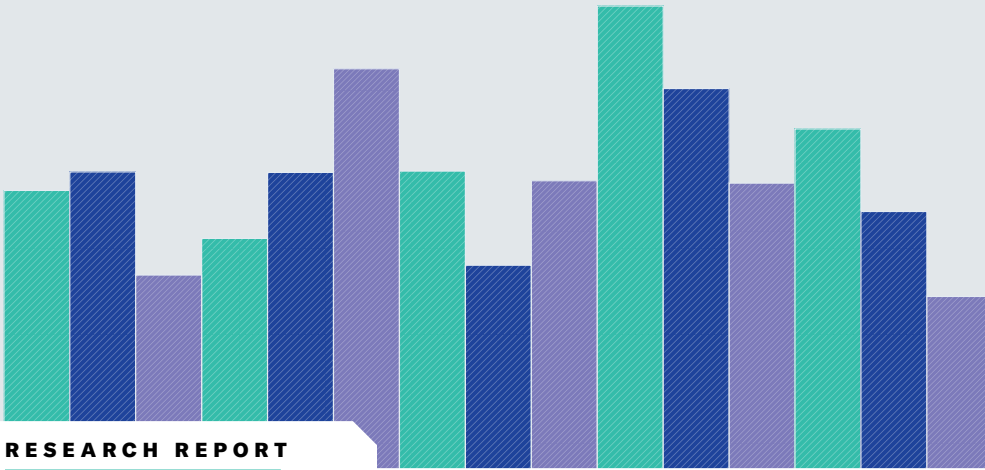




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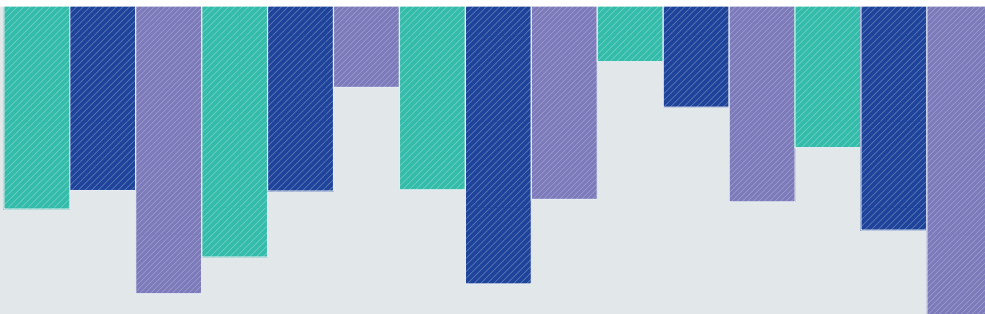
ANALYTIC SERVICES



RESEARCH REPORT

# Driving Sustainability Strategy Home:

## Effective Practices That Take Businesses' Impact Beyond Profit



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## SPONSOR PERSPECTIVE

Awareness and acknowledgment of the importance of sustainability have gradually risen over recent decades. Major environmental issues such as pollution, deforestation, and climate change have shifted priorities for many organizations that have come to realize their social responsibility. Sustainability has evolved from a concern expressed by individuals and groups into a central aspect of many corporate strategies. This evolution has led to international agreements, such as the Kyoto Protocol signed in 1997 and the Paris Agreement reached in 2015, as well as to global calls for action.

The advancement of renewable energy technology, energy efficiency, and sustainable materials has made efforts to protect the environment easier and more cost-effective. Sustainable practices have been implemented in global supply chains, new factory production sites, and urban planning.

The recent rapid progress in artificial intelligence presents new hope for the much-needed innovation and acceleration in addressing environmental issues, whether in biodiversity, predicting natural disasters, or combating climate change. As John Kerry noted ahead of the U.N. Climate Change Conference in Glasgow in 2021, “50% of the carbon reductions needed to get to net zero will come from technologies that have not yet been invented.” Despite these positive developments in capabilities to address sustainability issues, many organizations still face difficulties in successfully implementing their sustainability strategies.

We at Project Management Institute actively monitor the technological trends, disruption, and complexities of globalization reshaping the world. Our Brightline® initiative team is dedicated to helping executives bridge the gap between strategy design and execution. Together with leading global organizations, Brightline delivers insights and solutions that empower leaders to successfully transform their organization’s vision into reality through strategic initiative management.

This report, developed by Harvard Business Review Analytic Services and sponsored by Brightline, explores the topic of sustainability and what distinguishes leaders in the field from others. One notable difference for leaders is the set of key drivers they use for their sustainability strategies. Leaders are more motivated by the belief that pursuing sustainability “is the right thing to do.” This belief, paired with knowledge, passion, and a clear mandate for a C-suite level overseer of sustainability strategy, can make a significant difference. Authenticity and transparency are needed in addressing environmental issues in the long term.

The research also reveals that organizations are more likely to achieve sustainability goals and objectives when sustainable principles are part of decision-making processes across various functional groups. This commitment often requires organizational upskilling and change to implement new procedures that align with best practices.

This report aims to help executives and their teams advance their organizations by implementing responsible sustainability strategies that positively impact our world.



**Pierre Le Manh**  
**President and CEO**  
**Project Management Institute**

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# Driving Sustainability Strategy Home:

## Effective Practices That Take Businesses' Impact Beyond Profit

Sustainability has become a critical objective for most companies, increasingly influencing their overall business strategy, culture, and ways of working, but many organizations face significant challenges to achieving their sustainability goals.

Nearly two-thirds of respondents (63%) to a Harvard Business Review Analytic Services survey say their organization is facing increasing pressure to demonstrate how they provide value to society. Three-quarters (74%) say sustainability is a core element of their organization's purpose and strategy. However, there is much more work to do on the sustainability front, as fewer than half of respondents (43%) say the role of overseeing sustainability strategy at their organization has the decision-making authority to execute change, and 76% of respondents agree that employees at their organization need to develop new skills and capabilities if they are to achieve their sustainability goals.

These were some of the key findings of a survey fielded in July-August 2023 to 548 members of the *Harvard Business Review* global audience who are familiar with their organization's sustainability strategy.

Sustainability—the practice of operating a business in a way that meets the economic, social, and environmental needs of the present without compromising the ability of future generations to meet their own needs—has attracted significant attention in recent years because of a variety of financial and nonfinancial factors, such as environmental impact, the demands of a more inclusive society, and a rising cost of capital for companies that don't meet investors' growing demands for sustainability.

