

Creating the sustainable organization: Four horizons for purposeful transformation

By Preeti Gandhi





Businesses today face many challenges, but none are mounting as quickly as those related to sustainable development. Disruptive weather events, increasing competition for natural resources, over-extended supply chains, and challenges getting products to market affect employees, bottom lines, and the communities that businesses serve. Moreover, consumers and stakeholders increasingly demand more environmental, social, and governance transparency, with organizations expected to provide accountability on their sustainability efforts. Brand loyalty increasingly pivots on this transparency. Changing government regulations around the world also reinforce the need to focus on sustainability—to continue doing business, organizations must meet emissions reduction targets across different geographies.

So far, the global approach to sustainability has largely been about damage control, with businesses left to develop their own approaches. At TCS, though, we see sustainability as a collective goal based on shared knowledge—a goal that requires moving from mitigation to regeneration, from a mindset of “doing less harm” to proactively “doing more good” in order to be effective. In turn, there will be positive outcomes for businesses, their employees and customers, and the planet in general.



As companies realize that doing good is good for business, they will be able to better define and implement broader environmental, social, and governance (ESG) initiatives, helping them to become more economically vibrant, ecologically informed, and ethically sensitive.¹ The old strategy of focusing solely on profit is no longer enough—to produce real value, companies need to reinvent themselves, moving beyond a pursuit of profit alone to establish a belief and purpose that defines their existence.

“The old way of thinking about business presupposes the point of business is to make profits. This is akin to believing that breathing is the purpose of life,” says Professor R. Edward Freeman of Virginia University’s Darden School of Business.² “Yes, you have to breathe to live, just as businesses must make profits. But the purpose of business is usually determined by a passionate entrepreneur chasing a dream to change the world.”

Reimagining business models to address long-term sustainability challenges is truly entrepreneurial and world changing. By successfully transitioning from a shareholder capitalist system to a stakeholder capitalist system, businesses will better be able to use a belief and purpose-led growth strategy that benefits employees, communities, consumers, investors, and society at large.³

As we witness the increasing effects of climate change and global socio-economic imbalances, it’s clear—adopting responsible and sustainable business practices are no longer a choice but an imperative. “Doing well” and “doing good” need to work together for businesses, as well as society, to have a sustainable future. While this isn’t something that can happen overnight, we believe businesses can harness the potential of human creativity, technology, and an innovation mindset to achieve a journey through four horizons towards the ultimate goal, a sustainable, regenerative economy.

¹DesJardins, Joe. “Business and Environmental Sustainability.” *Business & Professional Ethics Journal* 24, no. 1/2 (2005): 35-59. Accessed July 20, 2021.

²Freeman, R. Edward. “Is Profit the Purpose of Business?” *UVA Darden Ideas to Action*. August 8, 2014. <https://ideas.darden.virginia.edu/is-profit-the-purpose-of-business>

³Harvard University’s Sustainability and Health Initiative for NetPositive Enterprise (SHINE) <https://shine.sph.harvard.edu/research/reimagining-sustainability-health/>



The power of humanity, technology, and innovation

The imperative for global sustainability focuses on three main areas: people, the planet, and a business' purpose. This was best captured by John Elkington in his Triple Bottom Line (TBL) concept, which defined the idea that businesses should also consider environmental and social issues while formulating their business strategies. The TBL idea is a tool to measure a company's social, environmental, and economic impact on people, the planet, and profits.

Taking TBL a step forward, we believe sustainability for a business enterprise can be achieved at the intersection of humanity, technology, and innovation, as detailed below:

- 1. Humanity:** A human-centric approach to address global challenges should identify the means to create social equity, justice, and inclusion.
- 2. Technology:** Advancements need to empower people, organizations, and entire nations to develop inclusively. We need to leverage the power of technology and the scale, agility, and resilience it provides.
- 3. Innovation:** Solving challenges as part of a core business model requires succeeding fast and failing faster to accelerate development. This is an essential part of an innovation mindset, which should be incorporated into each business' culture.

