

## A Sustainability Transformation from the Inside Out

To BCG's network around the world,

A couple months ago, I [wrote to you](#) about how embedding sustainability in the core of your agenda is not only the right thing to do but will be a critical source of competitive advantage for the companies that do it right.

Just last week, my colleagues—a great set of BCG leaders and advisors—published an excellent article that provides a clear and concise framework for companies as they seek to embark on a [sustainability transformation](#) that will lead to value creation and lasting advantage.

The stakes are huge, and the time to figure out the right pathway is now. Sustainability efforts in the coming decades will severely disrupt industries and spark new sources of growth. According to my colleagues, “Just the push to limit global temperature increases to 1.5°C—the central sustainability challenge of our time—will drive a massive transformation of the global economy and [require investments totaling an estimated \\$100 trillion to \\$150 trillion by 2050.](#)”

The main trick to seizing the opportunities is to move beyond looking at sustainability only through an ESG (environmental, social, and governance) compliance lens. It's much larger than that, and for most companies will be core to their strategic agendas for years to come. Seek out ways in which your company can make a societal impact while creating real value for the business, integrating these efforts into every part of the organization.

The authors list and illustrate [six actions](#) required to become a sustainability transformation leader:

- **Anchor sustainability in purpose.** Emphasize the areas of ESG that are most aligned with the unique impact your company is trying to have on the world and with the values and needs of your broader stakeholders. Connecting sustainability strategy to the company's purpose will make it more lasting and impactful.
- **Capture business value.** Make sure that all critical areas of the business—including marketing, sales, product development, and finance—are able to capture the value created and track and measure it accurately. Efforts that directly link to value creation will strengthen the overall transformation agenda and can help fund other aspects of the journey.
- **Build new sustainable businesses.** As the public and private sectors invest more and more in a net-zero economy, companies have the chance to dive in to new markets where they can offer unique advantages. It requires creative thinking, experimentation, and bold actions to combine the strengths of the core business with insights into how to get involved in new opportunities as they arise.
- **Make the core sustainable.** It's imperative to make supply chains more transparent from end to end, creating consistent metrics, data, and analytic tools to guide prioritization and push suppliers toward greater sustainability.
- **Build capabilities.** Sustainability requires the right foundation, including a strong governance system, new people and organization skills, extensive data capabilities, and robust reporting processes. And as the requirements for being a sustainability leader become more challenging, it's important to have a continuous improvement mindset toward ESG skills and innovation.
- **Own the narrative.** Share the company's sustainability story in a way that engages employees, investors, and other stakeholders. Don't let the ratings agencies, activists, and media define you, your progress, and what you stand for.

Just as some companies understood early on how to take advantage of fast-growing digital disruption, there will be (and already are) leaders in sustainability transformation. The challenges are many, and they'll get more complex over the years. But by driving a sustainability strategy from the inside out, companies can manage that complexity, create meaningful societal and environmental impact—and capture value that lasts.

Until next week,



Rich Lesser  
Chief Executive Officer

## Further Reading



### Six Steps to a Sustainability Transformation

Efforts by companies to transform their business to become truly sustainable will disrupt industries and yield new growth opportunities. But successful transformations won't be easy.

[READ MORE →](#)



### How Asset Owners Can Go from Net Zero to Climate Leadership

This playbook shows how investors can work toward a carbon-neutral global economy while aiming for high financial returns.

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### A Tectonic Shift of Capital Is Just Beginning

Larry Fink, the chairman and CEO of BlackRock, the world's largest asset manager, explains how the climate crisis is fundamentally reshaping his firm's approach to investing.

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**Boston Consulting Group**  
200 Pier Four Boulevard  
Boston, Massachusetts 02210, USA

