

Sustainable Leadership

A Guide for Sustainable Entrepreneurs

SUSTAINABLE ENTREPRENEURSHIP PROJECT

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Sustainable Leadership: A Guide for Sustainable Entrepreneurs

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About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) engages in and promotes research, education and training activities relating to entrepreneurial ventures launched with the aspiration to create sustainable enterprises that achieve significant growth in scale and value creation through the development of innovative products or services which form the basis for a successful international business. In furtherance of its mission the Project is involved in the preparation and distribution of Libraries of Resources for Sustainable Entrepreneurs covering Entrepreneurship, Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Corporate Social Responsibility, Compliance and Risk Management, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change. Each of the Libraries include various Project publications such as handbooks, guides, briefings, articles, checklists, forms, forms, videos and audio works and other resources; management tools such as checklists and questionnaires, forms and training materials; books; chapters or articles in books; articles in journals, newspapers and magazines; theses and dissertations; papers; government and other public domain publications; online articles and databases; blogs; websites; and webinars and podcasts.

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Sustainable Leadership

§1 Introduction

While all leaders should have a vision and desire to inspire their followers to take collective action to make it happen, sustainability leaders can be distinguished as people who inspire and support action to identify and develop innovative sustainable solutions, business models and practices that will lead to a better world. Sustainable leadership focuses on bringing about dramatic changes and requires taking a long-term perspective in making decisions; fostering systemic innovation aimed at increasing customer value; developing a skilled, loyal and highly engaged workforce; offering quality products, services and solutions; and engaging in ethical behavior and decision making and establishing ethical values and standards throughout the organization. In order to be effective, sustainability leaders must develop and practice several important habits including a systemic, interdisciplinary understanding; emotional intelligence and a caring attitude; values orientation that shapes culture; a strong vision for making a difference; an inclusive style that engenders trust; a willingness to innovate and be radical; and a long-term perspective on impacts. In addition, they must implement a number of initiatives to establish and maintain the foundation for sustainability throughout their organizations including training and staff development programs, proactively striving for amicable labor relations, development of strategies for staff retention, shifting compensation programs toward metrics that valued contributions to customer loyalty and to innovation, promoting environmental and social responsibility, initiating communications with multiple stakeholders and transparently taking into account and balancing their interests, and developing and embedding a share vision for the goals of the business.

There is a considerable body of evidence that shows that sustainable leadership practices are more likely to enhance business performance over the long-term than the traditional approach that puts the interests of shareholders first and focuses primarily on short-term financial metrics. Done well, sustainable leadership leads to several desirable performance outcomes including integrity of brand and reputation, enhanced customer satisfaction, solid operational finances that ensure viability and organizational sustainability and provide capital for investment in innovation, long-term value for multiple stakeholders. However, old practices are often hard to discard and the changes associated with shifting toward sustainability often are risky and disruptive and carry both financial and intangible costs. Sustainable leadership systems and practices are vulnerable to a variety of external events such as mergers and acquisitions, which bring in new employees, customers, suppliers and other stakeholders who may not share the core values of sustainability that had been developed prior to the transaction; taking on additional major shareholders who may have different ideas about what constitutes acceptable performance for the business; or the hiring of new executives who have not familiar with the organizational cultures and may bring different values from their prior positions. Downturns in financial and consumer markets will also put a strain on sustainable leadership practices as companies must address economic survival and make hard decisions about laying-off employees and cutting back investments in training and development and innovation aimed at protecting the environment and social responsibility.

This Guide begins with a discussion of various definitions and conceptualizations of sustainability leadership including theories and research on specific practices of leadership relating to sustainability. The Guide continues with a presentation of a proposal for a sustainability leadership model that includes three basic components: the external and internal context for the leader's actions; the traits, styles, skills and knowledge of the individual leader; and the internal and external leadership actions taken by the leader. The developers of the model also suggest a menu of habits that sustainability leaders should seek to cultivate in order to be effective. Also included in this Guide is a discussion of 23 leadership practices, principles and attitudes that have been identified as associated with the “sustainable ‘honeybee’ leadership approach”, which has been described as being sophisticated, stakeholder, social and sharing. The practices are contrasted to the traditional “shareholder-first or ‘locust’ approach” and have been organized in a pyramid with four ascending levels in order to provide guidance for intervention: foundational practices at the bottom, higher-level practices above them, key performance drivers at the third level and, finally, a top level that did not include specific practices but which describe performance outcomes that can be expected from successful implementation of sustainability practices.

§2 Definitions and conceptualizations of sustainability leadership

On their way to developing a definition and model of “sustainability leadership”, Visser and Courtice began with the following working definition of “leadership”: “A leader is someone who can craft a vision and inspire people to act collectively to make it happen, responding to whatever changes and challenges arise along the way.”¹ They then noted that any model of sustainability leadership should take into account three main approaches to understanding leadership: the trait and style school, which focuses on the characteristics and approaches of individual leaders²; the situational/context school, which focuses on the external environment that influences the actions taken by leaders³; and the contingency/interaction school, which is concerned with the interaction between the individual leader and his or her particular framing context⁴. Finally, they argued that leadership is relational, non-hierarchical and contextual; meaning that leadership is based on developing and maintaining relationships with followers, does not arise automatically based on formal authority or title and must be exercised with due regard to what is going on in world surrounding the leader.⁵

¹ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 1.

² M. McCall and M. Lombardo, M.M., *Off the track: Why and how successful executives get derailed* (Greensboro, NC: Centre for Creative Leadership, 1983); and R. Tannenbaum and W. Schmidt, “How To Choose a Leadership Pattern”, *Harvard Business Review*, May-June 1973.

³ P. Hersey and K. Blanchard, *Leadership and the One Minute Manager* (New York: William Morrow, 1999); and V. Vroom and P. Yetton, *Leadership and decision-making* (Pittsburg: University of Pittsburg Press, 1973).

⁴ F. Fiedler, *Leadership* (General Learning Press, 1971) and M. Vries, *The Leadership Mystique: Leading Behavior in the Human Enterprise* (London: Financial Times/ Prentice Hall, 2001).

⁵ R. Goffee and G. Jones, “Authentic leadership”, *Leadership Excellence*, May 2009.

As for a definition of “sustainability leadership”, Visser and Courtice suggested that “a sustainability leader is someone who inspires and supports action towards a better world”.⁶ They also noted that the Sustainability Leadership Institute (www.sustainabilityleadershipinstitute.org) had identified sustainability leaders as “individuals who are compelled to make a difference by deepening their awareness of themselves in relation to the world around them. In doing so, they adopt new ways of seeing, thinking and interacting that result in innovative, sustainable solutions.” Visser and Courtice argued that “leadership for sustainability” should not be treated as a separate school of leadership but rather should be viewed in a manner akin to the contingency/interaction school: a particular blend of leadership characteristics applied within a specific context (i.e., the sustainability challenges facing the world and the aspirations of multiple stakeholders for a more sustainable future). They suggested that while it may currently be necessary to differentiate sustainability leadership from leadership in general, the distinction may erode as time goes by and sustainability becomes more embedded in organizations in much the same way as the focus on quality did in the 1980s and 1990s.

Avery and Bergsteiner explained that based on their research and observations in over 50 firms around the world, including in many listed corporations, sustainable leadership required “taking a long-term perspective in making decisions; fostering systemic innovation aimed at increasing customer value; developing a skilled, loyal and highly engaged workforce; and offering quality products, services and solutions”.⁷ They noted that their conception of sustainable leadership embraced various aspects of humanistic management and other emerging managerial precepts: delivering better and more sustainable economic returns through accelerated innovation; valuing people and reducing unwanted employee turnover; and considering the firm as a contributor to overall social well-being. Essential to the practice of sustainable leadership, which they noted has also been referred to as “Rhineland” or “honeybee” leadership, was understanding that the firm was “a system of long-term cooperative relationships between affected parties ... [that] ... include the firm’s managers and employees, customers and clients, investors, suppliers, the towns, states and nations where the firm is located or sells goods and services and even future generations of stakeholders”.⁸ According to Avery and Bergsteiner, these stakeholders exerted influence and pressure on the firm to behave in ethical and environmentally and socially responsible ways and ultimately become sustainable and resilient.⁹

⁶ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 2.

⁷ G. Avery and H. Bergsteiner, “Sustainable leadership practices for enhancing business resilience and performance”, *Strategy and Leadership*, 39(3) (2011), 5. See also G. Avery and H. Bergsteiner, *Sustainable Leadership: Honeybee and Locust Approaches* (London: Routledge, 2011); and W. Hutton, *The World We’re in* (London: Little, Brown, 2002).

⁸ See also F. Druckrey, “How to make business ethics operational: responsible care – an example of successful self-regulation?”, *Journal of Business Ethics*, 17(9/10) (1998), 979.

⁹ See also P. Hall and D. Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York, Oxford University Press, 2001); and W. Hutton, *The World We’re in* (London: Little, Brown, 2002).

Avery and Bergsteiner provided several illustrations of how firms could leverage relationships with their stakeholders for the benefit of both parties in ways that bind them together to promote the long-term sustainability and resilience of the firm.¹⁰ For example, while firms have traditionally selected suppliers based on purely economic factors, such as cost, and have been quick to change suppliers to gain short-term financial advantage, firms led by sustainable leaders will seek to forge long-term relationships with innovative and reliable suppliers and provide support to those suppliers, such as by providing short-term loans, to get them through difficult periods in the marketplace rather than squeezing them to lower their prices to the point where they are unable to sustain their businesses. Similarly, when firms treat their investors, customers and employees well, and act ethically and responsibly, they will be rewarded by the support of these important stakeholders: investors will refrain from pressuring management to pay dividends and leave their profits in the business for further investment in sustainability projects; customers will be loyal to the firm's new products and services based on a history of trust; and employees will accept lower wages and/or shorter working hours during hard times in order to support the firm's efforts to remain competitive and viable.