By harnessing the power humanity, technology, and innovation provide, we can collectively ensure economic, ecological, and equitable wellbeing for all. But these need to be implemented in the short-, mid-, and long-term through a road map. That's where the four horizons come in.



Four horizons: The road to sustainability

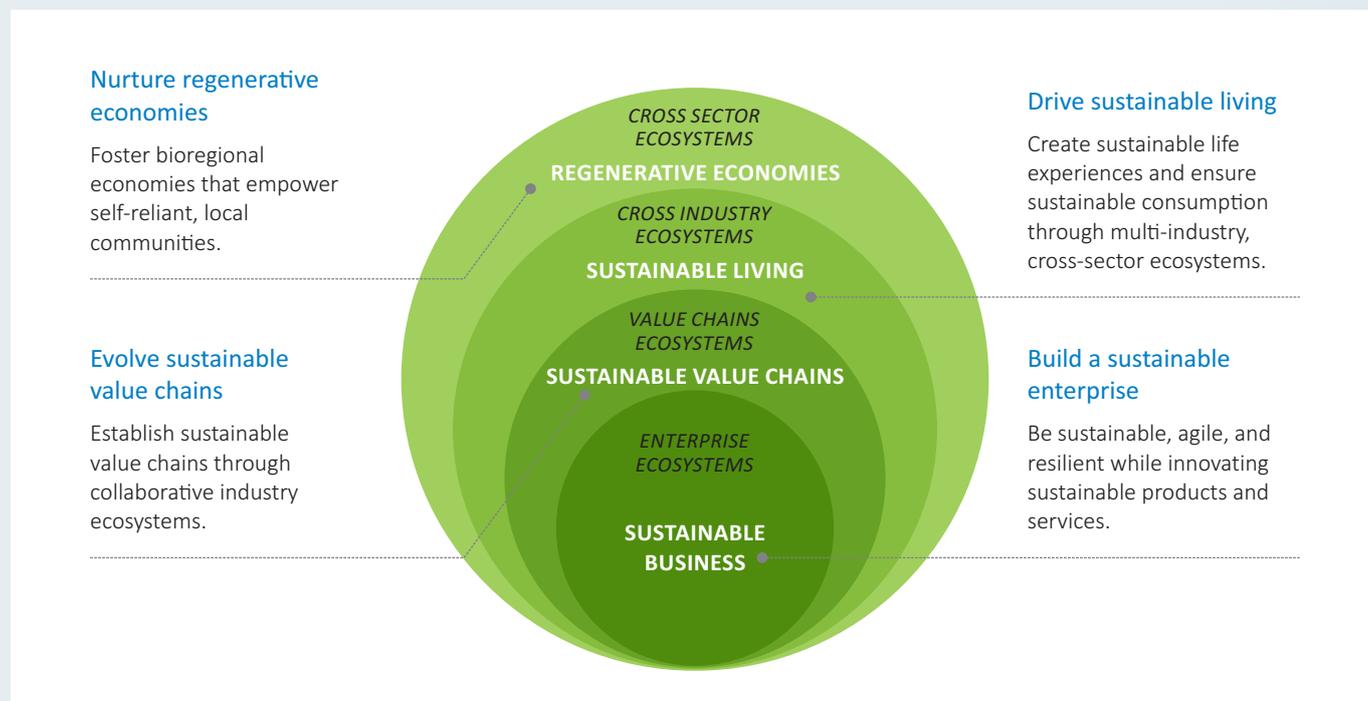
To be effective, sustainability goals need comprehensive, collaborative, and collective action by all parties towards a common goal. A good example is the success achieved in reducing the depletion of the ozone layer by the global phaseout of chlorofluorocarbons (CFCs). If it were not for countries, industries, and humanity coming together to innovate for a new world without CFCs, and following multilateral agreements set out in the Vienna Convention and the Montreal Protocol, the depletion of the ozone layer would have grown and caused untold harm. Collective action such as this, that plays out over years, demonstrates the tremendous power of entire ecosystems working collectively to drive a sustainability agenda.

We believe a four-horizon journey with an ecosystem-based approach is a similarly powerful way to address sustainability challenges in a comprehensive, collaborative, and collective manner.

