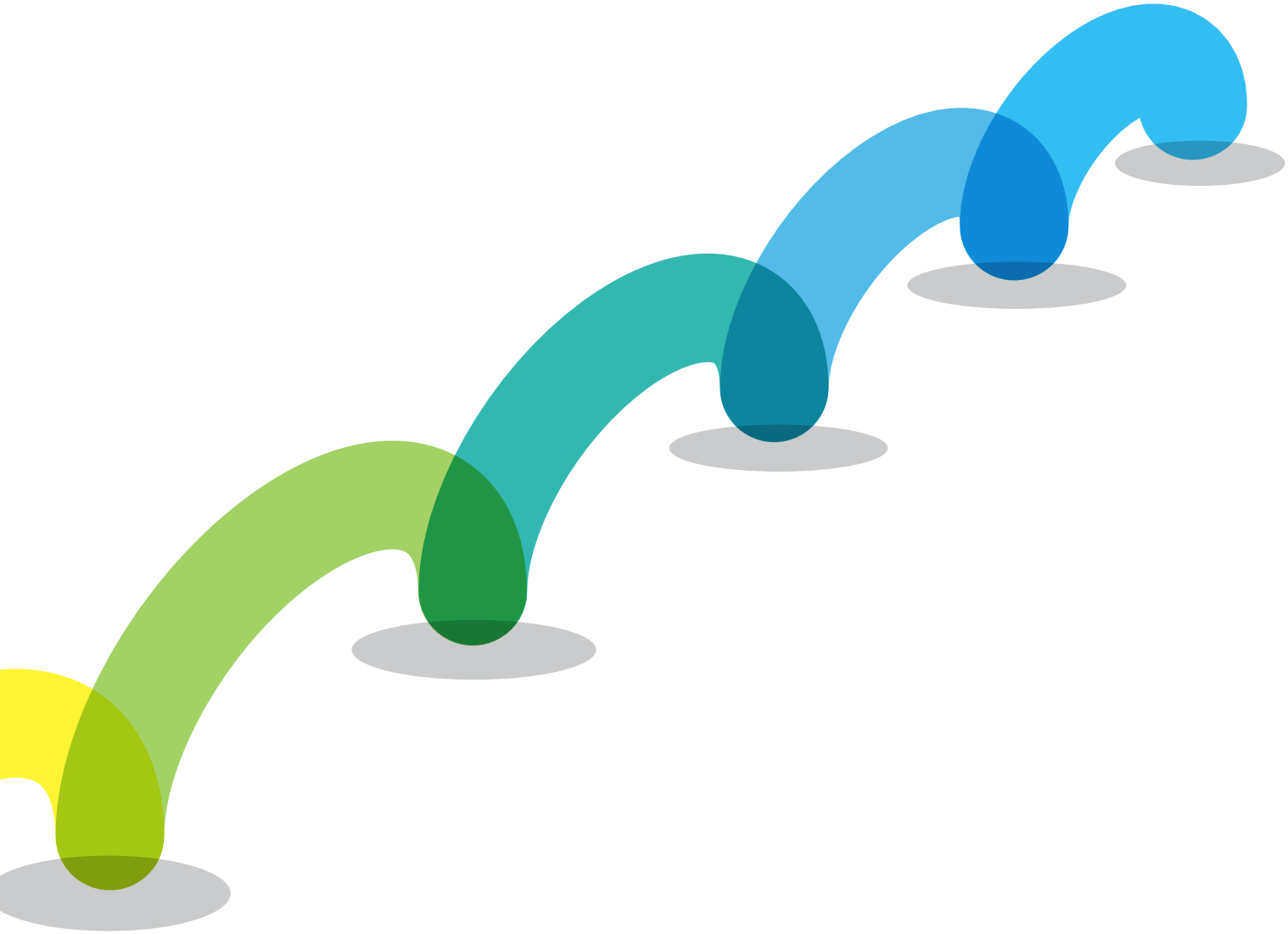

Sustainable leadership:
Talent requirements for sustainable enterprises

GLOBAL CITIZEN

RUSSELL REYNOLDS ASSOCIATES

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Preface

Leadership is about envisioning and shaping the future. There is an urgent need in business today for a new type of leadership—one that makes the long-term sustainability of our world a top priority. Business leaders have an important part to play in making the right strategic choices in order to create this sustainable future.

