

Transcript of ‘Leading Sustainable Transformation’

Season 2, Episode 20, Transforming Tomorrow

[Theme music]

Jan: In today's episode, we're learning all about sustainable business transformation, disruptive innovation, and something our guests call future-back thinking. Plus [slight chuckle], I learn all about Wayne Gretzky and ice hockey, and we predict this year's Stanley Cup winner.

This week we're chatting to two professors from IMD Business School in Lausanne Switzerland, professor Julia Binder, and Professor Knut Haanaes co-editors of the new book ‘Leading the Sustainable Business Transformation’.

Paul: Hello and welcome to Transforming Tomorrow, the podcast from the Pentland Centre for Sustainability in Business here at Lancaster University Management School. I'm Paul Turner.

Jan: And I'm Professor Jan Bebbington.

Paul: Jan, I think we need to talk to each other about how we can transform our podcast and transform our business.

Jan: I think that's very fair. What do you, what do you have in mind, Paul?

Paul: Well, I think that you are doing everything wrong. I'm doing everything right, but we need someone to, you know, come in between us and tell us where we're both going wrong and right.

Jan: Okay. [both Jan and Paul laugh]

Paul: Are you're worried that the podcast is gonna change massively.

Jan: No, I trust you. I'll follow you anywhere Paul.

Paul: Well, alright. If you don't wanna talk about necessarily you know, what you're doing wrong and what you are doing right, how about if we talk about what businesses generally are doing and how businesses could do more to be sustainable? Does that sound like a good idea?

Jan: That does. And, and we can sort of leave about behind, you know, what are businesses doing wrong, 'cause that's pretty boring. But it'd be nice to hear about what businesses are doing right.

Paul: And what they could do right in the future and how they could change and what practices might be adopted. Does that sound like a good idea?

Jan: That sounds like a very good idea...

Paul: [inaudible]... bright happy future.

Jan: Let's do that.

Paul: Should we talk to each other about this or should we talk to some people?

Jan: [laughing] I think a guest is a much more productive way forward.

Paul: [laughing] Okay. If you want talk to some guests, let's bring in some guests, because today we are joined by two guests from IMD Business School, which is based in Lausanne, Switzerland. A lovely part of the world. Have you ever been?

Jan: Oh no, I haven't.

Paul: I'd heartily recommend it. And it's a very much a university town, a bit like Lancaster as well. It's a lovely place and right by the, the, I was gonna say, right by the river, right by the lake. Lake Geneva. I don't think it had like been called river Geneva. It's not quite got the same ring to it.

It's a lovely place. And yeah, so we are joined today by the co-editors of a book 'Leading the Sustainable Business Transformation', and that is Professor Julia Binder, who is a Professor of Sustainable Innovation and Professor Knut Haanaes, who is a Professor of Strategy.

And I'm told that Knut's TED Talk on the reasons company failed, has been listened to more than 2.3 million times.

Jan: Well, he's gonna bring a certain cache to our, our podcast then, and a and a great reach.

Paul: He is. Welcome very much Knut and Julia.

Julia: Thank you so much.

Knut: It's fun to be here. [chuckles]

Paul: First of all, can we just start off by you getting to tell us a little bit about yourselves and your backgrounds, both academic and non-academic?

Julia, we'll start with you.

Julia: My name is Julia. I'm originally German. I'm, um, did my PhD, Technical University of Munich, focusing on sustainable entrepreneurship. After that went over to EPFL Lausanne, which is now just around the corner of IMD.

Focused, uh, a lot on, um, doing my postdoc, but also to run an initiative called Tech for Impact and to really see how technology can play a role in accelerating our sustainability agenda.

Then also focused on how can we bring more corporates to the sustainability agenda and have more collaborative innovation on this topic. And since four years now, I'm at IMD. On the one hand, um, Professor for Sustainable Innovation, and on the other hand leading our Centre for Sustainable and Inclusive Business where we try to really promote interdisciplinary research on a topic which is very much needed and I think very much accumulation of what you see in the book that you've just introduced.

Paul: That's all very interesting. It sounds like Julia has got a very similar job to you, Jan.

Jan: It does, it does. And um, I really liked your emphasis on inclusive business. And it was, that was a, I take it, a self-conscious decision to use that word and that framing.

Julia: Indeed, because I think gen, we tend to see sustainability as encompassing economic, social, and environmental aspects, but many actually, and most that we work with, when I say sustainability, they think environment, and more specifically they think climate or emissions.

So this was a very conscious choice to say environment is incredibly important, but if we're not focusing on social aspects, if we're not focusing on inclusivity, then all our environmental ambitions will fail.

Jan: Yeah. I think that's smart, a really smart way of framing the, the sustainability question.

Paul: And I would bet all the Swiss francs in my wallet, you've had that same conversation a few times as well...

Jan: [chuckles]...yes, indeed...

Paul: ...explaining to people that sustainability is not just about the climate and the environment. And. Knut, let's, uh, introduce ourselves to you, please.

