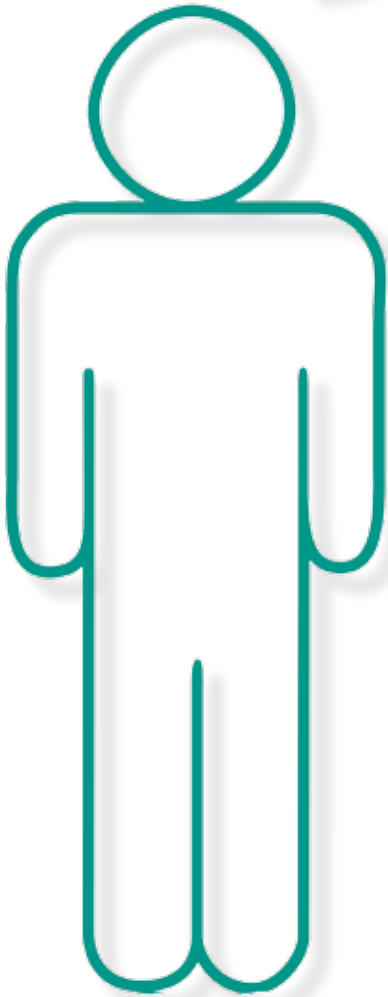


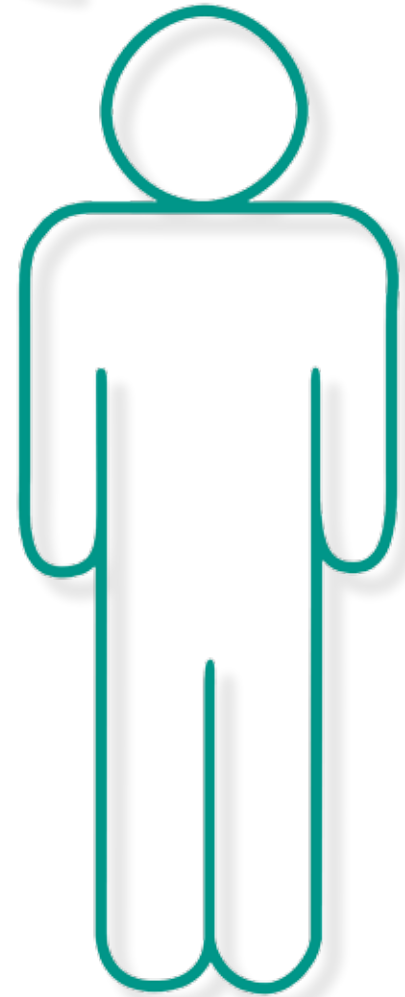
Sustainability innovators can't afford to be unprepared or unskillful when fostering engaging conversations that build understanding and solid collaboration.

By Peter Senge, Bryan Smith, Nina Kruschwitz, Joe Laur, and Sara Schley



Imagine you are the chief financial officer of a major electric utility that is rapidly expanding into a global company, with important investments in developing countries. You are attending a management team meeting, and during a relatively routine discussion on the last agenda item about next year's capital budget for the company's coal-, oil-, and gas-fired generating facilities, this heated skirmish occurs:

Ted (vice president, environment, health, and safety): "I think this is the year we need to completely rethink our approach to capital budgets. It's becoming increasingly clear to me that global oil and gas production is going to peak and begin to decline within the next five years. This heightens the risk of major disruptions in supply, and rapidly escalating prices for oil, gas, coal, uranium, and all other conventional fuels. We're not really prepared for this. We'll have to swing at least 30 percent of our future capital allocations to renewables, beginning next year, or else we're taking a big chance."



Anatomy of Inspiration

Joanne (vice president, operations):

“But there’s still plenty of coal, and breakthroughs in technologies for oil and gas exploration and clean-burning coal will surely extend the lifetime of these fuels. We’ve seen oil and gas prices go up before, but that doesn’t mean that demand disappears. The world will be living off fossil fuels for a long time. Plus, oil was half its current price only two years ago. Price fluctuations are inevitable in this business and can be devastating to companies that make risky bets...”

