

Changing Tack

Executive Summary



Changing Tack is the final output of The Regeneration Roadmap. The project seized 2012's major sustainability milestones—particularly the Rio+20 summit in Brazil—as an opportunity to assess progress on sustainable development, to examine the evolution of the role of business in delivering this agenda to date, and to consider what and how might be done, particularly by the private sector, to accelerate and scale progress in the urgent manner required. The Regeneration Roadmap team conducted interviews with pioneers in this field, held dialogues with thought leaders around the world, and undertook extensive research including multiple surveys testing expert, public and consumer attitudes and expectations regarding sustainable development.

While optimistic about what is possible to achieve, *Changing Tack* finds sustainability challenges to be great and growing, and that solutions are not yet proliferating at the speed and scale needed to avert widespread environmental, social and economic disruptions. It finds low expectations that governments alone will provide the leadership needed to change course and looks to other institutions, particularly business, to fill the gap.

While recognizing and encouraging proliferation of existing sustainability best practice from business, the policy realm and civil society, *Changing Tack* argues the need for shifting both the focus and degree of effort applied—a change of tack—in order to integrate sustainability considerations into the global economic system.

The report suggests that the private sector has both the capability and reason to play a catalytic leadership role where collective action and change to underlying system conditions are required. This will demand that businesses improve and evolve their own strategies and practices, as well as stimulate and support the shifts in policy, capital markets and consumption that will be required to achieve sustainable development.

Perfect Storm

Changing Tack recognizes that, at the moment that the private sector is called to do more to lead, the sustainability challenge is extremely stark. All told, and in spite of encouraging but too limited progress from path-breaking institutions in all sectors, the best knowledge available points to worsening trends on all but a few global environmental metrics and the likelihood of significant, widespread disruption to human development in the near future.

Those canvassed in Regeneration Roadmap surveys and our wider research express significant doubt that conventional actors including government, the United Nations or multilateral institutions will address the problem, or that business can deliver adequate progress without substantial changes in the economic system. The global public believes “current social, environmental and economic challenges represent a bigger crisis than we have ever faced before,” and yet the public is also increasingly disengaged, with measures of concern across a range of environmental issues touching maximum low points in 2012 since GlobeScan began tracking concern in 1992. In addition, consumers are stuck, with the number of “deep green” consumers remaining fewer than one in five overall, and with almost no evidence of a rise in sustainable consumer behavior since 2008.

Amidst all of this, experts and the public express less trust in business and government than any other type of institution. However, they also express the highest expectations for their future leadership. With governments still falling short in terms of providing effective guidance on the national and international stage, *Changing Tack* concludes that companies, alone and in combination with other actors, face both the expectation and opportunity to chart the route forward on sustainable development in the near term, and that the question of the moment is how.

Taking the Helm

The mix of progress and failure to date makes clear that the sustainable development agenda is in the doldrums at precisely the moment when the need for action is most acute. New approaches and new leadership are required to re-invigorate progress, and business is being called upon to help provide them.

One reason the onus of leadership rests so much on business is that our modern economic system not only fosters growth and development, but also holds the potential to ensure reliable and efficient distribution (and stewardship) of the resources that the system consumes. To unlock this potential requires a focus on the private sector. In addition, inaction on sustainable development challenges poses risks to business models, investment and growth. It is not only possible but also in the private sector’s self-interest to help pilot the forward course.

Achieving sustainable development will require far greater effort than previously; the whole economic system must be carefully reshaped in order to exploit its strengths, so that future innovation and growth occur within planetary limits, taking into account the needs of present and future generations.

Changing Tack finds reasons to hope that the growing level and sophistication of business engagement on sustainable development could help achieve a tipping point; in spite of the real pressure it faces to deliver returns under existing market rules, the private sector appears capable of greater leadership. Without leaving anyone else behind, it’s time for business to take the helm.

The Voyage Ahead

To guide companies embracing the imperative of sustainable development leadership, *Changing Tack* offers a prescription as to how leading businesses can optimize their own sustainability strategy and effort, inspire and pressure their peers and leaders from other sectors to follow suit, and best influence and accelerate wider systemic changes.

This recommendation plays out across six attributes of 'extended' leadership (see Figure 1-1), the combination of things companies control and should do directly, plus the effect they can exert on the larger system. Pursued vigorously and in concert with one another, these six attributes will enable leading companies to navigate the uncertain, challenging waters ahead, ensuring safe passage for themselves and showing the way for others.

Accelerating Performance

While a cohort of leading companies exhibit these attributes today, a significant leadership gap exists. In addition to the six leadership attributes suggested as essential to success, closing this gap requires creating an environment that enables and encourages solutions to be brought to scale and distributed at pace. Trust, collaboration and leadership are the enabling elements required.

Trust, collaboration and leadership each directly contribute to stronger corporate performance. Together they can help reset the operating context for business, making more likely the widespread adoption and scaling of Vision, Goals, Offer, Brand, Transparency and Advocacy as well as the related performance improvements and system changes necessary to deliver sustainable development.

Even in the face of present challenges, we remain optimistic that we can shape a sustainable economy by mid-century. This will require putting the pre-conditions in place during this decade to allow exponential progress from 2020 through 2050. It is time to set sail.



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Figure 1-1 | Six Attributes of Extended Leadership

1 Vision

Vision is the articulation of a company's unique role in and contribution to a sustainable future. It is best when it is a direct evolution of the existing core vision of the firm, aligning the business' identity, culture and competencies, and the way it creates value, with fundamental sustainability needs or challenges. It describes a compelling and relevant destination for the organization, and inspires employees, partners and other stakeholders to help achieve it.

2 Goals

Goals help define the destination expressed in Vision and establish waypoints on the journey. When they are ambitious and specific, they boost stakeholder trust and engagement and help unlock both competition and collaboration to drive innovation. Absolute and science-based goals are particularly important for the way they require companies to shift from reducing impact intensity—which may obscure or ignore the fact that overall impact is still rising—and act on the best available science to improve operations in ways that resolve underlying system challenges.

3 Offer

Offer calls on companies to evolve the nature and substance of their core propositions—their products, services and the business models that underpin them—to deliver on their vision for sustainability. This requires developing products and services that push the boundaries of both different and better. Better brings cleaner, more efficient, more socially conscious products and services to market, while different entails fundamentally new approaches to value creation plus products and services that account for externalities.

4 Brand

Brand is the effective expression of Vision, Goals and Offer through a compelling brand promise and communications. It creates opportunity to engage and reshape fundamental values and mindsets. Brand brings the intangibles underlying consumer loyalty into play, with the implication that the emotions and social norms affecting consumer preference might enable companies to create more demand for sustainable products and services.

5 Transparency

Transparency means providing relevant, appropriate and timely signals to all market players in order to optimize their understanding and decision-making and ensure proper function of markets. This requires further and faster evolution of traditional corporate sustainability reporting, plus new approaches better able to engage, inform and influence.

6 Advocacy

Advocacy is about business helping to shape more sustainable behavior and choices across the economy. This means mobilizing others, including policymakers, other companies, investors and consumers, to help reform policy, market incentives and other system conditions to drive sustainability further (and faster) into the mainstream.

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SustainAbility is a think-tank and strategic advisory firm working to catalyze transformative business leadership on the sustainability agenda. Established in 1987, SustainAbility delivers illuminating foresight and actionable insight on sustainable development trends and issues.

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