

# The Three Phases of Sustainability Leadership

Gregory Unruh, Ph.D.

Director, Lincoln Center for Ethics in Global Management

Thunderbird School of Global Management



In a February 2010 [Huffington Post article](#), I made the call for sustainability leadership and tried to distinguish it from sustainability management. I'd like to elaborate on these ideas and present sustainability leadership as an evolutionary practice for most organizations. As companies develop sustainability competencies, most will go through a series of phases, and the leadership style that is appropriate for each phase needs to evolve as well. The phases are: Learning, Alignment and Embedding.

**Learning Phase:** The majority of companies are drawn into sustainability by both internal and external pressures. Ironically, competition is an important element. More than one sustainability officer has told me that their company's executives became focused on sustainability after a key competitor decided to differentiate on **superior sustainability performance**. Most companies therefore face an early stage where the company's understanding of sustainability is limited; both executives and the organization are learning about sustainability and what it means for the company. An early stage indicator that a company is entering the sustainability space is when CEOs begin to talk about sustainability in their corporate presentations. Public statements by the CEO help signal to employees that sustainability is important, but it is organizational changes that facilitate broader learning.

A typical, and often best change, is the creation of "sustainability" or "eco" teams that bring together managers from across the organization. Since sustainability is a cross-functional and cross-organizational challenge the development of eco teams makes sense. All of the company's business units and functions need to explore the meaning of sustainability for their specific situations and how their actions impact other functions.

Leadership in the learning phase is organic, with sustainability champions emerging in the business units. Savvy leaders also engage and motivate employees by focusing on sustainability issues that align with employee values. The volunteer rates for green teams are high because many employees want to feel that their work is contributing to not just the bottom line, but also a better world.

**Alignment Phase:** Self-starting green teams and voluntary sustainability programs like recycling, waste reduction, etc., are an early outcome from the learning phase. But at some point, the "let a thousand flowers bloom" approach reaches its limits. By this time, the company has gained substantial understanding of sustainability in general and the specific sustainability issues facing the company. Employees have probably also improved their

workplace practices. Further advance requires coordinated action and alignment in sustainability goals.

To move the company forward, leaders must articulate a clear sustainability mission and vision for the organization. A good sustainability mission states what value the company brings to society and a commitment to address valid concerns about the environmental and social impacts created by the company. Many companies will also officially recognize the sustainability champions from the previous phase and add specific sustainability roles to their existing functional duties. Wells Fargo, for example, created the role of sustainability officers in each of its offices and branches, identifying employees that the company was eager to retain. Sustainability officers become a local source for sharing companywide green goals, policies and campaigns.

Alignment occurs internally, but perhaps more importantly, also externally with stakeholders. Leadership in this phase is often more difficult because it requires moving beyond the company's gates. Corporations are rarely solely responsible for environmental or social problems like climate change or child labor. But, they are participants in the issue and can play a role in addressing a larger more complex problem. McDonald's, for example, played only a minor role in Brazilian Amazon deforestation coming from agricultural production, but quickly got behind efforts to protect the rainforest by collaborating with NGOs, its suppliers and even competitors. This type of leadership is like diplomacy, working to align partners and stakeholders toward common sustainability goals.

**Embedding Phase:** Very few companies have reached the final phase where sustainability practices become embedded in the company culture, processes and systems. This, however, should be the end game – the pinnacle achievement – for all businesses. Some companies have made steps in this direction. Office furniture manufacturer Herman Miller, for example, has embedded sustainability criteria into their new product development process, which ensures that all new innovations will incorporate sustainability performance criteria. Over time, the company's entire product line will be designed on sustainability principles. Ideally, at this point, sustainability leadership is ingrained and managers can go back to focusing on solving customers' problems and engaging competitors profitably.

Ultimately, solving our sustainability problems will depend on inspirational business leadership that can change what tasks managers manage. Let's concentrate on finding and fostering the inspiration and start acting on it.