The world we live in is an increasingly uncertain place. In the wake of a global economic downturn, the political institutions capable of addressing the complex transnational issues we all face seem to be fragile or captive to special interests.

Against this background of uncertainty, organizations are increasingly expected to take responsibility for the ways in which their activities impact their customers and workers, the wider society and the natural environment—as well as seeking to maximize profits. In addition, the private sector is expected to play a crucial role in the realization of the United Nations' Sustainable Development Goals (SDG)[1]. The achievement of the SDGs will depend heavily on the involvement of the private sector.

"organizations are increasingly expected to take responsibility for the ways in which their activities impact their customers and workers, the wider society and the natural environment"

Balancing priorities

There is growing social pressure on companies to consider "people, planet and profit" and to respond to the concerns of multiple stakeholders, both inside and outside the business (Galpin et al., 2012). Organizations, therefore, are in desperate need of sustainable leaders who can balance short-term and long-term priorities and create value for a variety of stakeholders.

This report defines the characteristics of sustainable leadership to help organizations identify and recruit leaders with this vital skill set. Based on an exhaustive review of the available research in this area and our own experience, we offer ideas on how to find and develop board members, chief executive officers and senior leaders who are capable of executing long-term sustainable strategies.

Taking an alternative path

Sustainable leadership demands a fundamentally different approach to selecting and developing leaders vs. the methods being used by most business organizations today. It requires a change in mindset on the part of boards of directors to start operating according to this logic. Current human resources practices in large corporations typically adopt a more short-term outlook, which does not support sustainability.

The winners of the future will be those companies that are proactively embracing sustainability as a business opportunity instead of seeing it as a matter of compliance or a way to defend themselves against critical stakeholders. Indeed, a recent McKinsey survey of executives (McKinsey #1, 2014) shows that sustainability is becoming a more strategic and integral part of their business, beyond reputation management, though the latter continues to be important.

We believe the concept of sustainable leadership is here to stay, although the field still is emerging and the terminology will evolve. We hope the ideas in this study will inspire further research and spur useful debate.

We welcome your feedback and ideas. Please feel free to email us at pieter.ligthart@russellreynolds.com.

Timo de Haan

Paul Jansen

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This study of sustainable leadership is the result of a joint project between Russell Reynolds Associates and VU University Amsterdam. It is based on an extensive review of the academic literature on the topic by graduate student Timo de Haan, supervised by professor Paul Jansen at VU University and Pieter Ligthart, a partner at Russell Reynolds Associates.

In September 2015, the United Nations General Assembly will agree upon new goals to achieve a just balance among the social, environmental and economic needs of present and future generations. These Sustainable Development Goals supersede the Millennium Development Goals, which expire this year. Global Citizen is a global advocacy campaign to raise awareness and support for the implementation of the Sustainable Development Goals. Russell Reynolds Associates is a partner of Global Citizen.

Executive summary

Why do we need sustainable leaders?
Complex, transnational issues—pressure on natural and food resources, our ecological footprint and climate change, regional instability, security issues, access to healthcare and education, social disruption and technological change—cannot be solved by political institutions alone. There is growing social pressure on companies to consider "people, planet and profit" and to respond to the concerns of multiple stakeholders, both inside and outside the business. Organizations, therefore, are in desperate need of sustainable leaders who can balance short-term and long-term priorities and create value for a variety of stakeholders.

What is a sustainable leader?
Sustainable leaders look beyond immediate, short-term gains to see the role their organization plays in a larger context. They set strategies and ensure the delivery of results that meet the triple bottom line of social, environmental and financial performance.

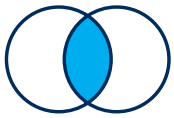
Sustainable leadership behaviors
We first looked at the distinctive behaviors exhibited by sustainable leaders, based on a model that highlights eight leadership behaviors key to sustainable corporate development: promoting the company's vision; operationalizing corporate social responsibility (CSR); obtaining top management support; engaging diverse stakeholders; empowering and developing stakeholders; communicating with stakeholders; measuring performance; and setting ethical standards (D'Amato et al., 2009).

Key competencies
We next identified a number of key competencies required by sustainable leaders, as distinct from other more established leadership styles.

