

Sustainability strategy

Many companies have sustainability strategies, but there is often a mis-match between the sustainability strategy and business critical areas

Examples of sustainability goals

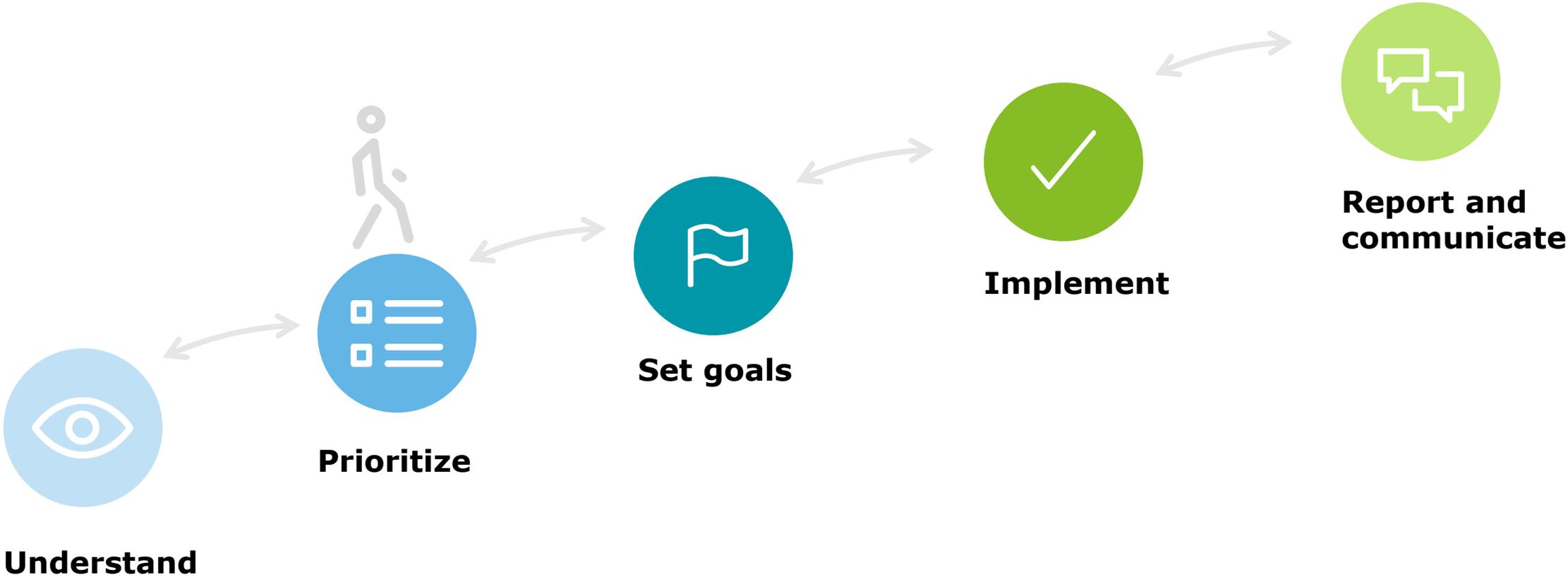
«We will be a carbon-neutral company by 2025»

«We collaborate with all parties in the value chain to reduce our environmental footprint»

«We must have a sustainable value chain, without any child labor, by 2025»

