Sustainability is a top management priority

The mindset of business leaders toward environmental, social and economic sustainability has changed rapidly since the outbreak of COVID-19. According to Fujitsu's commissioned survey conducted by Forrester Consulting among 1,800 business leaders across nine countries*, sustainability is now a higher priority in 60% of organizations compared to two years ago. 41% of respondents told us that sustainability is one of their top three management priorities. For one in six organizations, sustainability is their top management priority.

The primary reason for this change is the growing awareness of sustainability among younger generations. Millennials and Generation Z** account for about 60% of today’s working age population. In order to attract and retain talent, organizations need to build empathy with these generational groups. They also need to respond to new government regulations and guidelines, and meet growing customer demands for more sustainable solutions. Many business leaders now understand that improving sustainability is crucial to increasing the value of their organizations and services.

Without doubt, sustainability is now a global imperative that organizations must address to achieve mid to long-term growth.

*Sustainability is top 3 management priority

Change in the priority of sustainability in your organization over the last 24 months

- Become very high: 23%
- Become high: 37%
- Still low: 40%

Sustainability is top 3 management priority

- Top 1: 17%
- Top 3: 24%

Reasons that the priority of sustainability has risen

1. Younger generations are aware of sustainability and are having a real impact on business [54%]
2. Response to government regulations and guidelines [49%]
3. Improving sustainability increases the value of products and services and the brand value of an organization [43%]
4. Consumers and customers expect organizations to contribute to improving sustainability [39%]

*Fujitsu’s commissioned survey conducted by Forrester Consulting about sustainability transformation among CxOs and decision makers in Japan, Singapore, China, Australia, United States, United Kingdom, Germany, France and Spain in February 2022. (An online survey with partial interviews)

**In this document, Millennials is defined as the generation born from 1981 to 1996, and Generation Z is defined as the generation born from 1997 to 2012.
Sustainability Transformation

Many organizations have already embarked on sustainability transformation. In many cases, they are integrating sustainability into their business operations well beyond the scope of traditional CSR activities. To make a positive impact on the environment and society, 60% of organizations are already proactively transforming the processes by which they produce products and services. In addition, 45% of organizations have improved the value of their products and services.

Our survey revealed that half of all organizations have set out a sustainability vision, planned an organization-wide strategy and started implementation of the strategy as an integral part of their business. Moreover, one in five organizations is already achieving tangible outcomes from sustainability transformation.

However, only 5% of organizations are true leaders, executing mature sustainability transformation practices. What are these organizations doing?

Source: Fujitsu’s commissioned survey conducted by Forrester Consulting in February 2022
**Sustainability Transformation**

**Key to success**

Through the survey, we have found that purpose-driven leadership is the most important and fundamental driver of sustainability transformation. In addition to setting out an organizational purpose focused on sustainability, CEOs need to evangelize their purpose, encouraging their people to take positive actions to achieve it.

Organizations that are leading in sustainability transformation empower their employees based on their purpose. They use data and digital technology, as well as open ecosystems, to execute transformational actions and deliver outcomes.

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**Purpose Driven**

- Set out a sustainability-oriented purpose and execute an organization-wide strategy under the strong leadership of the CEO
- Set out financial and non-financial goals and KPIs

**Connected**

- Establish an open ecosystem, sharing goals and KPIs
- Share trusted data among ecosystem partners to create sustainability value
- Collaborate and develop partnerships proactively with public sector organizations
- Engage in sustainability-related policy making

**Human Centric**

- Help employees to acquire relevant skills
- Empower employees to deliver innovation in agile ways
- Cultivate and realize sustainability ideas from employees across the organization
- Nurture a culture of trust and empathy
- Promote diversity and inclusion

**Data Driven**

- Use methodologies such as agile development to improve sustainability
- Use data to create new solutions, continuously improving sustainability value
- Manage organizational data on sustainability in an integrated way, making decisions based on the data
- Securely protect the private data of customers, employees and partners
- Transform business processes to improve sustainability by integrating data and digital technologies

Source: Fujitsu’s commissioned survey conducted by Forrester Consulting in February 2022
Sustainability Transformation

Digital-first sustainability

Data and digital technology are essential enablers of sustainability transformation. In our survey, two out of three organizations told us that digital is already helping them to implement sustainability transformation and that they plan to increase their investment in data and digital technologies to support their sustainability initiatives.

For example, some organizations are using digital technology to monitor CO₂ emissions in their organizations and across their value chain. Some organizations also use digital to provide traceability of food or materials, while others are deploying it to enable financial inclusion and more personalized services.

Our survey has also revealed a very strong correlation between digital transformation and sustainability transformation. We found that sustainability transformation leaders also tend to be more mature in their digital transformation practices, typically already delivering tangible outcomes.

A digital-first approach for sustainability transformation is clearly extremely important.

Digital transformation will help organizations to implement sustainability transformation

Plan to increase investment in data and digital technologies to support sustainability initiatives

The leaders in sustainability transformation also show the highest maturity in digital transformation

Source: Fujitsu’s commissioned survey conducted by Forrester Consulting in February 2022
Sustainability Transformation

How to overcome challenges

Sustainability transformation is not an easy path. The scope of change might be enormous, requiring mid-to-long term commitment. In the short term, delivering financial value through increasing revenue and profits may be at odds with providing non-financial value to the environment and society. It is very important to clearly define both financial and non-financial KPIs, navigating them to ensure they positively impact each other, driving a growth cycle.

Management must respond to internal resistance and skepticism, ensuring that their vision, strategy and initiatives are well aligned. Creating the right employee mindset and corporate culture is essential to success.

Challenges of sustainability transformation

1. Lack of executive alignment on sustainability vision and commitment to activities of improving sustainability 38%
2. Internal resistance and suspicion of such initiatives 35%
3. The complexity and enormity of the required transformation 30%

Source: Fujitsu’s commissioned survey conducted by Forrester Consulting in February 2022

"Nobody really understood the relationship between percentage improvement in financials and improvement in sustainability."
Vice President, Operations, Chemicals/ Product Goods, United States

"Our sustainability obligations as a utility firm require us to develop ROI that includes both financial and non-financial metrics."
CIO, Government Statutory Corporation, Australia

"Our sustainability metrics are set, but not actively tracked, because the technology is not in place yet."
Deputy Director of ICT, Hospital/ Government Institution, United Kingdom
In our survey, most of the organizations leading in sustainability transformation believe that their sustainability transformation activities have improved value for their shareholders, employees, customers, environment and society, in addition to positively impacting financial measures such as revenue, profit and market capitalization. In FT&SV 2021, we predicted that Business to Everyone (B2E), a new organizational model that maximizes value for multiple stakeholders, is emerging. These sustainability leaders are the early adopters of the B2E model.

In order to address our environmental, social and economic challenges, organizations need shared sustainability visions and goals, creating ecosystems that exchange non-financial intangible value and provide the foundations for a more regenerative society. This is the roadmap for the next 10 years.

Technology plays an important role in mobilizing this change. Module 2 discusses the technology visions that will shape a more sustainable future.