These can be broken down into three main areas:

Sustainability mindset

A strong interior sense of purpose combined with a long-term orientation and an inherent motivation to meet the triple bottom line.



Systems thinking

The intellectual flexibility to see the bigger picture, as well as to appreciate the details—and to shift perspective between competing interests in order to develop a strategy that inspires all stakeholders.

Relationship building

An understanding of people across cultures; an advocate of diversity; and the building of productive, long-term relationships with key stakeholders.

Background and experience
Although some of the competencies for sustainable leadership are innate, we believe that the majority are acquired or enhanced through experience. We identified four key factors in the background experience of CEOs that correlate closely with positive sustainability outcomes in their organization. We suggest that these experiences build the three broad sustainable leadership competencies described above:

- Education: The higher a chief executive officer's (CEO) educational attainment, the greater the likelihood that he/she can cognitively process and contribute to the complex practices required to achieve sustainability.
- Functional background: Cross-functional experience leads to more awareness and open-mindedness about the demands of multiple stakeholders.
- International assignment experience: CEOs' international assignment experience is positively correlated with corporate social performance (CSP).
- CEO tenure: CEOs with long tenure are more likely to be concerned with corporate sustainability objectives. Those with shorter tenure may be motivated to prove themselves and build a reputation through attaining short-term goals.

Selection and development of sustainable leaders
Current human resources practices generally do not support sustainable leadership, with corporations increasingly attracting, developing and promoting leaders with narrow expertise and underestimating the value of cross-functional and international experience. We suggest that there are a number of important steps that companies can take to ensure they recruit and develop leaders with the mindset necessary for sustainability, systems thinking and requisite experience.

Sustainable leadership model and conclusions
We present a model for sustainable leadership that brings together the thinking in this report, as well as highlighting the need for a fundamental change in approach toward sustainability in the corporate world in order to facilitate adoption. For sustainable leaders to be effective, they need the support of the board of directors and other stakeholders.

What is sustainable leadership?

Before identifying the behaviors, competencies and relevant experience of sustainable leaders, it is important to define what we mean by this distinct leadership type.

Sustainable leaders look beyond immediate, short-term gains to see the role their organization plays in a larger context. They set strategies and ensure the delivery of results that meet the triple bottom line of social, environmental and financial performance.

This means fostering long-term relationships with multiple internal and external stakeholders in order to show concern for their interests, encourage their engagement and create value for them, motivated by the goal of corporate sustainability.

In this context, **stakeholders** are groups or individuals who gain from, or are damaged by, organizational actions and whose rights are respected, or violated, by such actions. Stakeholders can include employees, consumers, suppliers, pressure groups, communities, shareholders and even future generations (Freeman et al., 2004).

Corporate sustainability is defined as an organization meeting the needs of its direct and indirect stakeholders without compromising the needs of future stakeholders (Dyllick et al., 2002).

Corporate social responsibility is defined as actions on the part of an organization that advance or comply with the promotion of some social good beyond the immediate interests of the organization and its shareholders and beyond that required by law (McWilliams et al., 2011).

Corporate social performance is defined as stakeholders' assessment of the outcomes of corporate behavior (Wood, 1991).

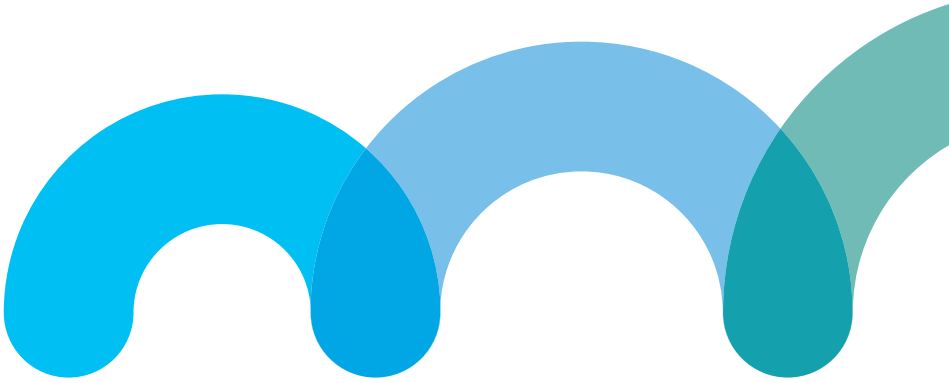
Environmental, social and governance (ESG) is a term that appears to be succeeding CSR, according to a report by Deutsche Bank (Fulton et al., 2012) and can be broken down as follows:

Environmental: Issues such as environmental compliance as defined by law; environmental health and safety for employees; genuine interest in society; the natural environment and climate change; the reporting on and taking responsibility for environmental impacts; and ethical investment.