Yet companies' capacity to meet such pressure varies. The survey identified 28% of respondents as leaders, which means they say their organization has implemented their sustainability strategy throughout their

### HIGHLIGHTS



65% of respondents say their organization has a **C-level executive** in the role of primary responsibility for **overseeing the sustainability strategy**.



64% of respondents say their **organization has realized an improved company reputation** as a result of its sustainability strategy.



51% of respondents indicated the **need for upskilling employees so their organization's sustainability strategy can have a greater effect** on their organization.

Due to rounding, some figures in this report may not add up to 100%.

organization and is very effective at implementing the strategy. About half (51%) of respondents are defined as followers, who say their organization has implemented their sustainability strategy in some areas of their organization and is very or somewhat effective at implementing it. A fifth (20%) of respondents can be defined as laggards, which means they say their organization is piloting parts of its sustainability strategy on an ad hoc basis or they've defined their strategy but have made no progress on it, and so their organization is not very effective at implementing it.

Leaders have taken many important steps that have propelled them to the forefront of sustainability. This achievement includes placing equal value on both employee and customer expectations, equipping the person overseeing the sustainability strategy with the capabilities and resources they need, and creating a culture that supports the sustainability effort and fosters greater engagement across all levels of seniority.

This report will examine the current state of sustainability strategies of organizations around the globe and explore what steps leaders are taking that enable them to implement their sustainability strategy more effectively and more widely throughout their organization than their peers do.

## Challenges of Implementing Sustainability Efforts

Even as companies acknowledge the criticality of sustainability, they face numerous issues in trying to implement a sustainability strategy. As expected, laggards face some issues that leaders and followers may be navigating more smoothly. More than four in 10 laggards (41%) indicated that deciding where to focus efforts to achieve the biggest impact is a barrier their organization is currently encountering when implementing its sustainability strategy. In contrast, less than a third of followers (31%) and leaders (28%) were faced with the same barrier.

In addition, many survey respondents (39%) indicated that their organization encountered difficulty measuring the environmental and social impact when implementing its sustainability strategy. This difficulty also was cited as a top barrier by 35% of leaders, 40% of followers, and 41% of laggards.

“There’s a debate about the degree to which key performance indicators should be standardized or individualized,” says Andrew Mountfield, senior research fellow, Saïd Business School at the University of Oxford. “Individualized KPIs may better reflect the strategy and business model of the company and allow for more consistent operationalization throughout the organization rather than remaining a high-level target where implementation is not addressed.”

## The Need for Transparency

Transparency, which has been embraced by leaders, is critical to creating a culture that supports sustainability. “Transparency is at the center of sustainability,” says Jan Mattsson, founder and chairman of Everimpact, a Paris-based company that monitors carbon emissions. “In many companies, sustainability was introduced as a PR communications issue. On the journey to the mainstream of sustainability, it is essential to be very open about the challenges, both externally and internally, and how we are dealing with them. This kind of openness takes some confidence and maybe even courage, and it should be rewarded by avoiding the dreaded greenwashing label.”


Greenwashing refers to companies’ practice of exaggerating their sustainability efforts for public relations purposes. Sustainability is driven by both business and societal concerns.

“Sustainability needs to be part of your way of working in the processes, the attitude, and the culture of your company,” says Michael Ryba, a sustainability expert and project manager for Robert Bosch GmbH, a multinational engineering and technology company headquartered in Gerlingen, Germany. “Otherwise, it doesn’t work. We need to define long-term goals for the next 100 or 200 years that will help us survive as a company, but also as a society.”

The inability to measure the impact of sustainability dovetailed with an unclear ROI from these efforts. One-third of leaders (33%) said unclear ROI was a barrier to their organization’s implementation of its sustainability strategy, as did 38% of followers and 36% of laggards.

Resources and funding are another issue that is fairly consistent among respondents—cited by 31% of leaders, 32% of followers, and 29% of laggards as a barrier to their organization’s implementation of its sustainability strategy. Among laggards, a little more than four in 10 (41%) agree that investments in sustainability are among the first cut at their organization when struggling with economic factors (e.g., rising inflation and increased interest rates). However, no one is immune to these economic pressures. Over a third of leaders (34%) and followers (34%) said sustainability investments are among the first to be cut when their organization is struggling with economic factors.

In addition, laggards (38%) are more likely than followers (32%) and leaders (22%) to cite a focus on short-term



**“Sustainability needs to be part of your way of working in the processes, the attitude, and the culture of your company.”**

**Michael Ryba, a sustainability expert and project manager for Robert Bosch GmbH**



**“To achieve our sustainability goals, we must blend the administrative thinking, which requires metrics and business cases, with the ethical, normative thinking, which can be enriching, motivating, and energizing,” says Alexander Holst, managing director of European sustainability strategy & services for Accenture.**

investment/financial returns as a barrier their organization is encountering when implementing its sustainability strategy.

“There needs to be recognition that significant outside-in change which provides an impact on business model and product portfolio is a long-term proposition, so measuring on a quarterly basis is going to be frustrating,” Mountfield says. “So there might need to be a split between change-the-business and run-the-business KPIs for sustainability.”

## Driving Sustainability Strategies

Even as they acknowledge the challenges of implementing successful sustainability efforts, companies are experiencing enormous pressure from forces both inside and outside their organization to develop sustainability strategies. Seventy-eight percent of respondents agree that demonstrating a commitment to sustainability is imperative for their organization's long-term success. Most agree (63%) that their organization is facing increasing pressure to demonstrate how they provide value to society. However, there are nuanced differences in the motivations of leaders, followers, and laggards.

Overall, 44% of respondents cited seeking better alignment with organizational goals, values, and overall mission as the top driver of their organization's sustainability strategy. Similarly, both leaders and followers had the same top key driver. Laggards, on the other hand, cited customer/consumer expectations as the top driver of their organization's sustainability strategy. Interestingly, the second-most-cited key driver of their organization's sustainability strategy, named by 40% of leaders, was that it is the right thing to do. Neither followers nor laggards

had this as one of their top five key drivers in the survey. This suggests that leaders appear more likely to be driven by conviction, while their peers seem more focused on external pressures. **FIGURE 1**

In contrast to the motivations of leaders, laggards say the top key driver for their organization's sustainability strategy is customer/consumer expectations (cited by 42%). Yet only a quarter of laggards have realized greater customer loyalty and retention (25%) or greater customer satisfaction (25%) as a result of their sustainability strategy, significantly below the success realized in these areas by leaders and followers (46% and 45%, respectively).

