



SIX INGREDIENTS OF TRUE CORPORATE SUSTAINABILITY, WITH IOANNIS IOANNOU

If you do not change direction, you may end up where you are heading
Lao Tzu

SIX ELEMENTS OF GENUINE SUSTAINABILITY – A STRATEGY PRIMER

1. Social and environmental value must be married to financial value.

Either one without the other will result in failure eventually. **Find synergies that allow sustainability to support the bottom line, rather than just see ESG as an unfortunate ‘cost of doing business.’**

2. Look for opportunities to differentiate.

Firms facing the greatest challenges integrating sustainability are often in mature sectors where product or brand differentiation is no picnic. **Develop an ESG strategy that plays to your unique strengths, and use it to stand out from the crowd.**

3. Recognise and resolve trade-offs.

Whilst sustainability can be both synergistic with, and supportive of, financial returns, we must accept that any change in strategy has costs as well as benefits. **Monitor yourself and your team for loss-aversion.**

4. Embed systematic decision-making processes around ESG.

Trade-offs can be transformed into value-creation mechanisms. However, this requires rigour and objectivity in the analysis itself -not least because visibility can win over sceptics. **Work with in-house experts, or consultants, to design ESG-specific frameworks for key decisions.**

- How can we tell the difference between genuine action on sustainability, and greenwashing?
- What makes an ESG commitment a practical success, rather than just empty idealism?
- What does ‘sustainability’ really mean?

To make real progress driving change through their firms, ESG needs to move beyond a buzzword. Leaders need clarity and specificity. To help get you there, Conversations on Climate has teamed up with Ioannis Ioannou, Assistant Professor of Strategy and Entrepreneurship at London Business School, to create this quick guide to creating true sustainability throughout your organisation.

5. Embed ESG everywhere.

For a firm to become truly sustainable, it cannot remain the pet project of a particular CEO or executive. Getting buy-in at all levels of the organisation will ensure that the mission outlasts any one individual – and takes advantage of everyone’s contributions. **Can your firm Kaizen for ESG, as well as efficiency?**

6. Transform culture as well as process.

This path is not for the faint-hearted: but nothing good ever is. You will need find leadership, trust and resilience in yourself and others. Only a genuine shift in mindset generates the energy to keep going over the long-run. **Invest in transforming people alongside product, plant and processes.**

You can find out more about Professor Ioannou [here](#).

To learn more about Professor Ioannou’s vision of the ESG revolution (and how to survive the ‘global cost correction’ it is creating), listen to his *Conversations on Climate* episode with United Renewables [here](#).