Social: Employee relationships with management; diversity; employee and external stakeholder rights and involvement; and community participation.

Governance: Issues such as transparency of board structure; anti-takeover provisions; management performance; commitment to stakeholder protection; legal protection for investors; and transparency of activities through voluntary disclosure.

"strategies to meet the triple bottom line of social, environmental and financial performance"



Behaviors of sustainable leaders

The following eight leadership behaviors are needed for leaders to implement corporate sustainability and CSR and, thereby, create and maintain a sustainable organization (D'Amato et al., 2009).

1 Promoting the company's vision

Crafting a long-term strategy that focuses on serving the triple bottom line and developing policies to meet those goals.

2 Operationalizing CSR

Turning policies into actions by integrating them into everyday processes and procedures.

3 Obtaining top management support

Getting buy-in for actions that create visibility for and awareness of global responsibility, both inside and outside the company.

4 Engaging diverse stakeholders

Aligning cultures and systems to create balanced relationships characterized by reciprocal commitments, responsibilities and benefits.

5 Empowering and developing stakeholders

Enhancing the power of individuals to implement CSR, being open to new ideas, providing training activities and challenging assignments, and acting as a coach or mentor.

6 Communicating with stakeholders

Actively supporting and developing a culture of shared information among stakeholders about corporate sustainability.

7 Measuring performance

Holding individuals and groups within the organization accountable for their work through feedback, formal appraisal and reward policies. Helping to ensure accountability among external stakeholders through regular reporting and external audits.

8 Setting ethical standards

Setting an example to stakeholders, within and outside the organization, by behaving with integrity in both professional and personal life.

Key competencies of sustainable leaders

Competencies consist of knowledge, skills and attitudes (KSA) (Hartle, 1995). Sustainable leaders must meet basic competency requirements for leadership and carry out good management practices such as creating and communicating a vision, leading teams, developing people, making decisions and delivering results. However, sustainable leadership requires a new interpretation of these competencies, as well as some additional capabilities.

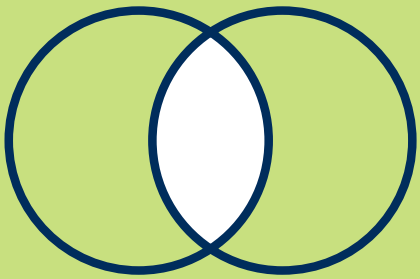
Based on a review of the research in this area and using the KSAs derived from these studies, the competencies distinctive to sustainable leaders fall into three overarching categories that represent the key aspects of sustainable leadership: sustainability mindset, systems thinking and relationship building.

1 Sustainability mindset—moving from "me" to "we"

Sustainable leaders have a strong interior sense of purpose that grows into a stronger sense of purpose and mission within the organization. They are oriented toward the long term. They feel an inherent motivation to meet the triple bottom line of social, environmental and financial performance or "people, planet and profit." Special competencies that sustainable leaders possess include the following:

- **Enlightened self-interest:** Valuing the interests of stakeholders rather than using people for individual gain (Crane et al., 2004). Seeing stakeholders in the broadest sense; for example, including future generations.
- **Long-term orientation:** Focusing on long-term goals and not being dissuaded by pressure from parties with different and competing goals while being aware that there is no long-term success without short-term delivery (Hind et al., 2009).
- **"Presencing":** Achieving one's highest future potential through a combination of sensing (feeling one's future possibility or purpose) and presence (the state of being in the present moment). Inspiring others and working together in the pursuit of a vision. Integrating careful observation of a situation, quiet reflection, reaction to feedback and then decisive action where required. Combining "doing what they love and loving what they do" with being deeply immersed in the world (Gitsham et al., 2009; Senge et al., 2004; Scharmer et al., 2013).
- **Courage:** Being driven to overcome resistance and keep up momentum toward desired goals. Making decisions in uncertain conditions, unhindered by an overload or lack of information (Hind et al., 2009).
- **Integrity:** Demonstrating honesty and moral values in both their professional and personal life so that stakeholders see sustainable leaders as role models (Hind et al., 2009).
- **Open-mindedness:** Displaying an unprejudiced attitude toward new ideas and the beliefs of other stakeholders (Hind et al., 2009).
- **Transparency:** Disclosing the bad news, as well as the good. Offering both positive and critical feedback to reinforce the best behavior in others while curtailing the worst (D'Amato et al., 2009).

