
DOING THE OPPOSITE BUSINESS DISRUPTORS

Conversations with
Jeff Dewing

EPISODE SEVEN

Corporate Responsibility & ESG: How Doing the Right Thing Drives Business Performance

Jeff Dewing – Teaser:

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Sam Walker:

Hello and welcome to Doing the Opposite Business Disruptors Conversations with Jeff Dewing. It's the podcast where we explore how leadership, culture, and courage can transform business and life. I'm Sam Walker, and Jeff Dewing is the CEO of Cloudfm Group. It's an organisation that he built from the ground up after losing everything. He's also a best-selling author and a keynote speaker.

Today we're going to explore how doing the right thing in business can also be the smartest thing from ESG to ethics and impact.

Jeff, ESG has become a real buzzword. To define it, it's environmental, social, and governance. Now it's a framework used to evaluate a company's commitment to sustainability and ethical practices, which includes its impact on the environment and its relationships with people and society and how it's run. That's the dictionary definition. What does it mean to you?

Jeff Dewing:

It's simply doing the right thing. So during my journey of building businesses, running business, and enjoying the success of those businesses, I was a petrol head. I loved my fast cars, my V8 engines, my V12 engines. And in 2015, on the journey of seeing stuff and being influenced by people around me that were challenging the state of the oceans and all this other stuff, which is all blind to us because it doesn't affect us, allegedly. And then suddenly I thought, I can't drive my petrol car anymore. I'm pumping shit into the air. And it then reminded me of something that happened to me when I was a kid, walking down Leytonstone High Street with my mum, and I was 13 years old. And my mum said, You see that picture? And we was at a pharmacy, and there were two lungs, artificial lungs, in the window. One was black and one was pink. And she said to me, 'can you see the difference

between them two lungs'? I said, Yeah. She goes, 'Well, why do you think that one's black'? I said, 'Well, it's a smoker'. She said, 'No, the black one is someone lives in London, the pink one is someone lives outside London'. And I never forget that. I'll never forget that. And something just clicked that said, I'm done with driving petrol vehicles. So I bought a Tesla in 2015. And from that point forward, despite loving the roar of an engine like most petrol heads do, I couldn't exchange the roar of an engine for poisoning people. So that's where my thought started, that's where my material change started. And I've been on fully electric ever since 2015.

And then I've pushed my company down fully electric. Well, we've got a fleet of Teslas and so on and so on. So that was sort of the start of me thinking about how we all behave towards the planet. And then I met this incredible guy, Jeroen van de Waal, who I met in Lisbon, who's Dutch, who has dedicated his whole life to trying to fix the oceans. And when you're curious, you get to learn a lot of stuff. And I was really intrigued by the information he gave me about the oceans, and I realised that my god, we can actually fix this stuff, but we don't. We just push it to the back, we bury our heads in the sand. And that was the sort of start of my journey of saying, no, we've got to take this very, very seriously. This is not a buzzword, this is not something, it's not a tick box exercise anymore. This is about how you behave as a human being and as a community and as a business.

Sam Walker:

It's tricky though, isn't it? Not sometimes to come across as preachy, because you're right, the reason we don't concentrate on what's happening in rainforests or what's happening in oceans is actually we've got to pay the gas bill, we've got to put food on the table for the kids. And is it the way you present that information? Because people can just say, well, it's all very well for you to say that, but I've actually got to get through the day.

Jeff Dewing:

Yeah, but that's the for me, that's just following the herd over the cliff again. So, you know, if you care about something, people don't care about anything unless they understand it, right? So the first thing, it's another famous saying I love it, it gets me out of bed every day, makes me think about it every day, is "first seek to understand, then seek to be understood." So don't critique something, don't condemn something until you actually understand it. And if you want to criticise something or condemn something or attack something, have the decency to understand it first, right? So we have an event every couple of years called CloudFest. It's where we bring everybody together to celebrate, to collaborate, and whatever. And of course, ESG has run through the heart of this business for the last sort of eight, ten years. And one of the things that's really interesting is that my team, not me, because again, I used to love doing all the events because I know how to throw on a good party, and then my team said, "Can we do it, Jeff?" And I took that quite personally. I said, "Well, what do you mean? Am I not good enough?" So they said, "No, seriously." I said, "Yep, no problem, you do it." Anyway, they put on this event which blew me away. But there's 250 people at this event, it's a festival type style. We've got sort of street food counters everywhere, all different types of food and drink and god knows what. And there's 250 people there, but they decided to make this the most sustainable event ever taken place. And I think what does that even mean? So, like the stage that we had all the music on at night was a completely solar-powered stage with batteries. So they'd

charged the whole stage up, the batteries had got it, so the whole DJ and band that night was all off of solar. But all of the food was recyclable within the ground of the events that we were holding this stuff. And the only rubbish that we pulled out of that whole event that was not recyclable was one black dustbin liner for 250 people, which shows it can be done. And it didn't cost us any more money, it was just focus. And the pride that the people took out of knowing that we'd done that and how we'd done it had a massive impact on their belief in us as an organisation and the fact that they're part of it.

