

Business in the

Community



LEADERSHIP SKILLS FOR A SUSTAINABLE ECONOMY



The inspiration for the pictures in this report is drawn from examples of collaboration in nature. Competition is often described as the dominant force in the fight for survival. However cooperation is also common in the natural world. Indeed as rainforests and coral reefs reveal - the two richest ecosystems on earth have evolved through cooperation at every level.





CLARENCE HOUSE

Making the transition to a genuinely sustainable economy is absolutely imperative if we are to survive for much longer on our single planet. Yet it is abundantly clear that despite some limited progress, we are a long way from achieving that goal and securing the future for ourselves and our children.

We know pretty well by now what we have to do, and how little time we have to achieve it, especially where climate change is concerned. The problem is that we have to find entirely new ways of working, and of appropriately valuing the environment that sustains us. So I couldn't be more pleased that my National Ambassador for 2009, Vincent de Rivaz, has conducted this inquiry into the leadership skills needed for a sustainable economy.

This is an important and insightful piece of work, and I commend it to business leaders, policy-makers and everyone involved in skills training for business.

It is most evident that businesses recognize that developing the leadership skills needed for a sustainable economy is a critical issue requiring considerable and urgent attention. I find it greatly to their credit that business leaders appreciate the national importance of business leadership on this issue, acknowledge that not enough is being done and are so clearly up for doing more.

It is also reassuring to learn that the skills required aren't so much new skills, but rather existing business skills that need to be applied in this new, complex and rapidly changing context. So it is skills such as commercial awareness to identify the risks and opportunities presented by a sustainable economy; the ability to work towards a longer term vision; effective and persuasive communication; and the ability to inspire and empower others that are seen as important.

Coupled with these 'office-based' skills, we cannot underestimate the importance of traditional, artisanal talents. I very much look forward to the next phase of this work, which I hope will assess the manufacturing and engineering skills we so badly require. Occasionally, we can overlook the necessity of practical skills but, without them – without our plumbers, labourers, electricians and builders – a sustainable economy is simply not possible.

The inquiry has discovered some excellent examples of what businesses are already doing to develop sustainability skills, from which others can learn and build. It is essential that they do, and I know that Business in the Community will encourage and assist as much as possible.

There is a simple elegance to the key insight that the people best placed to provide the additional support the business community needs is the business community itself.

We all know business leaders are already under immense pressure to deliver to their stakeholders, with time and resources strained to breaking point, but this is a long-term problem that is only going to become more urgent as time slips by. I hope leading businesses will – somehow – find the time and space to work together to address these skills needs, as well as to persuade Business Schools of the vital importance of imparting such skills to their students.

This inquiry has provided a clear call to action for businesses to share their learning and to work with others to develop appropriate support that is tailored to individual needs. We all recognize the ability of business leaders to create fast and effective change and the extraordinary power of collaborative action towards a common purpose. I can only urge you to respond by rising to the opportunity for such crucial collaboration.

A handwritten signature in black ink, appearing to read 'Chadley', written in a cursive style.

A long, horizontal, wavy handwritten flourish or underline in black ink.



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Conclusions - the collective voice of business

Developing the leadership skills we need for the transition to a sustainable economy is both urgent and critical to our future economic success - as well as to our social and environmental well-being. We have an opportunity to take the lead. Collectively we have the power to make a huge difference if we share transferable learning and apply what is great in business to the sustainability agenda.

The vast majority of leading businesses surveyed in this inquiry are saying our businesses need to do more, that we plan to do more and - although almost half have already started - we still all want to see a lot more action. We believe we will benefit most from transferable business to business learning and from more tailored third party support - tangible programmes designed by and for business.

The next challenge therefore is to identify what these tangible programmes are and how to apply them in the timescale available. As hard as it is right now - the clear call to action is to share learning and resources for our common good.

Why this inquiry?



Business leaders continue to be ahead in the transition to a sustainable economy. We have the power to make a difference and the will and capabilities to make things happen. It is in our narrow economic interest as well as our broader economic, social and environmental interest to act now. The longer we wait the greater the costs of catch up.

