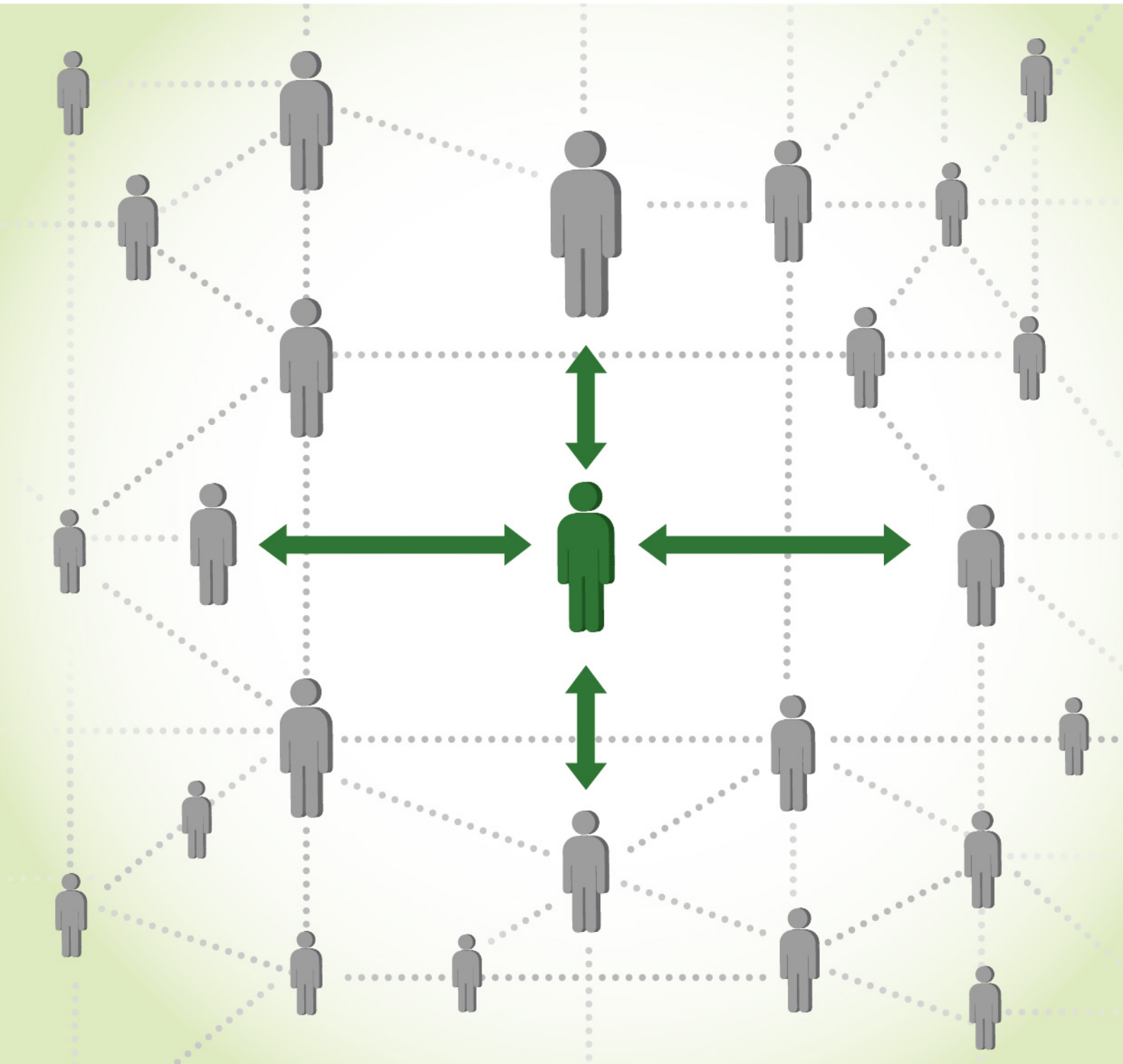


# Influencing Up, Down and Across: From Sustainability Professional to Change Agent



The world is changing: fast. Increasing wealth and expanding populations are creating unprecedented demand for food, energy, mobility, and other products and services. These mega-trends in turn are leading to over-exploitation of resources, pollution, and ecological degradation - all exacerbated by climate change.

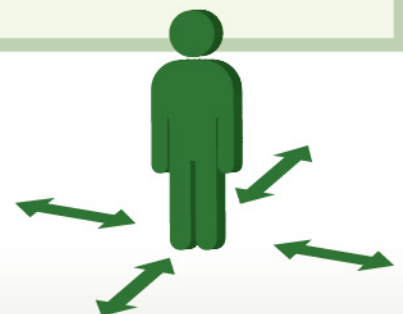
At the same time, the digital revolution - in particular mobile and social media – has led to a hyper-connected world. This new reality is forcing a once unthinkable transparency. Individuals are now empowered to share their voice and concerns on a mass scale, thus putting a growing crescendo of pressure on companies and governments to address societal expectations.

