

How Managers Transcend Old Thinking for Sustainability Today

An essay by Ruth Lorensen, 5 June 2023

"We cannot solve our problems using the same thinking that created them"
- Albert Einstein

Introduction - The Place We Find Ourselves

In 1803, Captain Lewis and Second Lieutenant Clark embarked on their famous expedition across the new world. Under the assumption that following the rivers' flow would lead them successfully to the continent's western coast, they believed that canoes would be sufficient for their journey. But then something unexpected happened; they found themselves at the foot of the Rocky Mountains (Bolsinger, 2018).

With this new reality, they had two choices: quit the adventure and return home, or adjust to the new terrain and keep going. But one thing was for sure; they had to abandon their canoes and assumptions to continue.

They chose to continue and found new ways to traverse the mountains. They adapted by using horses and other means of transportation, such as wagons and carts, to make the journey. It was challenging; they made mistakes and experimented but finished their trip (Bolsinger, 2018).

For us to successfully lead and manage organizations in today's world, we must have a clear understanding of the current state of society in which we find ourselves. Much like Lewis and Clark, who looked for *their way forward* through the mountains on the west coast, today we find ourselves navigating completely new territory and asking questions of how we can best chart this new frontier.

Climate change, dwindling natural resources, air pollution, deforestation, and waste production are some challenges of our current terrain (Pratt, 2023). The world has become increasingly aware of the science-based environmental challenges that we face and the necessary changes that organizations, governments, and societies as a whole will need to embrace if we are to ensure a sustainable future for our planet. To find *our way forward*, we will need leaders and managers of organizations willing to adapt to new ways of “*thinking, acting, organizing, and regulating*” (Burns, 2012) for us to progress toward a better world.

Old and New Ways of Thinking

Many organizations are acknowledging sustainability and prioritizing embracing sustainability in their strategy. In the Deloitte 2023 Global Human Capital Trends survey, for example, we find that “84% of respondents acknowledge that understanding the impact of sustainability on their organization and defining ownership for driving progress and outcomes is important to their organizations' success”(Deloitte Insights, n.d.).

Although the trend of adopting sustainable business practices by organizations, companies, and businesses is encouraging, the question and problem likely to be of greater importance are how businesses and organizations try to make sustainability work for them.

Right now, one of the most pressing questions facing any leader or organization is how seriously they take sustainability endeavors and strategy. Will they make a few tweaks and adjustments to green their company, or will they overhaul their whole company from a sustainability perspective? To bring Lewis and Clark back to the conversation, today's managers, in my opinion, should ask themselves, '*Are we going to drag our canoes through mountain terrain, or do we recognize that our paradigm is changing, and we must adapt?*' This is an important question that has consequential answers.

Ultimately our response to sustainability, what we will do as managers, and how we will go about doing it will be rooted in what we believe our new reality is.

Incremental Change or Paradigm Shift?

A debate is undoubtedly occurring among peers about the significance of sustainability in terms of societal change. Some argue that sustainability is crucial to global progress and survival, and, therefore, we are entering a paradigm shift “*comparable in scale and significance to the industrial revolution*” (Burns, 2012).

Philosopher and scientist Thomas Kuhn coined the term paradigm shift in his book “*The Structure of Scientific Revolutions*” (Voulvoulis et al., 2022). He argued that technological progress is not always a result of incremental advancements but instead of periodic revolutions in thinking that lead to scientific progress (Voulvoulis et al., 2022).

Paradigm shifts are fundamental shifts in how a concept, idea, or belief system is viewed, understood, and approached. It's a process that transforms underlying assumptions, methods, or perspectives in ways that significantly alter how a field of study, industry, or society operates. Paradigm shifts are often catalysts for the invention of revolutionary breakthroughs, which changes how we look at the world, perceive it and interact with it (Oh, 2021).