Built to Last—Successful Habits of Visionary Companies and Sustainable Leaders

Writing in the early 1990s, a time when management books had become somewhat of a fad, Collins and Porras claimed that they were doing something different in their best-selling book *Built to Last: Successful Habits of Visionary Companies*. They weren't writing about charismatic visionary leaders, visionary product concepts or visionary market insights, and reminded readers that all leaders eventually die, all products become obsolete and all markets mature. Instead, they believed that one of the most important economic challenges and issues was figuring out how to build enduring "visionary companies" that met the following criteria: a premier institution in their industry that was widely admired by knowledgeable businesspeople; a company that had made an indelible imprint on the world; and a company that had been in business for at least 50 years and gone through multiple generations of chief executives and multiple product (or service) life cycles. Collins and Porras tackled two fundamental and difficult questions: "What makes the truly exceptional companies different from the other companies?" and "Is it possible to discover the timeless management principles that have consistently distinguished outstanding companies and which apply over long stretches of time and across a wide range of industries?" Based on their extensive research, Collins and Porras argued that such timeless management principles did exist and can and should be applied by managers, CEOs and entrepreneurs all over the world to create their own visionary companies and effectively practice sustainability leadership.

In *Built to Last* and other articles regarding their research, Collins and Porras listed and described at least ten management principles they had identified from looking at both companies that they believed had achieved visionary status and at comparison companies which, while "born in the same era, with the same market opportunities, facing the same demographics, technology shifts, and socioeconomic trends", had been less successful. Of those principles the authors felt that four of them stood out—"be a clock builder—an architect—not a time teller; embrace the 'Genius of the AND'; preserve the core/stimulate progress; and seek consistent alignment"—and most of the book was about explaining and illustrating each of these concepts.

For example, the authors explained that "[h]aving a great idea or being a charismatic visionary leader is 'time telling'; building a company that can prosper far beyond the presence of any single leader and through multiple product life cycles is 'clock building'". Embrace the "Genius of the And" meant that visionary companies had "the ability to embrace both extremes of a number of dimensions at the same

¹⁰ G. Avery and H. Bergsteiner, "Sustainable leadership practices for enhancing business resilience and performance", *Strategy and Leadership*, 39(3) (2011), 5, 6.

time” such as having a purpose beyond profit while engaging in the pragmatic pursuit of profit. Preserve the Core and Stimulate Progress meant that “[a] visionary company carefully preserves and protects its core ideology, yet all the specific manifestations of its core ideology must be open for change and evolution”. Finally, visionary companies achieved alignment by making sure “that all the elements of a company work together in concert within the context of the company’s core ideology and the type of progress it aims to achieve”. On a day-to-day basis, alignment met making sure companies didn’t adopt incentive systems that rewarded behaviors that were inconsistent with the company’s core values or policies and procedures that inhibited change and improvement.

As mentioned above, Collins and Porras identified and followed pairs of companies, 18 in all, over a long period of time in order to identify those capable of achieving enduring success and not get caught up celebrating a company that may have had just one or two moments of good fortune. It was interesting that more often than not the comparison company had greater initial success during the entrepreneurial phase than the visionary company. While all of the pairs were used to illustrate the four key concepts mentioned above, let’s look at just three examples starting with Hewlett-Packard (a visionary company founded in 1937) and Texas Instruments (the comparison company founded in 1930). HP was consistently applauded by the researchers as an example of the clock-building orientation and the researchers noted that it was telling that when Dave Packard, one of the HP founders, was asked about which product decisions were most important to the growth of the company his response completely ignored specific products and focused on organizational decisions that are so much a part of clock-building: “developing an engineering team, a pay-as-you-go policy to impose fiscal discipline, a profit-sharing program, personnel and management policies [and] the ‘HP Way’ philosophy of management”. The researchers also praised Packard as a strong example of understanding “Genius of the AND” in the way that he and his company simultaneously pursued “profit and purpose beyond profit”. In order to illustrate their point the researchers provided a quote from a presentation that Packard made to HP personnel who would be responsible for management development training which included the following: “I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company’s existence, we have to go deeper and find the real reasons for our being . . . The real reason for our existence is that we provide something which is unique [that makes a contribution].” In contrast, the researchers “could find not one single statement that TI exists for reasons beyond making money”. HP also received high marks with respect to the way it aligned its practices and policies with its “lofty values and aspirations” by finding ways to show respect for its employees, reinforce the importance of technological contribution, promote an entrepreneurial environment and “immerse employees in the tenets of what became known as the ‘HP Way’”.

A second pair of twins was Wal-Mart (a visionary company founded in 1945) and Ames (the comparison company founded in 1958). The researchers complimented legendary Wal-Mart founder Sam Walton for implementing “concrete organizational mechanisms to stimulate change and improvement” and noted that he “concentrated on creating an organization that would evolve and change on its own”, each of which were consistent with clock building. Walton also knew the importance of succession planning to make sure that the company philosophies survived. In contrast, “Ames leaders dictated all change from above and detailed in a book the precise steps a store manager should take, leaving no room for initiative” and the researchers noted that Ames had no succession plan in place and eventually management control fell into the hands of outsiders with no ideas about the philosophies of the founders.

A third pair of twins was Walt Disney (a visionary company founded in 1923) and Columbia Pictures (the comparison company founded in 1920). With respect to clock building the researchers judged Harry Cohn, one of the founders of Columbia to be a complete failure who “cared first and foremost about becoming a movie mogul and wielding immense personal power in Hollywood and cared little or not at all about the qualities and identify of the Columbia Pictures Company that might endure beyond his lifetime.” On the other hand Walt Disney spent every moment from the day that he founded the company to the day that he died thinking about future ways that the company could make people happy. Disney was also praised for its efforts to institutionalize its core technologies while simultaneously maintaining ongoing efforts to stimulate progress and the researchers took particular note of how Disney developed a cult-like culture through “intensive screening and indoctrination of employees”. For its part, Columbia, like Ames, was

criticized for its neglect of investments for long-term growth and failure to invest in employee recruiting, training and professional development. Today Disney remains an important force in entertaining children and adults all around the world while Columbia, lacking a strong heritage or reasons to exist beyond its cash and assets, ceased to exist as an independent company.

As to how the research they conducted twenty years ago might relate to the future, such as today, Collins and Porras predicted that clock building would become even more important as ideas, products and markets became obsolete more quickly due to “accelerating rate of technological change, increasing global competition and dramatically shorter product life cycles”. They also thought that preserving the core/stimulating progress would become more important as companies became “flatter, more decentralized, more geographically dispersed” and workers became more knowledgeable and seek more and more individual autonomy. In other articles Collins talked about how the work done to write *Built to Last* might be helpful in understanding dramatic and seemingly sudden failures of high flying companies like we seen so often recently and mentioned the dangers of “hubris born of success” and undisciplined and reckless pursuit of more success—more money, larger size, more celebrity. The stories collected, and lessons learning, in creating *Built to Last* should be useful for the current crop of celebrity companies such as Facebook, Google, Amazon and Apple that have been so successful in their start-up phase, but must now settle in for the long haul of decades of ups and downs before they are eligible for entering the visionary class.

Sources: J. Collins and J. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 1994); J. Collins, “Building Companies to Last”, *INC. Special Issue—The State of Small Business* (1995); and J. Collins, “How the Mighty Fall: A Primer on the Warning Signs”, *Businessweek* (May 2009).

§3 Advantages and challenges of practicing sustainable leadership

Avery and Bergsteiner argued that there is a considerable body of evidence that shows that sustainable leadership practices are more likely to enhance business performance over the long-term than the traditional approach that puts the interests of shareholders first and focuses primarily on short-term financial metrics.¹¹ For example, companies that take a long-term perspective, and attract patient investors that share sustainability values, are able to reap benefits from investing in their people, innovative technologies and strong and enduring relationships with customers and suppliers. This allows those companies to build trust, accumulate and retain knowledge by working hard to train employees and retain them through development programs and finding ways to keep them during difficult economic times, and build an organizational culture that is readily adaptable to change and new opportunities. Moreover, savings realized from recycling and improving the eco-efficiency of operational activities not only strengthens financial performance but also can be re-invested in other environmental and social initiatives.¹² Companies also find that many of the practices associated with sustainable leadership,

¹¹ Id. at 11 (citing S. Ghoshal, “Bad management theories are destroying good management practices”, *Academy of Management Learning & Education*, 4(1) (2005), 75).

¹² Avery and Bergsteiner suggested that sustainably-led organizations had been identified across different sectors, countries, institutional contexts, and markets and included unlisted companies such as WL Gore & Associates (Goretex and other products) and SAS (software) in the US; Giesecke & Devrient (bank notes and securities) and Ka'rcher (cleaning solutions) in Germany; and Endress & Hauser (flow technologies) and Migros (retail conglomerate) in Switzerland. Id. at 10.

such as focusing on staff retention and development, ultimately turn out to be important sources of competitive advantage.¹³

In spite of the advantages to practicing sustainable leadership, old practices are often hard to discard and the changes associated with shifting toward sustainability often are risky and disruptive and carry both financial and intangible costs. Avery and Bergsteiner also pointed out that sustainable leadership systems are vulnerable to a variety of external events such as mergers and acquisitions, which bring in new employees, customers, suppliers and other stakeholders who may not share the core values of sustainability that had been developed prior to the transaction; taking on additional major shareholders who may have different ideas about what constitutes acceptable performance for the business; or the hiring of new executives who have not familiar with the organizational cultures and may bring different values from their prior positions.¹⁴ Downturns in financial and consumer markets will also put a strain on sustainable leadership practices as companies must address economic survival and make hard decisions about laying-off employees and cutting back investments in training and development and innovation aimed at protecting the environment and social responsibility. While sustainable leaders realize that they live and operate in a world in which short-term results still matter, they also know that violating ethical principles to appease investors or ignoring the interests of non-financial stakeholders can significantly and permanently damage their organizational culture and undermine their long-term goals and success.¹⁵

§4 Cambridge Sustainability Leadership Model

After surveying the theories of leadership and observing specific practices of leadership relating to sustainability, Visser and Courtice proposed a sustainability leadership model that included three basic components: the external and internal context for the leader's actions; the traits, styles, skills and knowledge of the individual leader; and the internal and external leadership actions taken by the leader.¹⁶ They pointed out that none of the elements of the model were unique to sustainability leaders, but they believed that the

¹³ Id. at 12 (citing C. Ichniowski, K. Shaw and G. Prensushi, "The effects of human resource management practices on productivity: a study of steel finishing lines" *American Economic Review*, 87(3) (1999), 291; B. Pfau and S. Cohen, "Aligning human capital practices and employee behavior with shareholder value", *Consulting Psychology Journal*, 55(3) (2003), 169; W. Cascio, *Responsible Restructuring: Creative and Profitable Alternatives to Layoffs* (San Francisco, CA: Berrett-Koehler, 2002); R. D'Souza, L. Strazdins, M. Clements, D. Broom, R. Parslow and B. Rodgers, "The health effects of jobs: status, working conditions, or both?", *Australian & New Zealand Journal of Public Health*, 29(3) (2005), 222; B. Pfau and S. Cohen, "Aligning human capital practices and employee behavior with shareholder value", *Consulting Psychology Journal*, 55(3) (2003), 169).