Alexander Holst, managing director of European sustainability strategy & services for Accenture, a global professional services company headquartered in Dublin, says, “To achieve our sustainability goals, we must blend the administrative thinking, which requires metrics and business cases, with the ethical, normative thinking, which can be enriching, motivating, and energizing.”

## A Broad Scope of Benefits

The key benefits that companies have seen from their sustainability efforts are vast. The majority of respondents say their organization has realized an improved company reputation (64%) and an improved organizational culture (52%) due to their sustainability strategy. **FIGURE 2** Other key benefits organizations have realized from their sustainability strategy focus on the workforce: heightened employee engagement (cited by 43%), enhanced employee experience (40%), innovative solutions for offerings and operations (40%), and improved talent attraction (39%).

In fact, culture and sustainability are mutually beneficial. Eighty-eight percent of leaders agree that their organization's workplace culture supports their overall sustainability efforts. Nearly three-quarters of followers (74%) also say their organization's workplace culture supports their overall sustainability efforts, compared with less than half (48%) of laggards.

“The emphasis on culture and reputation is an important development, because we want sustainability to be embedded in an organization and seen as more than ‘we are recycling our cans and doing good things for trees,’” says John Pabon, a sustainability consultant and author based in Melbourne. “Directionally, this is the way we want to see sustainability headed.”

Tellingly, leaders have experienced multiple benefits from sustainability, including improved organizational culture (69%), heightened employee engagement (59%), improved talent attraction (52%), greater loyalty and retention (46%), greater customer satisfaction (45%), and a more efficient supply chain ecosystem (42%).

FIGURE 1

## Goals, Values, Mission Propel Sustainability

Leaders also believe it's the right thing to do

What are the key drivers of your organization's sustainability strategy? *Select up to three.*

■ All respondents (total) ■ Leaders ■ Followers ■ Laggards



Base: 548 respondents; 156 respondents defined as leaders, 282 respondents defined as followers, 110 respondents defined as laggards. Not shown: 1% Other across all segments, 0-1% Don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, July-August 2023

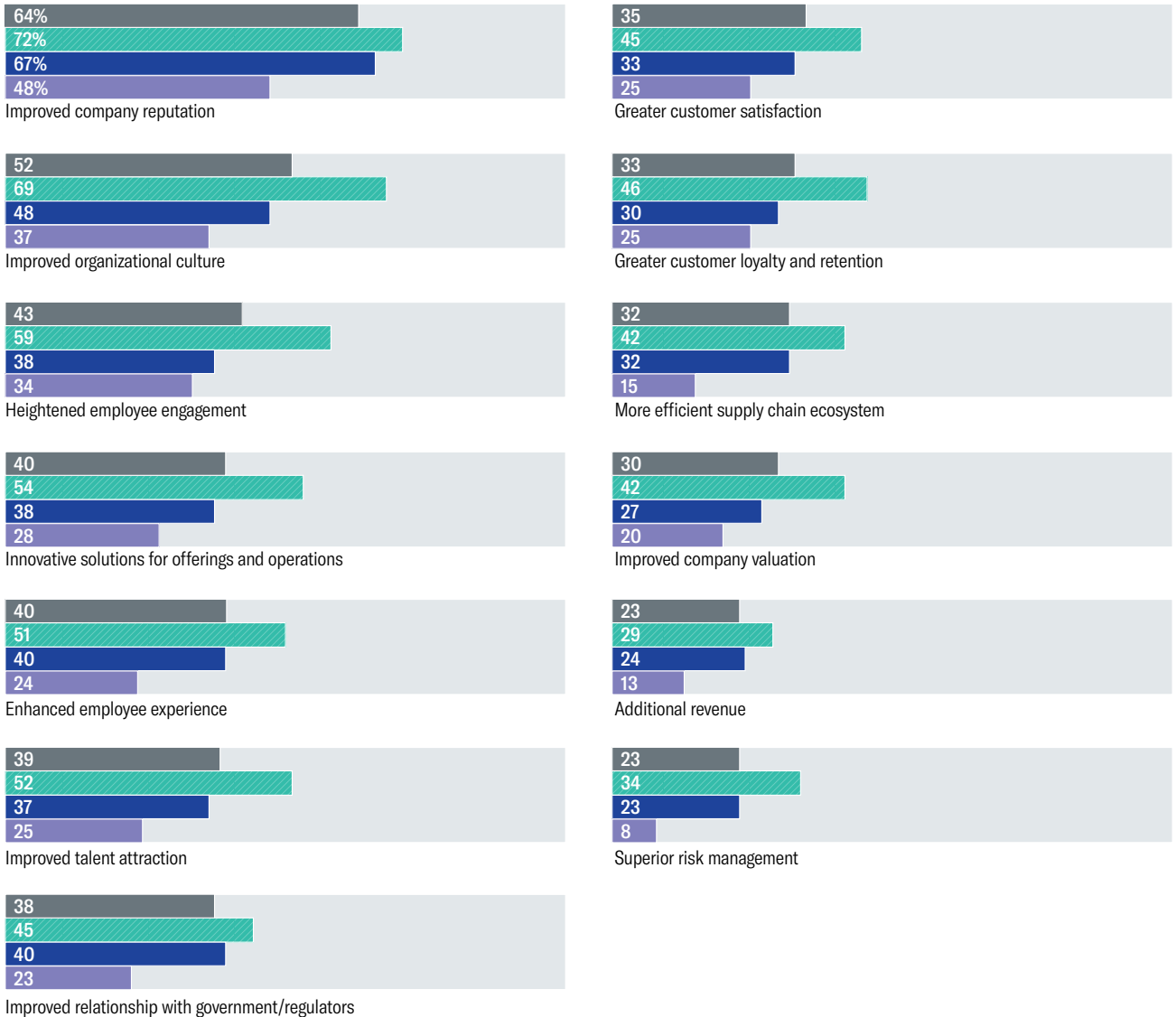
FIGURE 2

## Improving Reputation

Sustainability can boost a company's image and culture

What are the key benefits that your organization has realized from its sustainability strategy? *Select all that apply.*

■ All respondents (total) ■ Leaders ■ Followers ■ Laggards



Base: 548 respondents; 156 respondents defined as leaders, 282 respondents defined as followers, 110 respondents defined as laggards. Not shown: 1-4% Other, 1-4% None, 1-3% Don't know, varies by segment.

