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SUSTAINABILITY**TRAINING**

Over 30 years of work with major U.S. and international companies has demonstrated that the consistency of business cycles extends well beyond the normal boom and bust of economic pressures and is seen in the way companies value their human capital. This trend extends to the approach companies take in training their management personnel. In this paper, we focus on the need for sustainability training in companies and organizations wishing to understand the swift global challenges which are reshaping the relationships of business, customers, government and society.

Sustainability Training for the Near-Term Leader: Skills, Traits and Needs for the Near Future

BY GERALD BRESNICK AND BRUCE PIASECKI

The Present State

Companies, especially major Fortune 500 firms, often provide myriad training opportunities for their staff. Generally, this includes the training of front-line personnel on how to deal with customers, technical training on equipment and maintenance, professional training of engineers, lawyers, tax experts and others in their fields of expertise and general employee training

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in company policies and expectations. By and large, these companies have embraced the need for training and see the advantage of a well-trained work force in enhancing their brand value and business success.

It is curious, therefore, that these same companies present disparate approaches in training their management personnel. In our experience, these firms often are at a loss to understand what works and what is simply taken on faith. Oftentimes we see companies which have gone through dramatic cycles in management training from large, in-house training centers to computer assisted training to external courses at leading universities.

Companies often play "follow the leader," looking at highly successful and profitable companies and attempting to mimic their training approaches. These approaches are announced with great assertions of sincerity, commitment and dedication, and considerable cost, until a few years later when the next "better thing" comes along.

Lately, many organizations are beginning to embrace the concepts of sustainability. We center our exploration of new needs in training on this vital and often neglected new strategic corporate requirement. Recent surveys, for example, indicate that over 60 percent of company executives consider "sustainability" extremely or very important while over 75 percent see it

as creating company value. Yet, only 30 percent say that their company is actively seeking opportunities to engage in sustainability.

This perceived need for sustainability awareness in leading companies is supported by recent studies, which have determined that a company that invests in sustainability increases its brand value. CSRHub, for example, has found a statistically significant correlation between the sustainability categories of Employees, Environment, Community and Governance with Brand strength. Indeed, the highest correlation was found in the employee area of training, health and safety—the normative precursors for a firm strong on sustainability and near future positioning.

It is, of course, difficult for companies to balance existing competitive demands, and plan for future success. Managers and employees are also concerned about the initiative fatigue that sets in when yet another requirement is mandated. It is even more difficult for companies to plan for and train their leaders in sustainability when they are unsure as to what sustainability entails in their organization and how it fits into their business plan.

Our experience is that companies that have embraced sustainability see a link between leadership, global competition and innovation overlain by the shifting values of society. Generally, companies that have embraced innovation as a fundamental part of their business strategy have been the first movers in embracing sustainability as a core competency.

Early Movers

Companies which have made a commitment to sustainability often establish a leadership position of chief sustainability officer. Generally this is an individual who has served in other company operating units, is respected in the organization and has a personal commitment to sustainability.

Oftentimes, much of this individual's training is "on the job." Other times the organization may hire an individual from the outside who has built a career and reputation in sustainability areas. In these cases, the individual may not understand the culture, drivers and pressures of the business. These companies have recognized the need for sustainability in their business practices but have not yet ingrained it into the fabric and culture of the organization.

If sustainability is to be seen as not another fad or business cycle, but rather as an integral part of the business strategy, a more proactive approach will need to be developed. We believe that sustainability training for company leaders and near-term leaders will result in an organization that is comfortable with the concepts of sustainability and is able to use the elements of sustainable development to its best business advantage.

Sustainability Training: Failures, Fallacies and Fables

In our work, we have come to believe that companies struggle with management and leader training for the following reasons:

The Myth of the Superstar

Battling for the best and the brightest has become a blood sport in U.S. industry. Companies have been conditioned to believe that only first-rate talent can

defeat rivals in the global competition to grow and succeed in the long term.

Search firms and HR departments have made successful businesses from convincing managers that "A" players recruited from the outside will pave the way to success and riches.

