

People, Planet, Profit: How can CEOs positively impact more of all three, more of the time



CEOs have a unique opportunity to step back during this lock down and think harder with their executive teams about their sustainability agenda and approach. More than an opportunity, it will become an imperative, as without a material adjustment, it's likely sustainability objectives could take a back seat to more pressing needs regarding survival and recovery of core business.

The crisis has demonstrated how businesses can act as a force for good alongside government and civil society in meeting global challenges. But businesses need to make a profit in order to operate in the long-term, and only a healthy, growing business will have a positive impact on its people, customers, communities and shareholders.

In times of growth and prosperity, the inherent tensions between People, Planet, and Profit can be obscured; and supporting all three through unique strategies with clear objectives is plausible. Indeed, many organizations have unique functions and functional strategies which clearly focus on each of these three objectives. Often, they are held together by a loose communications architecture that gives the impression they work together, but they are simply three separate agendas pushing separate objectives. Declaring a unified corporate purpose to serve all stakeholders, while continuing to operate in silos, will not generate the benefits in terms of People, Planet and Profit that truly reorganizing the company around its purpose can.

With a deep recession or even a depression on the horizon for most of the world, the tensions between People, Planet, and Profit are likely to intensify.

There is reason to be more hopeful, however. While the crisis will have lasting impacts financially, evidence is building to be bullish on humanity; this crisis can and will shift society for the better. Social and human capital are on the rise, and while it's difficult to measure directly, it perhaps will have the biggest impact on why there is real hope and opportunity that corporations will continue to advance down the road of a force for good.

The secret to success will be to manage the tensions that emerge between People, Planet, and Profits; not by trading off between them, but by finding creative ways to achieve more of all three, more of the time. This can and should be the role of enterprise strategy and it will require some deep thinking, re-tooling, and adjustments to decision making, investment criteria and mindset. As we work through this inspiring challenge with our clients, here are our top five ideas for helping reshape your approach to drive impact on all three simultaneously.

- 1) **Think deeper about Purpose:** Purpose is at the core; it's why the company exists and what it's here to do, and how the company can be unique and have a positive impact on society. This will require thinking harder about purpose in the context of what the company does, and what purpose it can own with conviction in light of its mix of activities, its reach into the community, customer markets and decision makers. Now more than ever, having a clear, specific, and inspiring purpose, which links to strategy, is critical to success. Being number one; maximizing shareholder value and making a profit are the consequence of a well led enterprise, but not its purpose. Understanding how your organization is working to be a force for good is important for both success with employees, customers, communities and increasingly with shareholders. Purpose is not a headline statement pushed down from the top, but an opportunity to engage the organization on what it stands for and where it can leverage its strengths for greater impact.
- 2) **Broaden the view of Sustainability:** Covid-19 has increased the value being placed on societal and human capital; for many organizations it will precipitate a change in the way sustainability evolves, broadening and elevating the view. "Sustainability" is a relatively new concept for many organizations, and its definition generally encompasses CSR, ESG reporting and specific environmental programs and targets. However, the crisis has put a spotlight on other aspects important to long term sustainability like employee wellbeing, supply chain management integration, disaster preparedness, community support and engagement, alongside environment. Now is a good time to assess your position against a broader set of criteria across "E, S, G". Opening the aperture to embrace aspects of human, societal, customer, and environmental "value" can help to create better ideas to meet multiple objectives simultaneously. As organizations move up the sustainability maturity curve, they are beginning to view sustainability initiatives as driving strategy and strategy as driving sustainability. It's the tighter integration between strategy and sustainability that can drive impact more efficiently, and ultimately, they become the vehicle for living the company purpose and delivering profitability for the longer term.
- 3) **Adjust the Strategic Resource Allocation approach:** Promote more integrated thinking between People, Planet and Profits, through adjustments to the principles, process and approach to decision making. Set higher standards; examine business initiatives through a purpose and sustainability lens, and examine sustainability initiatives through a business lens. Setting standards for resource allocation on equal footing across People, Planet and Profit will require a different approach to resource allocation than today and put much more pressure on understanding impact on non "financial" oriented investments. Said another way, there will need to be greater integration between how investment in People and Planet contributes to longer

term value, and how business investment contributes to the long-term objectives behind People and Planet.

- 4) **Reassess and renew priorities:** Adjusting the Strategic Resource Allocation approach as discussed above should result in a different and better set of priorities for the business. As one client put it recently: “Never waste a good crisis”. Take this opportunity to move beyond reacting, refine the agenda and renew your priorities. Adjustments and refinements are much easier to achieve against the current backdrop of distribution. Companies need to find new tools to help them understand how to identify projects and initiatives that sit on a “best fit” line driving impact on all three. While there are plenty of ideas that will lose out; by being disciplined companies can drive profit and do good simultaneously.
- 5) **Consider an Integrated Function for “Strategy & Sustainability”:** Some clients have taken proactive actions to shift the functional organizations; elevating sustainability and combining it with strategy drives better integration and co-ordination, streamlining standards and establishing clearer governance. These new units have direct lines into the CEO, and in some cases tag to senior board members. Taking bold action on how the company is organized and the roles and responsibility for oversight, policy and investment monitoring can help with the joined up thinking that is missing in many organizations.

The five actions above can help ensure a tightening up of the enterprise strategy and sustainability agenda to help achieve more of all three, more of the time. People, Planet, Profit – working to drive a more **valued and valuable** enterprise.

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