Knut: Yeah, so first of all, I'm very happy to be here as well. I'm Norwegian. I've been at IMD for eight years.

Before that, I spent most of my working life as a management consultant and, uh, I've been working on sustainability forever, in a way, and through my whole career.

But the thing is, uh, sustainability has changed so much. In the beginning it was a little bit, some small topic with little interest. Now it's a big topic with huge interest, and people are saying, oh, there's some backlash.

Well, I'd much prefer backlash from no interest, right? So something fundamental has happened, you know, over time, uh, which I, I really think is important. And uh, I've been lucky enough to be part of it. There's a mega big job to be done.

A very big part of that job is some business. So it's important for us to, to be part of the dialogue around how business is part of the solution, how business can transform and do more on sustainability and how business can, uh, work with, uh, civil society, with all of us to, to improve.

Paul: So before we go into the questions, I'm really worried that we've come across as xenophobic at some point here, Jan, because Julia seemed to be apologising for the fact that she was originally from German, and then Knut came immediately with, oh, by the way, I'm Norwegian, and he seemed really sort of apologetic about it.

What have we done to encourage this?

Jan: Ah, well, I think maybe it's, maybe it's just your imagination because the internationalisation that goes on in universities and, and you know, for a, a New Zealander to be sitting in, in the UK tells you something as well, um, is, is really important.

But also to be able to bring insights from countries together and to join them together, I think is a, is a really great outcome.

Paul: Yeah. And, and I think that this speaks to the importance of business schools in bringing together people for this work, as you say. But I, I also wonder how you feel the both of you, the importance of business schools, education providers in addressing issues around business sustainability issues. How about you Knut?

Knut: Uh, well, I think business calls have a big job to do. Like business. Uh, and in a way we, we work with the next generation of leaders, so what we teach them and what they learn when they're with us is really important.

I think in that way we can, we can have a big impact. In a certain kind of way. I think we are in the process of changing as well. We used to be so much about pure profits, now we're much more about impact and profits and they go together.

Uh, I think we used to be so much about just leading the company as such. Now I think we're much more about leading the company as part of society. So I think we're changing and I think we have to, but I, I hope we, as we change, we get an even bigger role as well.

Paul: Julia, do you share those thoughts as well? Do you agree with what Knut's saying?

Julia: Yeah, absolutely. I mean, maybe the only thing to add is, um, Knut mention the, the future leaders. I think what we at IMD have particularly are also the current leaders, right? And this is where I feel one of the most exciting parts of my job is that if I do a good job, I impact those that are in current decision-making positions and those that really can, can change something.

So for me, it's a very meaningful job that actually comes from a big responsibility. And I think this is something that we should all be aware of, uh, being at business schools, is that we have this massive, massive lever to impact those that can really drive change.

And I think this is, um, it's, it's very meaningful and it's a big responsibility as well.

Paul: And when you talk about impacting those people you're talking, I guess not just about students who you teach, but also the businesses who you work with.

Julia: Absolutely. I think this is what was on top of my mind. I think, of course we have the MBAs as well, but um, we have a lot of custom programmes, we have a lot of open programmes, and this is where we're engaging with so many business leaders on a day-to-day basis. That, that I think this is where we can really drive change.

Jan: And I think that engagement with business leaders really comes through from your new book, um, *Leading the Sustainable Business Transformation*,

which is where we're going to, you know, spend most of our, our time chatting. Because the stories that you bring to life, sustainability in business through the stories of people that you've worked with, as well as examples that might be well known to some of our listeners, but also new examples as well, is, is a great way forward.

And if I were to characterise a book, and I know that Paul and I got lucky, we got to read it. Oh, you know what's in it 'cause you wrote it [laughing] if you like, but we got some of the first copies of it, which we feel very sort of honoured by. Um, I really liked the dual focus that you brought to it around strategic thinking and leadership and, and it really is structured around those two.

So if we start with, um, you know, maybe drawing out what's in a strategic thinking box and what's in a leadership box that'll get us set up to, um, have some more in depth conversation. So strategy first.

Knut: Okay. Can I, can I start by taking one step back and then we'll go into the strategy, leadership, et cetera?

Jan: For sure...

Knut: ...'cause a few years ago when we were developing the first sustainability program, well, one of the first, I would say sustainability programs at IMD. We were, Julia, myself, James Henderson, were three of us were sitting thinking about the, how do we frame this?

And after a while we came to the conclusion that the way we want to frame it is to say, sustainability and creating change is something around the, the head. Our intellectual capabilities to see opportunities and address risks, all of that.

And then, that's not enough. This is not just an intellectual challenge. This is something about creating change through people. So that's where we came to the, the heart. The heart is how we make people want to create change and, uh, work together, collaborate, et cetera.

That's not enough either, right? There, there's a third part, which we call the hands, which is, uh, getting to action. And I think if there's one thing that the book tries to do is to be practical around the head, the heart, and the hands.