Besides, it is a quicker path to business nirvana than developing people within the firm, which takes time and money.

Given that the idea of the superstar has been accepted as almost the cornerstone of people management strategies in many companies, it is more than curious that the vast majority of evidence suggests that hiring the star performer generally leads to three outcomes: 1) the star's performance fades; 2) group performance suffers; and 3) the star often leaves within a short period of time. It is equally curious that the myth of the star performer or chief executive officer has been so adequately debunked by popular business writers (e.g. Jim Collins) and numerous examples of failure in the business press.

Myth Number 2: Leaders Are *Born*, Not Made

Closely allied to the myth of the superstar is the inherent belief that leaders are just different; that their unique personalities, outlooks, work habits and intelligence set them apart from the norm. Indeed this may be such a deeply held cultural belief that it explains the historical acceptance of hereditary advantage and the reverence for graduates of elite universities.

Companies have relied on techniques from psychological testing to detailed lists of "leadership traits" to identify and nurture those who exhibit the "right blend" of talent. Indeed we are familiar with companies in which personality tests such as The Myers-Briggs Type Indicator (MBTI) has been used to determine if potential managers exhibited the "right set" of attributes (generally defined as those which the present leadership possessed) to determine potential advancement. We are also familiar with companies where potential advancement was determined, in part, by interviews and reports by industrial psychologists.

Although we do not discount the proof of natural advantage—that is, some people do have a natural talent for leadership, just as others may have great talent in music, art and sports—we recognize that talent in leadership seems harder to identify and more difficult to coach. We also recognize the large industry that has grown up around self-help books, training and courses seeking to train individuals in the right habits.

Key Elements of Training: Time and Money

All organizations are being increasingly pressed to do more with less. In a world driven by short-term successes and failures, even organizations committed to training find it difficult to engage their own leaders in providing training and mentoring to valued staff.

Most managers and leaders are struggling to do their "day jobs" and have become adept at determining

The Surprising Solution for Many Large Industrials on Sustainability, Growth & Innovation

This is about...

linking leadership with sustainability and innovation toward the shifting values of society...

Which directly ties to corporate performance on...

Revenue
Reputation
Reporting



what sneeds to be done now and what can be put off. When the immediate takes precedence over the important we have found that training is often left to the human resources department and is delivered by them and through their external resources with minimal, albeit periodic, input from leadership.

Companies which have embraced learning as a competitive advantage have reacted to the economic pressures by increasing the use of eLearning, which includes the entire range of computer-based training in addition to training offered by TV and CD's. The percentage of learning hours delivered through technology jumped from only 13 percent in 2000 to 31.4 percent in 2008, and again to 36.5 percent in 2009, according to a study from the American Society for Training and Development.

Even with the growth of eLearning most organizations are not investing in continued learning and development programs. A recent CHART study showed that after the first 90 days on the job less than one-third of the surveyed companies spent more than \$1,000 per individual on career development programs. This was even more pronounced in management and executive training, where less than 1 percent of the eLearning training budget went to this population.

Our review of these human resources led training programs indicates that management training tends to be focused on developing those traits and behaviors which the organization has determined are representative of the leaders they have. This behavior-based training is then augmented by specific courses at external venues in particular skill sets.

Rarely, if ever, is sustainability included as an integral part of management training. This is likely due to the newness of the field and a lack of understanding

about what sustainability is and what it means to the business. It is also likely that since present leaders have not been well versed in sustainability the organization does not consider it a critical skill. Although training programs in many areas of sustainability, such as corporate social responsibility, governance, ethics, strategy and management, have been established, in addition to the more mature training programs in allied areas such as environment, health and safety, many companies are yet unable to answer the value proposition for sustainability, which is a prerequisite for resource allocation.

Approaching the Near Future

We believe that the case for sustainability will become increasing apparent and the need for training equally evident in the near future.