We believe that a sustainability mindset is the foundation and defining aspect of sustainable leadership and that two important aspects—having a strategic outlook and building networks of stakeholder relationships—are driven by this mindset.



2 Systems thinking—zooming in and out

Sustainable leaders are adept at systems thinking and always will be aware that there is a bigger context beyond the immediate focus of the organization. They have the intellectual flexibility to see the big picture, as well as the capability to analyze the details of a strategy, and can shift perspectives quickly and frequently where necessary. Sustainable leaders can formulate a vision that inspires all stakeholders and can decide between competing interests:

- **Seeing the bigger picture:** Realizing that there always is a bigger picture (Sir David Brown, personal communication, 2014). Engineering an advantageous future for their organization through awareness of wider, more complex systems beyond the organization, with a deep understanding of how to manage the competing demands of different stakeholder groups (Senge, 1990; Hind et al., 2009; Waddock, 2007).
- **Appreciating the details:** Recognizing that successful execution of a strategy depends on getting the details right. Willing to zoom in as required to get to the root cause of an issue and zoom out equally fast to regain the big-picture perspective.
- **Maintaining balanced decision making:** Considering both global and local perspectives to make and gain support for well-founded decisions (Hind et al., 2009).
- **Keeping it simple:** Fundamentally understanding one's business, products, organization and processes. Ruthlessly eliminating complexity wherever possible. Developing products, services and solutions that serve a clear customer need and that easily can be explained to all major stakeholders.

3 Relationship building—connecting and collaborating

Sustainable leaders understand people across cultures; embrace diversity; and build productive, long-term relationships with key stakeholders through dialogue, leading to concrete and positive results:

- **Understanding across cultures:** Enhancing the knowledge and ability to recognize, interpret and react appropriately to people, organizations and other stakeholders (Talalakina, 2010; Waddock, 2007).
- **Appreciating and embracing diversity:** Eliminating unfair treatment and maximizing the potential stakeholder benefits of a diverse organization (Jackson et al., 2004; Waddock, 2007).
- **Networking:** Recognizing and acting upon sustainable business opportunities and building new relationships with stakeholders (Gitsham et al., 2009).
- **Facilitating meaningful dialogue:** Sharpening listening skills, demonstrating the ability to make decisions on a collective basis and exhibiting a willingness to encourage a sustainable language. Convincing skeptical stakeholders of the benefits of a sustainable course of action. Managing conflicts, mediating between different stakeholder interests and aligning them with the desired strategic direction. Being dependable, cooperative and flexible (Jackson et al., 2004; Driskell et al., 2006; Hind et al., 2009).
- **Empowering:** Giving stakeholders autonomy, allowing them to solve problems in new ways, and providing the intellectual stimulation to engage with their work and the sustainability objective (Waldman et al., 2006).
- **Measuring improvements:** Fine-tuning the analytical and reflective ability to measure improvements on multiple dimensions beyond bottom-line results. Gauging the impact that decisions will have on various stakeholders and assessing whether the relationships among stakeholders show reciprocity in terms of commitments, responsibilities and benefits (D'Amato et al., 2009; Waddock, 2007).

Relationship of sustainable leadership competencies to CEO experience

Organizations reflect the values and cognitive bases of their senior people (Hambrick et al., 1984). Research on individual CEOs shows that their experiences, values and personality influence the strategic choices of their organization to engage in sustainability.

An analysis of the demographic characteristics of executives (Manner, 2010; Simerly, 2000) helps to relate these to the competencies of effective sustainable leaders. Several characteristics of CEOs, such as their functional background, are found to positively correlate with sustainability outcomes (Manner, 2010).

The role of CEOs in securing "good enough" corporate social performance is not significant. However, leaders do play a key role in taking sustainability outcomes from *good* to *great*—that is, achieving *exceptional* performance.