And of course, as you ask, uh, the, the first part of it is maybe looking at the head. So the head is a lot about asking ourselves, uh, how can we incorporate a sustainability perspective and create better businesses?

I think that's what it is. It's not saying, uh, how much should business subsidise society, et cetera, because the thing is, if we frame it that way, we want, there will be a limit to how much business can change.

But if we say there's a way for, for businesses to set themselves up so they become more competitive, they survive over time, they succeed, et cetera. And they do it in a way which is better for society, increasingly better for society, then we're onto something.

And I think that's the whole framing around the, let's say the strategic, the head. How can we think about it in, in that kind of way? So, so that's the starting point I would say.

Julia: [inaudible] And I think maybe just one step, uh, back as well. And, and I know we're, as professors always stepping back to sum up before we then answer questions, um, but I think what is important to say about the book is that it's not just Knut and myself. Quite the opposite, right?

So we are really trying to leverage, um, the core expertise of our faculty colleagues. And the interesting thing here is then that we basically encourage them and ask them, looking at your specific expertise and function, and you mentioned what is, let's say, strategy, looking at finance, looking at accounting, looking at supply chains, looking at marketing, what is it that you think you add to the conversation that is really relevant when we talk about sustained business transformation?

I think this gives us a very different perspective on the topic. Rather than just saying, how can we infuse a little bit of sustainability everywhere? How is this really challenging now your core practice? So, uh, I think that this is one important aspect.

Um, when we then about the leadership part, I think one important aspect is that, when we look at the sustainability conversation today, we talk a lot about the head as Knut mentioned, right? A lot about the strategies. And we talk surprisingly little about leadership and the importance of leaders that need to execute on this agenda.

And this agenda is not an easy one. And Jan, if you've been in this, uh, business and it looks like it for a longer while, right? So you've mentioned that you've been really, uh, looking into this for quite some years. Then you know, how, how difficult it this to lead this agenda.

And so this is something where we really wanted to build on IMD's core expertise, which is on leadership and say, what can we add to the conversation that maybe hasn't been really talked about? And so here what we really talk about, how do we now lead this transformation? How do we manage that change?

But also, and I think this is super important, um, how do we move from this very old mindset of let's say power over, I execute power, to how do I more or less orchestrate this change? How do I develop ecosystem partnerships? Knut also refers to this as systems leadership, right?

So how do we really, um, encourage and lead systems? How do we move away from always this idea that it's only me as an organisation towards us? And how do we build these networks? And this is something that, that changes quite a lot, right?

This goes way beyond, uh, everything we know because suddenly we need to completely rethink how we do business. And it's not just about us being successful, and what we clearly see, is that those businesses that will be successful in the sustainable future are the ones that are better in orchestrating these ecosystems. It's not a single companies that will compete in the future, but superior ecosystems.

Paul: You've raised something here, Julia, which I'm worried about bringing into conversation 'cause I fear that what might happen now is that Jan and Knut may start talking about something that will go on for the next week and a half, and the rest of the podcast won't take place, which is about system leaders.

Because when I read that in the book, it so brought me to a concept that Jan works a lot on called 'Keystone Actors', and that looks more at businesses and how businesses can lead collective action within a certain sector, et cetera. And I read the systems leaders as being similar to that, so individuals sometimes, but also businesses and leading the actions in the area.

It really did seem that you've, that the phraseology there might be different, but the concept is really, really similar, Jan.

Jan: And so it'd be great to hear what, what you think system leaders are and how they do that job. And also whether or not they can do it on their own or

whether or not CEOs can work together to lead systems, uh, collectively, 'cause I, I think it's a really important concept within the book.

Knut: Yeah. Uh, well [laughs] I think we, we need to follow up on this afterwards as well because...

Jan: [laughs] ...I'd enjoy that...

Knut: ...uh, this is something which I think we have been looking a lot at. And I mentioned it briefly when I talked about the role of business schools.

So if we think about traditional corporate leadership, it is using resources and authority to make decisions, allocate res...research plan for the future, et cetera.

I think system, system leadership is a little bit different. It's about creating some kind of a connective aspiration or inspiration about something we want done. It's about actually, uh, uh, pulling in resources across organisations so you don't have that traditional power over the different partners. You have to agree as to what you want to accomplish, uh, together.

But then if we think about the kind of challenges we have, huh, most of them require collaborate, collaboration today. So we, I think we need to educate and, and get used to the thought that, uh, sometimes we lead collaborations. Often we're parts of collaborations.

The art is actually being part of systems and contributing in the ways we can, and selecting the ones where we can really contribute. Because this can also become a, uh, you know, like a spaghetti where we engage on everything and, and not much comes out of it. But I think system leadership is actually dealing with the big challenges that we can't deal with alone.