Many of the world's most influential sustainability leaders argue that to “*address the complex and interconnected challenges*” (Tooley, 2021) facing our world, we must radically shift our underlying worldview, values, and systems to overcome them. They argue that a sustainability paradigm shift is already taking place because the world is experiencing a crisis that will not go away alongside change on multiple levels. In his article, “*The Sustainability Revolution: A Societal Paradigm Shift,*” Tom Burns pinpoints three areas where we witness the sustainability paradigm shift. He identifies current radical change on a “*moral-cognitive level, a level of action and the establishment of new practices on the part of individuals, groups, and organizations; and an institutional level as "green" institutional arrangements and policies are promoted, often cautiously, but sometimes boldly—with varying degrees of success*” (Burns, 2012).

While these positions on the sustainability paradigm seem compelling, it's critical to note that not all agree with this stance. Rather than considering sustainability as a paradigm shift, some argue it is an evolutionary change within the established paradigm. They contend that sustainability builds upon and expands existing practices and frameworks rather than completely replacing them. It involves integrating environmental and social considerations into existing systems and processes rather than fundamentally altering the underlying assumptions and values (Walker et al., 2004).

In today's global market environment, there is a big question that every manager at the helm of an organization should ask: *'Do the global sustainability challenges we face set us on the path to a paradigm shift?'*

Paradigm Shifts Demand New Ways of Thinking

As managers, this question is critical since it pertains to the fact that if we are indeed experiencing a paradigm shift and being ejected into an entirely different world, we must adopt new ways of thinking as we manage our organizations from now on. It is well-known that Albert Einstein once said, *"We cannot solve our problems using the same thinking that created them"* (www.goodreads.com, n.d.). The relevance of this statement seems to be especially pertinent in the sustainability landscape in which we find ourselves.

I propose that we are indeed entering into a paradigm shift concerning sustainability. This crisis will require us to think boldly, develop innovative models, and rethink how we've run our industries in the past. For organizations and leaders, this is perhaps one of the most significant opportunities to lead in recent decades - and it is not the time in history that we should be sitting on the fence or trying to drag our old canoes up this mountain with our old gear.

It is my belief that there are three significant shifts needed in our thinking. They are not exclusive but remain some of the most crucial aspects for organization management to grapple with, in my opinion. The first is to rethink our purpose and responsibilities. The second is to rethink our problem-solving methods. The third is to rethink our response to some of the most critical sustainability needs of our time.

1 Rethinking our Purpose and Responsibilities

From Shareholder-Centric Philosophy to Stakeholders

The New York Times published Milton Friedman's famous article in 1970, "The Social Responsibility of Business is to Increase its Profits," which stated, "*the sole social responsibility of business is to use its resources and engage in activities that increase profits as long as they stay within the rules of the game*" (www.goodreads.com, n.d.). Until recently, this shareholder-centric view has shaped business purpose and resonance.

However, one of the most significant changes in light of the sustainability crisis is the "shift from a shareholder-centric" (Oh, 2021) approach to one that considers shareholders and all stakeholders.

Changing an organization's purpose and responsibilities is a contentious debate, and it's worthwhile noting that it's not universally accepted in the business community (Kielmas, 2019). Despite this, mounting pressure exists to challenge the traditional model that has long prioritized shareholders over customers, employees, communities, and the environment.

Several factors are driving this shift. There is a changing expectation in society from consumers where businesses are now expected to positively contribute to all stakeholders' well-being (Nielsen, 2015). There is also an understanding of interdependencies and the impact of stakeholder well-being on an organization's success. Research has shown that businesses with a long-term stakeholder engagement strategy outperform those with short-term financial gains (Sustainability in Business = 51% to 81% MORE PROFIT (CSR), 2014). Furthermore, companies are being increasingly encouraged by investors and regulators who recognize the importance of these factors (Kielmas, 2019).

It appears that the ‘*rules of the game*’ have changed. Many companies, like Interface Carpet, have taken this shift to heart and become leaders in modeling what this can look like (TED, 2009). Ray Anderson, Interface's late founder, and CEO, said, “*I always make the business case for sustainability. It's so compelling. Our costs are down, not up. Our products are the best they have ever been. Our people are motivated by a shared higher purpose – esprit de corps to die for. And the goodwill in the marketplace – it's just been astonishing*” (White, Habib and Hardisty, 2019). They and many others have shown how to create a successful business while considering environmental and social consequences.