Source: Harvard Business Review Analytic Services survey, July-August 2023

## A Multifaceted Approach to Success

Overcoming the barriers to sustainability in order to reap the benefits requires a multifaceted approach. Companies must empower their sustainability leaders, train and inspire their workforce, and provide the right focus and capabilities for their sustainability efforts.

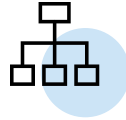
Today, many companies are making progress in aligning their sustainability strategy with their overall business strategy. Among the survey respondents, leaders appear to excel at this alignment. Overall, 64% of respondents said their organization's sustainability strategy is extremely or very aligned with their organization's business strategy. And 91% of leaders said their organization's strategies are extremely or very aligned. Only 65% of followers and 29% of laggards can make this statement. One possible reason for the leaders' success is the authority they give to the overseers of their sustainability strategy.

Sustainability has become a C-level concern. Indeed, nearly one-third (30%) of respondents say that in their organization, the primary responsibility for overseeing the sustainability strategy belongs to the CEO. Overall, 65% say their organization has a C-level executive in charge of their sustainability efforts. Seventy-one percent of leaders have put a C-suite executive in charge of these efforts, compared with only 63% of followers and 60% of laggards.

"There's a big shift happening in terms of where that responsibility sits," Pabon says. "Ideally, we want to see a C-suite executive who can champion these efforts and pull the financial strings if necessary but may not be responsible for a full line of sight on everything."

At various companies, those with many different titles can be in charge of overseeing sustainability. Sixteen percent of respondents say their organization places this duty with a chief sustainability officer, while 7% give this responsibility to a sustainability vice president, and for 9%, their responsibility sits with a sustainability manager/director. Eighty-six percent of respondents say their organization has identified a role with primary responsibility for overseeing the sustainability strategy, and only 9% say their organization did not have a single role with primary responsibility for the sustainability strategy.

This diversity of titles shows that companies are taking different leadership approaches to sustainability, as well as the progress they've made toward accomplishing their goals. "The person who is put in charge of sustainability is often a reflection of the maturity level and ambition of the company," Oxford's Mountfield says. "If a company has a focus on compliance, they might put the CFO in charge of sustainability. For those companies seeking additional revenue or integrating sustainability into their business model, you might expect sustainability objectives and responsibilities to be found within the functional silos, such as sales, marketing, and production."



"There's a big shift happening in terms of where that responsibility sits. Ideally, we want to see a C-suite executive who can champion these efforts and pull the financial strings if necessary but may not be responsible for a full line of sight on everything," says John Pabon, a sustainability consultant and author based in Melbourne.

The role of chief sustainability officer is particularly striking in how sustainability strategies are evolving. At first glance, the existence of a chief sustainability officer might seem like a significant acknowledgement of the importance a company places on sustainability. According to Mountfield, some companies see the chief sustainability officer as a temporary role which may be necessary at the early stages of a sustainability effort. As sustainability becomes more integrated with the business strategy, the role can become less important and have less real decision-making authority, since sustainability decisions become dispersed widely throughout the organization.

While the survey indicates that leaders are more likely than followers and laggards to have a chief sustainability officer overseeing their organization's sustainability efforts, less than a quarter (23%) of leaders actually have such an officer heading their sustainability efforts.

The title of the role that heads sustainability efforts is less important than the authority the person in that role has. In that regard, the survey findings point to significant concerns in terms of the capabilities and authority that their sustainability heads have.

Overall, today there is a large gap in the information and power that respondents say the role overseeing an organization's sustainability strategy should have in order to be successful compared with what they actually do have.

The gap is most pronounced in the categories of hard metrics and key performance indicators that can be brought to other business leaders, where 60% of respondents say the role should have that information, yet only 40% of those in an organization with a primary role for overseeing the

FIGURE 3

### Lacking Authority

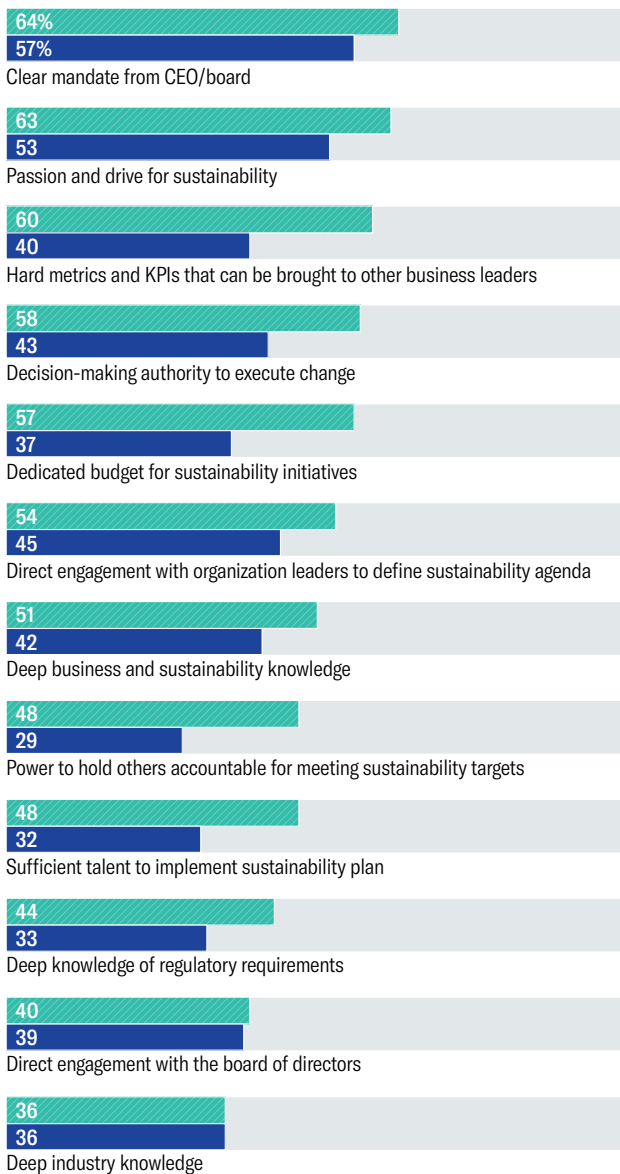
Sustainability heads don't have the power and capabilities they need to succeed

Which of the following **should** the role of overseeing an organization's sustainability strategy have to be successful? *Select all that apply.*

**■ The role of overseeing an organization's sustainability strategy should have**

Which of the following **does** the role of overseeing your organization's sustainability strategy have? *Select all that apply (among those in an organization with a primary role for overseeing the sustainability strategy).*

**■ The role of overseeing your organization's sustainability strategy does have**



Base: 442-548 respondents.