¹⁴ G. Avery and H. Bergsteiner, "Sustainable leadership practices for enhancing business resilience and performance", *Strategy and Leadership*, 39(3) (2011), 5, 9-10.

¹⁵ Avery and Bergsteiner conceded that it was likely to be more difficult for listed corporations or private equity groups to operate on sustainable principles because of the pressures on them to achieve short-term performance goals; however, they identified several listed companies that had successfully managed their relationships with financial markets while simultaneously operating in a sustainable manner: Munich Re (finance) in Germany; Colgate (consumer goods) in the US; BT Group (telecommunications) in the UK; Siam Cement Group (construction) in Thailand, and Holcim (construction) in Switzerland. Id. at 10.

¹⁶ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 3-4.

model was a fair rendering of the factors and actions that were most relevant to dealing with sustainability challenges and fulfilling what they suggested was the primary goal of sustainability leadership: bringing about profound change, whether in political and economic systems, business models and practices, or in the broad social contract with stakeholders and society (i.e., taking action toward a better world).

The model was not static: context influenced the characteristics of the individual leader; those characteristics determined the actions taken by the leadership; and the actions impacted and changed both the context and leader's characteristics. However, while the skills, knowledge, styles and action of sustainability leaders evolved in response to changes in context, Visser and Courtice believed that seven core characteristics of sustainability leadership remained in place, a list that Visser referred to as "the 7 habits of effective sustainability leaders": a systemic, interdisciplinary understanding; emotional intelligence and a caring attitude; values orientation that shapes culture; a strong vision for making a difference; an inclusive style that engenders trust; a willingness to innovate and be radical; and a long-term perspective on impacts.¹⁷

§5 --Context

Visser and Courtice explained that in their model, context referred to "the conditions or environment in which leaders operate, which have a direct or indirect bearing on their institutions and on their decision making".¹⁸ They did not spend much time explaining the contextual factors in detail; however, they carefully distinguished between factors that were external to the leader's organization, and thus more difficult for the leader to exert influence upon (e.g., ecological, economic, political, cultural and community contexts), and factors that were internal to the leader's organization or sector/industry and as to which the leader could exert higher levels of influence (e.g. organizational culture and reach, governance structure or the role of leadership). One of the executives that Visser and Courtice interviewed described context as how an organization fits in with the world and how the organization responds to the world, and another executive suggested that context provides the challenges and opportunities for improvement beyond financial success that organizations should incorporate into their vision, purposes and strategies.

§6 --Sustainability leader's individual characteristics

Each person has his or her own specific and unique set of traits, styles, skills and knowledge that will influence how context is perceived and the actions that he or she takes. Visser and Courtice identified characteristics that were generally associated with effective sustainability leadership; however, they recognized that it is unlikely that one person would embody all of those characteristics given that everyone comes to their leadership roles with their own personality and background circumstances. They advised that sustainability leaders needed to draw on those characteristics that were most

¹⁷ W. Visser, "The 7 Habits of Effective Sustainability Leaders", CSR International Inspiration Series, No. 12 (2013).

¹⁸ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 3-4.

appropriate and effective in dealing with sustainability challenges and build teams around them that include persons who can contribute other necessary characteristics. They also noted that sustainability leaders needed to understand all of the characteristics in order to develop those qualities in others throughout their organizations.¹⁹

§7 ----Traits

Visser and Courtice believed that a sustainability leader typically embodied a number of traits, which they described as distinguishing attributes, qualities or personal characteristics which are generally seen as being enduring, and discussed the following traits that were included in their sustainability leadership model based on evidence of their strong correlation with leadership for sustainability²⁰:

- *Caring/morally-driven*: Sustainability leaders demonstrate care for the well-being of humanity and all other forms of life and are guided by a moral compass that incorporates the moral case for sustainable development (i.e., equity today, environmental justice, intergenerational equity and stewardship).
- *Systemic/holistic thinker*: Sustainability leaders are “systems thinkers” with the ability to appreciate the interconnectedness and interdependency of the whole system, at all levels, and to recognize how changes to parts of the system affect the whole. Effective sustainability leaders are able to simultaneously see and balance an array of issues such as business opportunity, customer satisfaction, job creation, pollution reduction and public policy.
- *Enquiring/open-minded*: Sustainability leaders actively seek new knowledge and diverse opinions, including challenges to their own opinions, and are willing to question received wisdom, traditional models of economic growth and the value of their organization’s product or service to society. In particular, sustainability leaders are will to seek information through involvement with community activities and inter-generational engagement.
- *Self-aware/empathetic*: Sustainability leaders have high levels of “emotional intelligence”, including the ability to understand their own emotions and those of others, sincerity, personal humility and ability to listen to others, and the ability to see their own place in and influence on a situation. Sustainability leaders must recognize that they will need to change in order to bring themselves and their organizations to the place in the world where they would like to be.
- *Visionary/courageous*: Sustainability leaders bring inspiration, creativity, optimism and courage to bear in their roles, are driven to produce results, and possess the ability to balance passion and idealism with ambition and pragmatism. Sustainability leaders must also be courageous to seize opportunities and pursue them in the face of great difficulties and with no map to follow other than the one they draw on their own and no absolute knowledge about what the end destination will be.

Beliefs Attitudes and Values of Sustainability Professionals

¹⁹ Id. at 4.

²⁰ Id. at 5-7.

As part of a study relating to appropriate training for young professionals looking to become sustainability leaders, researchers at the International Institute for Sustainable Development conducted a literature review focusing on the thinking about sustainability skills and values in the workplace. The review covered integrative studies of sustainability skill set, experiences with leadership training program in areas such as environmental leadership and corporate social responsibility, reports to donors and surveys of formal education systems and experiential learning programs. Based on their work, the researchers suggested the following set of 15 key beliefs, aptitudes or values of sustainability professionals.

- Global mindset (includes looking beyond local and national boundaries as well as understanding responsibility as global citizens)
- Rooted in community (a sense of self-worth and rootedness in one's own culture and community)
- Thirst for global awareness (seek out knowledge of world affairs and cultures and realize the interconnectedness of the world)
- Equity (concern for disparities and injustices, a commitment to human rights and to the peaceful resolution of conflict)
- Sense of urgency (desire to move from awareness to knowledge to action, appreciation of finite nature of the planet's resources)
- Passion for sustainability (sense of hope and a positive personal and social perspective on the future)
- Capacity for innovation (encourage decision-making across disciplines, understand interdependence between environmental, economic and social systems, open to new ideas, appreciate role of human ingenuity, challenge the status quo)
- Embrace a learning culture (striving to continually improve quality of life and your skills)
- Accept trade-offs (among conflicting goals and long-term perspective or complex nature of systems which make it difficult to see the positive or negative impacts of decisions, long-term thinking)
- Tenacity (honor commitments, self-motivated, have a "can-do" attitude, see the bigger picture and longer term)
- Warmth in human relationships (outgoing individual, personable, able to develop close relationships quickly, sense of humor, desire to work in partnerships)
- Respect for diversity (value different ways of working, different cultures and mindsets – while appreciating that humans have universal attributes)
- Science as part of the solution (recognition that technology and science have a lot to offer but alone cannot solve all of our problems)
- Value integrated thinking (whole systems thinking, appreciation of the resilience, fragility and beauty of nature and the interdependence and equal importance of all life forms, valuing biodiversity)
- Commitment to a sustainable lifestyle (personal acceptance of a sustainable lifestyle and a commitment to participation in change, appreciation of the importance and worth of individual responsibility and action)

Source: D. Timmer, J. Creech and C. Buckler, *Becoming a Sustainability Leader* (Winnipeg CN: International Institute for Sustainable Development, 2007), 59.