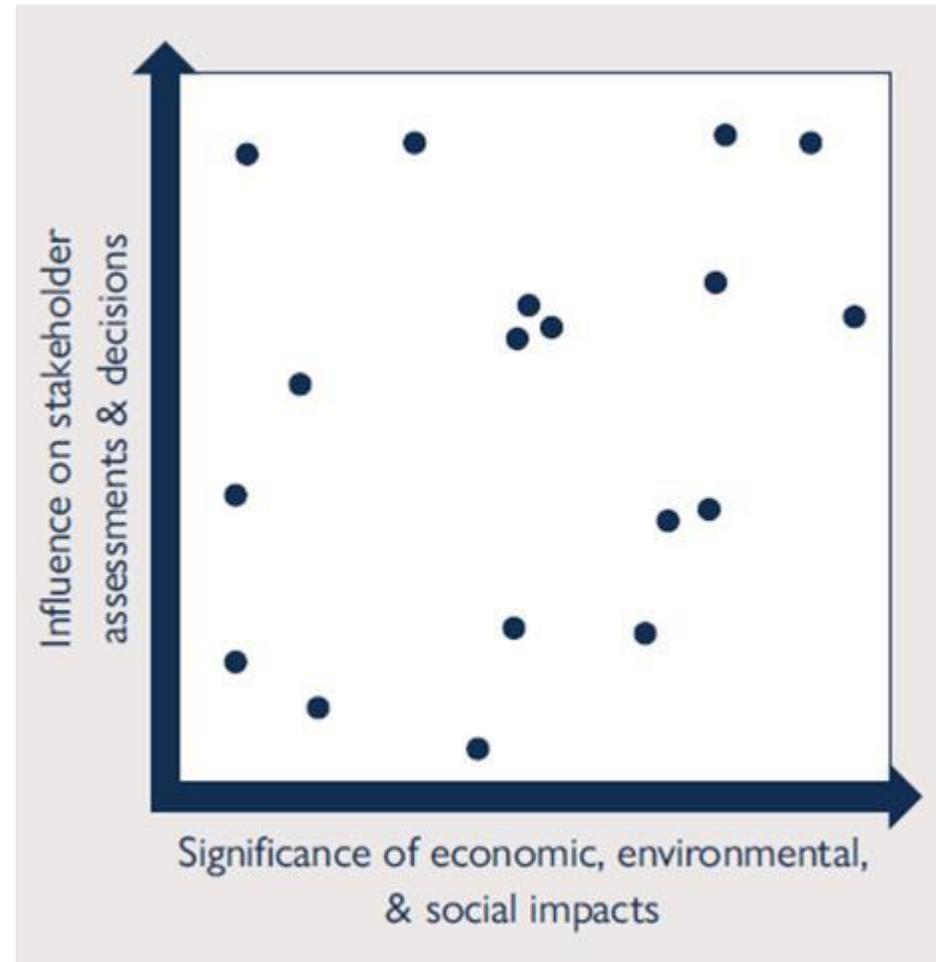
A common factor for achieving many sustainability goals is technology. Technology that makes it possible to aggregate data across value chains and thus provide precise management information used both internally and in communication with customers