We can help make a low-carbon, sustainable economy happen through transforming the sectors we work in, through our supply chains, through innovation and through stakeholder influence.

To enable this potential to be realised, it is critical that individuals at every level in all types of businesses are equipped with the skills they need to take action on climate change and to prepare for a sustainable economy.

Almost everyone knows that skills will play an essential part in the move to a sustainable economy and that the serious skills shortages in many areas will pose an increasing problem. However, very little research has previously been done on just what these skills might be. What does exist has tended to focus on technical rather than leadership skills.

Further dialogue with forward-looking organisations was needed to identify the current state of play, key gaps, and the best ways of filling these gaps.

In recognition of this I committed, in my role as HRH The Prince of Wales's National Ambassador for 2009, to lead an inquiry with Business in the Community into the leadership skills needed to enable the transition to a sustainable economy.

**Vincent de Rivaz, Chief Executive,
EDF Energy**



The aims of this inquiry

The inquiry focused on the skills applicable to business people across all levels and functions. It looked in particular at the specific skills needed for those in senior, middle management and customer-facing roles. It also looked at the extent of engagement with schools and higher education institutions on skills.

Its aims were:

1. **To cut through the clutter** - create a clear sense of direction
2. **To assess the current state of play amongst leading businesses** - the challenges and how these can be overcome, and the skills gaps and means to fill them
3. **To create a lasting legacy** - something active of meaning and substance
4. **To mobilise business** - create transformational change through collaborative business-led action to share transferable learning, scaleable programmes and other resources

How it was undertaken

The inquiry was framed by a small Steering Committee of business and third sector leaders:

EDF Energy

- Eva Eisenschimmel, Chief Officer - People, Organisation & Brand Performance (Chair)
- Neville Farrington, Head of Sustainability
- Emily Smith, Sustainability Communications Manager

Business in the Community

- Libby Sandbrook, Senior Advisor - Mayday Network

Other businesses

- Andy Wood, Chief Executive Officer, Adnams
- Lucy Carver, Director of the Bigger Picture, BSKyB
- Mike Barry, Head of Sustainable Business, Marks and Spencer
- Paul Turner, Head of Sustainable Development, Lloyds TSB
- Stuart McLachlan, Managing Director - Global Operations, WSP

Other non-governmental organisations

- Ruth Findlay-Brooks, Development Director, Cambridge Programme for Sustainability Leadership
- Stephanie Draper, Director - Change Strategies, Forum for the Future
- Trewin Restorick, Chief Executive, Global Action Plan

It began with a review of the existing literature undertaken by the Cambridge Programme for Sustainability Leadership.

This then informed an online quantitative survey distributed to over 2,000 member organisations of HRH The Prince of Wales's Mayday Network on Climate Change, and of Business in the Community. Board-level and sustainability contacts were invited to participate. Over 700 responses were given by individuals in organisations of a mix of sizes and from a broad range of industry sectors. The fieldwork was conducted by Ipsos MORI between March and April 2010. In parallel, 12 qualitative in-depth interviews were conducted with companies which have already created (or are planning) programmes to develop sustainability skills.

The responses therefore represent the views of those who have already started to engage.

What the findings tell us

1. Businesses are ready to lead the transition

1. Businesses appreciate the importance of the issue

Almost everyone (99 percent of respondents) recognises that developing the leadership skills we need for a sustainable economy is **important to the success of the UK economy**. In fact 70 percent agree that the gap in these skills will become **one of the most pressing challenges** facing UK businesses in the next five years.

2. Businesses acknowledge not enough is being done

The common perception is that **not much is yet being done** across business in general. Only 15 percent think developing the skills needed is well or partly established in UK businesses - even though around half (48 percent) say they already have well or partly established skills development programmes in place in their own company. 84 percent think there is an **urgent need to put more programmes in place**.

3. Businesses are up for doing more

Around nine in ten agree that **businesses need to do more** to prepare their people for the transition to a sustainable economy. This applies to those at **senior, middle and customer-facing** levels, with the majority saying **a lot** more needs to be done for each of these groups.