Sam Walker:

That's one great example of an event, but if we're looking at day-to-day business, what does doing the right thing really mean day-to-day in business today?

Jeff Dewing:

Well, it then transpires into well, if we can do that such a big event, what can we do just by being in the office? And it's about recyclable rubbish, it's about how you treat the. I mean, we put free food and drinks on everything at the office for everybody. And you know, if you get to the end of the week or the end of the day, people are saying, you know, 'we'll take that so we don't destroy the plastic here, we'll take the milk home, we'll take these sandwiches so it don't get, you know, we'll use these products'. Because, you know, in the earlier days when we first started all this, the amount of food we would throw away because it wasn't consumed, and it was just easier just to throw it away. And it's now like, 'oh my god, we've done one dustbin liner for a whole event. Why have I got more than one dustbin liner for a day's activity in the office'? It just focuses people's minds and the amount of people, especially when you think about Gen Z, Millennials, these people care more about this stuff than we ever did as baby boomers, right? So suddenly they are really focused on it. They're saying, give me the ammunition, and I'll do it. And it really pumps people up and it creates an environment where people are saying, No, I feel ethical.

Sam Walker:

So, how does Cloudfm approach ESG in terms of your interactions with your clients and your day-to-day business practices?

Jeff Dewing:

Well, it all starts off with what you can't measure, you can't manage. So, the first thing you got to do is say, Well, what am I actually going to achieve? What's the goal? So, yeah, we're back to eating the elephant. Yeah, what's the destination? How are we going to get there? And it all starts off with things like the first thing is, are you even recognised as taking appropriate action in a sustainable way? So there's a scheme that we're part of, we secured an EcoVadis silver award for how we behave in an ESG environment. And then on top of that, you have what's called a science-based targets where you declare to the SBTi that says, "This is what I want to achieve by this day."

Sam Walker:

What's an SBTi?

Jeff Dewing:

It's basically to do with how you measure your performance in an environment, in a social, in a governance. So it's science-based targets, basically. It's saying rather than fluff, let's do some real measurements against which you can be held accountable. And within, for people that understand ESG, you've got things like scope one, scope two, scope three. Scope one is what can you do in your building that you're directly affected by? You can buy green energy, for example, which helps towards your scope one. And scope two is the stuff you procure, the stuff you buy, everything that's in your direct control, which you can have an influence over. Scope three is the challenging one because scope three is what all of your suppliers are doing that you haven't got direct control over. So, how do you influence what your suppliers are doing to get your scope three down? And scope three is the most challenging for everybody. How do you get your suppliers to use electric vehicles? How do you get your suppliers to use a lot more renewables? How do you, and more importantly, how do you report that and how do they report it to you? So when you have laser focus that says, 'I've got to get these numbers down year on year on year', you create a focus. And if you're serious about it, you've got to have a team or a group of people that are accountable for making those things happen. And then before you know where you are, three years down the line, you go, 'Well, that's where we were. Look at where we are now. Look at the gap that we've just created as a result. Look at the CO2 we've saved over the last three years, you know, in the thousands and hundreds of thousands of tons of CO2'. And it's about partnering with people. So again, we've got things like the oceans, where we partner with a company called The Reef Company, that are going to put in brand new reefs because you know, 50% of the coral reefs are dead. And the coral reefs provide something like 70% of the oxygen for the planet. And yet we're killing all these coral reefs. So they're doing stuff like putting coral reefs back, engineered coral reefs, which grow because everything is so much more potent in the sea because it has to be because of the dilution. Everything that happens in the sea is a thousand times more potent. So these reefs come alive in less than six months and in less than a year are fully established. So, why are we not doing this stuff? So it's about truly doing stuff. And when you do these things, it's amazing how many people in your organisation go, 'I want to be part of it, I want to be part of it'. So all of it, it just gets stronger. It's like the snowball just gets bigger and bigger and bigger.

Sam Walker:

Again, people might be listening and going, that sounds great. I've got a small business, I've got a board that says, 'Yeah, but how's that actually going to increase profit and value for shareholders?' It's too complex if you're in a smaller business. What do you say to that?

