



What is Sustainability?

Over the past ten years the term "sustainability" as used in the corporate world has become synonymous with "the triple bottom line".

The "triple bottom line" refers to the ability of a company to generate economic, environmental (or ecological) and social benefits. On the one hand, shareholders are demanding that companies become more profitable, and on the other hand, society is demanding that companies become more environmentally friendly and more socially responsible. Initially many companies resisted this notion because they saw the triple bottom line as an EITHER OR situation. They saw society's demand for environmental and social responsibility as a cost with no financial benefits.

Being strong on the inside means having a values-driven culture, a highly aligned, cohesive and effective leadership team, a low level of cultural entropy, and a high level of staff engagement.

Cultural entropy is the degree of dysfunction in an organization. It is the amount of energy unavailable for useful work. Cultural entropy arises from the presence of limiting values such as bureaucracy, internal competition, blame, short-term focus, fire-fighting, etc. Our research shows that low levels of cultural entropy are accompanied by high levels of financial performance and high staff engagement. Companies with these attributes are able to grow their incomes three times faster than companies with high entropy.



Checklist

The following checklist of actions will help you to build your company's resilience, support you in traversing the economic downturn, and place you in a strong position for success when normalcy returns.

This checklist is based on the core principles of the Barrett Model. Each of the seven items on the checklist represents a critical step in building a full-spectrum, sustainable organization.

Step 1: Focus on building financial stability: Build up your cash reserves. Seek ways to stay financially sustainable.

Step 2: Communicate with staff and customers: Confidence is important. Ensure everyone knows what you are doing to get through this crisis.

Step 3: Focus on your core business: Get lean. Streamline your systems and process to reduce costs and increase agility.

Step 4: Learn to adapt to a changing environment: Work on reducing cultural entropy and building innovation.

Step 5: Get clear on your direction: Re-energize your vision, mission and values to build internal cohesion.

Step 6: Build strategic alliances: Align with your customers and suppliers to create mutually supportive, beneficial relationships.

Step 7: Keep the long-term in mind: Ensure your short-term plans do not compromise your long-term viability.





1. Focus on Survival & Build Stability

This is the time to review your financial position, cut out unnecessary costs, explore new income sources that are related to your core business, and restructure or reduce your debts.

In an economic downturn, where money is in short supply, “cash is king.” Your first objective in an economic downturn is to make sure you survive the immediate impacts of the situation by building up your cash reserves. The second objective is to strengthen your long-term financial position so that you may grow and expand when economic conditions improve.

The danger right now is knee-jerk reaction to cutting costs by firing people. This would destroy your cultural capital and undermine the commitment of your organization’s top talent. Your first line of attack when faced with difficult trading conditions is to improve your performance by reducing cultural entropy and increasing staff engagement.

The Opportunity:

Focus on financial prudence and economic sustainability so that you remain in a strong position to secure loans for future growth. In difficult times, a strong cash reserve gives you better access to credit.

The Values:

In an economic downturn the values you need to focus on are ***economic prudence*** and ***financial sustainability***. Let these values guide your decision-making.





2. Communicate with Staff and Customers

In an economic downturn, people worry about their future — employees and customers alike. Maintaining open communication with staff is essential at this time. Keep staff apprised of the company's position to allay fears and maintain calm. Communication is a key ingredient to building trust. Trust is the antidote to the fear your staff or customers may be feeling.

Communication should be two-way. In addition to providing regular updates for staff, create opportunities to listen to what is on their minds and the problems they are experiencing. At the same time, create opportunities for them to share their ideas about how to minimise costs and improve income.

More frequent communication with customers also is important at this time. They need to know that they can count on you to be a solid partner. This is particularly essential if you are a supplier of services or products to other businesses. The more your customers depend on you for their business success, the more you need to reassure them of your support in keeping their businesses going.

It is important for the CEO and Executive Team to appear calm and on top of the situation in order for people to maintain focus on the business of earning income and providing superlative customer experience.

The Opportunity:

Reach out to your customers to find out how the economic downturn is affecting their buying decisions. What once was a best selling product or service may be deemed too expensive in the current climate. Focus on supplying the products or services your customers believe are giving them the best value for their money. They may still want to focus on quality but will be looking for quality at the right price.

The Values:

All stakeholders need to be assured that your organization will withstand the economic downturn. The values to focus on are ***open communication*** and ***customer loyalty***.





3. Focus on your Core Business

In hard times, focus on what is essential to your business success — strengthen your core business and delay or eliminate speculative projects and investments.

To decide which core products and services deserve focus, consider how market conditions influence your customers' business. Gather feedback from your customers about their current needs. Almost certainly, they are experiencing price pressure, which they will want to pass on to you.