And I think it's a skill. Uh, I think it's something that I see some corporate leaders learn. Often they learn and then they say, oh, why haven't I been doing this earlier, when...but some organisations are good at actually building this into their leadership early as well, and I think I see an evolution, and uh, for me it's one of the next, uh, pillars of a great business school, honestly.

Jan: Yeah, I think, um, it's quite interesting 'cause I think of some of our students is I don't, I don't think they know that they're going to be invited to be system leaders.

I think they, I think they're invited to be organisational leaders and, and sort of almost quite a heroic narrative and a heroic sense of self in that context. But a system leader is quite a different sense of self.

Knut: I, I, I think of system leaders as, uh, being able to orchestrate others. So you create heroes, you create the outcomes that others can be proud of, et cetera, but you're not, you're not necessarily the one that takes all the, all the space and kind of is the romantic leader of the past. Um, but I see a lot of it, and I think we need we need a lot of it. [laughs]

Paul: I think this really ties in, you talk in another part of the book about shifts that are taking place at the minute, five shifts that are taking place between how people are acting around sustainability things, such as there being a narrow awareness of it to now being broad anxiety around issues such as it, and one of those is solo efforts to team sports. And that's the same sort of thing.

It's no longer one company working by itself. It's now lots of companies working together. Although the analogy did bring a certain sense of irony to me about team sports given announcements last year around World Cups being held, uh, across three continents, uh, in Saudi Arabia as well. And the, the issues that that brings up around sustainability and maybe team sports no longer is the relevant phrase to use there.

But um, yeah, certainly the concept there around all these companies working together and recognising that they have moral imperative, yes, but I know you also talk about the importance of opportunities and, uh, the potential there, what might go forward.

Jan: And I, I think Paul's trying to get brownie points to, to, because we're now in a competition, it seems to me as to who's read the book most closely. [laughs] Um, so...[laughs]

Paul: I've used all of my notes now, Jan, anything from now on is just made up.

Knut: And, and Paul, I wanna challenge you on team sports because, uh, uh, of course you have a point, but team sports done well are beautiful.

And they're, and they have to be learned. Look at kind of the, look at the evolution of small kids as they start playing football, and then gradually they learn and they become great.

Uh, in the beginning. Everybody's running after the ball, and then gradually they understand, I'm good at this, she's good at that, we can do this together, et cetera. And I think that's the, that's the, in a way, the positive analogy to team sports.

And then of course, there, there's, uh, extremes on everything right? But the idea that sustainability is becoming and needs to be a team sport, I think, uh, really stands.

Paul: Mm-hmm. Yeah, oh yeah. You're not to know this Knut, but I spent 18 years as a sports journalist [Knut laughs] so I'm a big fan of team sports. [Jan laughs] Yeah, yeah, team, team sports are, are, are, are entirely my thing. Yeah, I just saw the irony there when it came to that particular FIFA World Cup and stuff... Yes. I'm,

Knut: ...and, and Paul, I'm talking too much, but I'll just give you one team quote, which is a bit of a kind of overused, uh, quote. But, but I think it applies to sustainability, and that's the Wayne Gretzky

We're all trying to find out where this puck is going, right. We're trying to figure out where are things going and, and, uh, uh, one thing which is certain about sustainability, this is not gonna go away, unfortunately.

This is not a fad, this is not something which will be off the agenda. This is something we're just in the beginning of.

Paul: Jan. Now, we've had Pliny the Elder. How, how familiar are you with the works of Wayne Gretzky?

Jan: I know he's a, um, he's an ice hockey player?

Paul: Do you know any more?

Jan: Um, quite possibly Canadian? [Jan and Paul laugh]

Paul: Quite possibly Canadian. [Both continue laughing] Yeah, you're, with the name Wayne Gretzky and the fact that he plays ice hockey, you had a 50 50 chance, so almost. But yes...

Jan: ...[laughing] I feel very proud 'cause sport is not my, my specialist topic.

Paul: Essentially, the Edmonton Oilers and the Detroit Redwings were his two teams and he won a ridiculous number of Stanley Cups, and he's a very, very

good player. Probably the best there ever was, either him or Mario Lemieux. And this is not a conversation I expected to have on this podcast.

[Everyone laughs]

Jan: But I, I think we should hold, we should stay with the ice hockey, I think as the, as the key. So what I really liked...

Paul: ...okay, who you think's gonna win the Stanley Cup this year...?

Jan: [joking] ...yeah, be quiet. Um, so what I liked about this analogy is this, like where is the puck? And I think that's a really important thing, um, to be, to, to lead us into the next part of the book.

I really loved the future-back thinking element that was in the book and, and here I, I dunno whether Julia or, or Knut were the person who write this. So, so it'd be interesting to hear more about that, 'cause our listeners, I think will be finding a very interesting approach for trying to know where we're going, where the puck is.

