This report summarises the key take-aways from my interview with Daianna Karaian, founder and CEO of Today Do This, as part of our podcast series Podzept. Today Do This is a firm that works with global corporates to help them achieve specific sustainability goals.

To listen to the full podcast click here or you can access it on the normal podcast platforms.

This report contains highlights from our discussion of the following questions:

- Should corporates announce sustainability targets?
- How should corporates decide where to focus on sustainability issues?
- Once a focus area is confirmed, how does a company set a quantitative target?
- How does the process of delivering on public commitments work?
- How can a firm avoid employees pushing back on a top-down target?
- Are targets easier to achieve in smaller companies?
- Should the CEO be the sponsor of the project?
- As many companies struggle to recover from covid, how should they think about investing in sustainability?
- Sustainability issues have become very public over the last 12 months. Where are we in the lifecycle of change?
- Given the tight labour market, are employees moving jobs for purpose-driven reasons?
Should corporates announce sustainability targets?

- Yes, absolutely. You can’t manage what you don’t measure. Like any other business priority, setting a target gives you a measurable goal with which you can align people, processes, and incentives.
- Setting a target is not the same as announcing that target publicly. And you should definitely announce the target publicly. Assuming the target is a credible, ambitious goal, it demonstrates that the company is serious to external stakeholders, including customers, investors, suppliers, pressure groups, and even potential employees and potential partners.
- There is a proven behavioural science nudge that when you commit to something publicly, it makes you more likely to do it by holding you accountable and by inviting others to help you.
- That assumes that your target is credible. Companies risk public criticism if they announce targets that do not drive real change or that are knee-jerk or opportunistic, particularly on issues of green and pink washing.

How should corporates decide where to focus on sustainability issues?

- No company can or should solve every single social problem.
- While every company is different, there are consistent themes in the questions that they all ask: 1) What do we need to do 2) How do we do it.
- What do we need to do? First, focus on the macro or company level. Ask “What are your core competencies as a business?” Then ask “What are the biggest social or environmental problems that you need to solve?” For example, the firm’s climate impact, waste problem, or homogeneous workforce.
- Then, a company can use its core competencies to make a positive impact where it matters most and this is where it should focus.
- The process of finding focus includes input from employees across the organisation.

After the business analysis is complete, how does a company set a quantitative target?

- Once the focus area has been identified, the target can be considered. This can be one single big target related to the focus area. Or it can act as an umbrella for several smaller groups where more specific targets can be set.

How does the process of delivering on promises work?

- Engaging people across the organisation is key.
- No matter what the position is of the person driving the project, even if it is the CEO, they cannot deliver on their own.
- Once the company has identified how it will leverage its core competencies to solve its sustainability problems, questions need to be asked of employees at all levels in the organisation so they can see how the target is relevant to them and what they can do to help achieve it.
- Each employee should be asked to think about their role: “What are your personal core competencies and how can you direct your skills, talents, and responsibilities to contribute to the company’s commitments?”
- We then deploy tools and experiences so employees can take the first steps towards change in their day jobs. This gives employees a stake in the change.

How can firms avoid employees pushing back on a top-down target?

- A diversity of opinions adds value to the strategic process of target creation.
- Staff representatives from all divisions and levels of the firm must be involved in setting the target sooner rather than later.
- Risk can be reduced by involving external subject matter experts to help shape company targets before they are publicly announced.
If staff feel they have buy-in, they are more likely to participate in change and become allies to socialise the firm’s commitments and targets.

Of course, not everyone will be happy with the firm’s target. But the more input staff have at early stages, the more they feel listened to. This is a huge benefit when it comes to asking them to act. Even if their desire is not reflected in the final target, they have at least had some input.

Are targets easier to achieve in smaller companies?

- It is less a question of ease and more a question of how you go about it.
- In larger companies the approach can be more demanding in terms of generating buy-in.
- For companies that are spread across various regions or have thousands of employees, the process of gathering input simply takes more time and must be planned more carefully.
- However, it is not necessarily harder to achieve an outcome if leadership explains the process and how the target will help the firm create positive change.

Should the CEO be the sponsor of the project?

- Decision making is always quicker when the sponsor is the CEO.
- Buy-in around the company is also quicker as if someone else has responsibility, they have to sell upwards or across the firm in a way that the CEO does not.

Many companies are struggling to recover from covid and say they cannot afford to prioritise purpose over profit. How should they think about the issue?

- Purpose does not always cost money.
- If a trade-off between purpose and profit is the company’s default position, it is not approaching the question from a strategic viewpoint.
- Approaching the issue of purpose strategically means your priorities and activities are aligned. Thus there is more likely to be a profitable upside to purpose. For example, if you change your values to be more aligned with your customers, you might steal market share from competitors. If you innovate one step ahead of expectations and regulators, you may gain first mover advantage. If you’re responding proactively to changes that may present a risk to your business, like climate change or supply chain transparency, you may attract greater investment.
- A firm must approach purpose with a long-term lens.
- That way, purpose can reduce cost or at least be cost neutral. It also reduces risk, particularly reputational risk.
- The challenge is that short-term costs are easy to measure, but some long term benefits can be harder to quantify. But that is no different from many standard business decisions. For example, the marketing budget spends money today for an uncertain and hard to measure benefit tomorrow. So issues of sustainability should not be subject to stricter return-on-investment requirements than similar decisions.
Sustainability issues have become very public over the last 12 months. Where are we in the lifecycle of change?

- I have worked in this space for two decades and the velocity of change has increased dramatically over the past few years and possibly has been accelerated even more because of the pandemic. The conversations are mainstream.
- The pressure is coming not just from switched-on customers and younger employees, but also from investors including some of the world’s largest asset managers.
- In response to this pressure, many companies have made public commitments on specific issues or drafted mission and purpose statements. That is the easy part. Fulfilling those commitments takes tangible action.
- It is vital to avoid falling short of customer, worker, and investor expectations. There is reputational risk as well as financial risk as workers, customers, and investors move elsewhere.

Given the tight labour market, are employees moving jobs for purpose-driven reasons?

- We are noticing this, and not just in younger employees.
- Moving has especially occurred over the last year as people have taken the opportunity of working from home, being under more pressure, or being out of work to reassess what is important to them. The pressure from employees is increasing as the economy reopens.
- Typical corporate models are no longer viable. They cannot simply have a siloed and under-resourced CSR department, or a charity partner, or ask workers to volunteer for one-off initiatives and side projects.
- Companies are also more willing to talk about issues that on their face might not seem directly related to their business but affect wider society. And more companies are inviting and accepting regulation, such as stricter ESG and climate reporting rules.
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