The Opportunity:

Focus on increasing efficiency and leanness in production processes and management systems to reduce costs. Consider using Six Sigma or reengineering your systems and processes. Remove unnecessary bureaucracy. Think of steps you can take to improve agility, reliability and quality while maintaining your competitive edge.

The Values:

At this time, focus on your internal **efficiency** and **effectiveness** in supplying and delivering products and services.





4. Learn to Adapt to a Changing Environment

Throughout recorded time, organisms, creatures and civilisations that could not adapt to their changing environments either perished or were taken over by powerful entities. The same is true of organizations. The Fortune 500 constantly changes as companies go bankrupt or are taken over by fitter and more resilient companies.

The principal impediments to achieving high levels of adaptability are the limiting values at the first three levels of the Barrett Model — particularly values that cause rigidity and prevent cohesion. These include: at level 1, control and micromanagement; at level 2, blame and internal competition; and at level 3, elitism, hierarchy, bureaucracy, and silo thinking.

Key antidotes to these issues include: teamwork — dissolving the barriers of separation; accountability — empowering people to take responsibility for delivering on time and in budget; and adaptability — rapidly responding to changes in market conditions. Focus on unleashing innovation by empowering employees and giving them a voice.

The Opportunity:

Get to grips with what is not working in the organization, and more importantly, strengthen what is working. If you have conducted a Cultural Values Assessment, focus your attention on the desired culture values and the top value jumps. Also, work on reducing cultural entropy.

The Values:

Values that promote adaptability are **accountability**, **responsibility** and **empowerment**.





5. Get Clear on your Direction

There is no better time than in periods of deep uncertainty to revisit your vision, values, mission, and strategy, with the objectives of refocusing everyone's energy around your core business and building internal cohesion.

There are four critical elements to this work:

Vision: Get clear on where you are going. Ask the following questions: "What is the impact we are trying to have on society?" — the external vision, and "Who do we want to become?" — the internal vision. Ask: "Is our current external vision aligned with the global societal agenda?" and "Is our current internal vision aligned with employee needs?"

Values: Get clear on the rules of engagement. Ask: "Are we living our values?" and "Are they the right values to support our internal and external vision?"

Mission: Get clear on how you will achieve your vision. Ask the questions: "What is our purpose?" and "How does our purpose contribute to the vision we hold?"

Strategy: Get clear on how to move forward. Ask: "Is our current strategy in alignment with our revised vision, values and purpose?" and "What needs to change for us to achieve this alignment?"

The evidence is clear — long lasting companies have a compelling vision and a shared set of values that are embraced by the company as a whole.

The Opportunity:

In difficult times people naturally come together to protect themselves from external threats. Set a clear intention for the future direction of the company and the values that will support the company on its journey.

The Values:

To create an environment of trust, focus on the values of ***honesty, integrity, openness, and transparency.***



6. Build Strategic Alliances

Ultimately, the resilience of your company is not only about developing collaborative internal relationships, but also about developing collaborative external relationships with your customers, suppliers and the local community.

Acknowledge that your business is part of a larger whole and fits within a global framework of interdependencies. In difficult economic circumstances, relationships really matter. Companies with strong links to their customers and suppliers stand the best chances of survival.

The Opportunity:

When the going gets tough you need the support of others, and others need your support so that everyone can weather the crisis. The opportunity given to you now is to reach out to your customers and suppliers — in fact, to all your stakeholder groups — to develop mutually beneficial alliances.

The Values:

To build strategic alliances, embrace the values of ***empathy***, ***customer/supplier collaboration***, and ***partnerships***.





7. Keep in Mind the Long-term

In times of difficulty and crisis, there is a natural tendency to focus on the short-term, forgetting that you may have to live with the implications of your decisions once the crisis is over.

Ask yourself if the decisions and actions you want to take now are also right for the long-term. A knee-jerk reaction to a current problem may cause even more problems in the future. Be considered in your responses and bring experience and wisdom to bear on the situation. Tap into your intuition. Seek out ways to align with society's needs. The strategy is not to be the best in the world, but to be the best for the world.

The Opportunity:

In an interconnected global world those who reach out to each other for mutual support survive and thrive. This is the opportunity. Overcome your fear-based reactions that are rooted in self-interest, and collaborate with your customers, competitors and suppliers to create the conditions that support the common good and provide a sustainable future for everyone.

The Values:

At times like these, we need **wisdom**, **humility** and **ethics** to build a sustainable future for everyone.

Building a Values-Driven Organization

For more information on building a high-performance, sustainable organization, visit leadershipbeyonlimits.com a CTT certified firm specializing in helping leaders transform organizations for sustainable success.