Julia: Look, uh, Knut is really the, the mastermind behind the future-back in the, in the book, but, uh, I have applied the quite extensively in the teaching because I'm a big supporter of it and because I think it's really, it's a very important tool when we talk about more radical innovation, more disruptive innovation, more disruptive thinking and acting in business. In particular, when we talk about sustainability, why a lot of our thinking about the future is very much on us, relying on the past and present to predict what we think will be next.

And when we look in the space of sustainability, I think we need to fundamentally change our thinking. Because if we're building on what has been in the past and present basically what led us here, then we know it's not what will get us there. So future-back for me is a way to really start thinking about what is the vision that I think I would love to achieve?

This is where I think this is the best vision of a future that I want to have. And then I change my thinking by not saying how feasible is it to get there, but how did we get there? If this is the, the best vision of a future we can imagine, how did we get there? And it will wire our brains differently, this is what we know.

It's difficult actually. And when we apply with business leaders, we need to constantly remind them that this is not about how feasible it is, because this is how our brains are very much wired, particularly in the corporate world. But

it's more about how did we get there, right? What would be the ways that would actually make this, uh, vision come true?

And for me, it's a way to be much more ambitious, much more disruptive, which I think all of which we need when we talk about a different, a more sustainable business future. And, um, so, so I really like this as a tool to say, how are we much more actionable and, um, proactive actors of this new world, rather than just saying, okay, this is the future and it will develop anyway.

And how will we now navigate this, right? It's more about how do we shape a different future?

Knut: Super. And, and, and I think it, the whole concept of future-back in a sense, it just fits nicely to what we're trying to do, not only in the book, but on sustainability. Because there is a lot of scare and there are lots of worries and we have good reasons to be both scared and worried about the climate and lots of, uh other sustainability challenges as well.

But I think we feel that companies will move on inspiration. They will move on opportunities where things that they can do better, uh, winning, et cetera. So future-back is one way where we try to inspire a little bit of a can-do attitude to the future. And, and I think it works because, uh, we need to recognise the big challenges we're faced with, but then we need to see the opportunities of actually dealing with them.

And that's, I think, uh, that resonates with, uh, business leaders. Um, I think it's necessary. We will not do sufficient, uh, by just talking about how scary all of this is. That being said, and back to Julia, back to what you said about the future-back. When we do big exercises, they're fun, but in engaging exercises on, on future-back, we can ask the question and we do that right? Do, do you think that we will, uh, be able to turn around on climate by 2040?

Most people will say no. But if we say we did turn around on climate by in, we are in 2040, we turned around on climate. How did that happen? Well, then we see it can happen. It can happen. There are things we can do. There are things that will occur that will drive us to make it happen, et cetera.

What's incredibly interesting about it is that it combines a little bit the proactive, the things we do, because they make sense and unfortunately the reactive, the crisis that's needed for us to move on, et cetera.

But it's both. It's really both. And I guess last thing is learning from all these sustain, you know, sustainability, future-back exercises is, uh, the things we do today are no regrets.

They, we will not regret them. They are good things and they build learning, they build experience, they build networks, they build preparedness, et cetera, so we shouldn't be too cynical, I think, about you know, the, the things we're trying to do because we are learning and we are actually developing better practices, et cetera. It's just that the challenge is awesome, you know.

Jan: And what I really liked about that is that it has a nice resonance with a, you know, good friend of the Pentland Centre, Nick Barter, who's at Griffith University, 'cause he talks about 'future normal'.

Um, because if you like, again, it takes some of the risk out of thinking of doing something different, 'cause it might be odd now, but it's gonna be normal in the future. And I think that's a really smart way of helping people make that, that trip along.

And I also note in the book you talk about three horizons, which I think has that same sort of feel to it about, you know, what will, what will future normal look like? What will we regret about what we're doing now, so we ought to give it up as soon as possible. And then that whole sort of pathway about how you get on that pathway between, you know, that that future horizon and our current horizon.

Paul: Yeah. Like, like the switch. You, you are, you've got the, what you're doing now, the switch, that's the, the intermediate step. And then where you'll be. I know that there's examples included such as things like hybrid cars and, um, the, the way that, that, that industry is changing and eventually, hopefully, fingers crossed, though given legislation and government changes, who knows, uh, be on electric cars and that's, that's the future. Yeah. There, there's great to see there.

And a thread that runs through all of this is the need for innovation and transformation. It's the, the fact that we're not gonna get there by doing tiny little incremental things, you need people who maybe take risks.

You need, and I love this phrase, especially as you mentioned, you're from Germany and Norway, so for you to have come up with the phrase wacky ideas, um, you know, the need for the wacky ideas from entrepreneurs, 'cause

they're the ones that are gonna have the big transformation, they're the ones that are gonna make these big changes.

And so how, how do you see entrepreneurs working on a small level, on a big level to, to drive this change that will lead us to a more positive, sustainable future Julia?

Julia: For the longest time in my PhD, I focused on entrepreneurs because I think they have such a massive potential to challenge the status quo. And I think this is where if everybody says it's not possible, right, and it's, uh, nobody's paying for it and it's not feasible, it's oftentimes entrepreneurs that show that it can be done.