Educational level

The higher the leader's educational attainment, the greater the likelihood that he/she can cognitively process and contribute to the complex practices required to achieve sustainability. In particular, the systems thinking necessary for strong CSR outcomes is likely to be linked to educational level (Huang, 2013)—potentially being a proxy for intelligence.

Functional background

The mindset of CEOs is both shaped and biased by their career experience (Hambrick et al., 1987). A company wanting to appoint a CEO who is adept at envisioning the business case for CSR should find a candidate with breadth of functional career experience, particularly in areas that focus extensively on dealing with different stakeholder groups (Manner, 2010).

International assignment experience

Living and working in a foreign country clearly give executives exposure to new cultures, systems, languages, institutional environments and often a greater breadth of responsibilities. Leaders frequently are required to adapt quickly, find solutions and act autonomously—skills that also are necessary for corporate sustainability (Carpenter et al., 2001). Indeed, the international assignment experience of CEOs is positively correlated to CSP (Slater et al., 2009). Foreign experience in both developed and developing countries makes a CEO even more desirable. CEOs with such experience, therefore, are more likely to have the requisite competencies to manage complex information and multiple (or global) stakeholders.

CEO tenure

CEOs with short tenure may be motivated to prove themselves and build a reputation through meeting short-term goals, thereby giving lower priority to long-term objectives like corporate sustainability (Hirshleifer, 1993). CEOs with longer tenure tend to have the mental capacity and confidence to think beyond the short term.

However, long-tenured CEOs may increasingly focus on running their organization in ways that are compatible with their own beliefs (Hambrick et al., 1991; Miller, 1991). Accordingly, long CEO tenure can foster certain trends that impede sustainable leadership, and there may be a turning point at which these negative aspects prevail. Overall though, as long as CEO tenure is positively correlated to consistent CSR performance (Huang, 2013), a long CEO tenure generally is indicative of a long-term orientation and persistence.

How common is sustainable leadership among top CEOs?

A comparison of the *Harvard Business Review*'s 2014 top 100 global CEOs with an analysis of the same list by consultants at the Reputation Institute reveals some surprising findings (Ignatius et al., 2014). The *Harvard Business Review* lists the companies that delivered

the highest long-term financial returns to shareholders. Recognizing that a company's greatness also depends on non-financial factors, the Reputation Institute was asked to reorder the list based on the reputation of these companies along seven dimensions: products and services, innovation, workplace, governance, citizenship, leadership and performance. Ignatius says the order of the names on the two lists turned out to be "utterly unrelated." Only a few CEOs achieved high scores on both lists. Assuming sustainable leadership requires strong performance on both lists, then sustainable leadership seems to be rare among CEOs.

It is interesting to note that the CEOs in the top 10 for company reputation are founders, are closely related to founders or have been with their company for a long time (27 to 35 years) (Ignatius et al., 2014). This might suggest that a company's reputation score tends to rise with long CEO tenure. An alternative explanation is that leaders whose identity is so thoroughly tied up with their company's identity are more attuned to leaving legacies that aren't only about financial value created. This is consistent with the findings outlined above about CEO tenure.

The research suggests that examples of sustainable leadership can be found at all levels within an organization "if you know where to look for it" (Collins, 2001). It is important for companies to be aware of sustainable leadership characteristics so the right people are promoted.

Impact on financial performance

One might argue that the reason for the apparent scarcity of sustainable leaders is that a focus on sustainability comes at the expense of long-term financial returns. However, an extensive review of more than 100 academic studies of sustainable investing by Deutsche Bank shows the opposite (Fulton et al., 2012). The research reveals that companies with high ratings for CSR and ESG factors have a lower cost of capital in terms of debt and equity. The market recognizes that these companies are lower risk than other companies and rewards them accordingly. Furthermore, the research suggests that such companies outperform the market—in other words, there is a strong positive correlation between financial performance and ESG strategies.

"the top 10 for company reputation are founders, are closely related to founders or have been with their company for a long time"

Selection of sustainable leaders

As corporate sustainability becomes an increasingly important part of organizational strategy, we outline below some approaches that companies can adopt to help find people with the necessary behaviors and competencies, either internally or externally.