The effects of these tectonic shifts on businesses are profound. They are reflected economically, in the price of business inputs. Cheap raw materials are gone, replaced by volatile commodity prices, and upward trending primary business costs. They are also reflected socially, in the implicit social contract between businesses and their stakeholders. The corporate “license to operate” once depended simply on return to shareholders. No more. Now companies must address demands of influential employees, suppliers, customers, governments, NGOs and other stakeholders, all clamoring for commitment to broader societal issues. As a result, companies need to design their corporate strategies along the three pillars of sustainability, balancing the economic, environmental and social impact of their business models and activities.

The sustainability function has the potential to help a company refocus its strategy and navigate the mega-trends, becoming more competitive and resilient in the process. In most companies, however, this has not yet occurred.

### **The typical sustainability function in Hong Kong today**

- Focuses on compliance, disclosure and external stakeholder engagement.
- Operates as the sole corporate function tasked with sustainability issues, engendering silo thinking.
- Interacts with other departments for narrow purposes; for example, to solicit information for a sustainability report or recruit for ad-hoc “green” campaigns.
- Is sanctioned to deliver incremental improvements.
- Has limited mandate to integrate sustainability into core business operations or spearhead transformational change, operationally or organizationally.



In recognition of these challenges, the Climate Change Business Forum (CCBF) and Edelman Hong Kong initiated a study to compare the reality and the potential of the sustainability function within Hong Kong companies. An underlying assumption is that corporate strategies guided by sustainability can help companies to become more resilient, competitive and likely to thrive if and only if they are fully embedded into mindsets and day-to-day operations across the entire organization.

Inducing such change is not easy. It represents a challenge for most companies. The study focused on how sustainability professionals can become change agents, helping companies realize their full potential:

- What are the drivers and barriers to sustainability-induced change within an organization?
- What factors are preventing sustainability professionals from facilitating that change?
- What is needed to move forward?

To answer these questions, CCBF and Edelman contrasted the views of Hong Kong-based sustainability professionals and CEOs, solicited through group and one-on-one meetings.

## Key findings

- The sustainability function within Hong Kong companies is stymied by **inadequate CEO support**, **insufficient resources** and **lack of internal engagement**.
- Sustainability professionals can address these three barriers by re-prioritizing their objectives. Influencing key stakeholders is fundamental to becoming an effective change agent.
- Why? Because today's trends touch every aspect of business. They should be addressed accordingly.
- How? By influencing UP (senior management), DOWN and ACROSS (all departments across all levels, from the shop floor to middle management).
- In short, sustainability professionals need to evolve from being "doers" to becoming "influencers".

## Three core barriers to driving change

“ The key is to make communications and engagement a priority, so sustainability professionals become **influencers** rather than **doers**. ”

### 1. Inadequate CEO support

Both CEOs and sustainability professionals in the CCBF-Edelman study acknowledged that a lack of CEO engagement is a barrier to change. CEOs agreed that they should do more to highlight the links between their sustainability objectives and business performance. They also agreed that they should do more to “engage employees” on the topic of sustainability. The question is — how?

### 2. Insufficient resources

Executive attention begets resources. In the same vein, corporate departments that lack attention are often deficient in resources (both time and money) as well.

This is a logical corollary to insufficient CEO support. In fact, the two reinforce each other. C-suite attention to one part of the business naturally leads to discretionary resources being funneled into that area, particularly if it generates revenue. Often, it is the sustainability office and other perceived “cost centers” that suffer.

When sustainability is the sole remit of a single department, there is no natural ally to help lobby for resources. Indeed, sustainability professionals in Hong Kong still drive and execute most initiatives on their own, with little support from other functions. With teams perennially stretched, they are in essence set up to under-perform.

### 3. Lack of internal engagement - the weakest link

The challenge, however, is more complex than simply a lack of CEO engagement or resources. Critical relationships are under-developed or simply don't exist. Nurturing these relationships should be part of the job – and is, in fact, in more developed markets. A recent study by GreenBiz Group revealed that working with peers and educating employees are among the “top 3” priorities for sustainability professionals elsewhere.<sup>1</sup> In Hong Kong, this foundational piece is less widely recognized.

Sustainability professionals in the CCBF-Edelman study unanimously identified *internal engagement* as a critical weakness within their companies. Yet none cited it as a barrier to their own work. This disconnect suggests that the critical role influencing stakeholders plays is unrecognized.