Not shown: 1-2% Other; 0-2% None; 3-6% Don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, July-August 2023

sustainability strategy have those indicators. **FIGURE 3** Additional gaps exist in a dedicated budget for sustainability initiatives (57% should versus 37% do), power to hold others accountable for meeting sustainability targets (48% versus 29%), decision-making authority to execute change (58% versus 43%), and deep knowledge of regulatory requirements (44% versus 33%).

The survey found that leaders and followers are far ahead of laggards in most areas of giving authority and capabilities to the overseer of their sustainability strategy. The largest divides are direct engagement with organization leaders to define the sustainability agenda (leaders 56%, followers 45%, and laggards 29%), decision-making authority to execute change (55%, 41%, 30%, respectively), power to hold others accountable for meeting sustainability targets (45%, 26%, 16%, respectively), and dedicated budget for sustainability initiatives (49%, 37%, 18%, respectively). This dichotomy suggests that leaders see the need to empower their sustainability overseers with resources and authority while encouraging deeper interactions with the leaders.

### The Importance of Transparent Communication

A top step to improve workplace culture in support of sustainability efforts is transparent communication. "In the sustainability profession, we talk a lot about becoming a mission-driven organization and how mission-driven organizations always outperform the market," Pabon, the Melbourne consultant, says. "The push to become mission driven feeds itself into things like communications and values."

The majority of respondents say their organization has made its sustainability strategy transparent to a moderate or a great extent to those within the enterprise (86%). In their pursuit of greater transparency, there are distinctions between leaders and laggards in the steps their organizations have taken to improve the workplace culture in support of their sustainability efforts. More than half (53%) of leaders but only 15% of laggards say their organization is taking steps to embed sustainability in decision-making processes. Most (71%) leaders but only 38% of laggards say their organization is communicating openly and transparently to employees about sustainability efforts. **FIGURE 4**

Importantly, a large percentage of respondents (78%) say their organization has also made their efforts more transparent to those outside the enterprise.

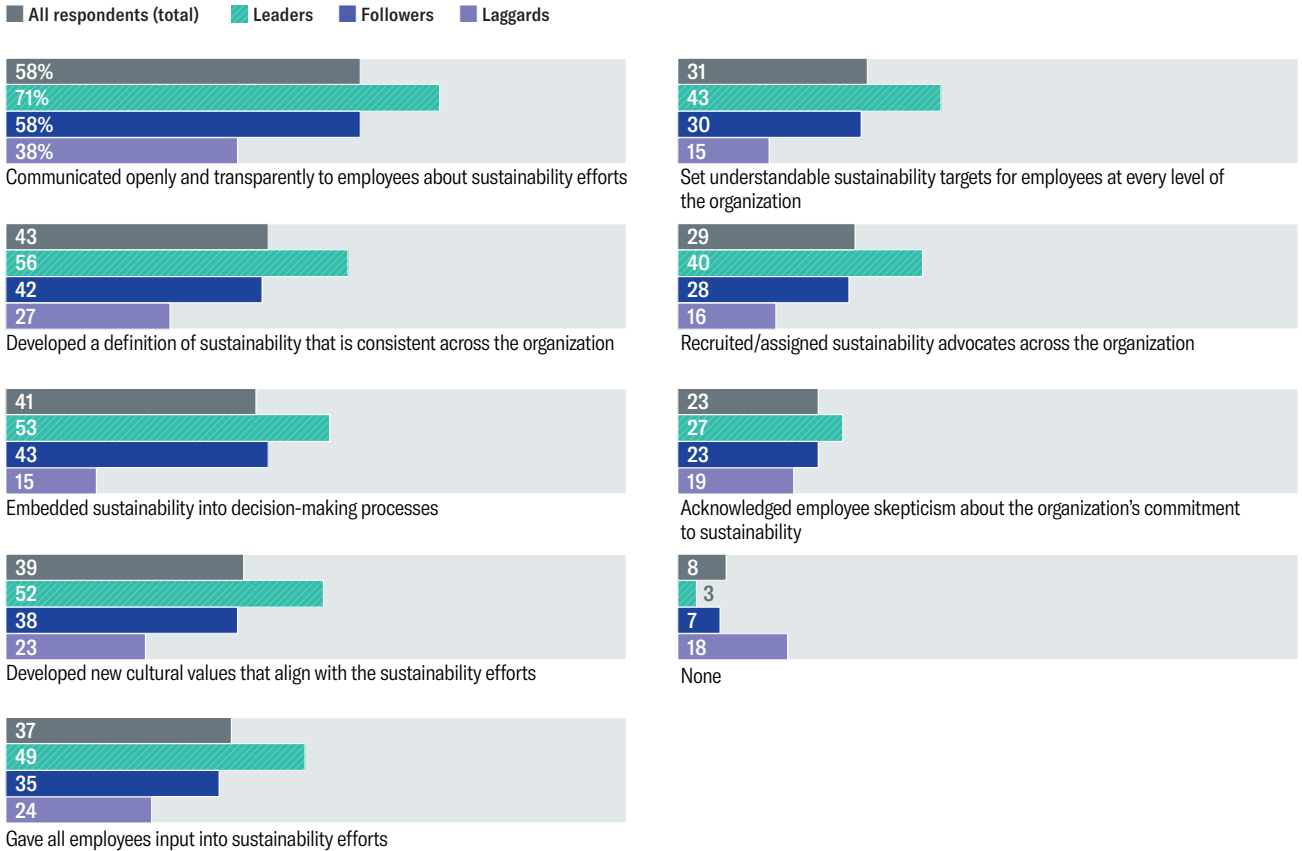
However, Pabon, who recently published a book about greenwashing, says companies can do even more to be transparent to the outside world. He found that marketing and especially legal departments are often wary of promoting sustainability efforts for fear of potential blowback. "If companies continue to be quiet about the successes that they have with sustainability efforts, that doesn't encourage new companies just starting their journey to join in," he says. "And

FIGURE 4

### Steps to Improve Workplace Culture

Open communication and developing definition of sustainability are keys

What steps has your organization taken to improve the workplace culture in support of its sustainability efforts? *Select all that apply.*



Base: 548 respondents; 156 respondents defined as leaders, 282 respondents defined as followers, 110 respondents defined as laggards. Not shown: 1-2% Other; 2-7% Don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, July-August 2023

certainly it's discouraging to consumers who think the private sector is doing absolutely nothing in terms of sustainability. When I have conversations with people who are not in the sustainability profession, just normal everyday folks, I tell them about the successes the private sector has and what they're doing to move the needle forward in terms of sustainability. Nobody believes me because they never hear this stuff. They think I'm making it up."