Relevant experience assessment

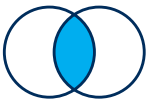
Based on the relationship between CEO demographics and sustainable leader competencies, the following characteristics could be considered:

- Educational level: Ideally, an academic level in a field that encourages systems thinking; engineering, for example.
- Functional background: A cross-functional career, particularly in areas that focus extensively on dealing with different stakeholder groups.
- International assignment experience: A period of time spent living and working in foreign countries, ideally in both developed and developing markets.
- CEO tenure: Long tenure with a previous company and/or various roles at one's current company. A history of long tenure indicates a long-term orientation of candidates and their ability to stick with a challenge when the going gets tough. The desired tenure per role depends on the pace of change within an organization and industry.
- Follow-through: Evidence of taking assignments through their full life cycle—from developing a vision and creating an action plan to driving it through to completion. Sustainable leaders will have been confronted with the results of their own actions and be able to demonstrate the concrete impact on their business and stakeholders.
- Moments of truth: Leaders who have proved themselves in the face of adversity, both in their professional and personal life.

Competency-based interviewing

Interviewing for sustainable leadership requires a specific focus and a particular line of questioning:

- Assessing the sustainability mindset of candidates: In terms of mindset, leaders traditionally are assessed on how motivated they are to fulfill a role, as well as their energy and drive. These remain important elements, but sustainable leaders also need a special type of self-awareness. Examples of interview questions to probe this topic include:
  - What are the themes in your career and personal life?
  - What is your personal sense of purpose?
  - What do you want to accomplish during your career?
  - What differences have you made so far?
  - What difficulties have you faced, and how have you dealt with them?



- Assessing skills for systems thinking: Interview questions should evaluate a candidate's skill at systems thinking, the ability to formulate a clear vision that inspires all stakeholders and the capability to make balanced decisions. Questions might include:
  - How would you define the purpose of your business? What is the role of your business in broader society?
  - Who are the key stakeholders in your business? What's important to them? What is your responsibility to them?
  - What is your vision for your business and your industry?
  - Have you involved stakeholders in the strategy formulation process? If so, how have you done so?
  - What dilemmas have you faced during that process, and what choices have you made in order to address those challenges?

- Assessing relationship-building skills: Candidates should be asked about their experience of building productive, long-term relationships with key stakeholders. Questions might include:
  - What do you want to achieve with and for each of these stakeholders?
  - How will you engage with them and inspire them?
  - How will you know if you have been successful?
  - Tell us about the background of your team members. What do they have in common as professionals and as people? How are they different?
  - How important are cultural differences for your business, and how do you deal with them?

Psychometrics

Psychometric testing may provide additional insights about the sustainable leadership qualities of candidates. Examples of how these competencies can be tested using psychometrics are given below.

Assessing the sustainability mindset:

- Exemplifying enlightened self-interest: Typically, as effective leaders develop over time, we would expect them to focus less on themselves and more on the welfare of others. Sustainable leaders tend to be decisive and courageous but humble. For example, they will hire people with talents they do not have themselves. Sustainable leaders often display genuine confidence without being arrogant.
- Demonstrating integrity: Leaders with integrity value transparency—they disclose both the good and the bad news. This quality is easy to detect through a combination of interviewing and assessment. Another element of integrity is follow-through (i.e., doing what you have promised), which can be measured by probing a candidate's self-discipline, sense of responsibility and conscientiousness.

Psychometrics Continued

Assessing skills for systems thinking:

- Seeing the bigger picture: Big-picture thinkers take their functional or any specific market "hat" off when making decisions. They think long term; they anticipate changes and likely economic or environmental shifts; they care about technological advances and macropolitical issues. This requires true intellectual curiosity—an interest across a range of disciplines—not just learning to become a deeper subject matter expert. Assessments can help us reveal executives' thinking patterns and also the underlying motives and values that drive their curiosity.
- Appreciating the details: Getting things done is universally held up as a key requirement for successful leaders. To do this, individuals need to know how to manage details. The very best retain the big picture but have the ability to zoom in to the finer points. This gives them credibility when being challenged or when defending an argument. Being a big-picture thinker and having the capability to "drill down" require sufficient intellect and impeccable judgment.