Among the forcing factors presently at work are:

1. Increased globalization
2. Increased transparency of impacts
3. The growth of voluntary industry initiatives
4. Pressures from suppliers and customers to know and document sustainability performance
5. Instantaneous communication and the rise of social media
6. Customer trust and brand loyalty
7. Resource constraints
8. Aggressive NGOs
9. Governments seeking quick popular wins

10. Growth of reporting standards and the likelihood of required sustainability reporting

All corporations with a U.S. presence, for example, should be following the work of the Sustainability Accounting Standards Board (SASB), which is devising sustainability accounting standards for 88 different industries. Unlike the “voluntary” and detail-focused Global Reporting Initiative, the SASB is devising standards to be used when U.S. listed companies complete their 10-K and foreign domiciled corporations their 20-F forms for the U.S. Securities and Exchange Commission (SEC). The development of sustainability standards of real use to investors, and required by the SEC will change the dynamics of sustainability in many companies and help answer the question of why this is critical to their business.

Sustainability Training: A Natural Progression

When viewed historically it is apparent that sustainability is the inevitable result of long-term trends, which have worked their way into the business plans of most major organizations.

It is somewhat surprising, therefore, that sustainability training has not been more fully integrated into organizations that remain committed to innovation and leadership. We believe that part of the reason for this apparent lack of training focus has been an inability to develop formal criteria for what sustainability training should include and what an ideal curriculum should encompass.

Implementation

There is a set of core competencies that the next generation of business managers and leaders need to be in

command of. *The World Business Council for Sustainable Development* has listed six traits for successful sustainability leadership:

1. Understanding the broad context
2. Managing complexity, coping with uncertainty
3. Systems thinking
4. Working beyond boundaries
5. Leading change

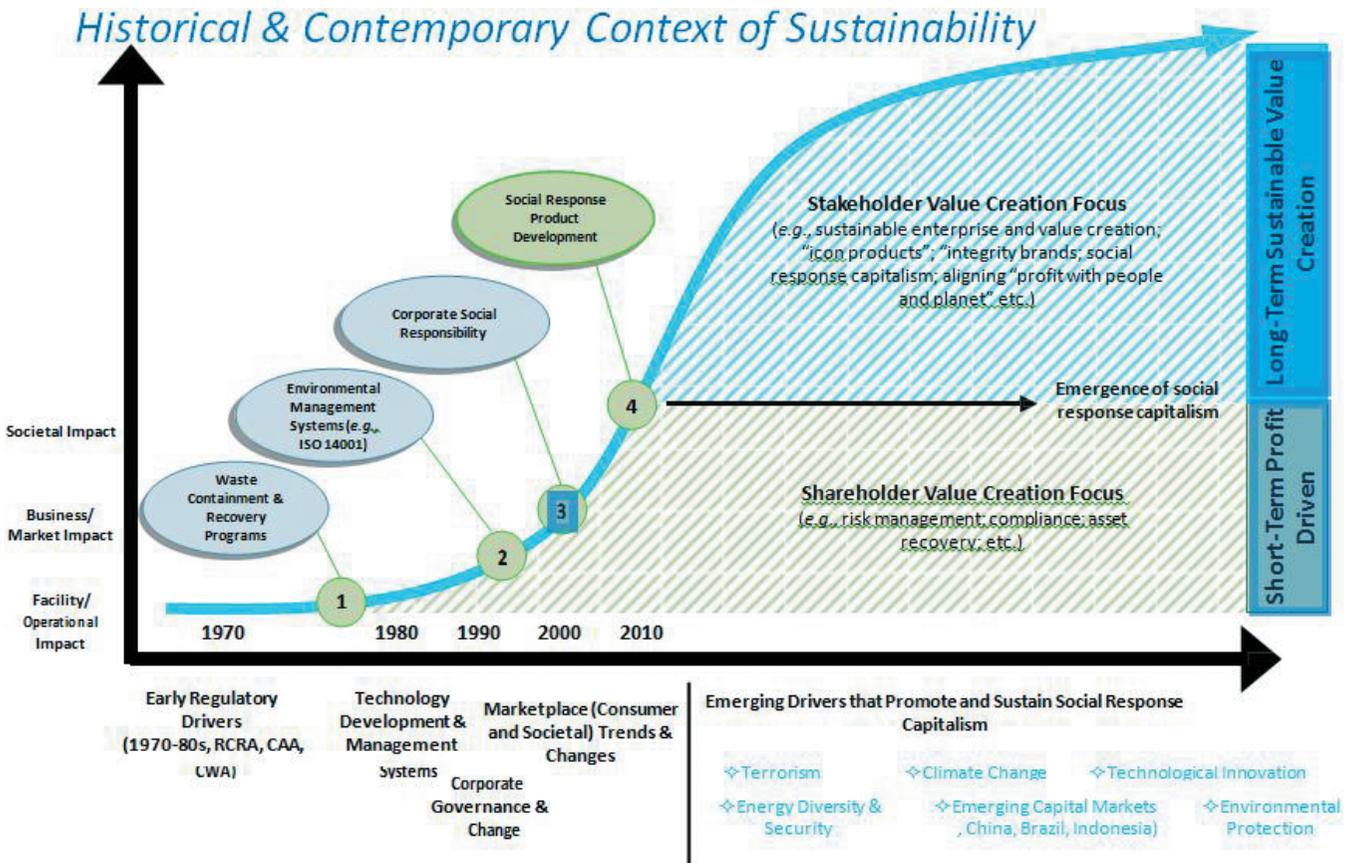
Sustainability has been described as a balance of People, Planet, and Profits. All too often the profits part receives the least attention by external sustainability advocates, yet is the underlying rationale for those inside the business. It is perhaps best understood by business if sustainability is embraced as being primarily about the sustainability of the business. That is, how do you ensure that the business will survive and grow into the future, and what are the risks, both internal and external, that must be managed to ensure your future? Viewed from this vantage point the six traits presented above are critical to long-term business success.