The first horizon to address is developing a sustainable ecosystem within an enterprise to lay a firm foundation and encourage collaboration and innovation. This can then be expanded by orchestrating a sustainable ecosystem across the value-chain. Once these two horizons have been achieved, cross-industry ecosystems can be established. Finally, cross-sector regenerative economies can be nurtured—we believe this is the future of sustainable development. Each of these horizons opens the path to the other, but the journey is not necessarily linear. Organizations need to establish a clear vision and an actionable strategy across all four to better coordinate and advance outcomes.

One note—by following this roadmap, businesses aren't separating a business strategy from sustainability strategies, but bringing the two together. They can also balance concerns over environmental impacts with fostering the needs of people, both internal to a company or across communities.⁴

The four horizons can better be defined as follows:



⁴UCLA's sustainability strategy: <https://www.sustain.ucla.edu/what-is-sustainability/>



Horizon 1: Sustainable business

The first horizon begins with an organization starting down a path that enables its business to be sustainable, agile, and resilient while innovating sustainable products and services. By organizing your business around these ideas and approaches, you're better prepared to withstand future disruption and can inspire stakeholders to act responsibly. Energy management, hyper scalable cloud deployment, and employee health, safety, and wellness programs are some examples of initiatives, as well as identifying and mitigating company carbon footprints.



Horizon 2: Sustainable valuechains

In the second horizon, knowledge is shared from the enterprise ecosystem to outside vendors and partners to help enable sustainable value chains through collaborative efforts. Here, organizations should consider enabling all their value-chain partners with the appropriate tools, incentives, and support to drive sustainable actions and outcomes. The adoption of circularity principles, sustainable sourcing, logistics, and distribution are examples of initiatives in this horizon.



Horizon 3: Sustainable living

The next horizon is where the sustainability process gets universalized. This stage enables sustainable life experiences through multi-industry, cross-sector ecosystems that work collaboratively to create sustainable living for all. Organizations need to cooperate across multiple ecosystems to enable people to live, buy, consume, and experience things in a sustainable manner. Industry-wide eco-labeling standards, efficiency standards, and cross-industry actions for product re-use or recycling are some of the initiatives in this area.



