
CEO view: Ben Verwaayen of BT



Sustainability is becoming an increasingly hot topic in business circles, but when it comes to grasping the sense of urgency surrounding the issue, many of the current generation of business leaders aren't very good at 'getting it'. That's according to the outgoing CEO of BT plc, Ben Verwaayen.

Business has to play a focal role in sustainability, he says, adding it's in the interest of businesses to take the issue seriously.



“I think carbon is the new currency. Whether we like it or not, we will get regulation, legislation and taxation, unless we do something ourselves,” Verwaayen told INSEAD Knowledge on the sidelines of the INSEAD Leadership Summit 2008 on global citizenship.

He also raises the issue of reputation. Anyone with any doubts should ask Nike how important it is to check their supply chain, he says. “Well, they will tell you it’s make or break, and we have to do the same with carbon.”

On a positive note, Verwaayen believes that young people have, intuitively, acquired a much better feel for sustainability. The problem is how to develop their talents and he reckons there are two ways of doing it.

The first is by having a debate about the definitions of success, such as reputation and customers voting with their feet, and change being driven by the environment itself and governments.

The second is through leadership.

“What do leaders do? They can only do three things. Set a tone, choose the agenda and choose the right people.”

Before joining BT nearly seven years ago, Verwaayen was vice-chairman of Lucent Technologies Inc. Today, he’s credited with turning around BT from a deeply-troubled organisation into a thriving business with global capability and a clear strategy for the future. The CEO also led BT’s expansion into broadband.

At the Leadership Summit, Verwaayen spoke of the resistance he encountered at BT when trying to set aggressive targets to reduce carbon emissions by 80 per cent by 2016.

He says that when he joined the company, the organisation was already well on its way on sustainability. It was topping the Dow Jones Sustainability Indices. But the task he really wanted to tackle was how to get the organisation to accelerate ahead.

“Many people have an incremental nature in life – we do it a step little bit better than we did yesterday. If you stay incremental, it takes too long to make really a difference and you do not inspire people to think out of the box.”

He says in order to really persuade people he uses 'carrot and stick' tactics, but also believes in the "power of transparency". At one stage, he read out in public the names of managers who had not done their fair part of the job in diversity.

"And just by naming them, guess what? Something happened in the organisation!"

Verwaayen also expresses strong views on whether it should be left to business leaders to set the direction for green initiatives and sustainable development or whether it was the role for governments and politicians.

Following the 'fantastically important' report by the development economist and former chief economist at the World Bank, Sir Nicholas Stern, he says all of a sudden climate change was no longer a set of beliefs - it became the core of everything a business weighs up in terms of risks and mitigation.



“I think business has a big role to play because consumers will drive this whole issue and this issue means we need to enable consumers with the right services and the right products to make the right choices.”

Governments have to set targets - civil servants have to make policies and businesses have to execute, he says, adding there’s a triangle between the consumer, the government and business.

Verwaayen is scheduled to step down as CEO of BT at the end of May. It’s been a painful process, he says, but it fits firmly with his own goals of good leadership.

“First of all it broke my heart when I came to the conclusion for myself that freshness in leadership would require now for me to step down.”

“It wasn’t that I was losing my passion for the business or losing the passion for our people. It was my firm belief set that if you are not wondering and asking the questions that you understand it and give the answers, then you cannot be a change leader.”

Verwaayen told INSEAD Knowledge that diversity within organisations and boards is crucial and in the best interests of businesses as they sell products and services to a very diverse environment and a very diverse set of customers, in a very diverse society.

“How can you understand that if you have a monoculture inside? You can’t!”

“So it is imperative but very uncomfortable. And the fact that you can get out of your comfort zone and choose not what you see in the mirror in the morning what you like so much - but you choose what is intuitively against that to work with you and to make sure you have the different opinions and experiences, and backgrounds around the table will make the debate more intense, will make the passion more immediate, and therefore get, in my view, much better decisions.”

The Stern Review on the Economics of Climate Change, published in October 2006, suggests that global warming could shrink the global economy by 20 per cent. But taking action now would cost just one per cent of global gross domestic product.

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