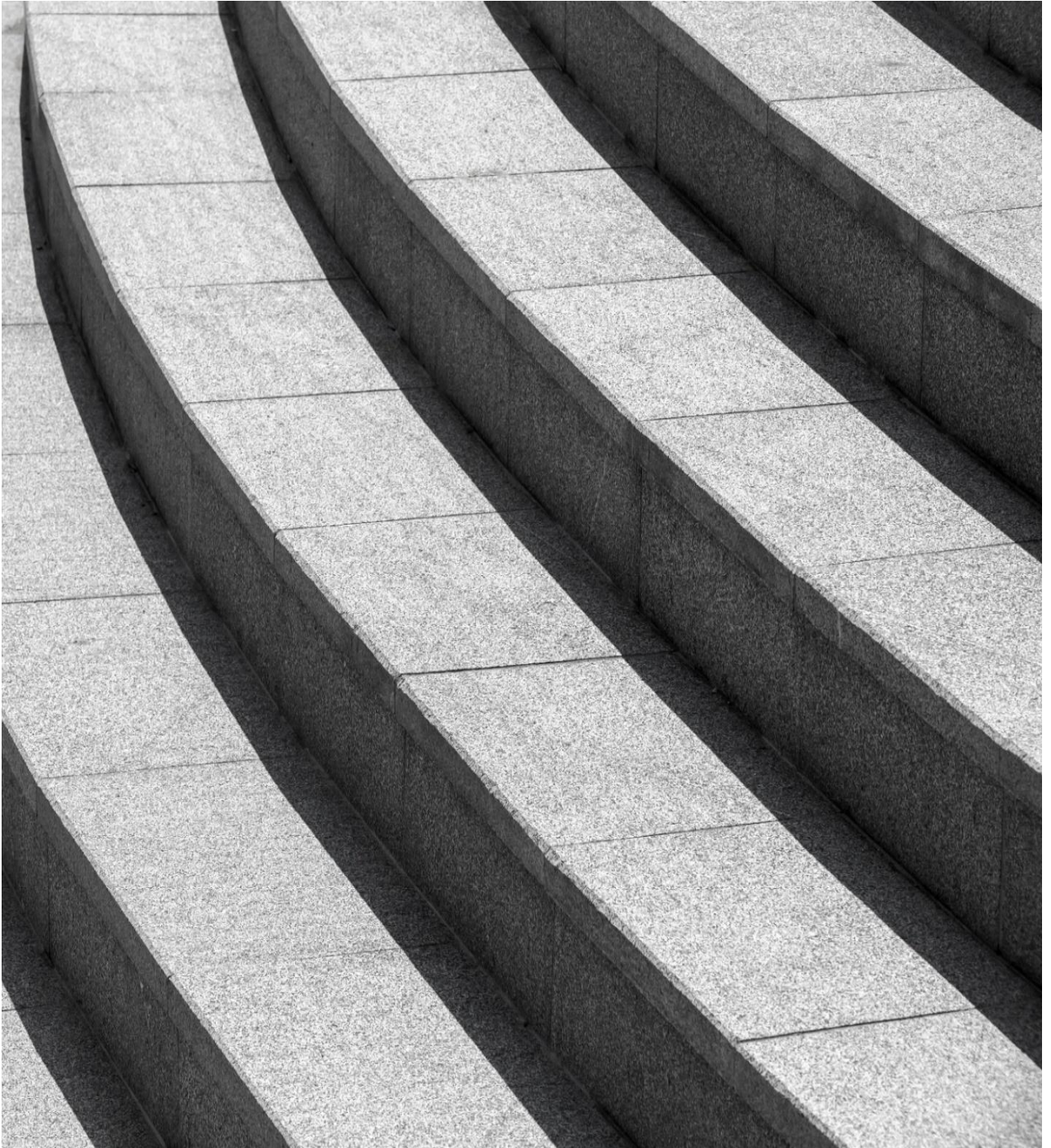


People, Planet and Profits – Too good to be true or a pragmatic pathway?



Setting the Scene

One of the key takeaways from Davos earlier in the year; is that disruption is not slowing down - whether on a global scale triggered by the war in Ukraine, the unknown potential of AI or closer to home the added consequences of Brexit. Coupled with this, the demographics of the global workforce are changing, by 2025 nearly 27% of the work force are projected to be Gen Z, which brings with it greater expectations for social good.

Therefore, against a backdrop of constant disruption and differing stakeholder needs, we asked our guests 'how do you, as business leaders, manage and prioritise the triple bottom line (TBL) of: people, planet and profits to ensure long term business success'?