Five-step approach to strategic sustainability work within companies



Maturity analysis

The classic approach to prioritizing strategic focus areas for sustainability

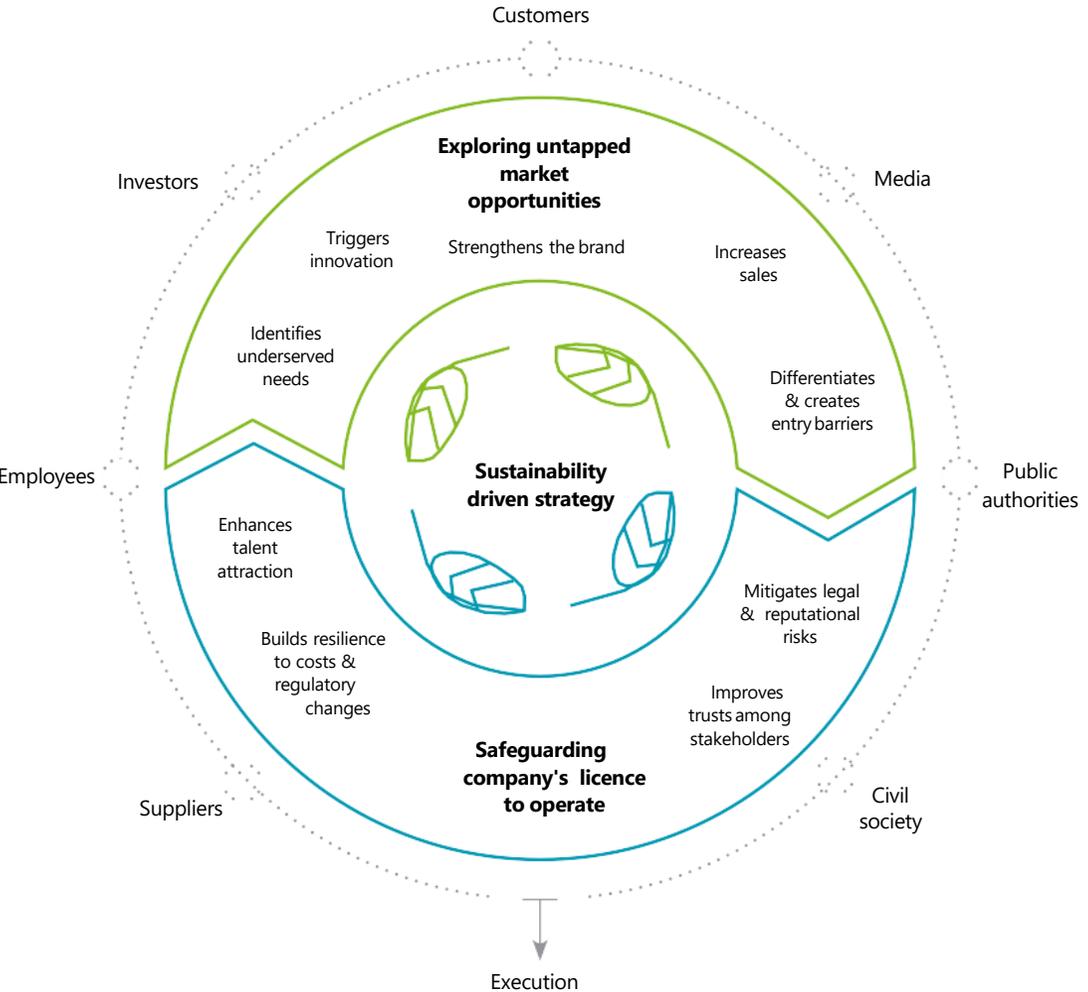


Maturity analysis is a good start, but it is not enough

Apply simple strategic analysis frameworks with a sustainability lens (e.g. PESTEL, Porter's five forces and SWOT)

The sustainability business case

Sustainability is a means for safeguarding a company's license to operate while exploring untapped market opportunities



Average sales growth x4 for brands with a demonstrated commitment to sustainability^a

Sustainable leaders show a stock market return 24% higher than the overall market^c

50% decrease of employees turnover and up to 13% increase of overall productivity^e

4 times more likely for sustainability leaders to be recognized as innovation leaders^b

!

Build bridges between sustainability and business

Explore both the risk and opportunity perspectives within sustainability, and identify the most critical decisions and processes for integrating these

^a 'Was 2018 the year of the influential sustainable consumer?', Nielsen Product Insider, December 2018; ^b Deloitte, 'Sustainability-driven innovation: Harnessing sustainability's ability to spark innovation', Deloitte Insights, February 2018; ^c 'Sustainable companies 2017', Forbes, January 2017; ^d Richard Crespin, 'If sustainability costs you more, you're doing it wrong', Forbes, 2012; ^e 'Study reveals companies engaged in CSR can reduce stock price volatility', Deloitte Insights, March 2018; ^f 'The comprehensive business case for sustainability', Harvard Business Review, October 2016

Our world has changed. Strategic management needs to keep up
 Zoom out to future proof your strategy and use scenario thinking to capture complexity and use uncertainty as a competitive advantage

0 Define focal question: *What will the future of sustainability look like in year 2030?*



- 1**
Deep View
- 2**
Scenario Building
- 3**
Implications
- 4**
Wind tunneling
- 5**
Future-Proofing
- 6**
Gnosis strategy

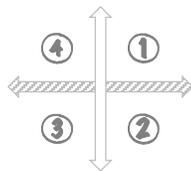
Benefits:

- ✓ Clear understanding of underlying trends impacting a defined focal question
- ✓ List of most important drivers of the future



Benefits:

- ✓ Structured set of future scenarios that match the focal question
- ✓ Clear alignment within the institution
- ✓ Improved outward communication



Benefits:

- ✓ High level alignment on scenario strategic implications
- ✓ Ideation of general strategies to excel in each scenario

Clients		
Offerings		
Suppliers		
Ecosystem	Implications	Success Factors
Capabilities		
...		