Stan (vice president, public affairs)

interrupting Joanne: “But even with ample supplies of coal, oil, and gas, we may still get clobbered by carbon taxes in many of our markets. Public pressure for action on climate change is growing exponentially around the world. And pollution from coal-fired power plants in China is causing riots and widespread social unrest. I know they’re doing all this work on clean coal, but the country is expanding so fast, I wonder how much real impact it will have. With the international pressures mounting, I wonder if there won’t be more unrest and challenges in other places.”

Robert (CEO): “Energy has always been about politics, and the politics today are very complex. Sure, politicians are stumbling all over themselves to appear as if they’re doing something about climate change, but one more terrorist incident and they’ll also be doing everything possible to assure people that our energy supplies are secure. We may find ourselves with major new markets for coal gasification and generating liquid fuels to replace imported gasoline. Given the time horizon of our commitments and responsibilities, we can’t let ourselves overreact to media attention on just one issue.

“I have had issues like this come and go many times in my career here. Don’t get me wrong, I think climate change is important, but the market and political signals are still very mixed. When it dawns on people that government policies that overreact to climate change will damage our economy

and global competitiveness, they’ll think more broadly about keeping all our options on the table. I agree with Joanne—I don’t believe there is any way we are going to run out of coal, or oil and gas for that matter, in our lifetimes. I think it may be premature to worry about radical shifts in our strategy until the market signals are clearer.”

Anthony (vice president, strategy):

“Robert, I respect your opinions about the politics of climate change and the supply of fossil fuels, but what are the implications for the future of our company if you are wrong on one or both of these issues?”

Robert (CEO): “I don’t think I’m wrong, but I’m certain I’m late for my next meeting. It sounds like these issues warrant further discussion by us here, but it will have to be at another time.”

As others get up and leave, you reflect on this conversation. You ask yourself, “How could I intervene effectively here so that our whole team can address the uneasiness that many of us feel about the issue?” You know that several other members of the team have voiced similar fears outside of your meetings, but there is no forum to raise them together.

The perils of advocacy

Sustainability is rarely incorporated into most companies’ business strategies. But why? Clues can be found in this fictional management team exchange. Both Ted and Stan set the course of the conversation by predicting and advocating that specific driving forces (peak oil production and climate change) are going to cause big problems for the company in the future.

They attempted to convince the others that the team should agree to a big financial bet based on their personal convictions, and take immediate action. Joanne and Robert argued for very different predictions about the future. Neither side inquired into why the others saw the future differently.

Conflicts such as this arise frequently when discussing strategy,

but they are especially pernicious around emotionally charged issues such as sustainability. People who believe strongly in the need to address sustainability issues often unleash their pent-up energy in direct attempts to convince others of their views. They predict dire consequences unless there is a significant change in course. Their intent is to provoke immediate and large-scale change.

But that rarely happens. Instead, senior leaders discount dire predictions and resist making any significant changes. Often they won’t even make a small bet on an exploratory pilot venture. And more important, the advocates have missed an opportunity to engage in meaningful conversation about the future with people in key leadership positions.

Although this example was inspired by management team exchanges we have lived through, similar conversations play out in all kinds of teams, whether inside companies, government agencies, or not-for-profits, and not just at the senior-management level. Just like the impasse this group reached, the issues are real and the intensity of the arguments is increasing. Stakeholders now expect their organization to do the right thing, not just something.

But new strategies require new conversations, and chances are you have participated in a meeting similar to the one above, and left feeling frustrated. Most people already know (or think they know) how each individual in a conversation feels. What they don’t know is how to help people shift their views and feelings.

Getting unstuck

People tend to get stuck into one position or another. Some are cast as advocates. Having read about the challenge of climate change, they feel it is their



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responsibility to raise questions. They may even have a sense of moral imperative—if they do not get their organization to shift direction, it's a personal failure on their part. Therefore, they become perennial advocates. More than likely, the company in this story has not heard the last of Ted on this subject.