Why Train Rather Than Give Experience

Although traits are defined as “a distinguishing feature of a person’s character,” we believe that the above traits can be enhanced in leaders and near-term leaders through skills-based training.

The following elements of skills training should be included, at a minimum, for an optimal sustainability-training curriculum.

1. Strategic Thinking



- 2. Performance
- 3. Innovation
- 4. Advocacy
- 5. Communications
- 6. Resource Management
- 7. Decision Making

An effective sustainability-training program, therefore, needs to incorporate five basic themes—what we call “critical skills” and “core competencies” that are half-lived and half-learned:

- 1. Financial
- 2. Employees
- 3. Environment
- 4. Community
- 5. Governance

The basic goal then is to understand how the interaction of these themes results in a sustainable organization.

It is beyond the scope of this paper to discuss what works best in each company in terms of organizing and delivering sustainability training. Training, as is all learning, is individualistic and there are numerous sources that can help guide the best method for delivering training for your organization. Our experience is that training is best done through a mix of one-on-one sessions, augmented with periodic communications to provide advice, review progress and discuss real-time problems. We also have found that training works best when it is based on real life situations and taught by individuals who have real world experiences that can be shared, analyzed and understood. We also believe that an integral part of training needs to be the personal action plan, with established goals and dates that can be reviewed on an ongoing basis.

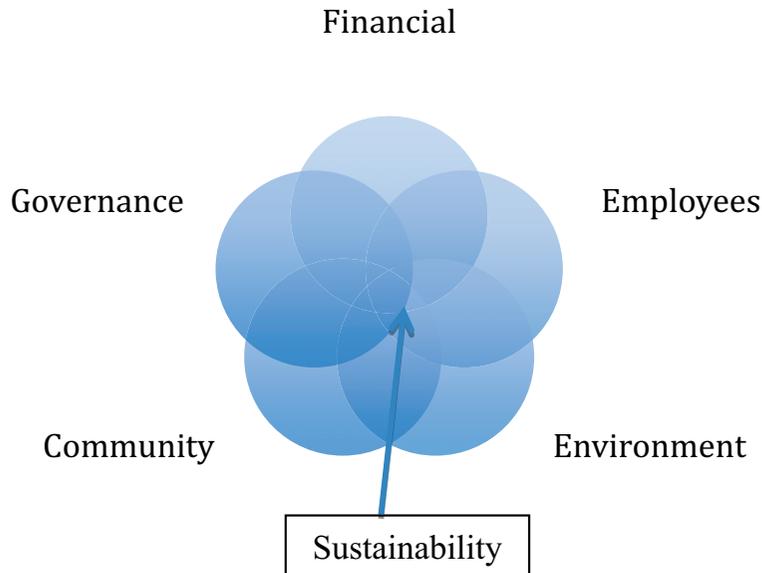
For maximum effectiveness and long term cultural change, training initially should be directed to the population of near-term leaders. We define those individuals, often termed “high-potentials,” as employees who are