Um, and I think this is where they play such a important role. It's, it's really in showing that these things are indeed possible and desirable. And then I think corporate players, and this is where for me personally, the switch then came to also work a lot with big corporate players.

Then I think it's important that big corporate players somehow are either inspired or pressured, um, by these startups to change themselves. Because I think then we have the situation that the problem with startups is how do we get them out of their sustainable niche, um, to really scale their impact, to really accelerate, to really drive change. And I think this is oftentimes in collaboration, um, or in competition with big corporations as well.

And I think this is where I often say, I like to work also with the big, bad guys, right? So the, the ones that we would say, why would you work with them? And I say, if I get to manage to move this big ship just a little bit, the, the impact will be massive, right?

I love to work much more with entrepreneurs because then you work with the so-called do-gooders because the, they're starting off with a vision to do things differently. They, from the beginning, try to pursue social, environmental, and economic goals simultaneously. And it feels so good to work with them.

And then nevertheless, the question is how do we get them out of their niche to really affect change on a global level and on a large level, and this is where I think I also really enjoy working with big corporate players to then say, how do we get them to change their thinking? Because every single metre there matters quite a lot.

Jan: The other really great potential that, that you highlighted in the book is for family business, and um, I wonder if you could say something about that from your work with, um, various family businesses, as well as like the big guys that might be publicly listed. There's really big actors that are also family owned as well.

Paul: And I think we should point out here that that chapter has been co-written by Alfredo de Massis, who is still part position here at Lancaster and who was the founder and director of the Centre for Family Business. And we had the current director of the Centre for Family Business, Allan Discua Cruz on not that long ago.

Jan: Yeah. So family businesses. What inspiration have you seen from in, in that sector?

Knut: So, so in a way, I mean, in a way you can maybe say that sustainability, if you take a long term perspective, it's inevitable. If you take a very short term perspective, you can say, I can keep doing what I'm doing today. I don't need to change much, et cetera.

Some family businesses, not only do they have a long-term perspective, but they allow themselves to invest and, you know, make decisions with a long-term perspective. And that's why, uh, sustainability becomes such an important part, I think, of businesses with a long-term perspective, with the sense of legacy and future.

And, and some of the best companies I think in, in this space are family businesses. It doesn't go for all, but some of them actually have this time perspective that makes it obvious that we have to take sustainability, put it in the core of what we do, because that's how we will survive, succeed, renew ourselves into the future.

I think, uh, I don't know, Julia, I think we're very impressed by some family businesses, some families as well, but we can't say that they're all great because that's, that's not how the world is.

But, uh, but some are incredibly impressive. But some stock listed companies are also very impressive because they're able to take that longer perspective.

But from my, from my view, it all comes down to the time perspective, actually.

Julia: I, I think it's really that, uh, for family business sustainability is in their DNA, because in a sense they're not in there for the short term game as many, or not under the same short term pressure as many stock listed companies, so they have much more of this license to transform.

And I think this is the biggest, biggest bottleneck in our current transformation journey, is that if you are a stock listed company and you need to show good numbers every three months, it becomes virtually impossible to change in, in whatever direction, we're not even just talking about sustainability. But then change becomes almost impossible because it doesn't, this rigid economic framework doesn't allow for big changes to happen.

And I think this is very important that this allows family business to approach this topic very, very differently. And now to Knut's point, unfortunately, some of the research, uh, at IMD actually shows that despite this massive potential, not all family business are actually, um adopting this, this path and, and are leading on sustainability, despite actually, I would say having the best starting conditions to do so and having the best potential for success in this journey.

Jan: And I often think of family businesses as being bimodal. Either they are that example of good practice or because all of their, uh, wealth and, and wellbeing is tied up in, in, in a singular business, they also then might be a, a bit rigid as well. But I, but I think the, you know, the balance is there and, and certainly the, the exciting ones are ones to follow.

Paul: Throughout your book, there's a really positive mindset. Everything, well, no, I won't say everything, but a good majority of the content in there is thinking, yeah, this can be done, there are ways to do this, there's positive ways to move forward, to change.

But also you do highlight the fact that you can't just talk about sustainability. You get have what you refer to as a sustainability veneer, just painting a bit of sustainability on little parts of the business.

Have you seen examples of where businesses recognise this, where they realize, yeah, maybe we've just been doing too much talking about sustainability without taking the action?

Knut: So first of all, the world is, uh, the world is big here, right? There are different industries, uh, et cetera. Some industries have had to change [short laugh].

Partly because they've had huge, uh, you know, disasters and they've been forced to change. And, and there, once business starts changing, it changes very fast. Look at chemical industries, et cetera, because they need to, society pressures us to change, and then when we do, it goes really fast.