§8 ----Styles

Visser and Courtice noted that a clear distinction should be made between the traits of sustainability leaders and their leadership styles, which were described as the manner and approach that the leader used to provide direction, motivate people and implement plans. Leadership styles have been categorized in a number of different ways including autocratic, democratic, laissez-faire charismatic, participative, situational, transactional, transformational, quiet, and servant, and researchers have observed that leaders often use

a mix of styles that incorporate varying levels of concern for people and tasks.²¹ While sustainability leaders have a number of styles to choose from, ultimately they need to rely on the style that is most effective for them and fits with their own unique set of traits and values. Styles that Visser and Courtice believed would be most effective for sustainability leaders included the following:

- *Inclusive:* Sustainable leaders are inclusive and encourage collaboration and participation as a means for building commitment. The practice of inclusive leadership includes dialogue and consensus, democratic approaches, coaching and affiliative behavior (i.e. promoting harmony among followers, helping to resolve conflict and making sure followers feel connected to each other)²² and building a climate of peer support and accountability by giving up authority and delegating control over their jobs to employees and then recognizing the achievements of those employees.
- *Visionary:* Visser and Courtice explained that: “the visionary style of leadership brings passion and charisma into the mix. It focuses on challenging and transforming people’s perceptions and expectations and motivating them to transcend narrower forms of self-interest.”²³ Leaders practicing visionary leadership are able to build and share an inspirational vision in ways that help their followers understand and feel how things will be different once the vision has been achieved. Others have argued that because followers are bombarded with new ideas and other complexities throughout their lives, the only way for visionaries to get through is to “think and lead big” in order to make the emotional links with those they seek to influence.²⁴
- *Creative:* Sustainable leaders need to be creative and willing and able to apply that creativity to a number of different roles in the transformation change process: designer, architect, innovator, game changer and systems transformer. Visser and Courtice noted that creativity can be seen when sustainability leaders act as systems re-designers when adopting and implementing principles of cradle-to-cradle design and production and extend them throughout their supply chains.
- *Altruistic:* Sustainability leaders are focused on transcending self-interest and focusing their attentions and activities on the collective good, characteristics that are in line with altruistic leadership styles such as servant or “quiet” leadership. Greenleaf described effective servant leadership as a leader providing his or her service to followers with the goal of helping the followers to growth and become healthier, wiser, freer and more autonomous.²⁵ According to Collins, quiet leaders

²¹ Id. at 8 (including citations to sources for each of the leadership styles listed in the text). For further discussion of leadership styles, see “Leadership Styles” in “Leadership: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

²² D. Goleman, R. Boyatzis and A. McKee, *Primal Leadership* (Boston: Harvard Business Press, 2002).

²³ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 9.

²⁴ Id. (referring to interview with Sandy Ogg, Chief Human Resources Officer for Unilever, conducted by Courtice).

²⁵ R. Greenleaf, *Servant Leadership* (Mahwah NJ: Paulist Press, 1977).

are self-effacing, quiet, reserved and shy and lead with a mix of personal humility and professional will.²⁶

- *Radical:* Radical, or “missionary”, leadership is an approaches that differs significantly from quiet leadership and was described by Visser and Courtice as involving taking risks, acting like a revolutionary or activist and challenging the status quo. Visser and Courtice referred to radical leaders as campaigners or crusaders for important causes who thrived on being daring and different and undeterred by the challenges of making an impact.

§9 ----Skills

Leaders need a variety of specialized skills in order to effectively direct their businesses and followers in a sustainable economy²⁷:

- *Manage complexity:* Visser and Courtice advised that sustainability leaders must be skilled at analyzing, synthesizing, and translating complex issues, responding to risk, uncertainty and dilemmas, recognizing and seizing opportunities and resolving problems and conflicts. The key for sustainability leader is being able to make sound choices in the face of inherent complexity and uncertainty.
- *Communicate vision:* Effective sustainability leaders have good communication skills and are able to share a long-term vision and facilitate dialog that inspires action and change and creates shared meaning. Relevant techniques include active listening, emotional intelligence and reflection. The vision must be inspired by the leader’s passion and suitable for driving the company’s economic engine.
- *Exercise judgement:* According to Visser and Courtice, sustainability leaders are skilled to make good and decisive decisions in a timely fashion, including prioritizing, making difficult choices and handling dilemmas. Good judgment is particularly important in times of crisis when leaders must inspire their followers, set expectations and communicate effectively and in a timely manner with stakeholders.
- *Challenge and innovate:* Sustainability leaders need to be good at imagining possible solutions/futures or alternatives, bringing creativity into their thinking and practice and “thinking outside the box”. Among other things, sustainability leaders must have the creativity and insight to develop business models for their companies that allow them to grow in a sustainable way and which involve their full value chain.
- *Think long term:* Since sustainability involves balancing the present and the future, it is not surprising that sustainability leaders are expected to be able to envision and use strategic long-term thinking and planning in order to take into account the needs of future generations. Thinking long term makes it easier for sustainability leaders to incorporate long term issues into their business strategies and identify ways to transform their companies so they can survive in a changing world (e.g., envisioning a coal mining company as a “power supplier” that will eventually produce power in different ways using new technologies). However, long term thinking is challenging

²⁶ J. Collins, *Good to Great: Why Some Companies Make the Leap... and Others Don't* (New York: HarperBusiness, 2001).

²⁷ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 10-12.

in a world where markets generally seek short term gains and sustainability leaders need to be able to communicate the anticipated benefits of proposed long-term investments.

Skills of Sustainability Professionals

As part of a study relating to appropriate training for young professionals looking to become sustainability leaders, researchers at the International Institute for Sustainable Development conducted a literature review focusing on the thinking about sustainability skills and values in the workplace. The review covered integrative studies of sustainability skill set, experiences with leadership training program in areas such as environmental leadership and corporate social responsibility, reports to donors and surveys of formal education systems and experiential learning programs. Based on their work, the researchers compiled the following list of 21 skills identified as important to sustainability professionals at entry, midcareer or leadership positions.

- Staff and team management (with the ability to delegate and manage complex tasks and competing priorities)
- Long-term planning (orientation to and planning for longer-term outcomes, as compared to an immediate-results orientation)
- Project management (process of setting and delivering project goals, objectives, tasks, timelines, results and assessment against objectives)
- Financial skills (understand the organization's bottom line, budget development—including cost estimates—and other fiscal responsibilities)
- Donor or client relations (management of donor or client relations, including reporting skills)
- Communication skills (excellent written and oral communications skills, proficiency in a second language)
- Translating complex ideas (ability to "translate" complex or scientific issues into simple and clear messages)
- Analytical rigor (including the ability to frame appropriate research questions or policy advice)
- Knowledge management (literacy in electronic communications, virtual collaboration and other knowledge management skills)
- Influencing strategy (understanding of how to influence and promote change, including what it means to be a "change agent" for sustainability)
- Awareness of stakeholder roles (understanding the roles of different actors in sustainability, including the importance of involving stakeholders in decision-making)
- Geo-political awareness (understanding of the geo-political context in which you are working)
- Facilitation skills (skilled at mediating different interests, including good listening, clarifying, questioning and responding skills)
- Network management (ability to foster and manage strategic external partnerships, networks and alliances; organize compelling meetings/conferences)
- Systems approach (ability to think about systems, both ecosystems and social systems)
- Understanding global institutions and processes (understanding the modes of operation for major global institutions (e.g., United Nations and The World Bank) and how to engage with them)
- Understanding private sector (understanding the modes of operation for major private sector actors and how to engage with them, understanding the economic dimensions of sustainability)
- Managing unpredictability (skilled at operating under adverse or unpredictable conditions (e.g., field work, difficult or changing political landscapes, scientific uncertainty, etc.))
- Bridging disciplines or sectors (understanding of integrated decision-making, capacity to bridge disciplines and sectors)
- Bridging cultures (adept at working outside of one's own cultural context or community, including in another country or culture)
- Managing diversity in the workplace and socially (effective interaction on a social and professional basis with people of differing backgrounds: gender, race, culture, values, attributes)

Source: D. Timmer, J. Creech and C. Buckler, *Becoming a Sustainability Leader* (Winnipeg CN: International Institute for Sustainable Development, 2007), 56.

§10 ----Knowledge

Visser and Courtise noted that prospective sustainability leaders need to have sufficient knowledge about sustainability in order to translate it into successful business strategies and effectively communicate on issues of sustainability to their followers and the stakeholders of their companies. Among the most important areas of knowledge for sustainability leadership are the following²⁸:

- *Global challenges and dilemmas:* Sustainability leaders need to have knowledge about the key pressures on the world's social and ecological systems and the connections between those systems and economic and political forces. Specifically, sustainability executives need to know about the important social and environmental challenges around the globe (e.g., poverty and income inequality, education, pollution, infectious diseases, global warming and climate change) and the role that businesses like theirs can play in addressing those challenges, either on their own or in collaboration with others.
- *Interdisciplinary connectedness:* Sustainability leaders understand that sustainability in business involves multiple dimensions—economic, environmental and social actions and performance—and that they must be mindful of relevance and interconnectedness of a number of knowledge areas including physical sciences, social sciences, technology, business and other disciplines. Knowledge of these areas allows the sustainability leader to critically connect his or her company's financial, human, natural, social and technological assets.
- *Change dynamics and options:* Visser and Courtise noted that sustainability leaders are adept at understanding how complex systems work and are able to deploy a range of options for promoting beneficial change in them (e.g. financial markets, policy options and trends, technology options, consumer behavior and attitudes, organizational dynamics, change models and metrics). Several sustainable leaders interviewed by Visser and Courtise emphasized their role as a “catalyst for change”.
- *Organizational influences and impacts:* Sustainability leaders generate and analyze knowledge about the full impact of their organization's activities as a means for identifying and developing opportunities for value creation and new markets. The key to unlocking this type of information is creating environmental and social impact matrices and committing to full transparency in reporting on economic, environmental and social performance.
- *Diverse stakeholder views:* Visser and Courtice argued that sustainability leaders are open to different world views and belief systems, both within their communities and across geographic, cultural and political divides, and look for ways to incorporate these appropriately into the organization's overall sustainability initiatives.

²⁸ W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 13-16.

Stakeholder engagement, particularly with consumers, is not only a good source of ideas, it also strengthens the organization's brand, trust and reputation; however, stakeholder-orientation must come from being comfortable working in a web of relationships and abandoning traditional "controller" methods of leadership in favor of listening and influencing.

§11 --Leadership actions

Visser and Courtice argued that the biggest challenge for sustainability leaders going beyond saying the right words about sustainability to actually "walking the talk" by taking the actions necessary to execute on the sustainability plans of their organizations.²⁹ Among the problems that must be overcome are entrenched values and practices within the organization that would be upset by the sustainability strategies and progress by sustainability leaders depends on taking certain internal actions such as providing managers and employees with a compelling vision and strategic goals, creating incentives for integrating sustainability into day-to-day practices, empowering people throughout the organization and providing opportunities to learn about sustainability and its place in the business context. At the same time, sustainability leaders must also look outward and incorporate sustainability principles into customer-oriented activities such as sales and marketing, involve their organizations in cross-sector partnerships and implement stakeholder engagement and transparent reporting programs.