### Upskilling Talent a Critical Step

Today, many employees are not fully prepared, educated, or empowered to execute sustainability plans in an efficient

and effective way. Correcting this issue is paramount to an effective sustainability strategy.

Overall, just over three-quarters of respondents (76%) agree that employees at their organization need to develop new skills and capabilities if they are to achieve sustainability goals. There is almost equal alignment on this topic among leaders, followers, and laggards.

"The ultimate litmus test of whether a business is responsible is whether it produces responsible people," says Otti Vogt, former chief operating officer (COO) and chief transformation officer at ING, a Dutch multinational banking and financial services corporation headquartered in Amsterdam. Vogt now heads Good Organisations, a London-based nonprofit

## Toothless Tigers May Signal Greenwashing

Experts note that organizations must empower those overseeing sustainability efforts with the tools necessary to achieve them or risk having their efforts come to little, or worse, be seen as “greenwashing,” that is, public relations moves designed merely for purposes of appearances.

“Some people have sustainability roles that suggest they are very important, but when you see the actual power they exert over the organization, it’s very limited and mostly derives from their relationship with the CEO or the board,” says Otti Vogt, former chief operating officer and chief transformation officer at ING, a Dutch multinational banking and financial services corporation headquartered in Amsterdam, who now heads Good Organisations, a London-based nonprofit that promotes leadership. “As long as the CEO is putting their arm around the head of sustainability, people will listen to them. Otherwise, the head of sustainability is running around trying to convince people to do the right thing, often with little success.”

Ironically, the realization of this gap between necessary and actual capabilities is a development that reflects the growing importance of sustainability. “Larger companies that have had sustainability initiatives for quite a while are seeing pressure from the activist community, shareholders, or other big stakeholders to act on a lot of things that for years

have just been nice on paper but haven’t actually resulted in change,” says John Pabon, a sustainability consultant and author based in Melbourne. “It’s good people are seeing the gap, because otherwise you can have the wool pulled over your eyes.”

Good Organisations’ Vogt says sustainability overseers must have the knowledge and accountability necessary to ingrain sustainability in an organization’s daily activities. He gives the example of a bank that wants to factor sustainability into its lending practices. This situation raises many difficult questions. Should the bank give loans to companies that are potentially harming the environment? How much of the bank’s lending book should be for certain industries that are less environmentally friendly?

“These are questions that require someone to own them to get the answers and then help to implement the answers in a complex organization,” he says. “This will only happen if the sustainability effort provides accountability, knowledge, and an appreciation for the technicalities and processes that will drive daily actions. If the head of your sustainability effort is a tiger with little teeth, they will be able to pull together numbers for a flashy report, but they will be dead in the water in getting the support they need to execute meaningful change.”

that promotes leadership. “We need to make sure we select people properly, train them properly, and create the correct checks and balances for them to successfully implement sustainability practices in their jobs.”

Nearly two-thirds of leaders (65%) say their organization has launched internal training programs in sustainability. In contrast, less than half (47%) of followers and less than a third (31%) of laggards have implemented such programs.

Jan Mattsson, founder and chairman of Everimpact, a Paris-based company that monitors carbon emissions, has served in senior roles at the World Bank and the United Nations, and recently he visited a company headquarters of Ikea in Malmo, Sweden. He noted the swirl of educational activities that were organized around sustainability. There was an exhibition about sustainability near the restaurant on the Ikea grounds, and frequent lectures on sustainability topics are given to employees who work in the open-seating headquarters offices.

“There are many ways you can approach training,” he says. “When I lead or advise companies, I stress the importance of professional certification, both at company and individual levels, as a powerful way of driving change and introducing best practice. For example, I was proud that we encouraged CIPS, a world-leading supply organization, to introduce a green procurement certification and that we at UNOPS [United Nations Office for Project Services] were the first organization to obtain this merit. New staff knew that within three months of joining UNOPS they should have taken a particular certification course. Strategy execution involves a lot of training, learning, and mindfulness about what is happening. A lot has to go on at many levels to successfully implement a sustainability strategy, so I think of it as a learning journey where training is part of it.”

These remarks dovetail with a survey finding about what actions were needed for sustainability to have a greater

**“The ultimate litmus test of whether a business is responsible is whether it produces responsible people. We need to make sure we select people properly, train them properly, and create the correct checks and balances for them to successfully implement sustainability practices into their jobs.”**

**Otti Vogt, former COO and chief transformation officer at ING, now head of Good Organisations**

transformational impact. In order for their organization’s sustainability strategy to have a greater transformational effect on their organization, 51% of respondents indicated the need for upskilling employees and 51% cited the need to improve accountability for sustainability. **FIGURE 5**

Mountfield notes that it’s critical that companies take a long-term perspective in order to achieve these goals. Cultural

benefits, he says, depend on middle managers believing that top management truly values sustainability; otherwise, they will favor business goals over sustainability goals whenever the two come into conflict. Innovative solutions, in comparison, depend on embedding sustainability strategy in R&D and production into strategy over, say, the seven-year product cycle for the automobile industry.

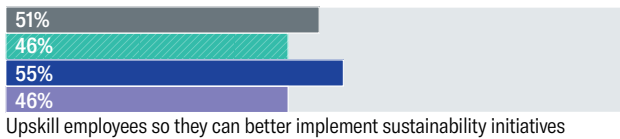
FIGURE 5

### Striving for Transformation

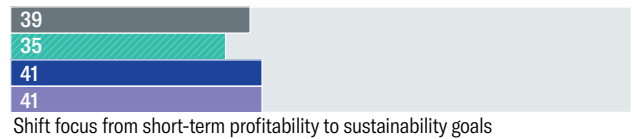
Changing behavior is a key goal

In order for the sustainability strategy to have a greater transformational effect on your organization, what does your organization need to do? *Select all that apply.*

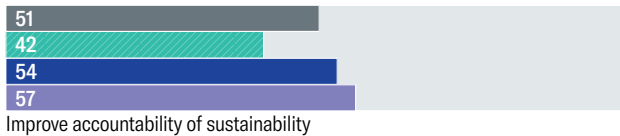
■ All respondents (total) ■ Leaders ■ Followers ■ Laggards