I mean, imagine the easiest example I think is kind of the, uh, remember the hole in the ozone layer, you know, CFCs and we had the sprays and, and we thought this is, how are we gonna fix this? It took three years. We have technology and products [short laugh], and that's the, that's when business works, right? Maybe there's a resistance until we have to change, but when we have to change, they change very fast.

And I think there are lots of good examples. I don't want to think of this as a kind of Europe thing. Because I see major, very fast decisive change in China on renewables, and I think it's incredibly impressive. I see, uh, industries even in the Middle East that are fast transforming as it relates to, for example, energy transition.

So I think it can, we can see it everywhere. It doesn't mean it's everywhere. I'm not saying that at all, but I think you asked if we see examples. I definitely say yes, and some industries are just moving ahead much faster than the others.

They need a twist of the crazy entrepreneurs, Paul. And if there's one thing that worries me about the Europe is, uh, we have so many of the big companies that optimise and transform gradually, but maybe we are lacking a little bit of this, uh, disruptor, the, the ones who really change the game because that's the only thing they're trying to do, you know?

Paul: On that, then let's, let's wind things up. Just the final question to both of you. I'll start with you, Julia. What have you seen that really gives you inspiration and optimism moving forward in this field?

Julia: Look [clears throat] I want to be honest. I mean, there are days where I don't have that much optimism because we're simply not moving fast enough. And if you look at current political movements around the globe, then being optimistic can be, uh, quite a, a task, uh, every day.

But, um, there, there is, there is certainly reasons for hope. It may not come so much from the big political players at the moment, but there are, on every level of, uh, society, there, there are players that give me hope.

These are community leaders, these are regional, uh, uh, political leaders that really drive the agenda against all the odd, these are entrepreneurs that we've talked about, right? There are technological solutions that could be real game changers. So I think on each level of society, there's something that gives me hope.

When you ask me about on a bigger level where I think, where are we going? I, I feel what gives me hope is that despite conscious efforts to undermine the sustainability agenda at the moment, right? So where we really see some that are trying to blocking it, whether this is in the US or in Europe, different places.

Paul Polman, uh, said something interesting, he said 'the green train has left the station', and I think this is pretty true. And, and I think this is where companies now have invested so much into this. They see the business case, they see a strategic advantage, they see that it futureproofs their business, they see that they can address resource structures, they see that it makes their business more resilient.

So I think what makes me positive is that we finally have sustainability not as an add-on and as something that is a moral responsibility of a firm any more, but it becomes and it matures to become a strategic topic.

And I think this was what was lacking in the past. We were approaching sustainability as something that you would do if you have enough money, you would do as an extra add-on, you would do as a moral responsibility, but not because it's attached to your business success.

And this is changing, and this is where we see many of these initiatives are finally maturing, companies moving away from let's do a little experiment here and there to really significantly invest in business model opportunities that they feel will be a game changer.

And, um, I focused a lot in the recent past on circular business models as well. And if I look at, uh, we've, in our book, we've looked at 100 real world case examples, particularly also the big business where this has become a driver for not just sustainability, but profitability and growth.

And I think this is what gives me hope. If we manage to finally tighten this and have a clear link here, then I think it becomes inevitable to work on sustainability, not for the sake of sustainability, but for the sake of business success as well. And then it can really drive change.

Paul: How, how about you Knut?

Knut: Well, I'm, I'm, I'm born a little bit of an optimist, so, but I, I agree. I mean, I have, I have half days, you know glass half full half days, glass half empty.

But if I was gonna look at one thing that kind of inspires me, it's the whole evolution of the, let's say the, the right-hand side of the energy future.

So of course we are gonna do an energy transition. We don't know how fast it's not gonna be even across the world, across industries, et cetera. But if we look at the right-hand side, which is the renewable side, it's growing very fast. We have a set of technologies we didn't have 10 years ago, and now we know how to scale them.

Uh, we're investing more into it than we're investing into the fossil fuel world. So that makes me very optimistic. And then we can say, okay, but fossil fuels are still growing. Yes, but that's a temporary phenomenon. So if I look at the kind of renewables, uh, explosion, I think that is actually some, it gives us reason to be optimistic.

It's not solved, it's not a decade project, it's a century project, but it's happening. And that, that, that feels really important because the world is gonna need energy. So we will have to find ways to develop, uh, energies, uh, whatever. But it's shifting and it, and there is an alternative and we used not to have it in a sense.

So, so that makes me optimistic.

Paul: Well, that's wonderful. And the only thing I'm pessimistic about at the end of this episode is the fact we didn't get to talk about Chief Sustainability Officer Barbie.

[Julia laughs]

Jan: [drily] Well, there you have it. You'll, um, you'll just have to do that offline.

Paul: Anyone interested should read the book just to find out what Chief Sustainability Officer Barbie is all about.

[Julia laughs]

Thank you very much, Julia. Thank you very much, Knut. It's been wonderful having you here on the podcast.

Knut: Thanks for inviting us.

[Theme music]

Paul: That was good, wasn't it Jan? And just in case you were wondering the answer to the question you should have given of who's gonna win the Stanley Cup, you should have said the Edmondson Oilers.