Jeff Dewing:

It's complex when you're in a big business because you've got a million moving parts. It's very simple in small business because you just focus on the two or three things you want to do and you deliver them. And ESG is more than a buzzword now because now, legally, you now have to report on your ESG results in your end of financial year performance. And of course, what's now happening because of ethical business? Your clients are now asking, not necessarily who are your directors and how much money did you make last year and are you sustainable? They're saying, "what are you doing in ESG?" That's the first question they're asking: "What are you doing in governance? How governed are you? What are you doing about anti-slavery? What are you doing about risk management? What are you doing about director behaviour? What are you doing about all these other things?" It's all part of

the governance process. What are you doing about anti-fraud? And all these are the things that they care about because they want to work with an ethical business that then means that they're hitting their ESG targets, that they're held accountable by their shareholders.

Sam Walker:

Do you ever get pushback?

Jeff Dewing:

No, we get commended and I don't want this to sound wrong, but we tend to be ahead of the curve because we've already moved away from the herd. You know, so we've already focused on these things, and it was driven initially by me because of my need for say, I've got to move away from petrol heads into electric. So I'm saying, well, what else can I do? And the easiest way to overcome that is don't try to be all things to all men. Find somebody that is so passionate about this stuff that they will focus you in the right direction. And that's what we did when we employed Kat, who's crazy about ESG and spectacularly good at it. And she just laser focused us. And the laser focus isn't about spending money, it's about focusing your attention: "we do this bite, then this bite, then this bite, then this bite." And before you know where you are, we've got momentum and everybody else hasn't even yet started.

Sam Walker:

So, what value? You know, you've talked a lot about doing the right thing and feeling good that you're doing the right thing. Is there also a material value that all of this behaviour brings?

Jeff Dewing:

Well, yes, I have to buy a lot less dustbin liners. There is value to everything we do, otherwise, why wouldn't you do it? And a lot of it comes down to the return on investment is the way your people behave. And your people are more engaged in behaving at the top of their level when they believe in what you're doing. No one comes to work to do something they don't believe in. So you get these things right, and not only do people buy into it and deliver it and live it, they are proud of it and as a result of that, you get a different demeanour, you get a different community, you get a strong community, and it all has an impact on high performance.

Sam Walker:

And I'm guessing good behaviour is attractive as well. When we're talking about business, when we're talking about you going out and attracting clients, that behaviour is attractive.

Jeff Dewing:

Well, it also attracts great people to your organisation to come and work with you and for you. And of course, the things that we do, you know, in an environment like the work environment is then copycatted by people doing the same things at home. So then again, you get momentum. And then, you know, there was something that came out a few years ago, which a lot of businesses would be aware of, where you could do a salary sacrifice to buy an electric car. You got a government grant via the salary sacrifice people, and suddenly, oh, 20 of our 20 people in our business went out and bought Teslas because they got it at a

fraction of the cost, a salary sacrifice, and they felt good about it. And when you asked them why did you buy the Tesla, it wasn't because I get a fancy new Tesla, it was because it feels good.

Sam Walker:

Where do you see companies getting ESG wrong?

Jeff Dewing:

When they don't value it. And that doesn't mean companies are not going to survive, it just means that they're gonna get left behind because by the time you get moving, you're already two, three, four, five years behind the curve. We're back to pushing water uphill. If you're not on the ESG journey and you don't do the things that are easy to do and impacting to do, you struggle to attract talent to your organization, you struggle to attract and/or retain clients, and everything becomes so much more difficult. So why not make it easy?

Sam Walker:

Are you concerned that there seems to be the beginnings, maybe we're a bit further down the road, but of a cultural pushback on this? I'm thinking about in the United States, where there's an administration that is currently pushing back on what they're calling a woke agenda. There is an administration that doesn't "believe in climate change." There are many very huge companies in the US who are now dialling back on their diversity and inclusion, for example. Does that concern you?

Jeff Dewing:

No, because I'm not in America.

Sam Walker:

But is that not going to be contagious, do you think?

Jeff Dewing:

It is in America because you've got a one-man dictatorship. But if you look at the best example I can give is when I was an engineer driving around London and going to Kent to fix fridges, like everybody else, I'd have some sandwiches in my car, I'd have a can of Coke. When I finished the Coke, I threw the can out of the window. It was normal, totally normal. And I'd go into a restaurant and finished eating my meal and there's all these people around me, and I'd light a fag after finishing my meal. Completely normal. Because that was the environment we were in. Now you wouldn't dare throw a can of coke out the window. You wouldn't dare light up a cigarette in a restaurant because it's not the right thing to do. The environment has changed, the culture has evolved, and you're behaving in a way that is much, much better than it was 15, 20 years ago when you walked into a pub and you know, you become a chain smoker just by being in the room for five minutes.