Lean Leadership

Jagyasi argued that in order to use the lean startup process effectively, and put startups on a path of sustainable growth that can be maintained, it is necessary to have "lean leadership with a futuristic vision and well defined strategies". According to Jagyasi, lean leadership was based on five basic principles:

- **Identify the core performers:** Lean leaders must be able to quickly identify those core members of the team with the ability to get things done in the system and fetch unexpected rewards and nurture them properly along with timely rewards and incentives.
- **Learning from the data:** Smart lean leaders have the ability to use the data collected from the lean startup process intelligently to plan for new innovations in the market, study a market segment, improve and accelerate the decision making process and enhance the learning capacity of the organization.
- **Maintain a trimmed management system:** A lean management team fosters learning and growth and lean leaders should avoid creating an overcrowded management system that tends to restrict innovation and create conflicts of interest that decrease the productivity level of the organization. Before adding to the management team, a clear case must be made that the new addition will create real value.
- **Incentivizing the innovations:** Lean leaders must be able to properly align incentives and rewards to the startup's strategic goals and should also create incentives and key performance indicators that encourage and motivate the most innovative members of the team.
- **Directing the route:** The lean leader must be an efficient driver of the "startup vehicle", which means being able to detect the points to slow down, shift gears, change the course (i.e., "pivot") or persevere.

In addition to the principles and action items associated with lean leadership mentioned above, Jagyasi suggested the following list of desirable traits of a lean leader:

²⁹ Id. at 16.

- Learning attitude: Willing to learn and not only command
- Good understanding level: Good listener and willing to understand.
- Believes in evidence based practice
- Maintaining a continuous and sustainable lean thinking
- Always open to communication
- Displays strong commitment towards consistency, discipline and outcome
- Advocate cause-effect relationship
- Possess a high leadership personality

Source: P. Jagyasi, “Lean leadership for startup companies” (August 14, 2017), <https://www.linkedin.com/pulse/lean-leadership-startup-companies-dr-prem-jagyasi-drprem-com>. For discussion of the “lean startup method”, see “Entrepreneurship: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

§12 ----Internal actions

Internal actions with respect to sustainability are those that are primarily organization-oriented and include the following³⁰:

- *Informed decisions:* Sustainability leaders act in accordance with the best available knowledge and proactively seek out the facts necessary for them to make a realistic assessment of the situation in front of them.
- *Strategic direction:* The essence of sustainability leadership is being able to provide followers with a compelling vision and clear strategic goals. Sustainability leaders are good at stating an overarching purpose for the activities of their company that ennobles those who serve it, stimulates individual commitment and brings unit to cooperative actions among the members of the organization. Sustainability leaders must act to ensure that sustainability issues are fully embedded into the strategy and operations of their companies.
- *Management incentives:* Sustainability leaders align management and incentive structures by building sustainability-related performance criteria into their compensation systems for executives and creating and implementing a sustainability governance framework that includes members of the board of directors and senior management, employees and representatives of external stakeholders. Sustainability leaders also implement training programs to support efforts to achieve the sustainability-related incentives.
- *Performance accountability:* Sustainability leaders demonstrate accountability and performance improvement through implementation of reporting, measurement and auditing processes relating to their sustainability-related initiatives. The goal of these processes is to measure and explain the impact of a company’s activities on society, the environment and the economy and facilitate transparency and stakeholder engagement. However, instilling accountability throughout the organization does not mean more structure and controls, but rather encouraging organizational managers to

³⁰ Id. at 16-19.

act in a focused and disciplined manner and take personal responsibility for actions relating to the sustainability-related initiatives.

- *People empowerment:* Sustainability leaders exert positive influence on their followers by providing them with opportunities and resources for self-development, organizational innovation and societal contribution. Among other things, sustainability leaders find ways to deepen the knowledge and skills of everyone in their organizations (i.e., “continuous improvement”) and provide followers with the resources they need to effectively pursue and achieve sustainability-related initiatives.
- *Learning and innovation:* Sustainability leaders need to empower sustainability learning and innovation throughout their organization through education and recognition. Sustainability leaders should see teaching as being one of their primary roles and should ensure that they share information they have gathered throughout the organization. Learning about the technologies that are most likely to be the foundation of innovation for sustainability (e.g., renewable energy, energy efficiency and information and communications technology) is particularly important.

§13 ----External actions

External actions with respect to sustainability are those that are primarily stakeholder-related and include the following³¹:

- *Cross sector partnerships:* Sustainability leaders engaged in structured and widespread cross-sector collaborations to identify, develop and deliver solutions for sustainability-related problems. Cross-sector partnerships allow sustainability leaders to tap into the creativity, innovativeness and other resources of likeminded stakeholders that are not available in a cost-effective manner in their organizations.
- *Sustainable products and services:* Sustainability leaders focus their efforts relating to research and development, supply chain management, sales and marketing on sustainability principles and seek to develop and commercialize technologies and products that address social and environmental challenges.
- *Sustainability awareness:* Sustainability leaders look for ways to share their knowledge and understanding about sustainability issues with various stakeholder groups (i.e., customers and members of the community) and elicit responses that can be used to improve products and services and broaden overall awareness of sustainability issues. Special care is taken to inform consumers on how products and services should be used to achieve sustainability goals such as reducing energy and water consumption.
- *Context transformation:* Sustainability leaders are eager to get involved in initiatives that seek to challenge the status quo and create enabling conditions for positive action by changing the relevant context, policy frameworks and “rules of the game” in the operating environments in which sustainability issues arise. For example, sustainability leaders may join with other executives to engage in dialog to reach agreement on actions that businesses can and should take to enable sustainability.

³¹ Id. at 19-21.

Sustainability leaders may also get involved in changing the political context for governmental actions relating to sustainability topics.

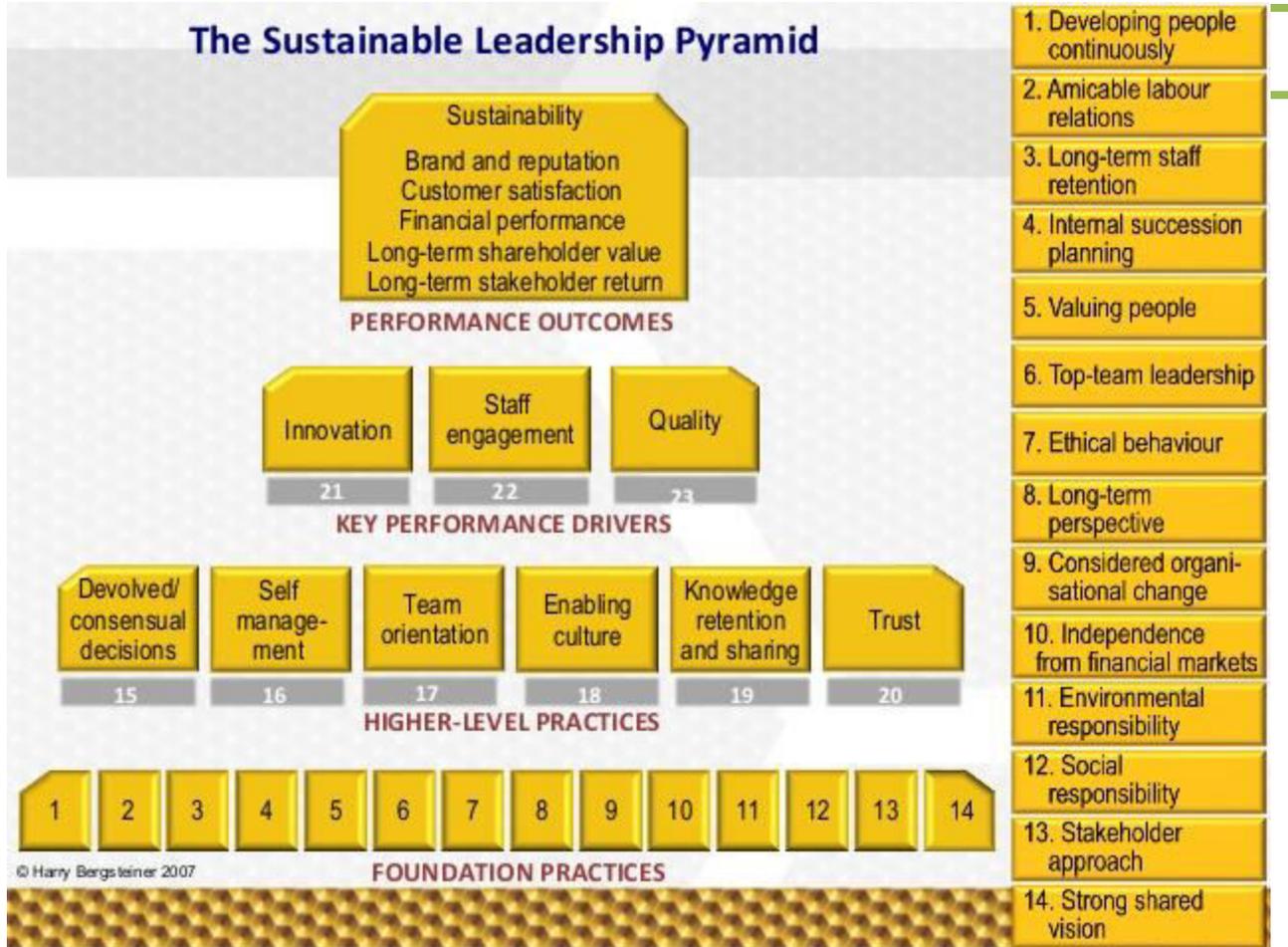
- *Stakeholder transparency:* Sustainability leaders encourage openness and trust building in stakeholder engagement by adopting reporting practices that allow stakeholders to understand the goals and objectives of their organizations with respect to environmental, social and governance issues and their performance against those goals. Transparency not only builds trust but also facilitates dialogue with stakeholders since they have a better understanding of how sustainability decisions are made within the organization.