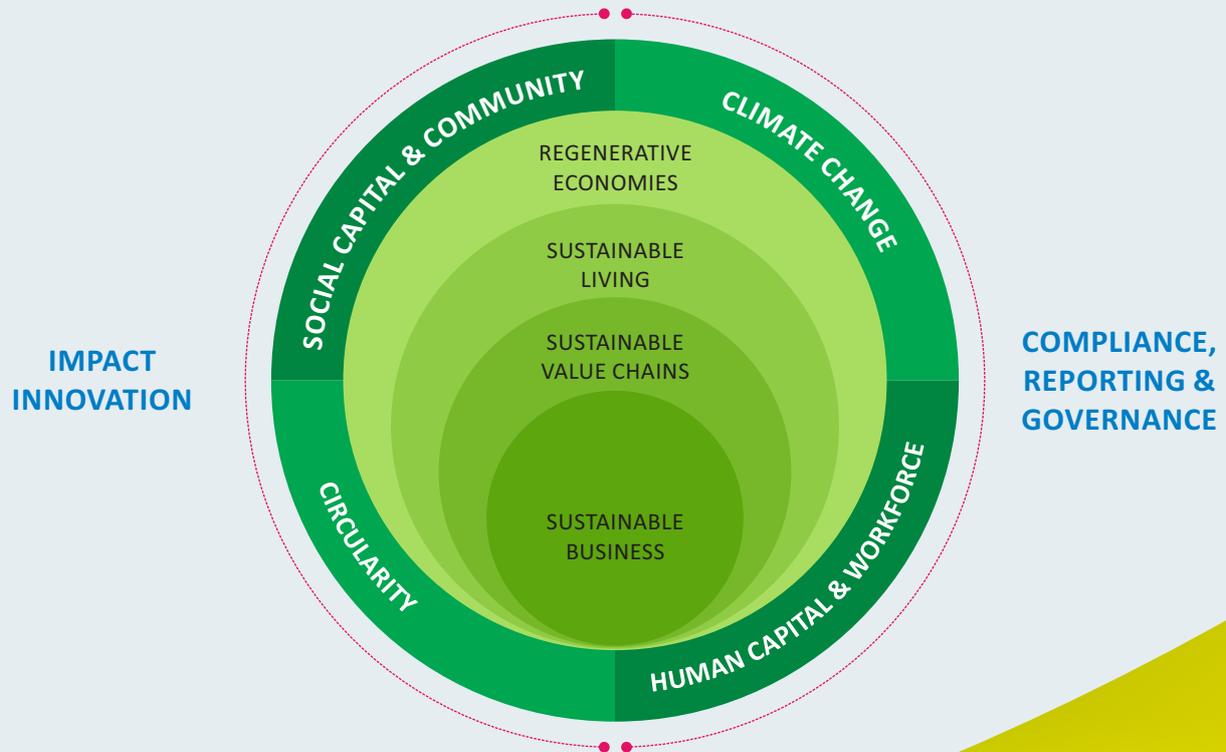
Horizon 4: Regenerative economies

The final horizon is the primary objective of a sustainable approach, with a cross-sector sustainable ecosystem flourishing. This is where local communities are nurtured to become self-reliant, bioregional economies. Every organization looks at the net value they provide to the communities where they operate. Local people and ecologies are empowered and can thrive on their own, even when adapting to emerging global situations or challenges. TCS' efforts in creating STEM-based education and employment opportunities for the youth in communities where we operate is one such example. Others include health and wellness efforts to educate people on the power of day-to-day hygiene and fitness regimens or sharing intellectual property in the public domain that helps all of society.

By starting on this four-horizon journey to achieve sustainability goals, we increase the radius of our business responsibility beyond an immediate benefit to one that addresses the long-term good, all while ensuring the sustainability of the organization.

The sustainability toolkit: A call to action

To address the nuts and bolts of establishing a sustainable growth path, we need tools. Organizations should look towards six key levers to drive sustainability, not only within their immediate business, but across all four horizons to achieve sustainability goals. The six levers are:





Climate change

Organizations must do everything possible to combat climate change and its adverse impacts. This might include collaborating on mitigation projects or proactive measures that address land, biodiversity, energy, water, waste, agriculture, and carbon emissions management. Areas of impact to the core business need to be identified, and organizations need to leverage technology to pivot to a low-carbon (or no-carbon) economy. Artificial intelligence, machine learning, blockchain, and Internet of Things, along with other emerging technologies, need to be harnessed to address critical challenges like carbon capture, storage, sequestration, new energy transitions, or alternative energy sources like hydrogen fuel cells that can help drive climate action.



Circularity

Sustainable consumption and production are key to ensuring resource security for businesses, global communities, and the health of the planet. Organizations must undertake a holistic life-cycle view of all products and services, along with their entire ecosystems, to act in a closed-loop, cradle-to-cradle manner. This entails not only designing and producing in a sustainable way, but being transparent about the effects, uses, and disuses of a product through effective eco- and socio-labeling.



Human capital and workforce

Diversity, equity, and inclusion in the workforce helps the organization flourish. It also helps the industry thrive. Multiple research bodies suggest inclusive organizations do better across all economic parameters compared to less inclusive peers. But to be inclusive, organizations must actively welcome people of all backgrounds, genders, and abilities. This might mean altering physical workspaces, changing product designs, revising institutional policies, or updating business practices. The objective is to generate a collective, creative, innovative mindset within the workplace.





Social capital and community

Organizations are no longer answerable to only shareholders. They need to consider input from all stakeholders: employees, customers, regulators, shareholders, worldwide observers, and most importantly, the communities where they operate. Stakeholder capitalism entails evaluation of a company's value-add to every single one of these stakeholders, and the measures needed to help them thrive. Access to a good standard of living, social justice, and economic justice are key pillars of sustainable development and organizations should realize the value in supporting them. There are immense opportunities in this space for all organizations, whether it's driving solutions for smart cities, senior citizens, persons with disabilities, or helping the economically disadvantaged. By not considering these groups, companies leave billions in opportunities and advantages on the table.