Looking ahead, 93 percent say that their business is likely to do more to incorporate sustainability skills into its business strategy in the next five years.

4. There is a solid demand for more action from other stakeholders

There is a high level of demand for more action on the issue from the UK Government and third parties. 91 percent say **Government needs to do more** - two thirds say a lot more. 84 percent say that third parties (including universities, not for profits and professional bodies) need to do more.



2. Business relevance is critical to success

The transition to a sustainable economy is hard for people to get their heads around.

What is happening is truly immense: the complexities of a new economy influenced by factors such as climate change, globalisation, increasing expectations regarding responsible business practice and the global financial crisis.

Many of the skills identified may be classical leadership skills. However the situation we need to apply them in is very new and much more complex and the timeframe is limited

Leadership for the 21st century, Ashridge Journal Spring 2009

Context: the ability to identify the relevant social and environmental trends and their business implications and how to factor these into strategic decision making.

Complexity: the ability to lead in the face of uncertainty, ambiguity and disagreement

Connectedness: the ability to build effective relationships with new kinds of external partners - regulators, competitors, NGOs or local communities



There appear to be three main challenges:

1. Envisioning how a sustainable economy might look

The first challenge is envisioning how a sustainable economy might look, where the organisation intersects with society and the environment, and how it will work.

“ Many businesses don't understand where they are trying to get to on sustainability. There is a need to show each sector what a sustainable future looks like - and then they can ask 'Do we have the skills to get there?' Otherwise it gets very foggy - 'Where do we start? What do we do?' This lack of clarity on the direction of travel makes it difficult to see what kind of training [will be needed]. ”

2. Connecting with the commercial benefits of sustainability

The second challenge is that many businesses haven't connected with the commercial benefits of sustainability. It is seen as a cost and only a cost. This highlights the value of transferable learning from well grounded case studies.

“ We need examples of business success with sustainability at the core. ”

3. Grounding solutions in day to day reality

The third challenge is tailoring programmes to the specific needs of the organisation.

“ Unless you're able to distil this huge and amorphous sustainability agenda into something specific to the business agenda and relevant to people's everyday roles it won't be meaningful. ”

3. Classical leadership skills are more relevant than ever

The inquiry indicates classical leadership skills are critical at all levels because of the need to drive transformational change.

Sustainable thinking needs to become embedded at a personal level throughout the business and not restricted to specific functions.

“It’s about encouraging people to own the processes they do every day and embed sustainability so that they come up with suggestions of how to make those processes more sustainable.”

A range of skills are seen as important

These leadership skills are seen as crucial or very important by the majority:

The ability to consistently work towards a **longer term vision** for how the organisation will contribute to a sustainable economy (88 percent)

The ability to **inspire** change on sustainability in a broad range of people within and outside of the organisation (87 percent)

The ability to **empower** a diverse range of people within the organisation to make sustainable business decisions (84 percent)

Commercial awareness to identify the risks and opportunities presented by a sustainable economy (89 percent)

Sufficient **knowledge** about sustainability to translate it into successful business strategies (87 percent)

The ability to **innovate** in sustainable approaches, technologies, products and services (79 percent)

The ability to **work collaboratively** with different stakeholders (such as other companies, Government, the third sector and community groups) towards a sustainable economy (82 percent)

Effective and persuasive **communication** on sustainability issues, using clear and accessible language (88 percent)



There are some interesting variances depending on role:

For senior managers and board directors

The ability to inspire change in a range of people (53 percent) and consistently work towards a longer term vision (45 percent) were considered to be most important. These were followed by commercial awareness (42 percent) and the ability to empower (42 percent).

For middle managers

The most important skills were viewed as having sufficient knowledge about sustainability to translate it into successful business strategies (53 percent), and effective and persuasive communication using clear and accessible language (49 percent).

For customer-facing staff

By far the most important skill is seen as effective and persuasive communication (75 percent).