§14 Avery and Bergsteiner’s sustainable leadership practices

Avery and Bergsteiner argued that the best way to understand sustainable leadership practices was to contrast them directly with their polar opposite: “the typical shareholder-first approach, which business schools, management journals, the media, and many practitioners continue to promote”.³² During the course of several studies involving organizations from all around the world including the US, UK, Australia, Europe, Scandinavia and Thailand, they collectively identified and distinguished two diametrically opposed sets of 23 leadership practices, principles and/or attitudes that formed self-reinforcing systems and which they referred to as the “sustainable ‘honeybee’ leadership approach” and the “shareholder-first or ‘locust’ approach”.³³ Descriptors of sustainable leadership included sophisticated, stakeholder, social and sharing while practitioners of the shareholder-first philosophy were described as tough, ruthless, asocial and interested only in profits “at any cost”. Avery and Bergsteiner also arranged the 23 practices in the form of a pyramid with four ascending levels in order to provide guidance for intervention: foundational practices at the bottom, higher-level practices above them, key performance drivers at the third level and, finally, a top level that did not include specific practices but which described performance outcomes that their research showed contributed to sustainability.

³² G. Avery and H. Bergsteiner, “Sustainable leadership practices for enhancing business resilience and performance”, *Strategy and Leadership*, 39(3) (2011), 5, 6.

³³ *Id.* at 7 (citing M. Albert, *Capitalism vs Capitalism: How America’s Obsession with Individual Achievement and Short-term Profit Has Led It to the Brink of Collapse* (New York: Four Walls Eight Windows, (1993); G. Avery, *Leadership for Sustainable Futures: Achieving Success in a Competitive World* (Cheltenham, UK and Northampton, MA, USA, Edward Elgar, 2005); G. Avery and H. Bergsteiner, *Sustainable Leadership: Honeybee and Locust Approaches* (London: Routledge, 2011) ; P. Hall and D.Soskice, “An introduction to varieties of capitalism” in P.A. Hall and D. Soskice (Eds), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001), 1; W. Hutton, *The World We’re in* (London: Little, Brown, 2002); A. Kennedy, *The End of Shareholder Value: The Real Effects of the Shareholder Value Phenomenon and the Crisis It Is Bringing to Business* (London: Orion Business Books, 2000)).



§15 --Foundation practices

The fourteen practices placed at the lowest level of the pyramid were referred to as “foundation practices” that could be introduced at any time that the leadership of the organization decided. These leadership elements are included in the table below and contrast to the approach generally taken by leaders following the shareholder-first philosophy.³⁴ Implementation of the foundational practices includes a number of different initiatives including training and staff development programs, proactively striving for amicable labor relations, development of strategies for staff retention, shifting compensation programs toward metrics that valued contributions to customer loyalty and to innovation, promoting environmental and social responsibility, initiating communications with multiple stakeholders and transparently taking into account and balancing their interests, and developing and embedding a share vision for the goals of the business.

Leadership Elements	Sustainable Leadership	Shareholder-First
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³⁴ Id. Original source for the information in the table was G. Avery and H. Bergsteiner, *Honeybees and Locusts: The Business Case for Sustainable Leadership* (Sydney: Allen & Unwin, 2010), 36-37.

		Philosophy
Developing people	Develops everyone continuously	Develops people selectively
Labor relations	Seeks cooperation	Acts antagonistically
Retaining staff	Values long tenure at all levels	Accepts high staff turnover
Succession planning	Promotes from within whenever possible	Appoints from outside whenever possible
Valuing staff	Is concerned about employees' welfare	Treats people as interchangeable and a cost
CEO and top team	CEO works as top team member or speaker	CEO is decision maker and hero
Ethical behavior	"Doing the right thing" as an explicit core value	Ambivalent, negotiable, an assessable risk
Long- or short-term perspective	Prefers the long-term over the short-term	Short-term profits and growth prevail
Organizational change	Change is an evolving and considered process	Change is fast adjustment, volatile, can be <i>ad hoc</i>
Financial markets orientation	Seeks maximum independence from others	Follows its masters' will, often slavishly
Responsibility for environment	Protects the environment	Is prepared to exploit the environment
Social responsibility (CSR)	Values people and the community	Exploits people and the community
Stakeholders	Everyone matters	Only shareholders matter
Vision's role in the business	Shared view of future is essential strategic tool	The future does not necessarily drive the business

§16 --Higher-level practices

Once the foundational practices have been put into place, leaders can begin to introduce one or more of the six higher-level practices placed at the second level of the pyramid. These practices address the leadership elements in the table below and generally involve difficult and time-consuming changes to many key aspects of how business is done on a day-to-day basis.³⁵ Notably, effective implementation of the higher-level practices requires that related foundational practices already be embedded into the operations and culture of the firm. For example, employees cannot reasonably be expected to become more self-managing unless they have received adequate training and career development and have a clear sense of the vision for the firm that can be referenced when making decisions during the course of carrying out their job responsibilities and interacting with outside stakeholders such as customers and community groups. Self-management is also supported by long-term relationships with the firm during which employees gain a better understanding of the firm's culture and the networks within the firm that are available for support in resolving issues and launching innovative activities. Development of trust, another one of the higher-level practices, depends on consistent long-term application of the foundational principals such that employees and other stakeholders can rely on the

³⁵ Id. at 7.

actions that will be taken by the leader and the values that the leader will apply to decisions, operational activities and strategic goals.

Leadership Elements	Sustainable Leadership	Shareholder-First Philosophy
Decision making	Is consensual and devolved	Is primarily manager-centered
Self-management	Staff are mostly self-managing	Managers manage
Team orientation	Teams are extensive and empowered	Teams are limited and manager-centered
Culture	Forster an enabling, widely-shared culture	Culture is weak except for a focus on short-term results that may or may not be shared
Knowledge sharing and retention	Spreads throughout the organization	Limits knowledge to a few "gatekeepers"
Trust	High trust through relationships and goodwill	Control and monitoring compensate for low trust

§17 --Key performance drivers

The third level of the pyramid includes three key performance drivers: strategic, systemic innovation; staff engagement; and quality. According to Avery and Bergsteiner, these elements, which are compared and contrasted with the shareholder-first philosophy in the table below, "essentially provide what end-customers experience and so drive organizational performance".³⁶ Avery and Bergsteiner pointed out that each of the key performance drivers depend on elements lower in the pyramid. For example, they referred to research showing that enhancement of quality occurred when organizations had a team orientation, skilled and empowered employees, and a culture that supported knowledge sharing and the development and maintenance of trust.³⁷

Leadership Elements	Sustainable Leadership	Shareholder-First Philosophy
Innovation	Strong, systemic, strategic innovation evident at all levels	Innovation is limited and selective; buys in expertise
Staff engagement	Values emotionally-committed staff and the resulting commitment	Financial rewards suffice as motivators, no emotional commitment expected
Quality	Is embedded in the culture	Is a matter of control

§18 --Performance outcomes

³⁶ Id. at 7 and 9.

³⁷ See e.g. C. Lakshman, "A theory of leadership for quality: lessons from TQM for leadership theory", *Total Quality Management*, 17(1) (2006), 41; and J. Tari' and V. Sabater, "Human aspects in a quality management context and their effects on performance", *International Journal of Human Resource Management*, 17(3) (2006), 484.

At the top of their pyramid Avery and Bergsteiner placed five performance outcomes that they believed created sustainable leadership, noting that the elements at the lower levels of the pyramid collectively drove organizations to these outcomes³⁸:

- Integrity of brand and reputation.
- Enhanced customer satisfaction.
- Solid operational finances (all firms have to survive financially including in the short term)
- Long-term shareholder value
- Long-term value for multiple stakeholders

§19 --Using and implementing the pyramid

Avery and Bergsteiner advised that their pyramid was intended to be dynamic in all directions and that the interactions between the elements not only flowed bottom-up and top-down, but practices on the same level also influenced each other.³⁹ The illustrated their point by focusing on trust, one of the higher-level practices, and pointing out that trust would not develop unless and until various other practices had been implemented and embedded including amicable labor relations, development of people, empowered decision making, and focus on long-term retention of staff and caring for people. Other practices related to development and maintenance of trust include ethical behavior, taking a long-term perspective, practicing environmental and social responsibility, developing honest and trusting relationships with multiple stakeholders and defining and communicating a share vision. Relations and reinforcements among elements can also be seen at the top level of the pyramid: long-term shareholder value is enhanced and protected when companies protect their brands and reputation, keep their customers and investors satisfied.

As for implementation, Avery and Bergsteiner pointed out that the pyramid, with its 23 practices, left enormous scope for variation and that they disclaimed any notion that there was a one-size-fits-all approach to sustainable leadership.⁴⁰ For example, while there should be consensus that long-run survival of a business depends on operating ethically, sustainable leaders may choose from a number of approaches when seeking to embed ethical behavior in their organizations. Transitioning to sustainable leadership, or building a business based on sustainable leadership principles from the very beginning (i.e., “sustainable entrepreneurship”), is not an easy process and requires attention to developing and changing organizational culture, internal systems and processes, leadership vision and rewards and expectations of multiple stakeholders. Complicating the process is the fact many potential sustainable leaders must overcome the shareholder-focused mindset that they have been taught in schools and in their previous positions with other organizations.

³⁸ G. Avery and H. Bergsteiner, “Sustainable leadership practices for enhancing business resilience and performance”, *Strategy and Leadership*, 39(3) (2011), 5, 8-9.

³⁹ *Id.* at 9-10.

⁴⁰ *Id.* at 9 and 11.

