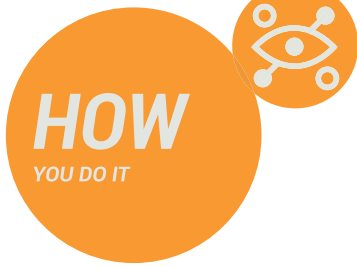


The Transformational Company Guide

Quality #5 - Long-Term Vision



For more information on the new business leadership standard visit
www.cbsr.ca/transformationalcompany



Transformational Company Quality

5: LONG TERM VISION



Transformational companies commit to an ambitious long-term multi-generational sustainability vision that includes bold goals and a precautionary approach that takes into account the needs of present and future generations, as well as the natural and social systems on which they rely.

WHAT IS IT?

Leading companies adopt long-term often multi-generational, ambitious, overarching and aspirational quests to guide their sustainability and corporate investments. Their visions go beyond their organizational boundaries, the foreseeable future and known solutions to describe an end state, usually written in the present tense, which shows how their products, services and value chains contribute to a future sustainable society. They adopt an “[outside in](#)” approach to business goals by setting targets based on scientific and external data, and the needs of society that their business can address.

To move toward their visions, companies adopt medium and long-term stretch targets that require a response beyond business as usual. They also have short-term targets to operationalize how they will realize their vision.

Frontier companies adopt what is sometimes called context-based or science-based goals, which address corporate performance against the carrying capacity of real-world social and natural resources. They understand and set targets that ensure they do not exceed environmental and social boundaries, thresholds, norms and limits. In 2015 the UN’s 193 member companies adopted the [Sustainable Development Goals](#). They represent an unprecedented international consensus on what level of progress is desired at the global level. Breakthrough companies will now be setting their level of ambition based on the aspirations of these Global Goals and defining what is “reasonable share” for their company, based on their industry, geographical location and size.

Leaders also commit to a precautionary approach, an internationally recognized concept that stipulates when the effects of a product or action are unknown then precautions should be taken especially when there is the possibility of irreversible damage. This principle informs their sustainability vision and investments, as does an understanding of how the company relies on, improves, destroys or changes human, social or natural capital in how it conducts its business. These sensitivities, which inform the company’s vision and strategy, put the company on a course to realize a sustainable future for itself and society.



WHY IS IT IMPORTANT?

To navigate the complex and changing sustainability terrain companies need a north star to guide their progress. Having a compelling beacon or quest which is operationalized through meaningful, bold and measurable goals will signal to stakeholders the company's commitments and aspirations. At a minimum, this approach will:

- Mobilize employees
- Foster innovation and identify future business opportunities
- Strengthen the company's social license to operate and grow
- Maintain access to scarce resources

By declaring their aspirations and goals, business leaders and the workforce can orchestrate the resources, know-how and capital to put the firm on a sustainable path.

HOW TO DO IT?

There are innumerable approaches to the development of an aspirational multi-generational sustainability vision and stretch goals. Here are some possible steps you can consider:

1. Educate internal and external stakeholders on sustainability mega-forces that will affect the competitiveness and viability of your company, industry and value chain.
2. Considering the life cycle of your product from source to supply and use, prioritize top issues of concern to your stakeholders which will significantly impact your business or which your business can significantly influence. In addition to consulting stakeholders this is a good time to research the way in which your company affects natural, social or human capital in the conduct of its business. Methodology is available to guide you through a process of understanding the impact you are having relative to the capacity of the capitals on which you rely, the impact others are having on them and who may be relying on them for their own well-being, and those who may be co-responsible for producing, maintaining or enhancing those capitals. See the resource section for more information.
3. Hold a visionary session that considers these top issues and the role that your business can play to harness or improve them. Here are three corporate videos you can use to inspire your leadership team:
 - BT Net Good
www.youtube.com/watch?v=YaRSpfEiE_8
 - L'Oréal Sharing Beauty with All
www.loreal.com/sharing-beauty-with-all/our-vision/our-sustainability-challenge.aspx
 - Domtar Not Just a Fibre Company
www.youtube.com/watch?v=SOKgDL7Wxyl&feature=youtu.be

Ask what is your company striving for, what big difference are you trying to make, what do you want to be known for, how is this tied to your core business? Then consider what difference your company wants to make, what big positive impact it wants to have and be known for, what could be its identity or story? How can the company make a bigger difference to some of the



world's major social, environmental and economic issues if it leverages its scale, relationships, influence and resources? Where can the company deepen its efforts to make a transformational difference in areas that matter most to the business? How can your company contribute to the [Global Sustainable Development Goals](#)?