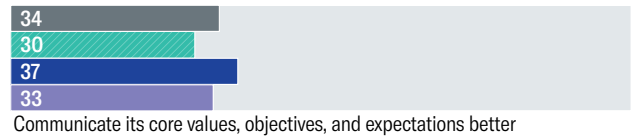
Upskill employees so they can better implement sustainability initiatives



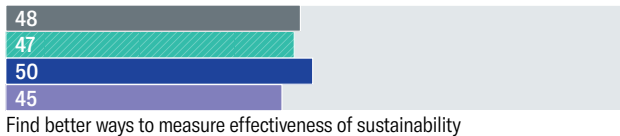
Shift focus from short-term profitability to sustainability goals



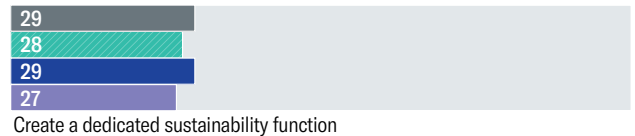
Improve accountability of sustainability



Communicate its core values, objectives, and expectations better



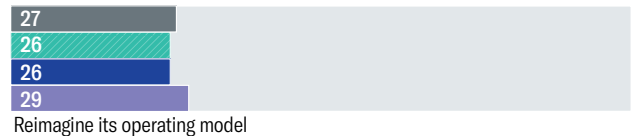
Find better ways to measure effectiveness of sustainability



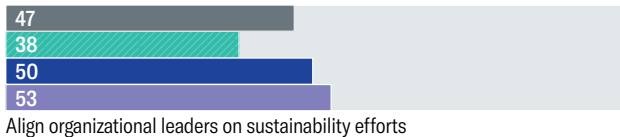
Create a dedicated sustainability function



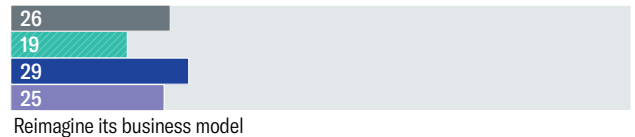
Engage entire ecosystem of suppliers and partners in sustainability efforts



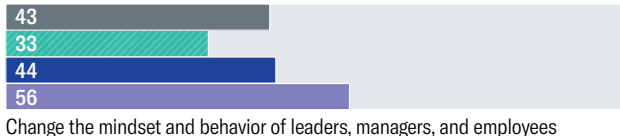
Reimagine its operating model



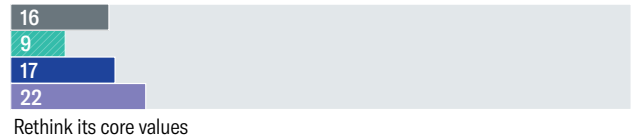
Align organizational leaders on sustainability efforts



Reimagine its business model



Change the mindset and behavior of leaders, managers, and employees



Rethink its core values

Base: 548 respondents; 156 respondents defined as leaders, 282 respondents defined as followers, 110 respondents defined as laggards. Not shown: 1-3% Other; 1-3% None; 2-6% Don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, July-August 2023

“You might argue that benefits can be divided up into short term and long term, with the danger that top management will focus on quarterly reporting and/or annual storytelling in the sustainability report,” Mountfield explains. “Avoiding this requires the commitment to long-term objectives and internal and external progress reporting.”

As companies today seek to transform their organizations with their sustainability strategies, according to the survey’s findings, most of their organizations’ efforts appear to be focused on people. Just over half of the survey’s respondents (51%) say their organization has improved in the area of social responsibility, such as employee well-being. **FIGURE 6** Close to half of the survey’s respondents (44%) say their organization has changed the mindset and behavior of their leaders, managers, and employees as a result of their sustainability strategy.

While those two changes are anticipated to top the list of transformational effects in two years, as well, respondents noted they anticipate some differences in the transformational effects of their organization’s sustainability strategy. Survey respondents anticipate that in two years the effects of their organization’s sustainability strategy will be more focused on products, operations, and supply chain.

Specifically, respondents anticipate their organization’s sustainability strategy will lead to an improved alignment with customers’ views toward sustainability (cited by 47%), the addition of new product and service offerings (42%), improved supply chain efficiency (39%), revisions to current product or service offerings (35%), and changes to the organization’s operating model (31%) and business model (27%) in the next two years.