4. Specific functions will also need to be targeted

Various studies have highlighted some of the specific technical and generic functional skills needed:

- **Technical and sector skills shortages** - with a focus on skills such as energy, waste, agriculture, technical specialists, designers, engineers and electricians and identifying skill shortages in a number of sectors including renewable energy, energy and resource efficiency, building renovation, construction, environmental services and manufacturing.¹
- **Business planning skills** - including strategic business planning, life cycle analysis, change management, financial investment modelling and management with low carbon and resource efficiency in mind.²
- **Specific carbon and accounting skills** - sustainable procurement, monitoring and measuring, carbon accounting, performance reporting, environmental management systems, risk management, whole life costing, cost benefit and analysis and innovation and commercialisation skills.³
- **The development of new managerial capacities** - managers must be willing and able to learn new skills, and to make use of the skills their staff have obtained. New styles of management are called for, with managers moving from disciplinarians to coaches.⁴
- **A variety of functions have been identified as potential targets for skills development** - most commonly marketing and communications, finance, product design, HR, procurement, engineering and logistics.



1 GHK, The Impacts of Climate Change on European Employment and Skills in the Short to Medium-Term: A Review of the Literature; Final Report (Volume 2) (2009)

2 DEFRA, Skills for a Low Carbon and Resource Efficient Economy - a review of the evidence (undated)

3 ibid.

4 UNEP, Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World (2008)

5. There are some clear areas to focus transferable learning

Pooling the lessons from these different sources, it is clear that the focus for the development of resources, sharing experiences and transferable learning should be:

For senior managers and board directors

- Enhancing the ability to develop a meaningful sustainable business purpose
- Encouraging tenacity, consistency and enthusiasm from the top
- Developing the ability to spot the game-changing strategic opportunity
- Embedding the ability to inspire and empower others to come with you

For middle managers

- Developing the ability to identify tangible business benefits - and to create a clear short and longer term business case
- Ensuring sufficient knowledge and fostering the ability to integrate this into business strategy
- Creating tailored programmes targeting specific business functions
- Understanding how to put in place clear metrics and periodic check backs

For customer-facing staff

- Creating a general awareness and understanding to enable staff to communicate effectively

For all employees

- Highlighting personal relevance in day to day job and career aspirations
- Ensuring that staff are engaged at all times - not just a short shot in the arm
- Providing links to ongoing support networks



6. Leading companies are already taking action

Companies are looking at a range of skills development options delivered across the business.

“ It’s everything from specialist courses to the day-to-day basics. We go and give department talks. At the other end of the spectrum is the induction training - everyone gets an update on health and safety, and on the environment. ”

Most are embedding sustainability skills development into business as usual. Programmes focus on:

■ Mass education and awareness raising

WSP

WSP’s Sustainability E-learning is targeted at its 9,000 employees globally. It aims to help employees understand sustainability, to get to know the company’s sustainability strategy, and to recognise the commercial opportunities related to it.

EDF Energy

EDF Energy has developed a dynamic e-learning tool to raise the basic awareness and understanding of all 20,000 employees. This learning tool focuses on its sustainability strategy, published Sustainability Commitments and the ways in which all employees can get involved.

Accenture

Accenture has worked with Global Action Plan to create a range of induction materials and supporting toolkits with the aim of building sustainability into existing business roles. Individual performance objectives and skills development were built in alongside links to Accenture’s wider sustainability strategy to ensure the starter pack’s relevance and resonance.

■ Employee engagement activities

Marks & Spencer

As part of its Plan A commitment, Marks & Spencer has appointed a climate champion in each of its stores providing awareness training and skills support as well as a toolbox of resources to help them to green their store.

EDF Energy

As a sustainability partner of London 2012, EDF Energy aims not only to make the Olympic and Paralympic Games more sustainable, but to use the inspiration of the Games to make the whole nation more sustainable. The Team Green Britain campaign is open to all and aims to equip everyone to lead a low carbon lifestyle.

