

Sustainability, agility, profitability - contradiction or sensible interplay?

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*People always want
everything to change,
and at the same time
they want everything
to stay the same.*

(Paulo Coelho)

For some time now, the term "sustainability" has been at the centre of many discussions. There are various interpretations which, if you believe the popular scientific augurs, contradict each other:

Sustainability - Profitability

Sustainability excludes profitability, as this is expensive, requires effort and therefore cannot involve making a profit.

Is this really the case?

Agility - Profitability

Depending on the respective school of thought, there is the assumption that flexibility (often equated with agility) is too unsteady to work economically. At the same time, there is exactly the opposite approach: only agility requires profitability.

Who is right here?

Sustainability - Agility

Sustainability requires the ability to plan, which is ruled out by agility, as spontaneous behaviour is the opposite of planned behaviour.

Is this causality correct?

Before I explain my views and add a few more terms, here are the individual, generally accessible definitions of the terms.

Sustainability:

Sustainability is a principle of action for resource utilisation that aims to ensure the long-term satisfaction of needs by preserving the natural regenerative capacity of the systems involved. (Wikipedia)

Agility:

Agility is a characteristic of the management of an organisation to act flexibly and also proactively, anticipatively and proactively in order to introduce necessary changes. (Wikipedia)

Profitability

Profitability (earning power) is the ability of a company to generate sustainable profits in the long term (Wikipedia).

The thoughts

As the definitions show, all terms have a temporal component, are human-centred, involve changes and are mutually dependent.

But why am I addressing this topic? I recently read an article (Die drei Treiber des Trends Nachhaltigkeit im Business...; XING 04.03.2021) that dealt with sustainability in a broader sense and derived requirements for behavioural thinking structures from this. In a comment, this was immediately linked to, or rather reduced to, image and marketing.

When reading the commentary, it was noticeable that the basic global idea of dealing with sustainability in connection with business enterprises is directly associated with a way of thinking that tends to run counter to so-called open mind strategies (simplified information gathering, gaining knowledge, recommendations for action).

If we look at the regulatory efforts at EU level, for example, a proposed set of rules in the financial services sector (information sheet on dealing with sustainability risks, BaFin-20 September 2019) sets out and prescribes sustainability requirements that will encourage the industry to focus on the topic of sustainable finance now and even more so in the future.

In principle, this is about taking a critical look at carbon offsetting and ecological lending, in line with the New Green Deal philosophy.

However, regulation should not be seen as a restriction, but rather as an opportunity to promote agility in the industry.

In relation to the individual in organisations, the concepts of sustainability and profitability are not mutually exclusive. Companies that can credibly demonstrate that a resource-conserving approach to production factors (labour, land (environment), capital (physical and human capital)) triggers a transformation process are more profitable in the long term.

Employees identify with these companies, stay with them for longer, are more likely to support economic fluctuations and are therefore also a key carrier of image and corporate philosophy (marketing).

Various factors such as environmental changes, climate change, global interests, health crises, education, innovative strength and capability, the economic strength of individuals and the national economy and many other factors have an influence on the constant transformation process of companies. Only companies that face up to this transformation and are open to adaptation will be able to operate in the market in a stable and long-term manner.

Sustainable thinking, agile behaviour, in other words organisational development, process optimisation, flexibility and the use of agile project philosophies (e.g. SCRUM), lead to long-term economic and social success.

In principle, these are findings that have been more generally known since at least the early 1990s, when there was more intensive talk of "job enrichment", "job enlargement", "job rotation", continuous improvement management and lifelong learning.

Here too, transformation processes in various sectors (e.g. the steel industry) led to serious changes. Companies that faced up to the transformation and learnt from the underlying processes have survived successfully to this day. In the meantime, further challenges have emerged that influence the causal chain "sustainability, agility, profitability"

The appeal

I am firmly convinced that as long as we do not see the terms "sustainability, agility and profitability" as opposites, but rather as a combination of long-term, dynamic, planned but not dogmatic thought structures, the transformation will succeed. We just have to be willing to accept the challenge.

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