *how* data is gathered, *which* options are identified, *what* strategies are developed. And with what success? It is what differentiates, to borrow from MIT and BCG, the 'winners' from the 'dreamers' (2010).

Putting the Talik into practice

The research and our own experience has demonstrated repeatedly that the formal mechanisms of sense-making – data analysis, strategy formulation – and the informal processes – on-going discourse and everyday interactions – are key to translation of frame to action. Since embarking on our inquiry we have been invited by a number of organisations to work with them, putting the Talik into practice to formulate strategy and build capability. In so doing we have noted how swiftly raising awareness to frames in use and experimenting with alternatives can lead to identifying new insights and opportunities. We've seen the liberating potential of high participation events, bringing together whole system representatives to co-vision and co-innovate. And we've had re-emphasised the role of existing culture and identity in enabling and impeding engagement. One organisation has commenced a number of strategic projects to align internal culture

and values with external market interests, building transdisciplinary co-operation and high-potential capability in the process. Putting the Talik to work in 'live cases' like this is continually revealing new applications and insights for Sustainability As Usual. Inevitably it highlights the value of further inquiry, especially practitioner-led approaches such as action research,²¹ into effective methods of sense-making and strategy formulation.

Multi-stakeholder engagement and hybrid organisations

Multi-stakeholder engagement that leads to buy-in is a theme this research has brought powerfully to light. We have noted the keen potential for increasing systemic collaborations, both in meeting diffuse responsibilities for impacts around the value net (such as the decarbonisation of supply chains) and to bring together diverse competencies to meet specific needs (such as the M-Pesa money transfer system that involved cross-sector, cross-region partnerships). The dissolving of organisational boundaries and the rise of hybrid structures – cross-sector project-led temporary organisations that coalesce around a social development issue to bring the requisite skills, knowledge and resources to bear – is a trend we expect to see much more of. The I Owe You Project is an early indicator of such disruptive, game-changing business models, with more to come. It encourages us all to think creatively about designing fluidity, adaptability and responsiveness into our own business models and organisational structures.

Reframing the sustainability practitioner – the ‘discursive entrepreneur’

For sustainability change leaders, engaging our organisations meaningfully requires strengthening our own abilities to frame in many domains, whether quantitatively, ethically, commercially, technically, behaviourally or otherwise. We need to be fluent in multiple ‘discourses’ and able to engage compellingly across them, translating and finding common frames that promote shared understanding. It is a dextrous task of facilitating interaction around and beyond the value net, balancing multiple agendas for many actors simultaneously, widening the aperture to open up more panoramic visions that in turn lead to new collaborations, partnerships and ventures.

We hope our work and the work of others, such as the many practitioners who generously contributed to this research, will help in developing these abilities. It is in all our interests to make them Sustainability As Usual.



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