

Raoul Nacke

## “The We dominates the I”

Sustainability is becoming many companies’ guiding principle. They are involving employees more strongly and pursuing social goals. This development has to make itself felt in the corporate culture and leadership style as well.

The debate surrounding climate protection is shining a spotlight on corporate responsibility. Sustainably positioned firms don’t just make products or offer services, they want to make a positive contribution for society’s benefit as well. That can only succeed with an open corporate culture explains management consultant Raoul Nacke, who has many years of experience with transforming companies.

### Mr Nacke, is a new leadership culture a condition for a sustainable company?

Absolutely. What’s important is that sustainability is defined. For me, a business model is sustainable if it’s profitable in a healthy way, utilises innovations, conserves resources and, in addition, makes a positive contribution to society. Every company should define sustainability for itself based on the context and its business model, and enable its implementation by means of a corresponding culture. Sustainability has many faces: ecology is only one of them, employee retention is another. The same can be said of innovations, the targeted deployment of technology and transparency.

### What time horizon should a sustainable strategy be based on?

What’s crucial is for the business’s success to be measured primarily in terms of the company’s medium-term development and not just by its short-term profits.



Raoul Nacke

is CEO of Eric Salmon & Partners, an internationally active consultancy that specialises in the recruitment, building and development of leadership teams. The German-Spanish business administration graduate has more than 20 years of experience in advising supervisory boards and CEOs on all aspects of leadership. Nacke’s core activities include international CEO succession planning for medium-sized companies and groups, as well as the transformation of leadership teams.



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### How can companies achieve a sustainable culture?

In order to find an individual answer to that question, companies can ask themselves what contribution they make to society. How do they retain employees over the long term? How do they enable them to balance family and working life? What possibilities do they have for involving customers in their processes and establishing long-term partnerships that aren’t optimised down to the last cent? How can they ensure that their shareholders are convinced of the company’s perspective and will continue to invest? Doing business sustainably calls for the ambition to do so – an ambition that the crucial actors and supervisory bodies need to epitomise in a convincing leadership culture.

### Is there a typical sustainable leadership culture and what are its distinguishing characteristics?

First and foremost, I would say a sustainable leadership culture means that the We dominates the I. People who classify themselves as totally brilliant and believe they can do everything better than their colleagues will probably not be able to set an example when it comes to a sustainable leadership culture, because sustainability and team leadership go hand in hand.

### What characteristics should the leadership team have?

That kind of team consists of complementary personalities who often have a different strengths/weaknesses profile but can nevertheless achieve more together than the sum of the individual actors. The composition of a leadership team should be guided by parameters that aspire to a collective performance rather than giving preference to the strongest individual performance in the respective disciplines. Think of a football team in which all 11 players want to personally score as many goals as possible – the chances of success are very poor.

### How should the leadership team set an example when it comes to sustainability?

The leadership team is the key element of a sustainable corporate culture. Its makeup ought to be diverse so as to explore decisions from various perspectives and in the light of different experiences. It won’t be possible to eliminate personal ambition and competitive behaviour in leadership teams – today’s actors have been socialised too one-sidedly for that. However, leadership teams should concentrate on the We, be attentive to one another and support each other. Loners and misfits don’t do well in that kind of culture.

### What do today’s employees expect from corporate management?

Upcoming generations have a very good instinct for how their superiors behave. Egocentric turf wars are anathema to them and result in the leadership team losing credibility. A leadership team that exemplifies a

sustainable corporate culture based on shared and transparent goals will set priorities and convince others. It all comes down to saying what you're doing and doing what you say you will.

### **What role do stakeholders play in a sustainable corporate culture?**

The stakeholders – i.e. the shareholders, employees, customers and society as a whole – all have their own different needs. Shareholders want a healthy, prospering company with good prospects for the future. Employees are looking for a sense of belonging, they want to feel that they're part of a successful company. In their case, actual participation in the sense of a stake in the company's success is an obvious option, enhanced by emotional participation in the sense of a meaningful contribution to society. Think of a resource-saving innovation that has a positive impact on a company's energy footprint and makes an active contribution to protecting the environment. What employee wouldn't like to be part of something like that? Society as a whole benefits when sustainability is a lived principle, for instance as a result of all those involved behaving in an ecologically-minded way or through the company's charitable engagement.

### **How can people be motivated to act sustainably?**

Firstly, there's a growing need for sustainability in society in general, not just in upcoming generations of executives. And nowadays, it's perfectly acceptable to admit to that kind of motivation from within. Beyond that, it's important to create additional external incentives that have an impact on motivation, in particular by changing the compensation systems for executives and employees.

### **What would an incentive system in a sustainable company look like?**

It goes without saying that delivering a decent profit should still be rewarded. But it's a question of achieving a healthy balance in the incentive system, based on commercial success on the one hand but the clever use of resources on the other. That includes the human capital too. In concrete terms, I could picture an incentive system that doesn't just include profits and the innovation rate, but also things like to what extent employees are retained long term, or that rewards transparent succession planning at management level. In addition, meaningful social engagement should be factored into the assessment too. It's not just the shareholders who benefit from the latter as a result of the reputation gain; it makes a company more attractive to upcoming generations of employees, customers and investors as well.

### **What kind of time periods does a sustainable company think in?**

Listed companies will continue to be judged by their quarterly figures: capital markets won't suddenly start ignoring a business's key figures. However, analysts will increasingly start to factor in how sustainable a company's business model will be, or in other words how promising it is in the medium and long term. All the same, it's hardly possible to achieve sustainable goals in quarterly cycles, so success can't be measured in three-month cycles either. In this case, a medium-term horizon makes sense – a period of three years, for instance. Companies should adapt their compensation models in order to systematically gear the actors involved towards sustainability.

Interview by Dirk Wohleb