The discussion

The opening contribution came from a CEO from the energy sector who talked about the need to manage the three 3 Ps (People, Planet & Profits) carefully in today's volatile world where current business priorities are affordability, security and sustainability.

There was general agreement that the art of great leadership is being able to effectively address these priorities while at the same time proactively managing the needs and requirements of the three main organisational stakeholders - **employees, customers, shareholders**. Where organisations must 'wear the disruption' in its entirety, there is also a need to maximise engagement with employees to ensure a great customer experience whilst constantly delivering agreed levels of financial returns. The inherent belief being that keeping absolute focus on these three aspects creates a virtuous circle within which organisations can continue to thrive.

Happy employees give the best services and thereby create high levels of customer satisfaction which in turn deliver acceptable levels of profitability and shareholder's returns.

A CEO from the consumer retail sector referenced the need to ensure that boards do not get distracted by all aspects of constant disruption and as a consequent feel as if they need to find solutions to all these variables. Instead, organisations must be more proactive in standing up for themselves and prioritising actions most aligned in ensuring the delivery of agreed business plans and longer term strategic goals.

There was also a recognition that discussions about successor generations of the workforce were a priority, particularly when it came to understanding where differing needs and requirements may exist when it comes to putting in place future attraction and retention strategies.

The observation was also made that whilst **inclusion is paramount to a thriving work force, running a business is not a democracy, leaders**

are in post to make the right decision and deliver against agreed stakeholder objectives. There was consensus by many of the guests that common sense is a key leadership attribute when responding to disruption, structural change or generational shifts in workforce behaviours.

Flatter structures encourage ideas and solutions from a wider and more diverse employee base.

Transitioning the discussion towards the new skills and different ways of working which the next generation bring to the work environment. A CEO from a leading global FMCG brand cited the importance of agility and nimbleness becomes more critical than ever. She went on to say that leaders must recognise the richness of knowledge which will come from younger generations and the impact that this will have in the future work environment. This was particularly apparent when it comes to areas such as digital, AI and ESG which are often areas where the current cadre of senior leadership have little or no expertise.

To enable the visibility and streamlining of understanding in these emerging areas at the senior level there was a general agreement that flatter organisational structures will be required to enable organisation to be more agile in dealing with the speed of change, particularly in the emerging digital era.

The difference between expertise and experience specifically in the successor generations who don't necessarily have the latter but may have the former. This potential must be tapped into.

This seminal experience had enforced the need in one of our guest CEO's mind to implement a much flatter and agile organisation which enables better informed decisions by the experts, not just reliance on the most experienced leaders. This change was also the catalyst for reverse mentoring programmes across their business to inform the leaders of today of the capabilities and thought leadership which exists in the youngest cadre of the workforce. They acknowledged that these two-way conversations were not always easy, and it has taken time to bed in. However, the leadership team was now much better prepared for the co-creation of solutions in areas of business which did not exist when they themselves started out in their career.

A CEO from a UK infrastructure provider echoed the need for dialogue and emphasis on sustainability. As a part government funded enterprise, the guest believed that transparency on expectations and rationale behind action must always be articulated clearly and add value. However, within the public sector some organisations can also be subject to politically driven mandates, which are impractical. Such as considering near term 100% electric vehicle utilisation for London centric travel, regardless of cost (and infrastructure) implications. In these cases, communication is key to align all stakeholders to what is practical and when, with

the overall objective on delivering long term value in a sustainable manner.

Clarity of organisational purpose and aligned values is essential in winning the War for Talent and ensuring retention.

The final comment of the session came from the CEO of a financial services institution. They recognised the legacy of rewards being at the heart of why many people joined the sector over the past decades, which has led to a certain type of leadership style and culture. With the next generation workforce seeking out purpose behind the profitability, many organisations are facing into the uncomfortable truth that they struggle to define the purpose of their existence beyond profitability and stand to lose out in the war for talent.

Conclusions

Though the concept of the Triple Bottom Line has been around for over 20 years, it has never been more important, nor as complex to manage as it is today. The consensus being that a pragmatic approach should be taken to balance stakeholder needs and to ensure long term business success. As ever, what may be considered important in OECD countries has less relevance elsewhere, which is also true of the differing priorities of workforce demographics.

Gen Z has already mastered the art of combining both digital and physical activism to hold business to account on ESG issues - they have more tools at their disposal to voice their views than previous generations. Therefore, organisations need to be agile in handling this, being innovative and finding mutual alignment which works. The future is not going to be easy, but there is a pathway to follow.

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