

The Importance of Sustainability in Corporate Strategy

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This book is intended for those who run, or want to run, a business whatever its size or activity, but with the objective to make it sustainable so that it will be a legacy for the future generations. Indeed the premise of this book is to consider that **the purpose of strategy is not simply to win in the short term but also to endure** and to stand the test of time. But while it is usually possible for a company to be temporarily profitable it is much more difficult to sustain corporate success over a long time. Only a limited number of companies are able to achieve such a feat, even though they are not often in the media spotlight.

In this regard, companies are like empires. The most spectacular are not necessarily the most efficient or the longest-living. In fact, the famous empire of Alexander the Great lasted only 12 years, and those of Hitler and Napoleon I both fell after 19 years. Conversely, the Ottoman Empire lasted for nearly 650 years; the Roman-Byzantine Empire survived for almost 1500 years and the Empires of China and Japan remained even longer. Despite their sometimes discreet place in the history books, those empires left their mark on mankind.

Similarly, sustainable companies do not always create a buzz even though they are present and numerous. Today approximately 1700 companies worldwide have been active for more than 150 years. Of these 1700 companies, 250 have been in operation for more than 400 years. Some have remained modest in size while others have become powerful multinationals. The fact that they could survive and prosper is the best example of strategic success in contrast to the many others that have perished. Naturally the goal of enduring companies is to be significant over time, and not just to linger and survive. Indisputably, there is a greatness in building an enduring firm which achieves long standing recognition at local, national, or global level for the value of its products or services.

However it is not easy to grow a sustainable company because the pressure of immediate issues in front of the vagueness of the future is driving corporate leaders to focus on the short term. Often this trend is reinforced by a compensation system which rewards short term performance over long term results. Naturally, short-

termism is even more common for the private companies listed on national stock exchanges where the pressure for delivering quarterly results is the norm!

For business leaders, it is difficult to resist to the emotional dimension of achieving short-term gains while long term success requires discipline and a strong and persistent mindset in front of the many market instabilities and uncertainties, such as the recent financial crisis of the last decades or the current digital revolution.

This observation leads to the second premise of this book: corporate sustainability depends on **rational audacity**. In recent years, under the guise of growth, increasing shareholder value, leadership assertion, adaptation to hyper-competition, and for many other reasons, leaders have been encouraged to take risks and not hesitate to be adventurous. This attitude has its limits, and its consequences can be witnessed in the defeat of many firms.

Of course, together with imagination, audacity is an essential quality of leadership. It allows leaders to achieve their dreams and gives them the moral boost needed to face adversity. But it must be tempered with circumspection and carefulness.

Such prudence is not fear but rather reflection on competition and oppositional forces; it is a set of boundaries and contained therein are choices to protect the interests of the firm. It instructs to avoid engaging recklessly in any action, and if one comes along to prepare extensively. It imposes planning for adequate and appropriate resources. It requires collecting information to avoid pitfalls. It is the source of a deliberate strategy with a premeditated and safe progression. It requests a sense of anticipation like the game of golf where each shot is played in anticipation for the next one.

Rational audacity thus conveys leaders of sustainable companies to act in a different way than those of most firms. As this book will illustrate, their strategy deviates from the usual management models. For example, these business leaders can both dream and take risks while retaining a sense of reality by devising experiments that are contained yet systematic. They look for growth opportunities in times of crisis and control their costs in the growth phase, while the directors of the majority of other companies wrongly do the opposite.

This book examines the timeless principles of business strategy used by enduring companies because they offer some interesting characteristics which deserved to be considered in order to achieve corporate sustainability. Along the different chapters, the reader will find why those firms have a strong corporate ambition and culture; how they treasure customers and outpace the environment, including the competition; in what way they manage their resources and competences differently than other firms do; what are their organization and operational practices for sustainability; why is innovation is essential for them; how they are able to change and transform time and again; what does growth represent for them; and how they value great execution and humility.

In each chapter, we illustrate our observations by referring to sustainable corporations without mentioning names. This choice is deliberate because we do not want to isolate any particular firms nor single out a strict example to follow. The secrets of long-lasting firms is to have no reference model.

The Timeless Principles of Successful Business Strategy

Corporate Sustainability as the New Driving Force

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