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Collaborative Leadership for Creative Environmental Strategy

Thousands of children in a number of countries recently walked out of school to campaign for action to address climate change. The consequences of what they perceive as insufficient action will increasingly bite during their lifetimes. Others share their concerns. Many people distrust business and political leaders and the elites from they are often drawn. For many corporate stakeholders the number one longer-term issue, and an increasingly urgent one, is protecting the environment and climate change.

Directors should be alert to stakeholder concerns and aware of what is happening in the environment and context in which companies operate. They should ensure that external trends and developments, whether local, national or global, are monitored and their impacts upon a company, its supply and value chains, and its customers and other stakeholders are assessed. Appropriate action should be taken in response, whether this is to confront challenges or seize opportunities.

Most areas of corporate operation are either already or may soon be affected by environmental issues and climate changes. Increasingly, because of the nature of both challenges and opportunities, collective action, collaborative leadership and creative strategies are required. Urgent action is needed. The 21st World Congress on Environment Management and Climate Change represents an opportunity to take stock of where we are and consider the nature and adequacy of our responses.

Environmental Governance for Global Challenges

Some boards still interpret building a resilient business as ensuring the survival of current activities, rather than creating a more sustainable business model. They view certain technologies as disruptive of existing approaches rather than as enablers of new possibilities. They react rather than initiate. The scale of environmental damage from local pollution to the plastic found in

the world's oceans, and the accelerating destruction of eco-systems alarms many stakeholders. Where incremental change will not be sufficient, transformational leadership is needed. Are new governance arrangements required where speed is of the essence and green growth solutions have to be quickly developed and scaled up?

Increasingly, stakeholders may expect environmental and climate change issues to feature more prominently in corporate mission statements, priorities, objectives and strategies.

Are they reflected in business, excellence and operating models and risk management, investment and other practices? More reliable offerings from a customer perspective may be perceived as a problem for those whose business models require a significant income from servicing and spare parts. Higher upfront costs might deter customers who may not be aware of subsequently lower operating costs. The challenge for many boards is to understand contending interests and reconcile them with aligned business and social objectives.

Should more boards adopt alternative approaches? Could certain undesirable consequences of business activities be addressed by redefining corporate purpose, excellence, quality, performance, productivity and success in terms of reducing environmental and resource footprints and addressing climate

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change? Are more collaborative responses required? Should directors view more matters through an environmental or sustainability lens? For example, should assets relating to damaging activities be depreciated more quickly and/or replaced?

Supporting UN Sustainable Development Goals (SDGs)

The United Nations' SDGs could be a useful starting point for the discussion of collaborative action involving both private and public sector organisations as they embrace both environmental challenges and requirements for social transformation. Might SDGs be the key to formulating shared objectives and aligning business, regulatory and intervention strategies? For some directors, accepting wider responsibilities and stepping up to the challenges involved might require a change of perspective. Boards may need to review assumptions and the role companies could play in the development of collective solutions.

How many corporate goals are aligned to SDGs? Would it help to rebuild trust in business leaders and faith in capitalism if more were? While many boards fail to address what others perceive as pressing issues, will more people question the value that many directors add beyond meeting a minimal governance requirement and fulfilling a periodic ritual? Will they ask why so many relatively highly paid people are consistently so agonisingly slow to see and respond to the obvious?

Climate and Energy Resilient Smart Cities

Rapid urbanisation has resulted in associated sprawl, congestion, waste and pollution. The transformation of cities could improve the quality of life of large numbers of people. Creating more climate resilient smart cities represents a prime arena for public-private collaboration to develop new models of sustainable urbanisation. Collective action could improve air quality, transportation and working and living environments. Opportunities for rebuilding trust and innovation are as varied as electric and driverless vehicles and geo-engineering. Why do so many boards appear to largely ignore or tolerate problems facing customers, employees and other stakeholders, while contributing so little to collective action to address them?

For both urban and rural areas greater energy efficiency and a more sustainable supply of affordable and eco-sensitive energy could reduce emissions that contribute to global warming. They could improve health while also helping to tackle climate change. Should more boards embrace smart meters and networks that promise benefits for individuals, organisations and the environment?

For companies, the transition to clean energy, more efficient devices, energy diversification and continuing innovation should result in greater security of supply and greater cost-effectiveness. They create additional opportunities for existing and new players to participate in the energy sector

Preventing Pollution and Managing Water and Waste

The challenges of pollution, water supply and waste management are often most acute in cities. Integrated and more sustainable sanitation, sewerage and solid waste management solutions are sought. Coping with hazardous and e-waste, mitigating noise, vibration and air pollution, recycling and generating energy from waste all represent significant areas of opportunity for business. Flows of raw sewage and industrial effluents into the waters of the Ganges illustrate the gulf that often exists between rhetoric and reality. The most sacred is among the most polluted. Reducing the flow of oil, chemical, plastic and other pollutants into rivers and oceans can improve health, protect fish stocks and other marine life,

and open up new leisure opportunities for urban and coastal communities. It can lead to new employment and lifestyle possibilities and represent a cause that engages stakeholders.

In many areas a shortage of water is exacerbated by climate change. It is particularly acute in cities such as Bengaluru, while in arid rural areas some farmers are driven to suicide. Government, regulatory and collaborative action involving industrial, construction and other companies could be the key to increasing supply by interlinking rivers, replenishing water tables, the desalination of sea water and the improvement of fresh water eco-systems. There are opportunities for more individuals, additional organizations and the agricultural, industrial and domestic sectors to safeguard water supplies by reducing waste and increasing recycling and reuse. Could capabilities accumulated for one purpose have relevance in another arena?

Green Growth, Market and Innovative Solutions

There are many opportunities for green growth and market solutions to environmental challenges. Individuals, large and small companies, the Government, regulators and public bodies can all play a part. How their efforts are coordinated can be the key to success. Companies can aspire to leadership within sectors such as green banking, insurance, energy, design, construction, education and infrastructure. Are boards recognizing concerns, initiating debates and engaging stakeholders? Are they providing leadership by prioritizing and main-streaming environmental, sustainability and climate change concerns? Are they adopting and implementing green growth business models, strategies and policies?

Some boards are risk averse. They seek to protect existing positions and practices. Fear of uncertainties associated with innovation can result in them becoming obstacles to change. Accepting further responsibilities may require a review of corporate investment models and decision making practices. Are there externalities to assess and internalise, whether the costs of natural and man-made disasters or the benefits of eco-innovation? Should corporate purpose and business models be reviewed in the light of wider considerations and the interests of a broader range of stakeholders over a longer time horizon? Should there be a shift of emphasis from materialistic growth and its quantitative indicators to experiential, sustainable and inclusive development, the quality of life and issues such as food security?

Collaborative and Responsible Leadership

Responsible leadership should concern the totality of a business and both its social and commercial obligations and impacts. Boards should give a lead and provide direction. Some boardrooms seem like bunkers in which people hunker down and hope for the best as storms of change and opportunity rage outside. Directors who rarely meet customers and investors defend their inaction by saying the timing is not right or that stakeholders are not yet ready.

With climate change, if directors wait for more people to catch up they may condemn their children and grand-children to a future of scavenging in dumps of our rubbish while dealing with extreme weather events. The forthcoming World Congress on Environment Management and Climate Change is well timed. Responsible and transformational leadership requires a change of gear and a shift of focus to the innovations needed to address challenges that threaten to overwhelm us and create and seize opportunities to build a sustainable future. ■

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