■ Developing leadership and management skills

Lloyds Banking Group

The corporate banking arm of the Lloyds Banking Group has created a training programme for managers who support its business customers to develop their knowledge and understanding of environmental issues like natural resource depletion and climate change and the impact that these could have on their customers. This programme is being run internally, with support from the Cambridge Programme for Sustainability Leadership.



Northumbrian Water

Northumbrian Water is piloting courses for its managers including BA (Hons) and Masters in Leadership & Management. These courses have been developed with Newcastle Business School and include modules on corporate responsibility.

- **Functional specific programmes** (for example product development, engineering, waste management, property/facilities and energy management, to procurement)

IBM

IBM announced a new supply chain programme in April 2010 requiring its global first tier suppliers to deploy a management system that addresses corporate responsibility. Education modules have been prepared for IBM's Global Supply staff to support them in this process.

TUI Travel

TUI Travel provides a range of sustainability skills development programmes tailored for different functions within the organisation including engineers, customer-facing staff, purchasers and retail outlet managers.

“Customer expectation, stakeholders redefining the essence [of what business should focus on] ... As well as our customers, our employees want to work for a good business. The commercial opportunities to save money. The market opportunities and business opportunities.”

A variety of internal and external triggers have prompted action. For the main part, those factors driving businesses to build sustainability into their business strategies are also those that by extension cause them to think about the skills that are needed in their workforce to turn this into practice.

“One leads to the other. The recognition that we need to change our business model [to be more sustainable] leads us to ask whether we have the skills to effect that change.”

But even the most advanced businesses acknowledge there is still much to be done.

7. There is demand for more tailored support

There is unmet demand for a wide range of support.

“ All parts of the business will need to be targeted but targeted in different ways . . . What we need is a mix of specific job skills and general awareness - everyone will need skills development, but some will need one hour of training whereas others will need three days. ”

The most useful resources are seen as in-house skills champions, mentoring and employee engagement programmes (79 percent), practical 'how-to' guides (79 percent), best practice examples (78 percent) and training programmes (72 percent).

More specifically there is a demand for:

More and better executive education

- Practical experience - on the job, project based, experiential
- Learning through mentors and peers
- Structured reflection through coaching or appreciative inquiry
- The immersion of business leaders in the world of sustainability
- Tailored third party assistance

Tailored employee engagement activities

- Networks of champions - business line contact points
- Collaborative action with suppliers, wider businesses and external bodies

- Objectives, job descriptions and performance
- Tool boxes, practitioner videos, train-the-trainer kits
- New awards, incentives and employee recognition
- Function specific middle management skills development
- Measurement tools and approaches

Inspirational communication, awareness and understanding

- E-learning and lecture style - straightforward knowledge transfer and basic awareness
- Mainstream toolkits - communications and engagement
- Training sessions open to all levels
- Induction training

The onus for providing this support should be as much on Government and third parties as it is on business.

However the best way for business to make something happen quickly is business-led action:

1. Sharing transferable learning and scaleable skills programmes
2. Complementing this with best practice examples and resources
3. Mentoring and getting involved in networks/practitioner groups

Looking ahead: the future generation

Faced with economic challenges the current focus is naturally on the existing workforce. An equally important later phase of the inquiry will need to focus on the future workforce.

Nearly a third of survey respondents (31 percent) said their organisation **currently engages with schools** to help develop the skills needed to move towards a sustainable economy and 41 percent that they were **planning to do more in the next five years**. 36 percent currently engage with higher education.

Activities include:

- **Incorporating sustainability into schools and higher education volunteering, mentoring and engagement programmes**

3M

3M has developed a web-based teaching resource, 3M Worldlywise (www.3Mworldlywise.co.uk), which can be used by teaching professionals and STEM Ambassadors. The site aims to educate 11 to 16 year olds about sustainable living and highlight that society needs scientists, engineers and new technology for a sustainable future. 3M's HR department has incorporated STEM Ambassadorship into its training programmes, as a way to develop employees' 'soft' skills.