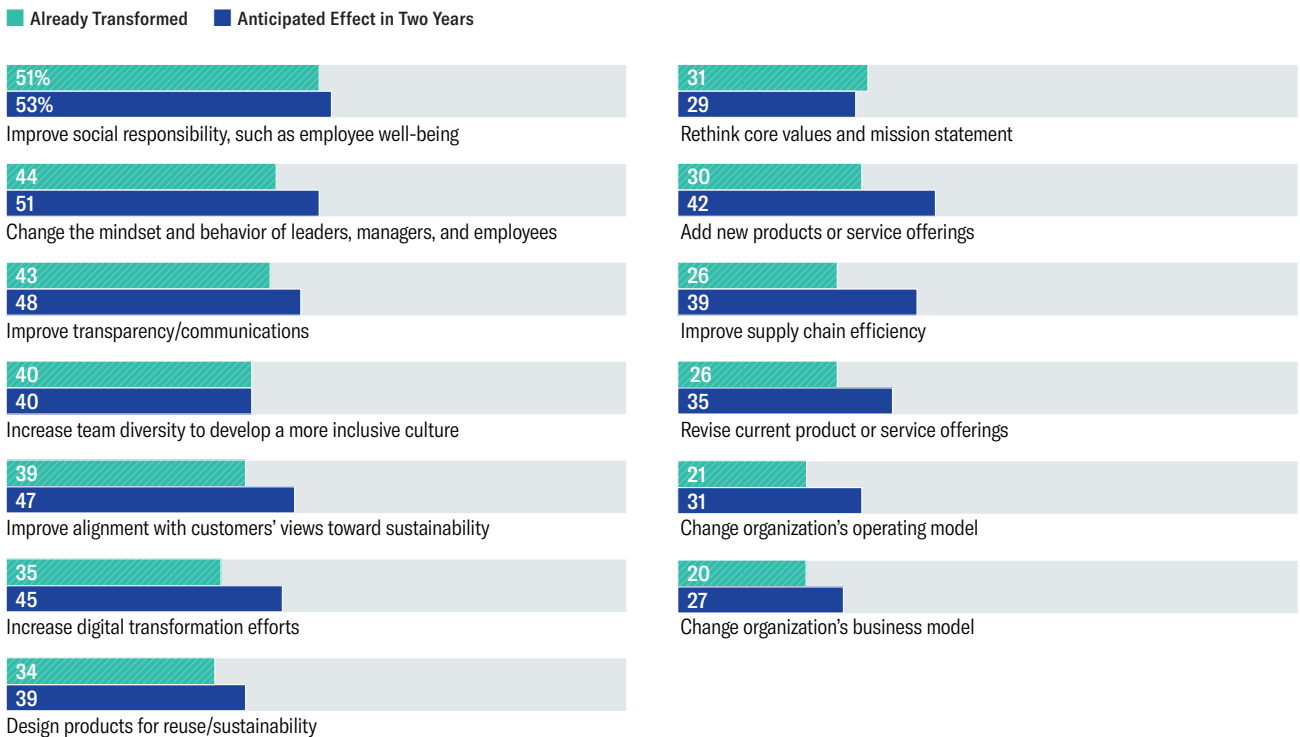
FIGURE 6

### Future Focus on Workforce

Employee well-being and changing mindsets are the top effects of sustainability

How has your organization’s sustainability strategy transformed the organization? *Select all that apply.*

In the next two years, what effects do you anticipate that your organization’s sustainability strategy will have on transforming your organization? *Select all that apply.*



Base: 442-548 respondents. Not shown: 1-2% Other, varies by segment; 2% None, 4% Don't know, across all segments.

Source: Harvard Business Review Analytic Services survey, July-August 2023

## Keys to Success

A clear portrait is emerging of the companies that have implemented their sustainability strategy throughout their organizations and done so very effectively. Based on the findings in this report, here are steps companies can take on the journey to becoming a sustainability leader.

**Do it because it is the right thing to do.** The research underscores that companies with effective sustainability strategies align sustainability with their overall business strategy, adopting purpose-driven values as part of the business. Executives need to consider drivers beyond corporate reputation, customer expectations, and regulatory expectations and embrace sustainability for its inherent rightness. Precisely what aspects of sustainability to focus on will depend on the enterprise and its unique context. Nevertheless, embedding sustainability as part of the vision and purpose of the enterprise drives passion and commitment to the triple-bottom line and the greater good. Adopting purpose-driven values and dedicating a sufficient budget for the sustainability initiatives builds a potent foundation of success.

**Drive sustainability through empowered executive leadership.** Regardless of whether the appointed overseer is a chief sustainability officer or holds another title, executive leadership plays a vital role in driving an effective sustainability strategy. The survey findings indicate that the key distinguishing factors between the capabilities and authority that overseers should have and actually do have lie in the selection of executives who exhibit a passion and drive for sustainability and have deep knowledge of both business operations and regulatory requirements. With a clear mandate from the board, the sustainability overseer should have authority over a dedicated budget and the power to hold others accountable to meet set targets. With hard metrics and KPIs that can be brought to others in management within the organization, the overseer will be even more effective.

**Emphasize culture and employee development.** As indicated by the research, fostering a culture aligned with the sustainability strategy is pivotal for enterprise-wide effectiveness. Practicing open and transparent communication with employees about sustainability efforts establishes a shared understanding and ultimately changes mindset and behavior. Consistent definitions and embedded sustainability in decision-making processes further solidify commitment at all levels. Investing in employee training is another paramount aspect. When the workforce is provided with the necessary knowledge and capabilities, employees will be equipped to contribute to and drive the sustainability initiatives.

**Engage the entire business ecosystem.** Championing sustainability essentially calls for collective efforts, including actions beyond the company borders. In the coming two years, transformational effects of sustainability strategies are expected to come from developments and improvements in product and service offerings, operations, and the supply chain. To achieve these sorts of transformational effects, engaging the entire ecosystem of suppliers and partners in the sustainability efforts will be pivotal. Change in the entire business ecosystem calls for a holistic engagement with key players to collectively agree on factors ranging from purpose-driven values to sustainability standards to value chain practices.


## Conclusion

Most organizations see sustainability as critical to their purpose and strategy. However, nothing about sustainability happens by chance. Companies that are leading the way make efforts to forge a culture that supports the sustainability efforts and creates engagement across all levels of seniority. These organizations are aligning sustainability with their overall business strategy, propelled by a passionate drive and the belief it's the right thing to do. Transparency and training are the linchpins of these efforts, ensuring they have a more engaged workforce that fully understands the vital role they play in achieving sustainability goals.

"We are all learning more about sustainability every day," Accenture's Holst says. "Companies are learning. Their customers are learning."

Leaders are seeing results. In almost every way, the leaders have enjoyed significantly greater benefits than have laggards from their sustainability strategy, from superior risk management to innovative solutions for offerings and operations, and from an improved organizational culture to improved talent attraction.

Says Holst, "Companies that are leading in this area have truly reached an understanding of what sustainability means from a risk standpoint, an opportunity standpoint, a financial standpoint, and a human standpoint."



**Companies that are leading the way make efforts to forge a culture that supports the sustainability efforts and creates engagement across all levels of seniority. These organizations are aligning sustainability with their overall business strategy, propelled by a passionate drive and the belief it's the right thing to do.**

## METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services surveyed 548 members of the *Harvard Business Review* audience via an online survey fielded between July and August in 2023. Respondents qualified to complete the survey if they were familiar with their organization's sustainability strategy.

### Size of Organization

**40%**  
10,000 or more employees

**35%**  
1,000-9,999 employees

**10%**  
500-999 employees

**14%**  
100-499 employees

### Seniority

**30%**  
Executive management/  
board members

**31%**  
Senior management

**21%**  
Middle management

**18%**  
Other grades

### Industry Sectors

**14%**  
Technology

**14%**  
Manufacturing

**11%**  
Education

**11%**  
Financial services

All other sectors  
less than 9% each.

### Job Functions

**14%**  
General management

**10%**  
Operations/  
product management

**10%**  
HR/training

**10%**  
Finance/risk

All other functions  
less than 9% each.

### Regions

**32%**  
North America

**30%**  
Europe

**22%**  
Asia Pacific

**10%**  
Middle East/Africa

**7%**  
Latin America

Figures may not add up to 100% due to rounding.





# Harvard Business Review

ANALYTIC SERVICES

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Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the *Harvard Business Review* author community. Email us at [hbranalyticservices@hbr.org](mailto:hbranalyticservices@hbr.org).

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