So things have changed for the better. Where you have a problem is that when you have an environment such as the US that is saying, "this is all woke and wind farms are ugly" and "there's no such thing as climate change." Organisations in America have to survive, they have to trade, they have to do whatever. If they don't comply, they get left out. And if they get left out, they're in deep shit. So they have to follow the environment. Therefore, it's bad

because we're back to it doesn't matter if you're a country or a business, everything happens from the top. Whatever the top is driving will become the environment. So if the top is driving "this is all shit, we should all be smoking 60 fags a day, and we should all be throwing cans of coke out of the window, and if you don't, you'll be banished". Then suddenly people start throwing cans of coke out of the window and they'll start smoking 60 fags a day. It's that simple.

Sam Walker:

And how long might it then take to get back?

Jeff Dewing:

Well, this is the whole thing. It's like one step forward, two steps back, and that's when the only way that you'll get back to some form of normality is not just having a better leader, it's having a more aggressive leader that's going to push hard. And of course, the big problem you then have is that populations, groups of people, communities don't like material risk change. On my keynotes I say "I've never met anybody on the planet that doesn't love change", and it creates this long, huge, great big, long pause. But everybody I've met does not like the uncertainty of change. So if you go through a process where you're gonna change something, as long as you can let the people know how that change is going to affect them, they will embrace change. When you don't tell them how it's gonna affect them, you create uncertainty. When you have uncertainty, that's the human's biggest error, the human's biggest enemy. So that's the bit that people get wrong. They go through a change process, but they don't explain the consequence of that change on the people affected by it.

Sam Walker:

I want to talk just for a minute about greenwashing. Can you explain what greenwashing is?

Jeff Dewing:

Yes, it's when someone says to you, "pay me a pound for every hundred pounds you take, and I'll plant you a tree." That's greenwashing. You know, planting trees is great. There's nothing, obviously, trees are fantastic things, but the problem is where you then get companies that think, 'oh, here's an opportunity to make money'. So they'll sell the same tree to 500 companies. So you're actually suggesting, and those companies go, "oh, I feel good because I've ticked a box here and I've bought a tree." What they don't realise is that so 500 companies bought the same tree, but it's still only producing the same amount of CO2 or oxygen, or can consuming CO2 and producing oxygen. So that's the greenwashing. That's people just giving it complete nonsense. So you have to, we're back to first seek to understand. Understand what it is you're trying to do, understand what it is that you can actually do that will make an impact, and demonstrate that you can measure its impact, right? Because if you can't measure what you're doing, then there's an argument it's greenwashing.

Sam Walker:

How then do you turn responsibility into competitive advantage?

Jeff Dewing:

When you've got an environment that is driven by ESG with all of its people driven by ESG that do the things that create a better environment, the decisions they make on every interaction with Client or a supplier is influenced by that decision making. So, for instance, yeah, if I've got a help desk operator that is simply, you know, giving work, you know, we get a job coming from a client that needs some fridges fixed, and they'll go to the supplier and say, "Can you fix the fridges?" What they're now doing is they're trying to find the supplier that's the closest to the job rather than the one that's the cheapest, or rather than the one that's more likely to say yes. They're focusing on who is the closest to reduce the journey. But they're doing that out of habit now because it's become the norm. Therefore, that has an economic advantage because the cost is less because they're closer. Yeah. The efficiency is greater because they get there quicker because they're closer, and it just has a knock-on effect.

Sam Walker:

What's your one message to leaders who want to exist more authentically within an ESG space?

Jeff Dewing:

Ask yourself what matters in life. Ask yourself what you care about. Ask yourself what your community cares about, what your company cares about. And ask yourself, is it all about money or is it about doing the right thing? Is it about going home and saying, "I saved 150,000 tonnes of CO2 this year?" And I feel good about that. In fact, I want to sing it from the rooftops. And then, of course, sing it from the rooftops brings another three inquiries because there are five clients saying, "I'm really impressed you saved 150,000 tonnes of CO2."

Sam Walker:

Thank you. Brilliant conversation. And thank you so much for listening to or watching Doing the Opposite Business Disruptors conversations with Jeff Dewing. To find out more about Jeff and his work, do head to jeffdewing.co.uk. If this episode resonated with you, please do share it as well. Now, next time we're going to wrap up the series with legacy leadership building what outlasts you. Until then, do keep questioning, keep leading, and keep doing the opposite. With a big thank you to Nichola Crawshaw at Cloud and also to Michael Blades at What Goes On Media. I'm Sam Walker and Doing the Opposite: Business Disruptors is a What Goes On Media production.