Nor has the company heard the last of Joanne. If Ted is an advocate, then Joanne from operations is an “opposer”—someone cast in the role of saying “no” on behalf of the larger firm. People like Joanne are usually passionate opposers because they feel they must protect something that would otherwise be rendered vulnerable. If Joanne falters, she might reasonably wonder—especially if Robert, the CEO, changes his mind—who will look out for the firm's existing business.

Conversations like this can easily polarize. The harder the advocate pushes, the more diligent the opposition. If you look back at the exchange, the most crucial part of this conversation may have been the question that Anthony, the strategy vice president, voiced: “If Robert is wrong, what are the implications for the future of our company?”

This is an example of neither advocating nor opposing, but asking a genuine question that could lead to fresh perspectives on the issues. Such actions, though simple, can bring crucial balance to the debate.

That question and the CEO's willingness to come back to the conversation

later are valuable inflection points that many miss. They represent an opportunity to begin a very different dialogue. You don't have to believe that catastrophic climate change is inevitable to find Anthony's question meaningful.

You simply have to believe the risks are plausible and inquire into the implications together with others. And you have to be willing to look for the opportunities that it might create, to anticipate the kinds of capabilities that could be gained as you pursue those opportunities, as well as the ways in which the enterprise could thrive as a result.

Developing teams that can think together more productively is not a marginal issue; too often the so-called “soft stuff” of business, such as deeper listening skills and consciously shifting perspectives on issues, seems to matter less than “hard” investments and organizational strategies. But working together effectively is essential to meeting hard goals. Individuals simply operate at too small a scale. However, individuals can move companies and organizations, and even larger communities, if they join in creating inspired teams or groups as the starting point.

How, then, can you act effectively in your unique situation—here and now—to help move your organization forward in this crucial effort?

Your role as a leader

The French word for people who seek to create systemic change in this manner is *animateur*. An animateur (from the root *animer*) is someone who

“brings to life” a new way of thinking, seeing, or interacting that creates focus and energy. This word expresses the essence of leadership.

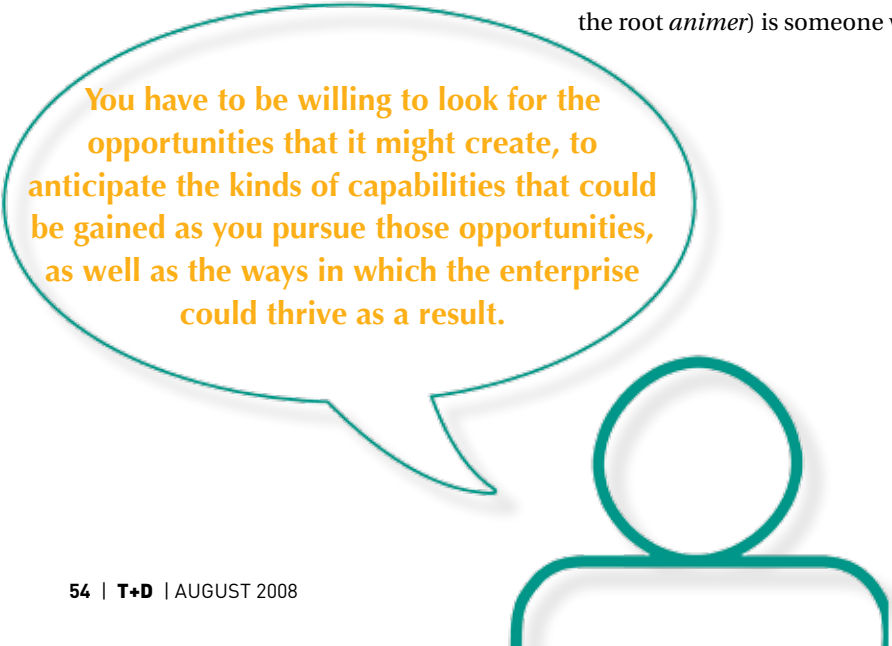
Leadership is strongly associated with inspiration, but few appreciate how important that association is. “Inspire”, from the Latin root *inspirare*, means “to breathe life into.” In this sense, leadership is inspiration—the creation of new life and energy in organizations.