Avery and Bergsteiner recommended that aspiring sustainable leaders begin with an audit of the perceptions of the current members of their organization as to how the organization is performing with respect to implementation and support of the 23 leadership practices included in the pyramid.⁴¹ The goal is to determine what is working and which areas, particularly at the foundation level, need immediate attention. It is important for all or most of the foundational practices to be in place before moving too aggressively on the higher-level practices and key performance drivers and, in fact, without a solid foundation the leader will find that his or her directives will either be ignored or will face large challenges with respect to implementation. For example, becoming more innovative is not just a matter of increasing research and development spending, it also requires a focus on foundational practices such as taking a long-term vision and training and valuing employees who must cope with innovation in the form of changing job responsibilities and new systems and processes. Innovation also requires higher-level practices such as effective teamwork and collaboration, employees who are will and able to become more autonomous in managing their jobs and making decisions, and knowledge sharing. The key performance drivers are related and success with innovation will mean better quality in products and services and strengthened staff engagement; however, Avery and Bergsteiner urged patience and counseled that building a successful innovation culture can take as long as ten years.

Becoming a Sustainable Leader

Sustainable leadership focuses on bringing about dramatic changes inside and outside organizations and calls for prospective sustainability leaders to be aware of the various traits, styles, skills and knowledge that he or she should have; the internal and external leadership actions that he or she should be taking; the leadership practices and principles that he or she should be following and disseminating and embedding throughout the organization; and the habits that have come to be associated with effective sustainability leadership. There is no universal curriculum for becoming a sustainable leader and things like traits, actions and practices will vary depending on the personality and temperament of the leader and the context in which he or she is operating; however, the elements listed below are based on the work of several researchers who have analyzed the training, experiences and practices of sustainable leaders in organizations selected from many countries and sectors. It is hoped that these elements can provide a foundation for the continuous study and work that is needed in order to become and remain an effective sustainable leader.

1. Traits

- Caring and morally-driven
- Honesty and trustworthiness in actions and relationships (“keep your word”)
- Systemic holistic thinker
- Enquiring and open-minded
- Self-aware and empathetic
- Visionary, tenacious and courageous
- Concern for disparities and injustices and commitment to human rights
- Respect for diversity and different ways of working, cultures and mindsets
- Passion for sustainability and commitment to a sustainable lifestyle

2. Styles

⁴¹ Id. at 11-12.

- Inclusive and engaging
- Collaborative
- Consensual decision making
- Empowering and trusting
- Visionary and creative
- Altruistic (guiding and helping others with the ultimate goal of improving their wellbeing)
- Servant (transcending self-interest to serve the needs of others)
- Radical

3. Skills

- Manage complexity and unpredictability
- Bridge disciplines and sectors
- Communicate vision
- Exercise judgement
- Challenge and innovate
- Staff and team management
- Managing diversity in the workplace and socially
- Think and plan long term

4. Knowledge

- Competence in domains relevant to organizational goals and purposes
- Awareness of ecological, economic, political, cultural and community contexts
- Global challenges and dilemmas
- Interdisciplinary connectedness
- Change dynamics and options
- Organizational influences and impacts
- Awareness of stakeholder roles and diverse stakeholder views

5. Internal Leadership Actions

- Organizational culture and reach
- Informed decisions
- Strategic direction
- Governance structure
- Role of leadership
- Management incentives
- Performance accountability
- People empowerment
- Learning and innovation

6. External Leadership Actions

- Cross sector partnerships
- Sustainable products and service
- Sustainability awareness
- Context transformation
- Stakeholder transparency

7. Leadership Practices

- Commitment to training and staff development programs

- Proactively striving for amicable labor relations
- Development of strategies for staff retention
- Shifting compensation programs toward metrics that valued contributions to customer loyalty and to innovation
- Promoting environmental and social responsibility
- Initiating communications with multiple stakeholders and transparently taking into account and balancing their interests
- Developing and embedding a shared vision for the goals of the business

8. Habits

- Taking a long-term perspective in making decisions
- Fostering systemic innovation aimed at increasing customer value
- Developing a skilled, loyal and highly engaged workforce
- Offering quality products, services and solutions
- Developing and maintaining the trust of organizational members and stakeholders
- Committing to and engaging in ethical behavior and decision making and establishing ethical values and standards throughout the organization

Sources: W. Visser and P. Courtice, *Sustainability Leadership: Linking Theory and Practice* (Cambridge UK, University of Cambridge Institute for Sustainability Leadership, 2011), 1; G. Avery and H. Bergsteiner, “Sustainable leadership practices for enhancing business resilience and performance”, *Strategy and Leadership*, 39(3) (2011), 5, 6; and D. Timmer, J. Creech and C. Buckler, *Becoming a Sustainability Leader* (Winnipeg CN: International Institute for Sustainable Development, 2007), 56, 59.

§20 Ethical leadership

An ethics-based organizational culture is essential; however, surveys have repeatedly found that the “tone at the top”, the actions and behaviors of organizational leaders, is possibly the greatest influencer of organizational ethics. Everyone throughout the organization, managers and employees, follow the actions of the chief executive officer (“CEO”) and quickly hear of ethical lapses. As such, it is essential for the CEO and the other members of his or her executive team to make a public commitment to ethical behavior and decision making and proactively communicate with others in the organization on ways in which they can and should act to further the organization’s ethical values and standards. Kelly et al. quoted a former CEO of Deere, a widely recognized as an ethical and highly performing enterprise, who said that the tone at the top needed to be reinforced by the actual behavior observed by suppliers, dealers, customers, and employees and that ethical words were not effective unless they were “backed up with documented practices, processes, and procedures, all understood around the globe”.⁴² In addition, organizational leaders should create and rigorously administer evaluation and reward systems that take into account ethical goals and standards when decisions are made regarding compensation and promotion. At the same time, codes of ethics should be vigorously enforced and it should be clear to everyone in the

⁴² M. Kelly, J. McGowen and C. Williams, *BUSN* (Independence, KY: South-Western Publishing Company, 2014), 57.

organization that failure to act in an ethical manner will lead to swift and severe disciplinary action.⁴³

Setting the right tone means not only visible positive actions such as supporting local charities but also consciously avoiding actions and behaviors that send the wrong message such as ostentatious use of company airplanes, if there are any; expensive “retreats” for members of the executive team; gaudy refurbishing of the personal offices of executives; excessively large severance packages for executives; and spending lavish amounts of company funds on entertainment and recreation.⁴⁴ Some executives justify these types of actions by arguing that they are immaterial when balanced against the company’s overall emphasis on socially responsible products and business practices; however, one misstep can undo years of effort to build a company’s brand as an ethical organization. CEOs have also been known to engage in highly unethical behavior that did not necessarily generate immediate benefits for themselves but was calculated to create a competitive advantage for the company. One example is John Mackey, the co-CEO and co-founder of the well-known socially responsible branded company Whole Foods, who was found to have made literally thousands of anonymous posts on social media over several years promoting Whole Foods and disparaging a competitor to drive down that company’s value to the point where Whole Foods could launch a takeover bid at advantageous pricing.⁴⁵

While direct responsibility for the “tone at the top” lies with the CEOs and others on the front lines of the company’s daily business operations, the board of directors also has a fiduciary and ethical duty to the shareholders and other stakeholders of the company to be mindful of actions and transactions that may be perceived as being ethically unsound. In fact, to the extent that one of the traditional, albeit arguably narrow, duties of the board is to protect and enhance shareholder value, knowingly countenancing acts and contractual relationships with officers that reflect poorly on the company’s reputation may rightly be construed as a fiduciary failure on the part of directors. For example, shareholders, employees and other stakeholders might reasonably look askance on directors who have approved gaudy severance packages for CEOs who oversaw extended periods of poor performance and who appear to sit idly by as the media releases embarrassing reports of CEO expenses and/or unethical practices in the company supply chain come to light.

Case Study: Wells Fargo Bank—Failure of Leadership Competence and Ethics

The story of the sham accounts scandal at Wells Fargo Bank is really pretty simple. An article published on October 13, 2016 in *The New York Times* explained it clearly: “Under intense pressure to meet aggressive sales goals, employees created sham accounts using the names—and sometimes, the actual money—of the bank’s real customers, and in some cases the customers did not discover the activity until they started accumulating fees.” On September 8, 2016, it was announced that the bank had entered into a settlement agreement with the federal Consumer Financial Protection Bureau that included fines and other

⁴³ R. Daft and D. Marcic, *Understanding Management* (5th Edition) (Mason, OH: South-Western Publishing Co., 2006), 141.

⁴⁴ M. Kelly, J. McGowen and C. Williams, *BUSN* (Independence, KY: South-Western Publishing Company, 2014), 56.

⁴⁵ *Id.* at 57.

payments of \$185 million and included an acknowledgement from the bank that thousands of its employees, reacting to intense pressure from management to meet aggressive sales goals, has opened as many as two million sham accounts without the knowledge of customers and had often opened those accounts by forging the signatures of those customers.

However, the settlement was just the first act in what has become a scintillating story of widespread criticism of the bank's treatment of its customers and employees and, more importantly, the apparent failure of members of the executive team and the board of directors to effectively carry out their oversight responsibilities and respond appropriately to the situation. On September 27, 2016, the bank's board of directors announced that John G. Stumpf, the bank's then-chief executive, would forfeit approximately \$41 million worth of stock awards and receive no bonus for 2016. The board also said that it was launching an investigation into the bank's sales practices and that Stumpf, who already had been called before Congressional committees to explain what he knew about the fake accounts, would not receive any salary while that investigation was going on. The board also announced that the former senior executive vice president of community banking, who ran the business unit where the fake accounts were created, would be retiring immediately and would forfeit \$19 million in stock grants, would receive neither a bonus for 2016 nor any severance, and would be denied certain enhancements in retirement pay.