This shift in thinking requires organizations to rethink their vision, mission, and strategy to create value for their shareholders and all stakeholders. A vital part of this process involves understanding stakeholders' needs, concerns, and expectations and considering their feedback during the decision-making process. It also requires embedding the broader purpose into the company culture. Additionally, managers who embrace this model must collaborate with stakeholders, such as NGOs, governments, and communities. By working together, organizations can address complex societal challenges.

2 Rethinking our Problem Solving Methods

From Silo to Systems Thinking

Sustainability challenges are immensely complex problems for any organization to wrestle with, and to solve them, we need a systems-based approach (Voulvoulis et al., 2022). The manager's role in meeting sustainability needs will require shifting from a silo approach that views a part of the system in isolation to a system-based process that considers all the relationships, networks, and organizations involved in the problem (University of Phoenix, 2022).

Many organizations still think about their vision, strategy, and problem-solving from silos. Departments or functions within a company often operate independently, optimizing their processes without considering the broader context. Additionally, organizations with a silo perspective rarely consider the interconnectedness of their work with other industries or their role in their locality (Swanson, 2014).

Silo thinking has brought us to where we are today. Among the main sustainability challenges we face, including climate change, depletion of natural resources, air pollution, and waste management, there is a need for innovative thinking that zooms out across these issues in a way that sees the complexity and multifaceted nature of the problem and emphasizes the need to work together to solve it (Swanson, 2014).

To shift from silos to system thinking, an organization needs to foster a mindset of collaboration, interdependence, and a holistic view of the organization and the industries it finds itself.

Here are several steps managers can take to adopt systems thinking in their organization (Meadows, 2008, pp.1–240):

Systems Thinking Action Steps

Systems Thinking Education and Training *For all levels of employees. Workshops, seminars, or online courses can introduce the basics of systems thinking.*

Create a Culture of Continuous Learning, Curiosity, and Critical Thinking *Promote team and departmental sharing of knowledge and insight, exploring interconnections and dependencies within and outside the organization.*

Promote Systems Thinking in Problem-Solving *Encourage employees to think about the broader context and the potential impacts of their solutions. Focus on identifying root causes rather than addressing symptoms, and seek systemic solutions.*

Apply Systems Thinking Tools *These tools can include systems diagrams, causal loop diagrams, or value stream mapping. These tools can help identify feedback loops, interdependencies, and leverage points.*

Measure and Monitor Systemic Performance *Establish metrics and indicators to assess the overall system's performance and health. Identify areas of improvement by regularly monitoring and evaluating these metrics.*

The steps described here will enable an organization to gradually adopt and embed systems thinking into its culture, processes, and practices, allowing it to address challenges holistically and optimize performance.

3 Rethink our Response

From Linear to Circular Economy

A great example of systems thinking in action today is the efforts made by a wide range of actors to address the issue of decreasing natural resources and increasing waste production.

The depletion and scarcity of essential resources necessary for human well-being and economic development are critical. Alarming predictions of the lack of the world's renewable resources (such as forests, fisheries, and water) “*and non-renewable resources (such as fossil fuels and minerals)*” (Crowther et al., 2019) have led to an urgent call for more sustainable resource management (Boehm and Schumer, 2023).

As a result of overconsumption, unsustainable extraction, and a lack of responsibility for non-renewable resources, they have depleted rapidly. The lack of access to these resources in the future threatens the well-being of future generations. Additionally, it impacts the health and well-being of our ecosystems and environment.

We have been put in this position by linear “*cradle to grave*” strategies and thinking (Lewandowski, 2016). Essentially, this is a model of production and consumption that follows the “*take-make-dispose*” principle.

In a linear economy, resources are extracted, processed into products, consumed, and ultimately discarded as waste. While this has enabled us to produce products quickly and cheaply, it has not considered the environmental impacts of production nor the finite nature of non-renewable resources (Lewandowski, 2016).