Impact innovation

The pandemic taught us to be resilient, adaptable, and innovative. The post-pandemic world has already seen record-breaking climate change related events, along with innumerable calls for a transition to a just and equitable world order. Around 50% of the innovations needed to respond to climate change don't yet exist but are urgently needed. The next decade serves as an opportunity to drive new business models with sustainability at their heart. Organizations need to consider investing now in this sustainable future, not just within the confines of their own research and development centers but using their ecosystem partnerships and the world as a sandbox, where academia, startups, governmental institutions, business collaborators and like-minded thought leaders, futurists, and technologists can come together with common goals.



Compliance, reporting, and governance

As governments and industry bodies come together to drive sustainable change, organizations will increasingly encounter various regulatory issues that need to be responded to in an agile fashion. This is the cost of doing business and is best addressed in a proactive manner. Technology is a great enabler, not only in understanding dynamic challenges but being responsive to them using a precise approach. Organizations must remember to keenly observe mandates and suggest industrial best practices and guidelines for other parts of the world. This would serve as a forewarning on what could potentially be relevant or be mandated in the immediate or near future.





Conclusion

Sustainability is becoming the core strategic driver giving a competitive advantage to organizations, especially as traditional linear business models continue to get disrupted due to market forces and the increasing effects of climate change. Combined with expectations from regulatory bodies, shareholders, customers, and communities, organizations must address sustainability now.

Although no one has the answers on how climate disruptions will ultimately play out, a holistic, sustainable approach based on collaboration and innovation provides the most potential to move from a mitigation approach to one of regeneration. However, it is evident that science and fact-based messages about the health of the planet and people at large haven't spurred much progress,⁵ even though business leaders, governments, the world's wealthiest, and NGOs are starting to come together to drive clear actions to address challenges through research and strategies. More collaboration, the sharing of knowledge, and collective responses are needed.

Companies also face the disruption of changing investor and customer behaviors. While investors are demanding companies explain what they are doing to improve society,⁶ many customers are sympathetic with investors whose choices are driven by belief.

The Edelman Trust Barometer 2020 found that 64% of customers surveyed wanted brands they trust to act towards solving societal problems.⁷

The path forward is clear. There needs to be a more positive, proactive attitude towards short-, mid-, and long-term sustainable development that uses human creativity, technological advancements, and innovation mindsets to address our current challenges. We believe the best way forward is to address the Triple Bottom Line by progressing through the four horizons roadmap towards a regenerative economy using the six levers of action detailed above.

The scale of financial opportunity available to early adopters should be incentive enough. By defining a purpose that's driven by a belief and growth strategy addressing sustainable ecosystems, organizations can prepare themselves for future financial viability and profitability. They can also ensure the health and productivity of their workforce, better serve the communities where they operate, guard themselves against future disruptions, help mitigate the effects of climate change, and repair global damages caused by a profits-only approach to business.

⁵Interview with Michele Lemmens, Head of Business Sustainability, at TCS Asia Pacific <https://info.tcs.com/anz-10-ways-to-tackle-the-blind-spot-on-your-sustainability-journey.html>

⁶TCS CMO Rajshree R's thought leadership piece on leveraging an organization's purpose: <https://www.tcs.com/perspectives/articles/c-suite-roles-changes-digital-transformation>

⁷Edelman Trust Barometer 2020: [https://www.edelman.com/sites/g/files/aatuss191/files/2020-01/2020 Edelman Trust Barometer Global Report_LIVE.pdf](https://www.edelman.com/sites/g/files/aatuss191/files/2020-01/2020%20Edelman%20Trust%20Barometer%20Global%20Report_LIVE.pdf)



Author profile:



Preeti Gandhi is passionate about sustainable development and believes only purposeful organizations can thrive in the longer term. She focuses on sustainability strategy development, including environmental management, diversity, equity and inclusion, and has worked in social impact innovation and blockchain-led sustainable development use-cases. She thrives on collaborating with individuals that want to marry purpose and profits, and positively impact billions of lives.

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