Assessing relationship-building skills:

- Inspiring stakeholders: Successfully inspiring various groups that have a vested interest in the organization requires a degree of altruism and, to a limited extent, charisma. Charisma can be a double-edged sword and even a risky trait: Charismatic people have a tendency to be impulsive, short-term goal oriented and poor at following rules. But this willingness—and, at times, eagerness—to challenge rules and bureaucracy gives them the potential to be inspiring.

Referencing

Extensive use of references is a critical element in the recruitment process for a sustainable leader. Typically, references come from former managers and colleagues. Best practice is to obtain a wide selection of references, including interviews with major stakeholders, and carry out systematic checks of a candidate's track record across each of the dimensions of sustainable leadership.

Induction

Once the candidate has been selected, the induction program need not be limited to meeting colleagues but should involve introducing the incoming leader to representatives from all major stakeholder groups. The ideal induction program includes support from someone who can coach or mentor and who can solicit input from all stakeholders.

Development of sustainable leaders

The behaviors and competencies of sustainable leaders have implications for leadership development activities for all levels of leadership across an organization.

Developing a sustainability mindset
The mindset is the foundation of sustainable leadership. Organizations striving for sustainability should encourage a mindset of interdependence within the organization in its leadership development programs. Possible initiatives could include leadership assessments, coaching, international project work and leadership journeys, which take leaders out of the workplace and put them into the natural world.

Leaders need to become aware of:

- Their own sense of purpose and ways they can contribute to the well-being of others
- Who they are:
  - What their strengths are
  - What they enjoy doing
  - The professional and personal context they need in order to be successful (e.g., the role and importance of family, friends and colleagues)
- How they are part of a larger system
- How they depend on others for their own success and the success of their business
- What responsibility they have toward their workforce and external communities
- What responsibility they have toward the natural environment (e.g., the impact of their business upon the depletion of particular natural resources)
- What responsibility they have toward future generations

Encouraging cross-functional moves
Moving across functions allows leaders to become more open-minded and to generate empathy for the different perspectives across the organization. Although building cross-functional experience comes at the expense of developing functional expertise and depth, it helps leaders enhance their systems thinking and ability to reconcile dilemmas, make decisions, and build a network inside and outside the business.

Building international experience
Many large companies have scaled down the number of expatriate assignments, often due to cost or issues such as family disruption or the difficulties of integration and repatriation. One solution may be to attract leaders from outside the organization who already have the desired international experience. Other options are temporary assignments abroad, international project work and international leadership development programs.

Making promotion decisions
Promotion decisions send a very powerful signal across an organization. People create their own mental pictures about the desired behavior within their company on the basis of who gets promoted and who does not. To move toward greater leadership sustainability, it is important for organizations to promote people with sustainable leadership qualities.

As most leaders generally are developed within an organization, promotions can be even more salient than recruitments. Yet, typically, more time is spent on recruitment decisions than on promotion choices. It, therefore, is critical to be as rigorous about promotion decisions as about recruitment. The assessment approach for the selection of sustainable leaders on pages 10-12 of this report also can be applied to promotions.

Sustainable leadership model and conclusions

The model above brings all the findings of this report on sustainable leadership together.

In summary, sustainable leadership differs from other leadership styles in two significant ways:

- The essential motivation of sustainable leaders—the basis for their behavior—derives from an inherent striving for corporate sustainability. This allows leaders to place emphasis on building relationships with multiple stakeholders and creating value for them.
- Sustainable leaders need to influence a wide pool of stakeholders, who have different and competing interests, rather than focus primarily on employees, customers and shareholders, who typically are the main stakeholders in other leadership models.

The need for change in the wider corporate context

Finally, it is important to note that for sustainable leaders to be effective, they need to operate in a sustainable context. While this new breed of leader will be expected to shape and create this context, that will be possible only if the corporate world takes a truly different approach to leadership and focuses on the common good rather than on financial rewards for a relatively small group of insiders.

Boards of directors and shareholders must be active supporters of corporate sustainability if CEOs and their management team are to implement sustainable strategies successfully.

There are some encouraging signs, however. Although it currently is easier for privately held businesses—owned by their founders, management or private investors—to adopt sustainable leadership practices, wider attitudes appear to be changing. As Unilever's Chief Executive Paul Polman has said: "Capitalism needs to evolve, and that requires different types of leaders from what we've had before. Not better leaders, because every period has its own challenges, but leaders who are able to cope with today's challenges" (McKinsey #2, 2014).

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