Jan: Excellent. Um [laughs] floundering massively here. Look, the fact I knew he was a hockey player, so I mean, I felt like I'd peaked at that stage.

Paul: I'm quite happy because in recent podcasts we've now discussed the Edmonton Oilers and ice hockey, and we also discussed the Purple People Eaters, which was the Minnesota Vikings' defensive line.

Jan: It's, it's all a bit, it's all a bit sporty for me.

Paul: I know. It's like I've gone back to my past career without meaning to [Jan laughs] but aside from discussing that and CSO Barbie in this particular edition, lots of really positive thoughts about where the future lies for businesses and sustainability practice.

Jan: I liked, uh, there was a phrase that they used that I found really quite exciting as, um, a 'licence to transform'. So almost to give you yourself permission to transform. And I, I think in that respect, yeah, that's, that's what I'm gonna nick and take away with me.

Paul: I really like the fact they made it clear that all aspects of all businesses, need to be on board with this. They half talked about a quote from the head of IKEA, Jesper Brodin, who said the bigger risk today is not to jump on the train of transformation, but to be left on the platform and like saying, yeah, all businesses need to get involved in this. You can't just go away and, uh, hope that someone else will do it for you.

Jan: The other thing I liked was their focus on startups as being perhaps the people with the creativity and the entrepreneurial spirit to, to forge some new possibilities. And, um, it makes me think of something that I've been thinking about for the podcast and, and dear listeners, listen out 'cause I think we'll bring, bring them in...

Paul: ...hang on, hang on. We're not going back to this idea of doing walking podcasts again, are we?

Jan: No, no [laughs] I promise not...

Paul: ...right, thank you, thank you. [Jan still laughing] Right, carry on.

Jan: I think there's local heroes. There's local heroes in startup mode here in Lancaster, and we know some of them, and so I think we should try to, uh, see if some, some of those folk will come along on the podcast and talk about that innovation startup sort of energy and what they're trying to do.

Paul: Yeah, definitely something for the future for us to have some of those businesses in Lancaster, north Lancashire, Lancashire more broadly, south Cumbria, that area, Morecambe Bay, 'cause we've obviously talked a lot about us being part of Morecambe Bay and that whole ecosystem and business system and systems.

Because that was a key thing and...key thing, keystone thing, Jan...

Jan: ...keystone [laughs]

Paul: That's it. Yeah. I, I do worry now that you and Kanut are just gonna set up a call and a whole week will be taken up about you going back and forward about keystone actors and systems leaders...

Jan: ...yeah...

Paul: ...and how that all fits together. It's so nice to see that two people can come up with concepts that are very nearly the same thing and complement each other so brilliantly, totally independently of each other.

Jan: And I think system leaders is a really nice, I mean, it's more explanatory than keystone actors if you like. It's sort of...

Paul: ... are you thinking, why didn't I think of that as the name?

Jan: [Jan laughs] No, no, to say it's a brilliant, uh, description. Um, the other little bit of synchronicity is the heads, hands and hearts and heads, hearts and hands that, that they were coming up with as well.

So that brings us back to the Morecambe Bay curriculum ethos, um, that we spoke about then as well. So a really, uh, some colleagues from, you know, another university, uh, perhaps a, you know, in a, in a different, um, sort of mode, but actually really cognate with what we're doing at the Pentland Centre as well.

Paul: Yeah, so a reminder just briefly for those of you who may not have picked up it on the start, the name of the book that Julia and Knut have edited is 'Leading the Sustainable Business Transformation'.

So do check it out if you have the opportunity, um, for it's an entertaining read as well. It's not dry.

Jan: Yeah, I agree.

Paul: Which I don't like to say, but lots of academic books can be [mischievously]...

Jan: [mock offended whisper] ...how dare you...

Paul: ...but that one is very definitely not.

Jan: [mock offended whisper] How dare you?

Paul: Well, if I can't insult academics, what's the point of having this podcast? [laughs]

Right, uh, insulting over and done with. Shall we look ahead to next week?

Jan: Yes, who have we got?

Paul: Well, we're going back to the sea. We're going to talk to John Virdin, who is director of Ocean and Coastal Policy at Duke University. That's in North Carolina.

Jan: Excellent.

Paul: So that'll be a good talk about oceans. We've had a few conversations about things like the SeaBOS project and other things to relate into the blue economy. This will be a good opportunity to take that some further.

Jan: Excellent. And, and he's looking beyond SeaBOS to many more actors in the ocean economy and looking at how they all sit together. You know, all these different sectors. So it'll be very interesting, I can guarantee you that.

[Theme music]

Paul: I wonder if he'll use the phrase 'system leaders'.

Jan: Let's wait and see.

Paul: Let's see. Until then, thank you very much for listening. I'm Paul Turner.

Jan: And I'm Professor Jan Bebbington.

[Theme music]