Six Steps Towards Building a More Sustainable Organization

The late Steve Jobs had said of design what could be applied to organizations – “Design is not just what it looks like. Design is how it works.”

True sustainability is only possible in the presence of thoughtfully designed, adaptable, and intelligent systems. Whether in natural or anthropogenicsystems, sustainability is simply an indicator of good design.

Companies are no exception. A complex, global, multicultural corporation’s ability to become sustainable will be shaped by its approach to governance and organizational design. As an aspect of sustainability strategy, organizational design is often given short shrift. In fact, according to a recent research study, 25% of corporate executives say that their current organizational structure doesn’t support accountability for sustainability initiatives.

Take these Six Steps to better sustainability governance:

Step 1: Ensure that the CEO leads the charge

With any major corporate culture shift or organization change, the CEO’s visible leadership is key. The CEO needs to set the behavioral example for the organization; if he or she is not taking it seriously, and it shows, no one will. There is simply no substitute for a passionate and engaged CEO who embraces this commitment in word and action.

Step 2: Incorporate sustainability into the Board agenda

Simply put, a Board is responsible for ratifying strategy, and sustainability is a crucial aspect of strategy. Sustainability should not only be front and center for all Directors on a Board; it should also be the focus and responsibility of a Sub-Committee of the Board.

Step 3: “Incentivize” executive leadership and engagement

33% of corporate executives say that lack of incentives tied to sustainability performance is a barrier to capturing potential value from sustainability. The Board should determine how executive pay can be based on the organization’s performance against sustainability goals. Many companies have “suddenly” seen more movement after adjusting their bonus structures at the senior levels.

Step 4: Develop a customized design that fits your organization

A one-size-fits-all approach based solely on what has worked for others is a mistake. The right solutions can be strikingly different across varying organizational sizes, sectors, regions,
and cultures. Don’t rely too heavily on “leading practices” – focus on designing a structure that works for your organization.

Step 5: Empower the CSO and the Sustainability Office to “make it happen”

A CSO and his or her team can be brilliant; they can be the world’s experts on sustainability and leading change—but if they’re not given the necessary political capital and access, which requires the visible and vocal backing of the CEO and Board, they will be limited in their impact.

Step 6: Help all employees understand the implications of sustainability in their roles

Many companies can point to widely understood cultural values that define their organizations—for example, “we have a culture of safety,” or “we are committed to our customers first”—and it is easy to see these values in employee behavior. Similarly, a culture of sustainability—one in which employees understand the ESG impacts of their everyday actions, have ESG performance targets and are evaluated according to those targets—is a necessity for a sustainable organization.

The common element in all six steps is an active and engaged CEO, Board and Executive Team. As with any important organizational initiative, the right “tone at the top” is absolutely critical to “making it happen” – and happen it does!