The first step in changing behavior is changing attitudes. Sustainability must become everyone's job. Non-financial reporting, GRI ratings and new CSR policies are necessary, but not sufficient. Sustainability professionals must gain permission from the TOP, while coaching employees ACROSS and DOWN the organization on how to unlock their function's full sustainability potential. This will necessarily entail getting past the inevitable attitudinal barriers enshrined in “that's your job!” and “what's in it for me?” The key is to make communications and engagement a priority, so that sustainability professionals become influencers rather than doers.

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<sup>1</sup> Top tasks for sustainability professionals, as reported in State of the Profession 2013, by John Davies and the editors of GreenBiz.com, January 2013, p. 14. Note that the respondents included VPs, Directors and Managers of sustainability largely from the US but also from another 11 countries around the world.

# The solutions

## 1. Influencing UP: senior management

Simply put, visible senior management support for the change process is a pre-requisite for success. Absent senior management determination to make sustainability core to the company's strategy, efforts further down in the corporate structure will be stymied. To help catalyze the necessary support, focus on the following strategies.

### Be targeted

*CEO Insight: "My job is to manage the business. So help me manage it better and you will have my attention."*

- ◆ **Analyze and map senior management audiences.** Executives normally fall along four types:
  - Sustainability supporters, who understand the value of sustainability investments even if not all outcomes are known;
  - Neutral observers, who have not yet developed an opinion on the topic;
  - Moderate sceptics, who are unconvinced but may or may not articulate their views; and
  - Overt adversaries, who speak out against sustainability and other 'soft' projects.

Map the profiles of your senior executives. Identify their business priorities and biggest challenges. How might sustainability initiatives add value to them? Nurture supporters as valuable allies. Limit time with overt adversaries, as they can be difficult to 'convert'. With the right approach, neutral observers can become supporters.

- ◆ **Be concise.** Come up with a clear elevator pitch to quickly and simply convey the value that sustainability provides. Speak in language that the executive understands. The focal point of the message should be the business, not the sustainability element.

### Present the data

*CEO Insight: "Show me the data, but distil it down to what's important for our business."*

- ◆ **Articulate value in a compelling way.** Measurement is foundational to the sustainability professional's remit. But too often the reaction to raw data is "who cares?" To make it meaningful, draw causal links to specific business objectives. Communicate material risks and opportunities in focused, hard-hitting ways. Present only metrics that are logical and within the scope of the department in question. Before speaking to a senior manager, take time to frame the argument within the context of their function. Propose solutions to the challenges that keep them up at night, reinforced by data.
- ◆ **Ban jargon.** Most business people don't "speak sustainability". GRI is fine as a reference point, but when it comes to influencing up, use language that resonates with your audience. For example, rather than framing a discussion in terms of climate change, talk about resource shortages, supply chain disruptions, and business continuity.

### Stay on top of emerging trends

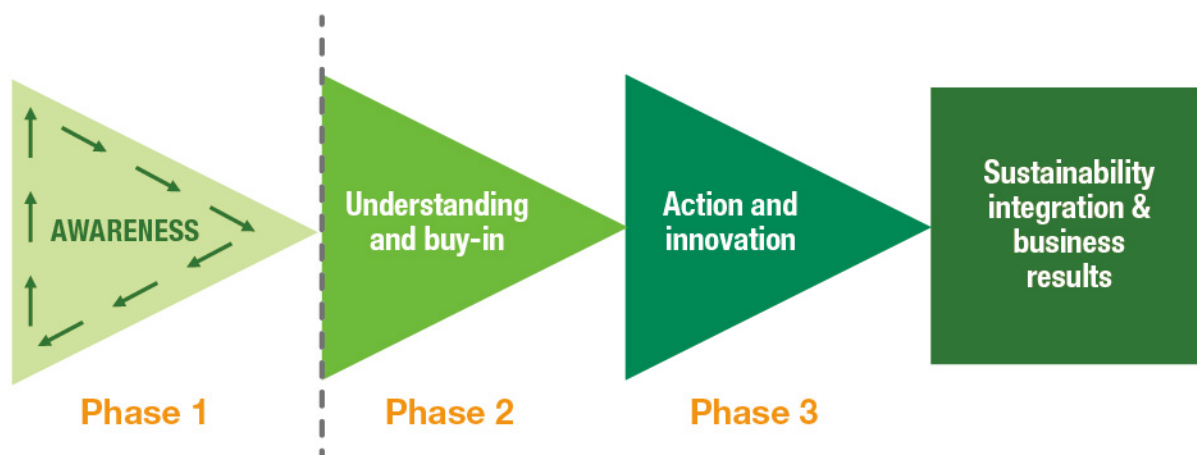
*CEO Insight: "Push me"*

- ◆ Sustainability professionals are typically viewed as subject matter experts. CEOs expect them to add value by knowing their issues – whether environmental or societal – and pushing the business to continually improve. Keep abreast of trends and how they may affect the business moving forward. Drive your senior management team to capture first movers' advantage by responding to emerging issues. Push them to be bold.