Use this information to draft a compelling vision.

4. Review every product category and business function to identify actions that can help achieve the vision faster and remove barriers to progress. Determine how the company's brands, innovation, sourcing, operations and customer relationships can help advance its vision, where it can create transformational change to whole systems, rather than incremental improvements.

Unilever did this and prioritized 1) working to eliminate deforestation from its supply chains; 2) championing sustainable agriculture and the development of smallholder farmers; and 3) improving hygiene through hand washing, safe drinking water and sanitation. Going beyond what they can achieve in their own operations and with their suppliers, they set bold goals to shape their engagement with governments, the non-profit sector and others in their industry on these issues. They have also established a goal for their top brands to develop social purpose strategies.

5. Information from this review and earlier steps in this exercise will help you and your leaders determine ambitious and stretching targets to move the company towards its vision. Taking your sustainability operating context into account will help you to set reality-based goals that reflect the viability and availability of the natural and social systems and resources on which you rely. Consider making the time horizon far enough out to set goals that create the possibility for a major turning point in the business or its industry to create a future significantly different from today's reality. Make sure you have short and medium term goals or milestones to keep accountability on your long-term ambitions.

WHO IS DOING IT?

Kingfisher, a leading European home improvement retailer based in the UK, has a long-term vision to “transform the way we operate to become net positive by 2050.” Their initial focus is on four pillars, aligned with four of the company's biggest impacts:

Priority area	2050 target
Timber	Create more forests than used
Energy	Every Kingfisher store and every customer's home is zero carbon or generates more energy than it consumes
Innovation	Every Kingfisher product will enable a more sustainable and ultimately net positive lifestyle
Communities	Every Kingfisher store and location supports projects which build local communities or equip people with skills

These four goals are supported by 50 “foundation” targets which cover the whole business – the four pillars plus three further areas – employees, environment, suppliers and partners.



Click [here](#) for an example of another company which has adopted a long-term sustainability vision and ambitious goals.

WHERE CAN I GO FOR MORE INFORMATION?

- Next Generation Sustainability Targets: Toward Big, Context-Based Goals, Sustainable Brands
<http://e.sustainablebrands.com/resources-ebook-next-generation-sustainability-targets.html>
- Context-Based Sustainability
<http://www.sustainableorganizations.org/context-based-sustainability.html>
- MultiCapital Scorecard
<http://www.multicapitalscorecard.com/>
- Science- vs. Context-Based Metrics – What’s the Difference?
http://www.sustainablebrands.com/news_and_views/new_metrics/mark_mcelroy/science_vs_context-based_metrics_%E2%80%93_what%E2%80%99s_difference?utm_source=newsletter&utm_medium=businessweekly&utm_campaign=may25&mkt
- SDG Compass: The Guide for Business Action on the SDGs, GRI, UN Global Compact, World Business Council for Sustainable Development
<http://sdgcompass.org/download-guide/>
- Science Based Targets, a joint initiative by CDP, the UN Global Compact, the World Resources Institute, and WWF, helping companies set targets consistent with the level of decarbonization required by science to limit global warming to less than 2°C compared to pre-industrial temperatures.
<http://sciencebasedtargets.org/>
- Future-Fit Benchmark, co-founded by The Natural Step and the Future-Fit Foundation, offers a set of performance criteria that describe a company that is fit for the future: one that will flourish while adding to the wellbeing of society as a whole.
<http://futurefitbusiness.org/>
- Action 2020, World Business Council for Sustainable Development, defines “Society Must-Haves” and priority areas for business action by 2020.
<http://action2020.org/>
- Pivot Goals, by Winston Eco-Strategies, allows users to browse goals and targets set by Global 500 companies.
<http://pivotgoals.com/>
- Beyond the Company: The Future of Sustainability Goals, SustainAbility
<http://www.sustainability.com/library/radar-issue-08#.ViMKnn6rSUK>

