A Mindset Creating the Future

23/07/2019 When electricity arrived in Bohemia, Ferdinand Porsche was just eleven years old. He was experimenting with electric bells, wires and lighting even then. What would he say today, at a time when electric mobility and autonomous driving are booming in the automotive world? He would probably enthusiastically accept the challenges of today and see them as a huge opportunity.

Ferdinand Porsche's first car was an electric car, and the first wheel hub motor was also one of his best-known designs. Inventions like these are more topical today than ever before. The link between sustainability and Porsche's corporate success is evident in Porsche's flagship product, the sports car: it is only as good as its brakes. This is why Porsche has always given top priority to the systematic development of drive and braking systems. But why does a racing car need brakes at all? To drive faster, of course.

Braking to accelerate

This may sound paradoxical, but at second glance it's obvious: driving a car without brakes means you'd have to drive extremely slowly to avoid an accident. Ferdinand Porsche would probably agree that sustainable mobility should not be thought about in black-and-white terms, but systemically. In this analogy, integrated sustainability is a company's braking system, but serves its speed too, i.e. corporate success. Similar to the brake-drive relationship, sustainability follows a holistic approach that takes into account the ecological, social and economic consequences of entrepreneurial action. With this integrative view of 'sustainable management', it is therefore possible to drive faster, i.e. more successfully, as an entrepreneur. For Porsche, this is yet another opportunity of the century.

Similar to the time of the young Ferdinand Porsche, the company is once again in the midst of a major technological and social transformation. Globalization, digitalization and the public discourse on sustainable development that is above it are calling for massive changes in existing technologies and business models.

Important investors are increasingly following the new paradigm of sustainable management and are urging defensive corporate leaders to rethink. PIMCO, one of the world's largest money managers, for example, is increasingly investing in issuers with first-class sustainability strategies. Other fund managers have also recognized that sustainability means added value for the company and its shareholders. Studies also show that the companies that are more successful in their respective industries accept sustainability as a challenge and see environmental and social issues as drivers of innovation.

Sustainability as a key driver

This is especially the case when Harvard University takes the investment risk into account. Since it has become clear that the so-called alpha (risk-adjusted return) of sustainable companies is above the

market average, more and more financial investors are systematically looking for sustainable investments. Politicians are also responding: both state pension funds and public investment banks are making sustainability a condition of their investment or lending. Chinese investors have also long since recognized the advantages for themselves. According to a UBS study, around 60 percent of them already own sustainable financial investments. It is therefore no coincidence that financial experts assume that more than half of the world's investments will soon flow into sustainable investments. The discussion about the importance of sustainable business models is thus gaining a whole new dynamic. This is a positive step forward, as for too long the economy has been engaged in a black-and-white debate. Most public debates were based on a constructed contrast between profitability and sustainability.

On the one hand, there were the supposedly consistent but often moralizing sustainability advocates, while on the other hand there were advocates of outdated 'anything goes' management thinking. In this stalled discussion, the solution comes from lateral thinkers and change makers who do not allow themselves to be restricted by old concepts and paradigms. Pragmatic entrepreneurs who develop new business models that are highly profitable precisely because they benefit society. Investors who recognize that investments in sustainable companies achieve a higher, rather than lower, return on investment. Young business administration students who no longer have to decide between a career and a life with values but can earn good money with the sense they are making a positive social impact. And young professors who consistently question the old assumptions of business administration.

Creative spaces of possibility without contradictory thinking

All these people have one thing in common: they do not construct the world in opposition to each other. Instead of thinking in terms of scarcity, they see the abundance of entrepreneurial opportunities and the systemic combination of economic success and sustainability to have a positive effect on others, while maximizing profit at the same time. In order to realize this new paradigm of 'sustainable management', a company should no longer be managed solely on the basis of its past successes. Rather, it will be a question of thinking about the present from the perspective of the future. It is no longer just a matter of becoming x percent more efficient and increasing sales by x percent, but of aligning the company so that it has a positive impact on society. Nor is it about the question of how I can increase output and reduce input at the same time. It is not enough to supplement this obsolete management paradigm with sustainability management. Rather, creative spaces of opportunity must be developed without contradictory thinking and positive entrepreneurial effects must be generated within them. Thanks to the findings from Big Data and Artificial Intelligence, transparency regarding the sustainability performance of companies increases exponentially.

This is accompanied by stakeholder demand for companies with sustainable business models. Customers want sustainable products; employees, specialists and managers are increasingly looking to their employers for social added value; while investors are showing increased interest in actual performance with regard to different dimensions of sustainability. Numerous economic, financial and sustainability experts therefore regard it as an existential challenge for the German economy that many business leaders are more familiar with the topic of sustainability and that companies are less steered

along by the economic paradigm of the industrial age.

Leadership thinking in possibilities

It is no longer a matter of managing processes correctly, but of managing the right processes. This requires a perspective like that of Ferdinand Porsche. The challenge is to think about and steer the present from the future. How can we change the respective systems in mobility, energy or finance in such a way that new sustainable products and services are successful? What contribution can an individual company make to turn these visions into a reality? And with which business models can companies profit from?

This requires a new kind of leadership that does not think in terms of shortages, but in terms of opportunities. This is because it is no longer a matter of seeking one's own advantage at the expense of others in classical thinking, but of increasing one's own benefit together with others. It is more important than ever to promote a positive attitude and place people at the center of all efforts. Economic success can only be achieved in the future if we develop technological progress in line with human and ecological needs. Cooperation in a world full of opportunities becomes the decisive element for jointly generating added value.

Mobility for a better world – the Porsche idea competition

For this reason, Porsche has launched the "Mobility for a better world" ideas competition under the guidance of Daniela Rathe. Together, we are looking for ideas and technologies for a sustainable future of mobility. Start-ups, students and developers can submit their projects. A total of 20,000 euros in prize money, educational packages and development support in cooperation with the Porsche Digital Lab and the Accelerator APX awaits successful participants. Together with my jury colleagues Daniela Rathe (Head of Policy and External Relations at Porsche), Anja Hendel (Head of Porsche Digital Lab), Thomas Bachem (Founder & Chancellor of CODE University of Applied Sciences), Robert Martin (Porsche Digital / APX) and Franz W. Rother (Editor-in-Chief EDISON), I am very much looking forward to many new, fresh ideas.

All in the spirit of Ferdinand Porsche – in the spirit of a mindset creating the future.

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