## 2. Influence DOWN and ACROSS: colleagues from different departments and levels

Engaging colleagues on sustainability does not happen overnight. It is the result of a three-phased process (see chart below), which allows employees to understand what sustainability is, why it is important, what it means to them and how they can contribute.

The greatest risk is getting stuck in the first phase of engagement. To spur meaningful change, it's crucial to move beyond the awareness raising phase. Here's how...



### Phase 1 - Raise awareness:

- ◆ **Make sustainability visible internally:** Employees are a difficult audience: they are exposed to thousands of messages a day and have limited time to process them. This first step is about cutting through the communications clutter and making employees aware that sustainability is crucial to the business. Companies typically communicate corporate sustainability goals through a wide range of communications collateral, from sustainability reports and posters to coffee mugs with a green tagline and company-wide events. These activities help raise internal awareness, but will not in and of themselves drive strategic action. To break out of the awareness phase, more sophisticated tools are needed.

### Phase 2 - Achieve understanding and buy-in:

- ◆ **Explain sustainability clearly:** An elevator pitch may work with senior management. But a real narrative - a simple and engaging story - is needed for the rest of the staff. Once you've raised awareness, communicate a clear plan by addressing the following three key questions:
  - **Why?** Provide a compelling sense of purpose and/or urgency as to why sustainability is important and why it matters to the company.
  - **How?** Share the company's Sustainability Plan and describe what needs to happen to execute it.
  - **What?** Articulate what's in it for employees and how they can contribute.

To achieve understanding and buy-in, there needs to be a clear understanding among employees that corporate strategy and sustainability strategy are one and the same. To that end, make sure your sustainability story is fully integrated into your corporate story, as opposed to being a separate narrative.

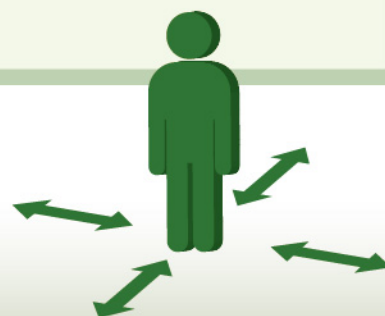
### Phase 3 - Drive action and innovation:

- ◆ **Connect the dots:** Sustainability is a complex topic, which needs to be explained and put into context. Help employees understand what sustainability means to their role and their department. Help them ‘connect the dots’ by demonstrating what they can do to contribute and what’s in it for them. For example, discuss sourcing sustainable materials with your procurement team, looking at benefits in cost, knowledge, and reputational terms for them and the business as a whole. This can be done through two-way communications, such as brainstorming sessions with departments, strategy workshops, etc.
- ◆ **Co-create:** Too often sustainability professionals feel obliged to approach colleagues with “the plan”, which has all “the answers”. The likelihood of real collaboration is close to zero. Help establish the right mind-set essential to success by enabling dialogue with employees and eliciting input on the sustainability strategy from multiple perspectives. Co-creation – as opposed to top-down directives - will increase the chance of getting support from business teams. Do a few trials and share small successes. This genre of sharing breeds understanding, curiosity and willingness to try.
- ◆ **Develop practical tools:** Help colleagues embed sustainability into their work and innovate by providing them with essential tools:
  - Clear guidelines or check-lists for integrating sustainability into day-to-day work activities (for example, procurement guidelines or product development criteria). Associated training may be useful, especially at the start;
  - Cross functional teams to drive sustainability initiatives throughout the organisation;
  - KPIs and/or awards, bonuses, etc. to incentivize and recognize employee contributions; and
  - An innovation support system to encourage new ideas and facilitate their implementation. These can begin as pilot projects.

#### The sustainability function of the future

In order to move from being ‘doers’ to ‘influencers’, sustainability professionals should:

- Focus on internal engagement. Compliance, disclosure and other duties are pursued in this context.
- Operate as a cross-departmental team, thus creating a whole-company approach.
- Coach relevant departments on “what’s in it for them” by co-discovering risks and opportunities to contribute materially to corporate goals. Help develop meaningful metrics to drive efficiency and innovation.
- Assist the CEO / C-suite to identify how sustainability can help manage the most relevant mega-trends for the business.



