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Sustainability and the Five Archetypes of Boardroom Behaviour

When it comes to "walking the talk" of sustainability, the type of board directors matters.

There is growing evidence to suggest that sustainability is getting **more attention in the boardroom**. However, with a big gap between board members' aspirations regarding sustainability and its integration into the heart of their organisations' activities, there remain questions as to just what is being discussed, how it is being discussed and why.

To get a better understanding of how seriously directors view sustainability, we interviewed non-executive directors from 50 large, well-known European companies. Their responses were both varied and refreshingly frank.

One director told us that sustainability on his board had been referred to as "the last wagon in the train". Another spoke of "the new CEO's toy", while a third summed up his company's 'technocratic approach' when he admitted, "We are listed much higher on the Dow Jones Sustainability Index (DJSI) that we think we should be. Apparently, we have become very skilled in filling out their 300-page questionnaire."

On the other end of the spectrum, we spoke with directors who recognised the importance of integrating sustainability into their firm's strategy.

As one interviewee noted, "Sustainability is no longer only about the environment. It has developed into a more holistic and broader view that you could call long-term value creation."

A closer analysis of the various attitudes – which ranged from out-and-out scepticism to fervent belief – revealed five archetypes of behaviour.

- The denier
- The hard-headed
- The superficial
- The complacent
- The true believer.

True to the adage "birds of a feather", there was a tendency by directors to gravitate towards companies where the same type would surround them. However, many found themselves on boards where other members were less convinced of the relevance of sustainability to the business. When profiling the different types, we identified strategies to help these directors push back and keep sustainability on the boardroom agenda.

The denier

Deniers are board members who see sustainability as a buzzword or fad. In our experience, this attitude is particularly dangerous, as it can lead to greenwashing – the use of PR or corporate communications to overstate the environmental benefits, or understate the environmental damage, of a company's products and services.

Dealing with denial

When up against deniers, it is important to meet them on their own terms and with great patience. Approach sustainability – indirectly if necessary – through specific, concrete concepts like risk exposure or cost reduction. Choose your moment wisely. Never raise sustainability issues in times of crisis. Instead, try engaging individual board members in rational conversation and get support before taking the issue before the whole board.

The hard-headed

Unlike deniers, hard-headed board members are ready to talk positively about sustainability, but in business terms. Their focus is on strategic reasoning coupled with healthy scepticism. Hard-headed types will care about sustainability only to the extent it pays or is clearly demanded by stakeholders.

Some of the typical comments we received from hard-headed directors include:

"Sustainability in the short-term means value destruction," and "The end user isn't as demanding as you think."

They are often found in less sustainable industries such as oil and gas and transport. They will tend to raise quite complex ethical considerations to support their lack of action, such as: "Who are we to say that rainforests are rainforests, when the prosperity of the local people comes from palm oil?"

Dealing with hard-headedness

Introduce hard-headed board members to sustainable ideas that are not too far from existing practices. Push sustainability as good management practice and focus on the "low-hanging fruit". Start with areas where the business case is strong and results are tangible.

Try to broaden sustainability thinking by suggesting the appointment of a dedicated sustainability director or additional non-executive directors from other industries. Cite the need for diversity of thought.

The superficial

Superficial board members speak about the importance of sustainability, but often fail to "walk the talk". They have a shallow understanding of the real issues and fall short when it comes to giving executives the strategic framework they need to take real action. The worst boards of this kind implicitly promote greenwashing.

Turning good intentions into results

If their desire to do good is genuine, superficial boards are prime candidates for a dedicated sustainability committee: a safe, transitional space, where the most active advocates of sustainability can talk through the issues and suggest concrete actions to put before the whole board.

The trick with these directors is to play to their good intentions. They often don't know where to start, so make positive suggestions and choose them wisely.

The complacent

This type can be difficult to spot. Many were early adopters of initiatives like CSR reports, green product lines or responsible supply chains, but failed to keep up-to-date with the latest thinking on sustainability.

They are often reluctant to talk about sustainability and will use examples of past successes, such as CO_2 reduction and community engagement, to shut down any talk about sustainability they fear will disrupt engrained business habits.

Dealing with complacency

Focus on small actions, rather than a wholesale strategic review. Acknowledge past successes when pointing to shortcomings of current practices.

Seek out like-minded directors and create coalitions. If you're looking for a new CEO, try to get sustainability credentials included in the recruitment criteria.

The true believer

True believers are rare but increasing in number. Like the hard-headed, they are always undertaking careful analysis of business benefits and disadvantages. However, they are different in that they take a truly long-term approach to governance. They recognise the vastness of the challenges and the crucial changes businesses must make to deeply integrate environmental and human concerns in company strategy.

One true believer we spoke to remarked: "Sustainability is not a box-ticking exercise. It's about business purpose…The challenges facing the planet and society are immense and business must change fundamentally."

A fiduciary duty to sustainability

Board engagement is increasingly recognised as key to driving sustainable business practices. However, as our interviews suggest, there can be notable differences in directors' understanding and attitudes when it comes to sustainability. While some show a deep holistic understanding of their responsibilities, others have a more limited awareness of its importance to their firm and the world.

Consumers increasingly demand change. Human development and environmental challenges are too great for governments and international bodies to resolve on their own. In that context, boards will find that meeting their fiduciary responsibilities will require them to take a closer look at sustainability and find ways to bridge the gap between their aspirations and action.

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