



ROTTERDAM SCHOOL OF MANAGEMENT, ERASMUS UNIVERSITY

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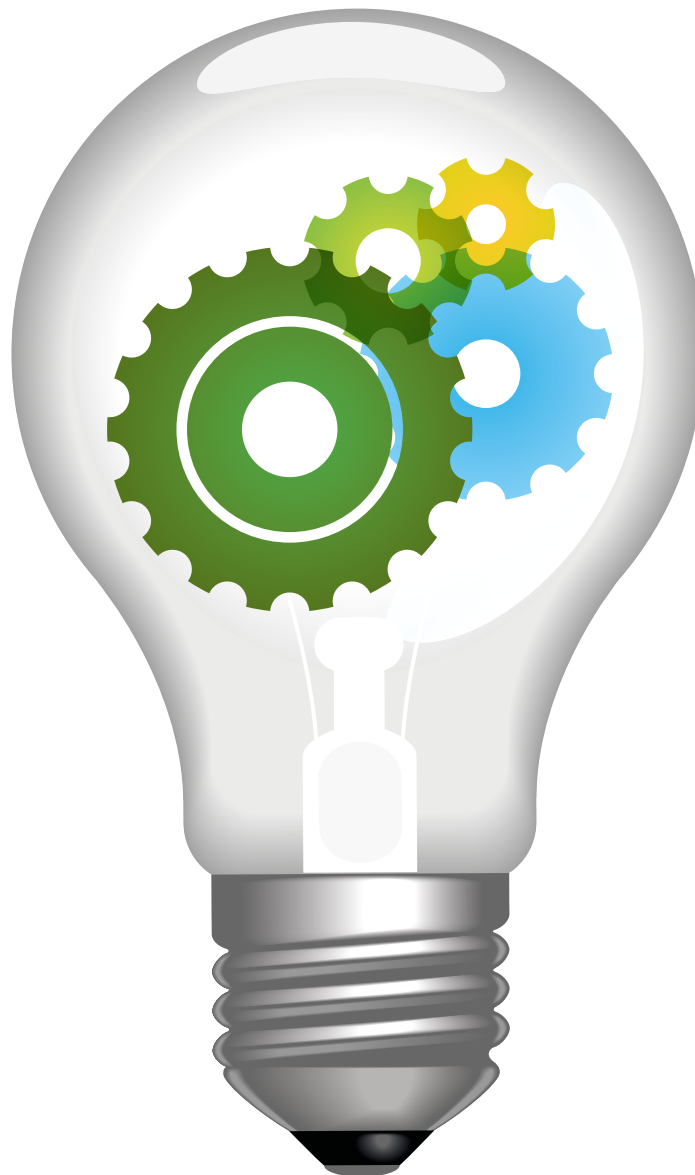
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How companies can implement the SDGs

By **Rob van Tulder**

Most business schools are keen to promote their “green” agenda. At RSM, we pride ourselves on the substance behind that claim. Our recent publication, *Business & The Sustainable Development Goals: A Framework for Effective Corporate Involvement*, offers both an overview of the extensive research we have conducted in this area and a step-by-step guide to how companies can turn their sustainability vision into a reality.

Business & The Sustainable Development Goals shares some of the most important insights gained over the past two decades of Corporate Social Responsibility and sustainability research at RSM. This research has involved high-profile cross-sector collaborations with business, civil society, and government organisations, and has led to the development of an integrated, well-informed vision of the most effective organisational strategies for sustainable development.

Our vision starts with the UN’s 17 Sustainable Development Goals (SDGs), agreed upon by world leaders in 2015. These goals capture the most urgent social, economic and environmental challenges facing the world today. They also represent an important paradigm shift: emphasising the opportunities presented by these goals and their potential to deliver significant value to both business and society.

But the SDGs are guidelines, not blueprints for action. *Business & The Sustainable Development Goals* presents companies with a framework for using these goals effectively in practice to drive their sustainability agenda

forward. The insights condensed within this framework can also inform our teaching, shape new learning modules at RSM, and spur our research towards ever higher levels of engagement with the world’s “grand challenges.”

Major paradigm shift

Climate change, poverty, resource scarcity, deprivation: all are topics that have been heavily debated for years, with a strong focus on the dire consequences of a failure to intervene. Why are the SDGs any different in helping us deal with these challenges?

The UN’s SDGs represent a major shift in how we think about sustainable

development and the role(s) played by different societal actors. These goals move away from a focus on negative scenarios and look at opportunities for collaboration, partnering, new business models and all-new methods for solving the aforementioned grand challenges. This approach is very much in line with what science has shown to be the conditions required for positive change: the creation of goals that are achievable within a realistic time frame and agreed upon by the majority of stakeholders. While far from perfect, the SDGs represent a truly positive new direction and change agenda.

Michael Porter and Mark Kramer (2011), among the most influential thinkers in the area of strategic management, have already stated the case for business to apply its capital and skills to scale new concepts, products and services that create shared value at both the local and global level. The SDGs are guidelines for companies to do precisely this.

The real tipping point, however, will come when perceptions of these goals shift within the business community. Companies should begin to view the SDGs not as challenges but as vibrant ▶

“Companies should begin to view the SDGs not as challenges but as vibrant new opportunities...”