expected to reach leadership positions in their departments or operational units within three to five years.

Although we have developed an optimal sustainability training curriculum (presented below), we recognize that companies can and should organize their training program to best meet their needs. The following is presented as an illustration of an optimized course of study that will enhance the skill sets necessary for the leader or near-term leader wishing to become more proficient in all aspects of sustainability.

A Model Sustainability Training Curriculum

- 1. *Overview of Sustainability Leadership*
 - a. Unique skills and abilities needed by sustainability practitioners
 - b. Unique stakeholder expectations for a company’s performance
 - c. Why Reputation Matters
 - d. Characteristics of Successful Leaders
 - e. Enablers and Barriers to Success
 - f. Techniques for Developing Leadership Skills
- 2. *Exercising Judgment*
 - a. Seeing the Bigger Picture
 - b. Managing Complexity, Coping with Uncertainty
 - c. Leading Change
 - d. Strategy versus Tactics
 - e. Short Term versus Long Term
 - f. Understanding your role in the process
 - g. Arguing versus Collaborating
 - h. Resolving Conflict
 - i. Finding Common Ground
- 3. *Making the Case in your Company for That Innovative Idea*
 - a. Being an Effective Advocate



- b. Understanding the audience, their goals, perspectives, culture, and language
- c. Crafting an Effective Message
- d. The Power of Benchmarking
- e. Avoiding Annoyance
- f. Who Are the Champions?
- 4. *Achieving Breakthrough Performance*
 - a. Why Leaders Matter
 - b. The Myth of the Born Leader
 - c. Envisioning a Future State
 - d. From Management to Leadership
 - e. Listen More – Talk Less
 - f. The Power of Questions
 - g. Understanding Team Dynamics
 - h. Does Credit Matter?
 - i. Organizational Transformation and Culture Change
- 5. *Measuring performance and success*
 - a. Setting Goals
 - b. Leading versus Lagging
 - c. Qualitative versus Quantitative
 - d. Hard versus Soft Benefits
 - e. Coaching and Counseling
- 6. *Partnerships*
 - a. The Power of Strategic Partnerships
 - b. Finding the Right Partners, Internally and Externally
 - c. The critical role of the communications department
 - d. Why Alliances Fail

- e. Getting to “Win –Win”

Summary: As a View of Some Next Steps

Our world is in the grips of megatrends that will radically reshape our societies and organizations. Due to a visible set of energy, sustainability and human talent challenges, our near future is likely to get even swifter and more severe. To prepare for that near future, organizations should understand the impacts of these mission critical trends:

- Urbanization
- Aging Populations in the Western Countries
- Climate Change
- Globalization
- Growth in Energy Demand
- Water Scarcity
- Increasing Demand for Arable Land

Organizations routinely struggle with finding the competitive edge in the face of conflicting demands and where competition is intense and communication is instantaneous. Organizations are also routinely struggling to develop a high-performing culture. There is no shortage of guidance in how to transform your organization and leadership team into an effective, results oriented team, and companies have spent untold hours and dollars searching for that “ultimate answer.”

We believe that there is a nexus between these megatrends and competitive pressures, and what organizations are searching for is how to be relevant, or sustainable, in this new world.

Organizations that wish to compete in this new world will need to develop the talent and skills of their leaders and near-term leaders more than ever. As the great Bard William Shakespeare suggests in both his comedies and his tragedies, the destiny of our near future rests in the investments we make in the talented, and in the training we offer those near those talented agents.

For without training, we run into a wall again and again.