Eco-efficiency to Eco-effectiveness

Although we have seen a wide variety of organizations commit to eco-efficiency at varying levels and with varying degrees, such as reducing their carbon footprint or reducing water usage, it is still only a partial solution in the long run. Eco-efficiency essentially means “*being less bad*” (Nassos and Nikos Avlonas, 2020). To solve this complex problem and secure a sustainable future for future generations, we must move from ‘*being less bad*’ (eco-efficiency) to a regenerative mindset that embraces the “*bio-inspired circular economy concept*” (Morone and Yilan, 2020). When we do, it will shift us from eco-efficient organizations to ones that model eco-effectiveness (Morone and Yilan, 2020).

Circular Economy

By adopting a circular approach to thinking, we can go beyond mere sustainability and aim for practices that actively restore and replenish natural resources and ecosystems to conserve them (Lewandowski, 2016).

In simple terms, a circular economy is like an extensive recycling system for products and materials. Instead of using resources to make things, using them once, and then throwing them away as waste, a circular economy aims to keep resources in use for as long as possible.

In a circular economy, products are designed to be durable, repairable, and reusable. When something breaks or is no longer needed, the focus is on repairing rather than throwing it away. When a product ends its life, it aims to recycle and recover as much of its materials as possible. The circular economy seeks to minimize waste by using by-products or waste materials from one process as inputs for another (Korhonen, Honkasalo, and Seppälä, 2018).

Circular economies promote “*cradle-to-cradle*” instead of “*cradle-to-grave*” manufacturing, keeping the product in the loop as long as possible throughout its lifecycle (Korhonen, Honkasalo, and Seppälä, 2018).

Transitioning from linear to circular thinking and implementing these ideas is no easy task. It requires us to rethink our production and consumption patterns, adopt circular economy principles, and take a long-term view of our organization's investment, vision, and strategy.

The following are steps (certainly not all) that an organization can take to accelerate the implementation of circular economy principles into its business strategies (Kalmykova, Sadagopan and Rosado, 2018):

Circular Economy Action Steps

Analyze Current Practices, Processes, and Value Chain of the Organization *Locate wasteful products, short lifespans, and circularity opportunities.*

Redesign Products and Services to Promote Durability, Repairability, and Recycling *Consider using renewable or recycled materials and modular designs that allow for component replacement or upgrade instead of complete product replacement.*

Think lifecycle *Consider the whole lifecycle of a product, from sourcing materials to disposal at the end. Minimize environmental impact and manage waste responsibly by incorporating DfE, LCA, and EPR principles.*

Implement Recycling and Recovery Systems *Set up efficient collection, sorting, and recycling systems. Close the loop and reintegrate recycled materials into production with suppliers, waste management companies, and recycling facilities.*

Promote Repair and Reuse of Products *Offer repair services, spare parts, and buyback or take-back programs. Examine shared ownership and leasing opportunities, where products are used and maintained over an extended period.*

Participate in Industry Associations, Circular Economy Networks, and Initiatives *Learn from best practices, share experiences, and collaborate.*

Establish Key Performance Indicators (KPIs) *Track and measure the organization's circular progress.*

Circular economy implementation requires a systemic and collaborative approach involving various stakeholders within and outside the organization to succeed. By adopting circular practices, organizations help restore and replenish the earth, improve resource efficiency, enhance brand reputation, and unlock new economic opportunities.

Conclusion

In conclusion, managers have to embrace new paradigms to cope with today's sustainability challenges. To navigate the complex sustainability landscape, they must adapt their thinking. To succeed and seize the opportunity that this new world presents, companies should develop a stakeholder-centric philosophy that considers the well-being of all stakeholders as well as its shareholders, a systems-based problem-solving approach that breaks down silos and fosters collaboration, and a shift from linear thinking to circular thinking that aims for eco-effectiveness. Embracing these shifts will enable organizations to address sustainability challenges and work towards a better future for all.

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