## Becoming a change agent for sustainability

“ *Kick-starting a new sustainability function in a company requires making “hard” a business concept that is often considered “soft”.* ”

How can companies survive, and even thrive, in an increasingly volatile and resource-constrained operating environment? A big part of the answer is sustainability, fully integrated across the organization.

Kick-starting a new sustainability function in a company, or re-defining an existing function to include sustainability, is not a task for the faint of heart. It requires making “hard” a business concept that is often considered “soft” and is not well defined. It means conceiving new ways to drive profits and innovation. It requires vision, courage, and comfort with ambiguity. Done well, sustainability can transform a business for the better, making it more responsive to stakeholders and more enduringly competitive in the marketplace.

### Methodology

- Edelman and CCBF leveraged CCBF’s network of leading Hong Kong companies to convene 20+ sustainability professionals with wide ranging experience. The first phase consisted of a half-day exploratory workshop to frame the issue and gather insights. Responses were solicited through (a) discussion following an introductory presentation; (b) written reactions to specific, pointed questions and (c) anonymous responses to a survey at the end of the session.
- In a second phase, Edelman and CCBF interviewed 4 CEOs, or the most senior executive, of Hong Kong companies involved in the workshop. Each responded to a series of questions designed to evoke their perspectives on some of the same issues as those presented in phase one of the research.
- The final phase was a gap analysis to posit reasons for the difference between the perceptions of sustainability professionals and senior executives.
- Based on this analysis and complemented by the writers’ professional observations, the two organizations derived conclusions and recommendations on how to resolve the challenges identified.



## From Sustainability Professional to Change Agent Diagnosis

The following diagnostic helps identify where sustainability professionals are in their efforts, and prioritize areas of focus for leading sustainability-induced change.

	QUESTIONS	YES	NOT ENOUGH	NOT AT ALL
<b>Engaging UP</b>	Have you mapped out senior executives' profiles (sustainability supporters, neutral observers, moderate sceptics and overt adversaries) and tailored your communications accordingly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Are you able to explain to your CEO what sustainability means to your organization and why it matters using a clear and concise elevator pitch?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Are you able to use clear metrics and data to support the case for sustainability? Can you articulate the business value of sustainability in a compelling way?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Are you using language that resonates with your senior management, e.g., that is jargon-free?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Do you have a process for staying on top of trends and pushing the business to continually improve?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Engaging DOWN and ACROSS</b>	Have you raised employees' awareness of sustainability? Are they aware of how sustainability contributes to the corporate agenda?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Have you defined a compelling sustainability narrative to communicate to employees (WHY, HOW, WHAT)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Have you actively helped colleagues connect the dots between their primary responsibilities and the company's sustainability objectives?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Are you co-creating elements of your sustainability strategy and implementation plans with business teams and departments?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Have you developed a clear set of guidelines and training modules to equip staff with sustainability knowledge?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Do you have a cross-functional team for driving sustainability throughout the organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Do you have effective systems in place to recognize employees' contributions and encourage innovation?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## About CCBF:

The Climate Change Business Forum (CCBF) convenes some of Hong Kong's most astute businesses to collaborate on tackling climate change. As a think tank on the transition to a low-carbon economy, the forum seeks to be a resource to Hong Kong's business community and government. CCBF was established in 2008 by the non-profit Business Environment Council.

For more information please visit [www.climatechangebusinessforum.com](http://www.climatechangebusinessforum.com).

## About Edelman:

Edelman is the world's largest public relations firm, with 66 offices and more than 4,500 employees worldwide, as well as affiliates in more than 30 cities. Edelman's Business + Social Purpose practice addresses the purpose, CSR, sustainability and citizenship needs of corporations, brands and NGO's. We employ social USP<sup>SM</sup> and other proprietary methodologies and research to develop integrated business and communications strategies and solutions for commercial success and social impact. We create integrated campaigns that bring together experts in brand strategy, reputation and issues management, public affairs, sustainability, employee engagement, brand and corporate citizenship, strategic philanthropy, public-private partnerships, CSR strategic planning and reporting, NGO positioning, engagement and fundraising.

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### Acknowledgments

CCBF and Edelman Hong Kong thank Hongkong Electric for offering its training facility to hold the exploratory workshop with sustainability professionals. We also thank the participating individuals and companies they represent for sharing their insight, experiences, and expertise throughout this study. Particular recognition is due Christian Schubert of BASF, whose perceptive input sharpened the paper. Rachel Fleishman and Pua Mench from CCBF and Ashley Hegland and Perrine Bouhana from Edelman Hong Kong were responsible for conducting the research and developing this report.

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