

The strategist's bookshelf

Altruistic strategy: doing better by doing good

Gayle C. Avery

Gayle C. Avery is Professor of Management at Macquarie Graduate School of Management (gayle.avery@mgsm.edu.au) and a *Strategy & Leadership* contributing editor. Her newest book is *Sufficiency Thinking: Thailand's Gift to an Unsustainable World* (Allen & Unwin, 2016).

The Trillion Dollar Shift: Achieving the Sustainable Development Goals; Business for Good is Good Business, Marga Hoek (Routledge, 2018). Free download at www.routledge.com/The-Trillion-Dollar-Shift/Hoek/p/book/9780815364313

Increasingly there are calls for business leaders to completely rethink the way they operate in relation to the outside world. An emerging industrial age is bringing renewed focus on how interconnected our world and its inhabitants are and the looming crises that affect us all. In this global economy leaders are required to think and act beyond the borders of their organizations for the benefit of the whole planet. And in the process of doing good, some have found new ways for their companies to prosper.

A number of influential change leaders are forcefully making this point. Laurence D. Fink, the founder and chief executive of investment firm BlackRock, which manages more than \$6 trillion in assets recently warned business leaders at the world's largest corporations that they need to contribute to society. "Society is demanding that companies, both public and private, serve a social purpose."^[1]

For many companies this has simply involved engaging in corporate social responsibility initiatives within the local communities where the firm operates. Among the many examples is Cascade Engineering in Grand Rapids, famous for its commitment to

employees, the community and the environment.

World-sized challenges

However, many forward-looking CEOs are now seeking greater challenges. They are explicitly building a strategy around pursuing the 17 Sustainable Development Goals (SDGs) announced by the United Nations in 2015 and due for completion by 2030.^[2]

Why should leaders get involved with social issues that span continents? Self-interest is one answer. As Doug Frantz, Deputy Secretary-General of the OECD, put it, "Even the most hard-hearted CEO should understand that there will be no future business without sustainable markets and people with the skills to produce their products and the money to buy them."^[3]

Sustainable development goals

The SDGs goals cover issues from dealing with climate change, to eradicating poverty, gender discrimination and inequality in access to basic rights like freedom, clean water and decent education. The UN realized that solving these wicked global problems could not be left to government alone, but requires the power and strategic capability that business brings. This has become a clarion call to action for large and small business alike. But a disconcerting question is, where should a company start?

SDG opportunities

This is where Marga Hoek's book, *The Trillion Dollar Shift*, comes in. The book provides a comprehensive overview of SDG opportunities, showing how leaders can engage with knotty issues and create economic and social impact. She has extensive experience advising practitioners. She founded and was CEO of the Dutch Sustainable Business Association. She is Chairman of the Sustainable Science Association, Vice-Chairman of the Supervisory Board of Mazars Accountants, Member of the Responsible Investment Advisory Council of Bank of Montreal and Chairman of the jury of Climate-KIC entrepreneurs' competitions.

Her advice: business has plenty of scope to choose where to focus its actions because while the SDGs provide the big picture, its 230 indicators and 169 targets provide the detail. A key message of this book is that as the engines of the economy, growth, innovation and job creation, companies of any size can contribute to economic, social and environmental progress. And the book explains how doing business for good is also good business. As an inducement for leaders she notes that markets worth trillions of dollars are waiting for responsible companies to deliver solutions and access opportunities.

Business opportunities abound in each SDG sector. For each SDG, Marga Hoek presents a compelling case of how not only the world but also business would be better off by successfully addressing that problem. Regarding SDG 5 Gender Equity, for example, the global income of women is predicted to grow from approximately US \$13 trillion to \$18 trillion from 2018 to 2022. An estimated US \$12 trillion could be added to global GDP by 2025 by advancing women's equality. By

2028, women will control 75 percent of discretionary spending around the world, a market opportunity business cannot afford to overlook.

Strength in partnerships

Companies are realizing that altruistic strategy is a new model for business. As a start, many firms are embedding SDGs into their corporate plans. However, individual firms are limited in the action they can take on major issues and so are forming partnerships between business and government, as well as between different industry sectors. Leaders need to recognize that in an interconnected world, the goals overlap in various ways. For example, the SDGs relating to clean energy and use of resources affect not only the environment but also the SDGs concerning cities and transport. By investing capital in renewable energy, a business can conserve resources, protect the planet and provide greater efficiencies in transportation for urban areas. "SDG business leadership implies not only creating impact through and for your own company's actions, but also impacting and encouraging your supply chain, your broader sector, and the business ecosystem at large." [4]

Hoek recommends that leaders should:

1. Prioritize actions on SDGs.
2. Act to execute those actions.
3. Learn from the achieved impact in order to improve both their own company's effectiveness and that of others.

The World Business Council for Sustainable Development (WBCSD) has released *The CEO Guide to the SDGs*. [5] This guide describes the implications of the SDGs in four categories:

1. Risk of inaction
2. Capturing opportunities
3. Governance and transparency
4. Need for collaboration and partnership.

Hoek reports many positive examples of new and long-time businesses active in developing areas. "We founded Sarona to provide smart capital to build better businesses across frontier and emerging markets. It is exciting to see the SDGs provide a framework that the whole world can sign up to," said Viviana Berla, Co-Managing Partner, Sarona Asset Management. [6]

Another example Hoek offers is the loan program of the National Australia Bank (NAB). NAB has applied itself to SDG 8 Decent Work and Economic Growth by helping its rural customers transition to more sustainable business model and significantly reduce their energy and water bills.

In sum, this easy to read book provides leaders of businesses of all sizes and from all sectors with many examples of how to benefit in multiple ways by incorporating some of the SDGs into their corporate strategy and action plans.

Notes

1. Larry Fink's Annual Letter to CEOs, "A sense of purpose," available at: www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter
2. United Nations Sustainable Development Goals, available at: www.un.org/sustainabledevelopment/
3. Hoek, M., *The Trillion Dollar Shift* (Rutledge 2018), p. 402.
4. *Ibid*, p. 403.
5. "The CEO Guide to the SDGs," available at: www.wbcsd.org/Overview/Resources/General/CEO-Guide-to-the-SDGs
6. *ibid*, p. 180.