

Why Some Organizations Successfully Lead in the Areas of Sustainability, Climate Change and Social Responsibility: East Meets West Solutions Model

by

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Summary

This paper describes why some organizations are more successful than others at leadership for action toward climate change and sustainability¹. The conclusions are based on a 2013 analysis by East Meets West Solutions, LLC (EMWS) of the 67 case studies described in the book, *Walking the Talk*². Among the companies described three factors were in common among leading organizations: (1) having clear missions; 2) engaging diverse stakeholders, and (3) asking core questions. EMWS presents a novel model based on our findings for developing leadership.

Introduction

In 2002, Chad Holliday co-wrote the book *Walking the Talk: The Business Case for Sustainable Development* while serving as Chairman of the World Business Council for Sustainable Development (WBCSD), he co-wrote the book. This 2002 book examined initiatives in 67 case studies (based on 70 organizations). The case studies focused on describing what actions leading organizations were taking in the areas of sustainability, corporate social responsibility, and climate change.

In 2013, East Meets West Solutions, LLC, examined what factors made these organizations successful. Based on this qualitative analysis, 25 of the 70 organizations were determined to be the most successful leaders. These 25 organizations made public, durable commitments to sustainability; shared their performance and best practices in a transparent way; and worked to raise the standards of their respective industries. These organizations are members of the WBCSD, United Nations Global Compact (UNGC) and Global Reporting Index (GRI); focus on climate change and sustainability issues as part of their business objectives; and were successful within their industries.

Among the 25 leading organizations three factors stood out as reasons for their successful leadership:

- 1) The first factor in common among these leading companies was having a mission that was clear, simple and measurable.
- 2) The second factor in common was their engagement of stakeholders. They engaged non-government organizations (NGOs), competitors, governments and other stakeholders early on that are often seen as adversaries rather than allies.
- 3) The third factor was that these companies asked core questions about their businesses.

¹ This paper was the basis for the EMWS Presentation at the Climate Leadership Conference, Washington, DC, March 1, 2013 (www.climateleadershipconference.org)

² Holliday, C., Schmeidheiny, S. and Watts, P. (2002), *Walking the Talk: The Business Case for Sustainable Development*, Berret-Koehler Publishers, San Francisco.

Solving the Right Problems Through the “East Meets West Solutions Model”

Based on the actions of leading companies in *Walking the Talk*, figure 1 depicts the East Meets West Solutions Model for determining the right path to a solution. The model depicts critical areas organizations must examine in order to develop effective business solutions. By following this model organizations, decrease insular thinking, decrease blindspots, and allow for novel solutions to be crafted.

- **Mission:** *Is your mission clear, measurable and manageable?*
- **Stakeholders:** *Are you engaging diverse stakeholders in a quality way that brings new knowledge and capabilities into your organization?*
- **Core Questions:** *Are you asking fundamental/ core questions about your business based on a clear mission and stakeholder input— in a way that enhances or adds value to your current business model, mission/vision and goals?*
- **Right Problems:** *Are you targeting the right problems that position your business to lead in its industry, make a difference in society, and be highly profitable?*
- **Solutions:** *Is the solution based on direction of the core questions and right problems, or is it based mostly on your current mission?*

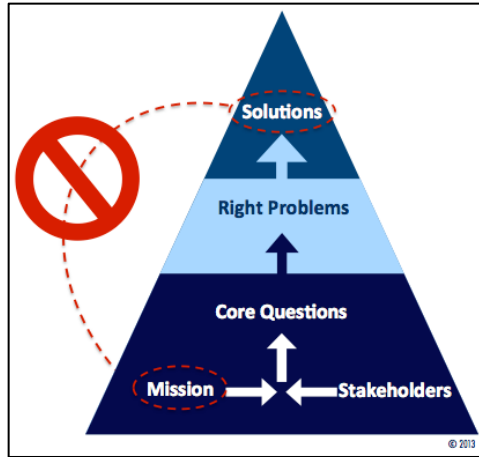
Figure 1. East Meets West Solutions Model



The Error of Starting with the Solution

Organizations often start solving a problem by focusing on existing solutions based on a predetermined mission (see figure 2 on the following page). For instance, companies often have pre-established services and products that they try to apply to evolving problems and customer needs. Starting with the solution avoids examining core questions that underlie the way problems and solutions are approached, ignores possibly false assumptions, and decreases innovation. This can lead to focusing on the wrong problems and solutions. When organizations are faced with new challenges, such as, coping with climate change and sustainability, an examination of core questions is required in order to determine the right solutions.

Figure 2. The Error of Starting with the Solution



Six Examples of the Right Path to the Solution

Among the 25 companies that were determined to be the most successful leaders a few select companies are described in Table 1 to show how they based their solutions on core questions rather than moving directly from their mission to a solution using pre-determined approaches. Table 1 shows six examples of select leading organizations from *Walking the Talk*, that determined the right path to a solution by having a clear mission, engaging diverse stakeholders, and asking the right core questions.

Table 1. Six Examples of the Right Path to the Solution

Company	Mission	Stakeholders	Core Question	Right Problem	Solution
Norsk Hydro Case Studies #1 & #10	Develop environmental values, create, best practices for sustainability, apply life-cycle management of resources, and adhere to the triple bottom line.	Suppliers, customers, employees, industry leaders, government, NGOs	How can we make sustainability fundamental to our company? How can we increase efficiency throughout the life cycle and value chain of our products?	Fix past negative impacts to the environment. Develop the company strategy and business plan to account for megatrends.	Clean up past environmental pollution, make business case for sustainability, and enterprise-wide transformation.
Shell Case Study #3	Improve the communities where Shell operates.	Communities, government, suppliers, trading partners, customers, employees, NGOs	How can we contribute more greatly to community development (CSR)?	Partner with local community organizations to improve communities, e.g., in Nigeria.	Shift from community assistance to community development

Company	Mission	Stakeholders	Core Question	Right Problem	Solution
Statoil Case Study #26	Improve regard for human rights.	Courts, judges, citizens, customers, employees, government, NGOs (UNDP, Amnesty Int'l)	How can we increase regard for human rights?	Lack of education for judges in Venezuela for human rights issues.	Develop and implement a training program for judges increase their ability to judge human rights cases.
Suez and CH2MHILL Case Study #34	Find better ways to provide access to clean water.	Corporations, government, local communities, utilities	How can we provide access to clean water?	Break barriers to public-private collaboration to provide greater access to water.	<i>Water for All Program</i> for local water partnership in Latin America and S. Africa. Water partnerships in Ukraine.
Nestle Case Study #38	Commitment to a green supply chain.	Suppliers, trading partners, communities, customers, government	How can we and our partners green our supply chains?	Lack of action for greening in some parts of the supply chain.	<i>Greening of the Supply Chain</i> initiative to work deeply in the upward part of the supply chain.
Toyota Case Study #51	Create modern vehicles that support and promote sustainability.	Customers, suppliers, government, competitors, NGOs, trade organizations, employees	What are the requirements of vehicles for the 21 st century? What vision do we need for the new era?	Increase fuel efficiency 50%	Hybrid car with highly efficient gasoline engine and an advanced electric motor.

Conclusion

The organizations that are leaders in the area of sustainability and climate change make a commitment to improve the way they operate and the nature of their services & products, they walk the talk (made visible through transparency and participation in trade organizations), and these organizations are financially successful (showing they have excellence in fundamental areas of their industry as well as cutting edge areas related to sustainability and climate change). In terms of solving problems leading organizations allow for change by clarifying their mission, engaging diverse stakeholders, and invest time in asking core questions about the nature of the problems and solutions that will innovate their operations, services and products.