Animateurs are professionals who create revolutions that legitimize the kind of thinking and acting that is required. They do so by making that behavior part of their daily routine. Conversations and actions become more productive. As animateurs deal with practical problems, accomplish tangible goals, and reflect on the results, people move from concept to action. Doing so builds confidence and a stronger sense of purpose that's not bogged down by self-importance.

Animateurs also learn to step into the shoes of others—to recognize and comprehend the reasons others feel strongly about particular views and goals—without getting stuck in their own (or someone else's) perspective. For example, consider the challenge facing Ted and Stan, the advocates for change in the management team conversation. It would be very easy for them to respond to their CEO with feelings of frustration and determination: “He is blocking us, and we have to convince him somehow.”

Those feelings would tend to lead them to push their case harder, to try to get the CEO to change his mind, and to enlist others in the company in persuading him, or else, to give up, abandon hope of change, and perhaps even look for another job. But if Ted and Stan could bring themselves to stand in the shoes of the other people in the room, particularly Robert and Joanne, and understand their points of view and assumptions, then they might respond differently.

For example, they might learn that there is a back story that underlies Robert's attitudes. After all, he has had an exemplary 30-year career with the company. Perhaps one of the reasons



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his decade as CEO was one of the most successful in the 80-year history of the company was that he maintained a steady course when others overreacted. Maybe he succeeded by insisting that the company focus on one best prediction of the future, ignoring the noise of other variables and forces that distract people from “driving the business forward for growth.”

He has high confidence in his ability to control his company’s future. The way to reach him, and others in this organization, is not to challenge his views, but to find questions that he is ready to ask, as Anthony did at the end. Has the world changed since he formed his views? Is his confidence as well founded now as it was in the past?

This type of inquiry starts with the recognition that no one has the full picture. Ted and Stan need to embrace the possibility that they are only seeing one slice of the possible future, and that Joanne and Robert see other important dimensions. At the same time, Robert’s strategy may involve far greater risks than he realizes. Can anyone dispassionately present the risks and uncertainties in a way that makes the underlying complexity clearer? Yes, and developing that capability is essential to progress.

As Ted, Stan, the CEO, and others learn how to work with their team on their shared future, in a very real sense, they will be breathing life into a part of the organization that had been, if not lifeless, at least dormant until now. **T+D**

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First Steps Toward Improving Dialogue

Based on the experience of successful animators and leaders in a wide range of roles, here is a summary of the steps that you can take if you want to fundamentally improve the dialogue in your organization. You may change the order to fit your unique situation, but take note of the overall evolution and avoid jumping ahead too quickly.

- 1| Do some personal reflection to determine which sustainability issues are most central to you, and create a rough prioritization of these issues based on what you personally think is most important. Once you’ve decided which of the steps below you want to take, let your boss know and get his or her support.
- 2| Choose a few other like-minded people to talk with—people who you believe may have similar concerns. As you have these initial conversations, discuss whom else you might talk to, and add them to your list.
- 3| Based on these one-on-one discussions, choose and convene an informal team that has some common concerns, a diversity of perspectives on the issues, and a desire to act. Ask for support from your manager and other managers/executives for the time you think you will need to do this work—assure them some of this work will be done on your own time.
- 4| Think of your informal team as an advance “scouting party” working to explore issues, develop your aspirations, and create a proposed plan for change. Strive for a balance of perspectives that take both the present and the future into account, those that are both practical and strategic.
- 5| Develop an initial draft of a case for change to take to your management team (whether for the whole organization or just for your business unit/division) and a proposed plan for how that team could become fully engaged in the dialogue. This helps to connect the work of your team to the whole of the organization in the most productive way. Plan to meet with the management team within a month or two of your informal team’s first meeting—or longer, if necessary, to fit with the normal cycle of meetings of the management team.

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