

SUSTAINABLE BUSINESS PRACTICES

Leading the Green Shift: Strategic Levers for Managers Driving Sustainable Business Transformation

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Five strategic levers that mid- and senior-level managers can utilize to integrate sustainability into their core business operations

Why is the Green Shift a Strategic Imperative?

Environmental sustainability has emerged as one of the most critical strategic priorities for organizations navigating an increasingly complex and risk-laden global economy. The World Economic Forum's Global Risks Report 2025 ranks environmental degradation—including extreme weather events, biodiversity loss, and natural resource crises—among the most severe threats facing business and society. For firms operating across global value chains, these risks are not theoretical—they affect supply stability, cost structures, regulatory exposure, and brand reputation.

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Simultaneously, regulation is tightening. The European Union's Corporate Sustainability Reporting Directive (CSRD), which came into effect in 2024, requires detailed environmental disclosures from a broad range of companies. Alongside it, the IFRS Sustainability Standards (S1 and S2) support a move toward global comparability. Capital markets have taken note: firms with strong sustainability performance often benefit from greater investor trust, lower capital costs, and more favorable credit terms.

Sustainability is now an integral part of strategic positioning. While boards may set the vision, the execution burden lies with managers who must translate environmental goals into measurable business results. This article presents five practical levers that managers can use to operationalize sustainability: integrating it into strategy, rethinking supply chains, fostering innovation, embedding performance metrics, and mobilizing the workforce.

Embedding Sustainability in Core Strategy

To lead meaningful and measurable sustainable transformation, managers must ensure that environmental priorities are embedded within the firm's strategic core, rather than being positioned as standalone initiatives or isolated CSR projects. This requires integrating sustainability into the organization's vision, mission, and long-term objectives. More critically, environmental goals must be translated into actionable targets at the business unit level and linked to key performance indicators (KPIs) across departments.

Unilever provides a strong example of strategic alignment in practice. Its "Compass Strategy" positions sustainability as a central component of commercial performance. Each brand within the Unilever portfolio is tasked with articulating a purpose that aligns with specific environmental and social goals. These purposes are supported by measurable KPIs, including emissions reduction, water usage, and ethical sourcing benchmarks. This approach ensures that sustainability drives core business outcomes—growth, margin enhancement, and risk mitigation—rather than functioning as a peripheral reputation exercise.

Managers can utilize tools like strategy maps to visualize how sustainability supports both financial and operational performance. These maps help clarify the linkages between environmental goals and value drivers, such as innovation, efficiency, and brand equity. By doing so, sustainability moves from being a passive aspiration to an active engine of business execution and competitiveness.

Strategic Alignment in Action: Unilever's Compass Strategy

Unilever embeds environmental objectives into its growth agenda. Each brand defines a purpose linked to sustainability and reports progress against defined impact metrics.

Managerial Lessons:

- Link sustainability targets to revenue and margin goals.
- Translate ESG principles into brand-level KPIs.
- Avoid relegating sustainability to CSR—place it at the center of strategic performance.

Rethinking Supply Chains for Sustainability

Supply chains are increasingly vulnerable to environmental disruptions, resource scarcity, and evolving regulatory requirements, placing pressure on firms to reassess their traditional cost-driven models. For managers, the strategic priority is to move beyond short-term efficiency toward eco-efficient, resilient, and transparent supply chain architectures. This shift requires embedding environmental sustainability into sourcing decisions, supplier relationships, and logistics operations.

From Waste to Worth: IKEA's Circular Supply Chain Philosophy

IKEA exemplifies how circularity and sustainability can be embedded at scale into global supply chains. The company has restructured its procurement strategy to emphasize the use of renewable and recycled materials, with over 60% of its inputs now meeting circular economy criteria. Reverse logistics and product take-back systems are fully integrated into operations, enabling the reuse, repurposing, and responsible recycling of products. These efforts not only reduce environmental impact but also enhance supply continuity, cost efficiency, and customer trust.

To replicate such outcomes, managers should begin by conducting ESG risk assessments across both Tier 1 and Tier 2 suppliers. Tools such as supplier scorecards, lifecycle assessments, and sustainability-linked contracts can support more informed, future-ready

procurement decisions.

Managerial Lessons:

- Conduct ESG audits beyond tier-1 suppliers.
- Incentivize suppliers to reduce emissions and waste.
- Use circular logistics to align sustainability with risk management.