Benefits:

- ✓ Structured write-down of existing strategies
- ✓ Identification of existing scenario-robust and dynamic strategies

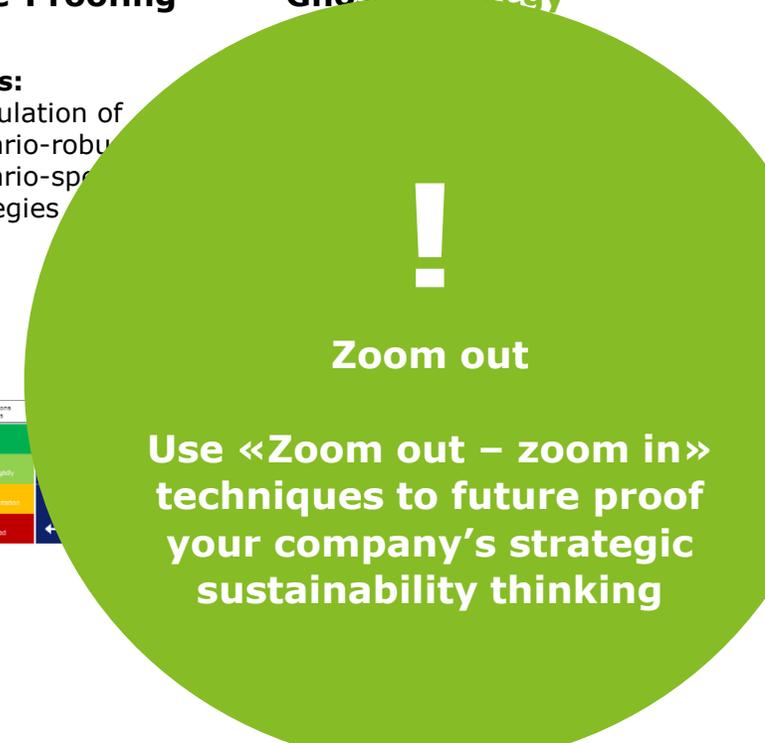
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Scenario 1	High	Low	Medium	High
Scenario 2	Low	High	Medium	Low
Scenario 3	Medium	Medium	High	Medium
Scenario 4	High	Low	Medium	High

Dynamic Strategy Approach

Benefits:

- ✓ Formulation of scenario-robust strategies
- ✓ Identification of scenario-specific strategies

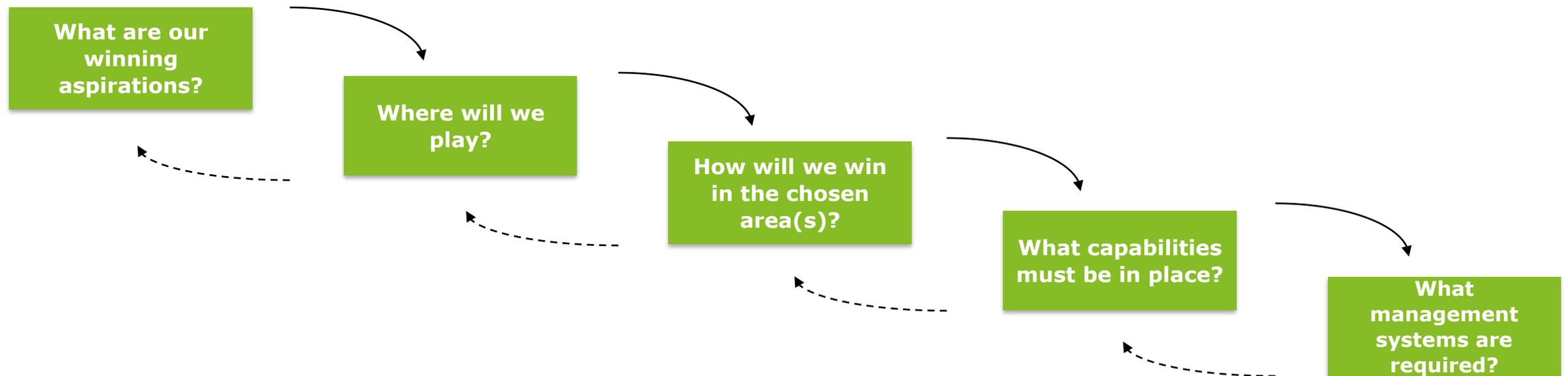
Robust strategic options across all scenarios
Maintain Fit in all scenarios
Enhance Need to be actioned rapidly
Build up Requires significant investment
Drop Needs to be abandoned



What is strategy?

An integrated set of choices that uniquely positions the firm to create sustainable advantage and superior value

The Strategic Choice Cascade: All elements of the cascade need to be mutually reinforcing to express a coherent and winning strategy



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