- **Encouraging students to consider careers in their industry due to sector-specific skills shortages, using sustainability as a 'hook' to engage them in industry issues**

Freedom Group

To address the need to attract future employees into the engineering services sector, Freedom Group is developing a programme of school visits in partnership with its clients. The visits will cover a range of issues including new skills requirements for technology advances in the low carbon economy, smart metering and smart grids, and renewable energy sources.

- **Sponsorship of PhD courses, and placements and internships for higher education students**

Adnams

Adnams runs a programme through which MBA students at the University of East Anglia have placements in the business, providing input on its sustainability issues, and Adnams has also worked with Cambridge University student placements.

“ This programme allows us to make the most of the ideas coming from academia on sustainability issues while the students themselves get to see how things are being done in practice within business. ”

Yet more action is needed to extend engagement with schools and higher education institutes and to share examples of different programmes. In particular, in addition to focusing on specific skills shortages, young people need to be inspired by the relevance of sustainability to all jobs.

“ Imagine what more businesses could be doing to inspire young people - and for that matter young people to be inspiring business. ”

What next?

The call for action to begin a collaborative business-led initiative

To take this work forward - and to enable business leadership on developing the skills required for a sustainable economy - a collaborative business-led 'Sustainability Leadership Skills Initiative' has been launched. This initiative is responding to the findings of the inquiry through ensuring that transferable learning, scalable programmes and other resources are identified and put in place to inspire, engage and support companies in developing these skills.

A Taskforce to lead, learn and share resources

We are calling on companies to identify skills programmes that they are willing to share - to add to a business to business resource library and make available to other businesses to tailor and use for their own skills development.

To lead this work, a Taskforce of leading companies is being formed, initially for a 12 month period.

The Taskforce will focus on four categories of employees: senior managers, middle managers, customer-facing staff and the general workforce.

In addition to sharing existing resources, they will work with other stakeholders to address gaps in the provision of skills programmes and resources.

Working with Business in the Community

The initiative is being led by Business in the Community as a joint initiative of the Mayday and Talent and Skills Leadership Teams.

Business in the Community will support the dissemination of existing resources through creating an online road map within the Mayday Journey - providing guidance, good practice and resources - and organising a series of networking and thought leadership events including Seeing is Believing visits, workshops, webinars and dinners.

Business in the Community - alongside the Cambridge Programme for Sustainability Leadership, Global Action Plan and Forum for the Future - is supporting the Taskforce in developing and making available new programmes and resources.

Addressing the implications for Government and third-parties

There is a demand for more government involvement, in influencing businesses to act, putting better support in place and prioritising skills development for the future workforce in schools and higher education. There is also a clear role for input from trade bodies, professional associations and business advisers to advance the agenda of skills for a sustainable economy. Third

party organisations also have an active role to play. Although the initiative is focusing on business to business support and leadership, these groups are being encouraged to consider the implications of the findings.

Creating a vision

We need to create a vision of what a sustainable future looks like for different industry sectors, and identify the professions and industries where skills development would make a substantial contribution to a sustainable economy. In conjunction with this Sustainability Leadership Skills Initiative, Business in the Community is bringing together businesses to build a vision for a positive, sustainable future - one that encourages and stimulates innovation. This will be translated into a range of visual communications and provide the basis for a roadmap showing the constraining issues and opportunities and the way-markers, practical steps, tools and other resources to support business leaders on their sustainability journey.

“

This skills inquiry has shown overwhelming recognition of the need for leadership skills on the issue of sustainability; and also the distance we still have to travel. This distance is too great for any one business to cover alone - collaborative business-led action is essential to share resources and address the skills gap.

The most effective businesses are those that can unlock the potential of their employees to play a positive role in creating transformational change in their workplace and communities. At Business in the Community we make it our mission to help employers to do just that.

Stephen Howard, Chief Executive, Business in the Community

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**THE PRINCE'S
MAYDAY
NETWORK**



**Business Action
on Skills**



Business in the Community mobilises business for good.
We work with business to build a sustainable future for people and planet. Our approach to responsible business provides a framework to support and challenge business to improve its performance and benefit society through our four areas of expertise - community, environment, workplace and marketplace.

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