How companies can implement the SDGs *(continued)*

By **Rob van Tulder**

new opportunities with the potential to create sustainable value (and stability) for all stakeholders.

The case for organisations to incorporate the SDGs in their strategic visions is powerful. The question then becomes not so much *why* but *how*, and who should address what? Dealing with complex, grand challenges requires new approaches and modes of collaboration that are often outside the roles and responsibilities of governments, companies and citizens.

Our book presents readers with a "scale of wickedness" via which the challenges addressed by the SDGs can be evaluated and thus the degree of collective action required understood. We also explore the societal origins of these problems, and who best should take responsibility for which issue, based on the primary (or fiduciary) duties of different societal sectors.

Perhaps most important of all, however, is our emphasis on viewing wicked problems as wicked *opportunities* for

issues, many of which require all-new business models. Our job at RSM is to identify the most relevant of these approaches, and to work proactively with stakeholders to turn these new business models into reality.

Applying the SDGs

Since the start of the millennium, business has been recognised as not just a cause of wicked problems, but an important part of their solution. This is a major departure from the mindset of old, which marked sustainable development as a government issue. The reality is that corporations are in a powerful and unique position to drive progress towards the 17 goals thanks to their ability innovate, to take risk, to develop new practices, to scale, to invest, and to employ (among many other strengths). The private sector plays a vital role in fulfilling the SDGs.

The business case for doing so is very strong. The SDG agenda offers a "trillion dollar" opportunity for business: the Better Business, Better World report estimated that achieving the 17 global goals could open up an estimated US\$12 trillion in market opportunities in four economic systems: food and agriculture, cities, energy and materials, and health and well-being.

But how exactly can companies do this? In the book, we present a detailed strategic repertoire for how companies can implement the SDGs at all possible levels of intervention: addressing market failure; limiting negative externalities; creating positive externalities, and stimulating collective action – as well as the conditions under which these strategies need to be implemented.

*"One thing is clear: wicked problems **cannot** be solved using traditional management styles or organisational structures."*

Addressing wicked problems

The problems addressed by the SDGs are systemic, complex, and interconnected, with each appearing to be a symptom of another. So distinct are they in their breadth, ambiguity and level of complexity that they have been attributed a new moniker: wicked problems. Who is responsible for solving the world's wicked problems, and which challenge should be addressed first?

One thing is clear: wicked problems cannot be solved using traditional management styles or organisational structures. Because they are systemic and ambiguous, they require collaboration between all spheres of society, and the development of "approaches" rather than the search for a single, definitive solution.

the private sector. Companies should think of these as opportunities – not from a CSR or philanthropic or reputation point of view – but for growth that can be integrated into their corporate strategy, their approach to innovation, their supply chain management. And they can do this by putting the right complementary partnerships in place.

Solving the world's wicked problems from a scientific perspective requires a whole new mindset – which is an inspiring challenge for us at RSM. Business research is no longer a study of profit maximisation but value creation: we need all-new ways of doing research that does not shy away from complexity and avoids the search for short-term, one-size-fits-all solutions. A thousand possible approaches exist to these is-



create a strategic fit between their corporate ambition and the SDGs.

But companies can turn these opportunities into investments by embracing new business models, cross-sector partnerships, inclusive development, linking macro challenges to micro approaches, and adopting new management techniques. The strategic steps are now clear - and equally so, the business case to do so. Companies must make the move from narrow, "business as usual" models, to broader, pro-active, purpose-driven business models. ■

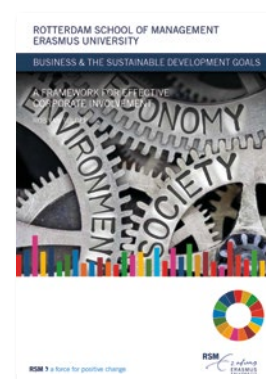
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Four layers exist for how companies can work with the SDG agenda. The first is the licence to exist: the fiduciary duty of a company to produce products that do not create negative externalities, such as tobacco and its impact on global health. Second is the licence to operate, which requires companies to create partnerships with societal organisations that can help limit their negative externalities. The third is the licence to scale: when companies produce products or services that are highly effective in addressing an issue represented by an SDG, and can therefore be scaled in partnership with government and societal groups. This is an area in which we see the immense positive impact business can have in helping the world reach these targets.

Finally, we have the licence to experiment. This is where a company aims to integrate SDG targets deeply within their operations. We see this in the companies that are the front runners in sustainability: these goals are embedded in their operations whether it is within their supply chain strategy or innovation strategy or product development and they do so with the support of external partners.

The SDGs pose a promising, yet challenging agenda for corporations. For both small and large corporations, walking the talk is not easy. Companies are faced with the challenge of internally aligning SDGs within their organisation, and creating partnerships to help the company move ahead. They must



The publication, ***Business & The Sustainable Development Goals: A Framework for Effective Corporate Involvement***, can be downloaded free of charge at [WEB www.rsm.nl/positive-change/series-on-positive-change/](http://www.rsm.nl/positive-change/series-on-positive-change/)