

Your competitors might just be your best friends in the fight against climate change

In a business world urgently focused on sustainability, organisations are discovering the limits of their ability to create meaningful progress alone. More than ever, senior leaders need to develop the vision, will, and skill to create radical collaborations - they need to start joining forces with their competitors.

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The last decade has seen a profusion of business strategy and marketing advice that becoming a sustainable business can be a 'competitive advantage'. In some cases, when done right, this can be true. Nowadays though, it is more often the case that consumers and buyers are simply expecting sustainability to be baked into an organisation's way of operating.

Yet, having chosen to pursue a pathway to sustainability by developing and delivering such strategies, even the leaders of large multinational organisations are realising that their ambitions for change are hampered by the complexity of the task ahead and the limits of their resources to achieve positive impact. Part of the problem is that one critical element of strategy has been overlooked. Just because you are in a battle with your competition for consumers, talent, and investment, it doesn't mean that those exact same competitors can't be what you need to help accelerate action towards net zero. In fact, they might be exactly that.

Competitor collaboration is the unlock we need on sustainability

At its core, collaboration hinges on the idea that collective intelligence, diverse perspectives, and shared resources can lead to breakthrough innovations that no single organisation can achieve alone. The complexity with the transition to a sustainable economy is that many businesses are built on shared platforms, shared supply chains, and shared infrastructure.

Finding efficiencies in these shared areas that can give one business or another an edge over the competition has been a driving force in organisations for decades, but when it comes to the shift to a sustainable economy the playing field changes. You can make demands of your supply chain to be more sustainable, but if they lack the resources, require your investment dollars, or the changes they implement lead to higher costs for your organisation, the impetus for action can evaporate.

Complex systems often exhibit emergent properties, meaning that the system's behaviour cannot be fully understood by examining its individual components in isolation. While your business may know its own value chain back to front, its involvement or interaction with another business or competitor may not be well understood at all. Where the opportunities exist, what are the leverages available and how is coordinated action achievable are all elements that you only have a single view on, your own. A more radical approach, that sets aside competitive behavior on key issues, like climate change, not only accelerates progress but also enables risk mitigation through the establishment of industry-wide standards and the basic fact that your organization isn't solely responsible for the investment required. In both cases, shared effort reduces the work required and provides added certainty for your organization and your supply chain.

For example, the recent exponential rise of AI technology and the power-hungry data centres that are powering the latest tech-revolution, two of the biggest players in this space, Google and Microsoft, have come together to find innovative ways to expand the use of sustainable energy. They are both partnering with energy providers, as well as creating innovative platforms for sharing and trading energy – both in service of their own needs, and to support the commercialisation of sustainable energy by investing.

This point becomes critical when you think about how suppliers and supply chains evolve over time. You may be exerting pressure in one area or fostering interventions in another, while your competitor is acting in a completely different or possibly contradictory way. Having the ability to look at value chains from multiple perspectives and stakeholders (such as a competitor) can unlock greater ability and resources to transform the chain. These beneficial conversations, strategies and action plans can therefore lead to mutually beneficial change, where pooled resources, coordinated support for suppliers and agreed standards or practices can have transformative effects on the ability of positive impact being achievable and sustainable.

This type of transformative result requires leaders to be courageous enough to take risks and to step outside of their comfort zones. It also requires a commitment to long-term success. Failure is often a stepping stone to innovation, and we should encourage risk-taking while we view failures as opportunities for learning and improvement rather than setbacks. Forming collaborations enable organisations to share their own experiences with failure to create a culture where experimentation is valued. After all, in the end we are all trying to achieve the same result on climate change.

Progressive companies have done as much as possible to optimise their operations, but anything more requires collaboration with other

companies in the value chain that they might not have worked with before. By actively transcending competition, organisations can identify common goals and complementary strengths, ultimately driving progress at an accelerated pace.

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