A little over two weeks later, Stumpf, who was famously told "you should resign" by Senator Elizabeth Warren during Senate hearings in early September, did just that. Analysts praised the move, which was unexpected, as an opportunity for the bank to remove a significant distraction and move forward with rebuilding its reputation. The board announced an extensive reshuffling of the bank's top management team; however, for new leadership they stayed in-house and appointed Timothy J. Sloan, a long time insider, as president and COO and then CEO, but not chairman. Critics expressed concern that Sloan was also culpable in the fraudulent accounts scandal, given his central role in what was clearly a flawed chain of command that should have stopped the misconduct from occurring and handled it better once it became a matter of public knowledge. He was also on record as a staunch defender of cross-selling, was the face of the company in the departure of the head of the community banking unit and was a close ally of Stumpf who called his resignation "an incredibly selfless decision".

Sloan was slow to act on making pronouncements about changes in the bank's culture, a culture he was groomed in and helped to evolve and which has often seemed to be more interested in aggressively overwhelming and confusing customers as opposed to focusing on providing good service. Early indications were that the quality of the customer experience would be given greater weight in compensation decisions, as opposed to qualitative metrics like numbers of accounts; however, while some claimed the change could take effect quickly others expressed skepticism given the embeddedness of the prior culture and the fact that bank leadership remained essentially unchanged even through roles and reporting channels among senior executives and managers were restructured with great publicity..

For her part, Warren wanted more from Stumpf: return of all the money he received during the scam and investigations by Securities Exchange Commission ("SEC") and the Department of Justice ("DOJ"). By November it appeared she had gotten at least part of her wish. Wells Fargo announced the following in its Form 10-Q filed with the SEC on November 3, 2016: "Federal, state and local government agencies, including the United States Department of Justice and the United States Securities and Exchange Commission, and state attorneys general and prosecutors' offices, as well as Congressional committees, have undertaken formal or informal inquiries, investigations or examinations arising out of certain sales practices of the Company that were the subject of settlements with the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency and the Office of the Los Angeles City Attorney announced by the Company on September 8, 2016." Given the changes in leadership at the SEC and the DOJ that will occur with the beginning of the Trump Administration, the timing and outcome of these investigations remains to be seen; however, the bank is also responding other requests for information on the sales practices and circumstances of the original settlement and the bank's lawyers are busy defending a number of lawsuits have been filed by non-governmental parties seeking damages or other remedies related to these sales practices. In addition, leaders in several states, including California, Illinois and Ohio, announced that Wells Fargo had been banned from doing business with state agencies in those states, as well as participating in any state bond offerings, and similar bans were announced by leaders in various cities including

Chicago and Seattle.

The scandal initially had a devastating impact on investors and others who depend on the value of the bank's stock, such as low- and mid-level employees, who had received stock options as part of their compensation arrangements. From early September 2016, when news of the settlement was released, until mid-October 2016 the market value of the bank's stock fell by almost \$28 billion. When earnings for the third quarter were announced they had slipped to \$5.6 billion from \$5.8 billion for the same period a year earlier; however, there were signs of even more alarming problems for the future. For example, in presentations to investors the bank reported that banker and teller "interactions" had dropped from the previous year and from August 2016, the month before news of the scandal broke, and that consumer checking account openings and applications for the bank's credit cards had also fallen off sharply. Similar softening of demand was occurring with respect to mortgage referrals from retail branches.

The announcement of results for the fourth quarter included word that new credit card applications were down 43%, new checking account openings had fallen by 40% and both teller transactions and customer interactions with the bankers in the branches had also declined when compared to the fourth quarter of 2015. The bank's expense ratio—the bank's expenses divided by revenue—had climbed outside of its typical range owing in part to the legal bills and advertising expenses associated with dealing with the scandal and attempt to regain the trust of customers. However, in spite of all this, Wells Fargo stock enjoyed the surge that other banks and financial institutions experienced in the wake of the election results of November 2016 and the share price, which had fallen to \$45 in early November, had risen to \$55 in mid-January of 2017.

Had the bank weathered the storm? Macroeconomic conditions looked promising: rising interest rates, robust job market, strong "credit quality" among potential borrowers and the real possibility of reduction of banking regulations. At the same time, Wells Fargo faced stiff competition from traditional banks and new players in the financial services industry offering innovative products and services without the large expense of maintaining a "brick-and-mortar" infrastructure. Whatever the future held, it was clear that Wells Fargo had failed several stakeholders: the employees who were fired; the customers who were bilked; the investors who believed in the board and saw the bank's reputation plummet; and the trust of the communities in which the bank operates.

The apparently sudden eruption of scandal at Wells Fargo has unleashed a backlog of criticism of leadership competence and ethics and led to calls for the bank to make a fundamental shift in a number of areas including overall strategy and risk and crisis management, a process that many believe can only be carried out effectively if the bank is willing and able to make significant leadership changes. Some of the problems with the organizational culture can be traced to questionable overall business strategies that may have caused the pressures to generate revenues that led to the problematic sales goals. Critics of C-suite decisions at Wells Fargo have argued that the bank has added lines of businesses in recent years while competitors were downsizing. These critics have observed that the competitors have been able to achieve significant improvements in their operations by becoming more focused while Wells Fargo has become "bloated". The solution for this problem, at least in the eyes of the critics, is a massive overhaul of the bank's business model.

Ironically, before news of the fraudulent accounts broke, Stumpf had been lauded as one of the top chief executives in the banking industry and, in fact, he was named the 2013 Banker of the Year by the trade publication *American Banker*. However, Stumpf had several serious lapses in ethical leadership. For example, Stumpf denied that he was actively involved in setting compensation for the executives who likely knew about the fraudulent sales practices; however, the bank's filings with the SEC clearly stated that his recommendations to the compensation committee of the board based on the performance of the executives had great weight with that committee. When the crisis broke and pressure grew to reclaim the compensation paid to those executives, Stumpf declined to get involved, punting back to the committee, at a time when outside compensation consultants argued that he should have stood up and said that he would not be taking any bonuses and urged the board to take a hard look at bonuses and other compensation paid to the other executives. Even more alarming is the evidence that Stumpf ignored letters sent to him by employees warning that the sales goals were causing damaging and unethical behavior at the branch level

and that some of those employees were terminated and denied opportunities for future employment. Stumpf's lack of leadership, and apparent inability to grasp the harmful impact of the situation and the anger it was causing in many quarters, can also be seen by his clinging to the explanation that the problem was bad employees and that the whole thing really wasn't a big deal because customers didn't actually lose money and the financial impact to the bank was immaterial, even though it was obvious to countless others that something wasn't right about opening over two million sham accounts for customers who didn't want them and often using forged signatures to do it.

The surprise decision by Stumpf to resign was praised by analysts and other bank watchers as an opportunity for the bank to not only remove a significant distraction but also move forward with rebuilding its reputation and implementing needed changes to its business model. The board announced an extensive reshuffling of the bank's top management team; however, for new leadership they stayed in-house and appointed Timothy J. Sloan, a long time insider, as president and COO and then CEO, but not chairman. Critics expressed concern that Sloan was also culpable in the fraudulent accounts scandal, given his central role in what was clearly a flawed chain of command that should have stopped the misconduct from occurring and handled it better once it became a matter of public knowledge. Observers also wondered whether the massive changes in the bank's business model that many thought would be necessary were beyond Sloan's skills and instincts.

Sloan, as the chief financial officer ("CFO") of the bank from February 2011 to May 2014, was required to sign periodic certifications included in the bank's filings with the SEC that confirmed that he had disclosed to the company's auditors and the audit committee of the board any fraud involving management or other employees that had a significant role in the bank's internal controls. It would appear that the widespread, and apparently well-known, practice of opening sham accounts could fairly be characterized as fraud relating to the bank's internal controls. Moreover, the scheme that led to the opening of the sham account was hatched and driven in a division overseen by a top bank executive clearly part of the bank's management team. Fair questions about all this include whether Sloan made the required disclosures to the auditors and the audit committee; if not, why not; and if he did, why was their no action taken years ago when these practices first began to bubble up? The bank's declaration that the financial impact of the problematic practices was not meaningful, "material" is the precise term used in the context of disclosures to investors, misses the point: the purpose of the certification requirements is to force the CEO and CFO, under pressure of potential personal liability under the federal securities laws, to rigorously evaluate the efficacy of their company's internal controls and take steps to be sure that others who should be involved in the process (e.g., members of the board's audit committee) are also doing their jobs.

Sources: G. Morgenson, "Wells Fargo Board, Now in Spotlight, Recalls Its Role", *The New York Times* (September 28, 2016), B1; M. Corkery and S. Cowley, "Bank's Leader Exits Abruptly Amid Scandal", *The New York Times* (October 13, 2016), A1; J. Stewart, "Justifiably, This Buck Stopped with the Chief Executive", *The New York Times* (October 13, 2016), B3; M. Corkery and S. Cowley, "Shake-up at Wells Fargo Fails to Dispel Skepticism From Lawmakers", *The New York Times* (October 14, 2016), B1; K. Sweet, "Wells Fargo earnings fall after scandal", *San Francisco Chronicle* (October 15, 2016), B1; K. Pender, "Wells board is also to be blamed for fiasco", *San Francisco Chronicle* (October 16, 2016), D1; G. Morgenson, "Wells Fargo Must Make Clean Break", *The New York Times* (October 16, 2016), Sunday Business 1; M. Corkery "Wells Fargo Struggling in Wake of Fraud Scandal, Quarterly Data Show", *The New York Times* (January 14, 2017), B2.

References and Resources

The Sustainable Entrepreneurship Project's Library of Resources for Sustainable Entrepreneurs relating to Leadership is available at <https://seproject.org/leadership/> and includes materials relating to the subject matters of this Guide including various Project publications such as handbooks, guides, briefings, articles, checklists, forms, forms, videos and audio works and other resources; management tools such as checklists and questionnaires, forms and training materials; books; chapters or articles in books; articles in journals, newspapers and magazines; theses and dissertations; papers; government and other public domain

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