Driving Innovation Through Environmental Goals

Sustainability is no longer just a constraint to be managed—it is a strategic enabler of innovation. As stakeholder expectations rise and environmental limits tighten, forward-looking firms are leveraging sustainability to drive product innovation, reevaluate business models, and tap into previously untapped markets. Leading companies, such as Patagonia, have demonstrated that regenerative design, circular systems, and customer co-creation can deliver both environmental benefits and long-term brand equity.

Practical green innovation goes beyond incremental improvements. It begins with embedding eco-design principles into the early stages of research and development, prioritizing material circularity, energy efficiency, and durability. Lifecycle thinking and environmental cost-benefit analyses help guide decision-making by clarifying trade-offs and identifying opportunities for value creation.

Managers should frame sustainability not as a boundary condition but as a central lens through which innovation emerges. Doing so enables the organization to proactively shape evolving consumer preferences, regulatory landscapes, and competitive dynamics.

From Repair to Regeneration: Patagonia's Innovation Philosophy

Patagonia's Worn Wear initiative enables customers to repair, trade, or resell used items, reducing waste, enhancing engagement, and reinforcing brand authenticity.

Managerial Lessons:

- Build innovation pipelines around sustainability goals.
- Involve customers in the co-creation of green solutions.
- Redesign experiences—not just products—for circular value.

Measuring What Matters: Sustainability Metrics

Many firms publish sustainability reports, but fewer integrate environmental metrics into business performance systems. To be effective, sustainability KPIs must influence decision-making, resource allocation, and incentives.

Schneider Electric's Sustainability Impact dashboard exemplifies this integration. It ties ESG goals directly to executive incentives and publicly tracks quarterly progress.

Managers can utilize tools such as carbon accounting, Life Cycle Assessment (LCA), and impact-weighted accounting to translate environmental performance into financial relevance. Shared departmental KPIs ensure cross-functional alignment.

Translating Metrics into Action

Schneider Electric's ESG Accountability Model. ESG targets are embedded in executive dashboards, tied to compensation, and reviewed at the same cadence as financial goals.

Managerial Lessons:

- Use standardized KPIs to drive accountability.
- Link ESG metrics to performance reviews and rewards.

- Foster shared ownership through cross-departmental targets.

Building a Culture of Sustainability

A firm's sustainability strategy is only as effective as the culture that supports it. While leadership commitment is essential, long-term impact depends on how deeply environmental values are embedded into day-to-day behaviors, decisions, and mindsets across the organization. Culture is the medium through which sustainability either flourishes or fails to take hold.

Employee engagement and mid-level managerial ownership are critical enablers of this transformation. Interface, a global flooring manufacturer, exemplifies this dynamic through its long-standing *Mission Zero* initiative. Employees were empowered not merely to comply with top-down goals, but to co-create sustainability solutions—from reducing production waste to rethinking material inputs. One such employee-led initiative, reusing waste yarn, delivered both measurable environmental benefits and cost savings.

Managers can replicate such cultural momentum by launching internal campaigns, green innovation challenges, and role-specific sustainability learning programs. Rather than relying solely on messaging, culture should be cultivated through systems of shared accountability and participation.

Empowering Employees for Impact: Interface's Culture of Sustainability

Interface demonstrates how distributed ownership and frontline engagement can transform environmental vision into organizational habit.

Managerial Lessons:

- Equip employees with the tools and platforms to take action on sustainability.
- Reward innovations that deliver dual impact.
- Build culture through participation, not messaging.

To support execution, Table 1 summarizes the five strategic levers, along with their associated focus areas and illustrative cases.

Table 1. Strategic Levers for Sustainable Business Transformation

Strategic Lever	Managerial Focus	Illustrative Case
Embedding Sustainability in Strategy	Align vision, KPIs, and purpose	Unilever
Sustainable Supply Chains	Scope 3 visibility, circularity	IKEA
Green Innovation	Eco-design, regenerative models	Patagonia
ESG Metrics and Accountability	KPIs in dashboards and incentives	Schneider Electric
Workforce Mobilization	Culture building and engagement	Interface

Source: Developed by the author

Conclusion: A Call to Managerial Action

Sustainability is no longer a peripheral initiative—it is a strategic imperative that demands focused, coordinated execution across the organization. The five levers outlined in this article offer a practical roadmap for embedding environmental priorities into core business activities. By aligning strategy, rethinking supply chains, fostering sustainable innovation, integrating ESG metrics into performance systems, and cultivating a culture that prioritizes sustainability, managers can translate ambition into impact. The success of this transformation rests not on vision statements, but on disciplined, cross-functional action. In a rapidly evolving business environment, those who lead the green shift will shape not just compliance but competitive advantage.



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