

FONDAZIONE CENTESIMUS ANNUS PRO PONTIFICE

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Solidarity, Cooperation and Responsibility: the antidotes to fight injustices, inequalities and exclusions.

Round table on “Responsibility in the construction of a new model of supportive and sustainable development”

Contribution of Vincent de Rivaz on:

The Role of Management in Combining Efficiency, Sustainability and Inclusion.

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Dear Friends,

It is a tremendous pleasure and honor to address this conference this afternoon in the City of Vatican.

I have been asked to speak about the role of management in combining efficiency, sustainability and inclusion.

For 16 years, I have been the CEO of a big power company in Britain. A leader in generation, distribution and supply of electricity with at the peak up to 20 000 employees up and down the country.

As a CEO I always felt that I was a boss in training, **always eager to learn from others.**

I will share with you **what I have learnt as a practitioner.**

I will also reflect on the inspiring discussions we had, in the last year or so, within the French branch of CAPP. I am very grateful to all my companions for their contribution to my presentation today.

I won't give you a lecture on management through a litany of corporate buzzwords. Nor some 'one size fits for all' recipes.

I have chosen to focus on the third side of the triangle "efficiency, sustainability, **inclusion**". I won't elaborate on the two other possible entries into this triangle.

Suffice to say that there is no question that inclusion is a very powerful mean to deliver efficiency and achieve sustainability, which are the basics goals of any business.

And that efficiency and sustainability both make it easier to be inclusive.

Indeed, a non-performing business can be neither inclusive, nor sustainable.

Inclusion is not only a means. **It is a positive choice** for the common good.

MESSAGE FROM ST PAUL

So let us talk about inclusion.

But before that, **allow me to give the floor to St Paul.** In his letters to the Corinthians, Paul is trying to "manage" them.

First in warning them about divisions. Two in discarding any abuse of power.

Some clues of St Paul's "management" style may be found in the 4 following quotes.

1. "I do appeal to you to make up the differences between you. To be united in your belief and your practices.

It is clear that there are serious differences among you.

What I mean are all these slogans that you have like: "I am for Paul, I am for Apollos, I am for Cephas, I am for Christ".

Has the Christ been parceled out?"

2. "Nor the body must be identified with any one of its parts. If the foot was to say "I am not the hand so I don't belong to the body" would that mean that it stops to be part of the body? "

3. "Is there in me at the same time the yes and the no? God's Son was not both yes and no. He was only yes".

4." It is not for me to exercise a power on your faith but to contribute to your joy, because through your faith you hold on".

MESSAGE FROM POPE FRANCIS

Four actions do underpin inclusion. Pope Francis insists on them in his apostolic exhortation *Amoris Laetitia*.

To welcome. To accompany. To discern. To integrate.

To welcome identities and differences in what remains a unity. To accompany on the long run. To discern what is good. To integrate our subjective identities in a whole.

WHAT DO WE MEAN BY INCLUSION?

Firstly, what we don't mean by inclusion? It must be not the Trojan horse of the many ideologies knocking at the door of modernity. Gender theory among others. It is part of the responsibility of business leaders to prevent their companies from becoming ideological battlefields far from business considerations.

Inclusion is not about ticking the boxes of a reporting template.

It is all about relishing the opportunities of an **inclusive diversity not a divisive**.

About **assembling not opposing** About **welcoming not judging**. About **respecting not inflaming differences**. About **building bridges not raising drawbridges**.

I will try to display some of the many facets of inclusion, if not all. Ten of them should be enough....:

TEN FACETS of INCLUSION

Leadership. Teamwork and Trust. Social Contract and Productivity. Transmission and Education. Innovation and mature industry. Health and Safety. Happiness. Private / Public Partnership. Market regulation. Cultural savviness.

1. Leadership

Leaders have to include themselves in the inclusion. **It is not “them “**- those who are supposed to be led- **and “us”** -who are supposed or deemed to be the leaders, the elites. **Honor, onus.**

Once we exercise responsibilities we must demonstrate more. **Those who lead are not innocent bystanders.** They are judged by their walk not their talk. Nothing is worse than not living up to what we preach.

Leaders must be sensitive to how actually they are perceived. Aware of the shadow they may cast, unwillingly. This shadow may well hamper inclusion.

Preaching inclusion and staying out of the fence doesn't cut it.

Let us be honest. It can become very personal and emotional.

Staying aloof is a temptation of self-protection. It is a weakness. Nothing we can do can make us for this weakness that lies deep down. We can do better. **Giving their place to affection and proximity, to interaction and humility, to inclusion.**

To acknowledge that we can be part of the problem in order to ease the tensions. Never give in to ease. Never dodge contradictions.

Giving needs listening. Explaining requires putting oneself in the shoes of those whom we wish to convince. Explanations of decision attentive and adapted to the diversity of those to be convinced is as important as the quality of the decision itself.

Inclusion is an art, not a science. It is part of the art of the arts, the government of men and women.

2. Teamwork and Trust

There is no teamwork without transparency. There is no transparency without trust. There is no trust without teamwork.

Working as a team is the success factor.

There are two opposite risks in any organization. The “**silocracy** “and the” **bureaucracy**”.

The silos develop when people take responsibilities for their respective areas but **ignore that their job is linked with others.** They forget their impact on others and that they depend on others. That they are part a value chain internally with other parts of the business and externally with suppliers or subcontractors.

Creating value from end-to-end processes is a shared responsibility.

Hyper motivated people can become selfish or maverick or loose cannons. They discard that the sum of the parts is what matters at the end of the day. They may feel responsible of their part but not accountable for the whole.

Silocracy can encourage rivalry. Emulation inside an organization is healthy. Rivalry is not.

Rivalry between master and pupil. Rivalry between bosses and employees. Rivalry between compensations packages Rivalry between production and customers. Rivalry between functions and operations.

Rivalry feeds envy and is fed by envy.

Envy is at the heart of many people knots and collective tensions.

In the spectrum of possible business models, the bureaucracy is the opposite side of silocracy.

No one can deny that our businesses can be complex and that to address complexity, we need robust processes and dare I say discipline.

But cumbersome processes and procedures are not the solution when they become **a fake proxy for responsibility and accountability.**

Nobody is responsible nor accountable when all is down to processes and bureaucracy.

In the wake of the liberalization and fragmentation of the UK energy market, the privatized power companies, formerly state owned, sent the pendulum strongly and quickly from bureaucracy to silocracy. The whole power system was de-constructed. Competition first. Serving together the general interest was downgraded. Common good was not on the top of the agenda.

The right balance is in teamwork. Nor silocracy neither bureaucracy. That is valid for a power system which works for the public good. It is valid within purposeful organizations as well.

Inclusion and trust are two words which go well together.

3. Social Contract and Productivity

The quest for higher remuneration is palatable and legitimate.

The demand for fairness in sharing the value created is commendable.

But let us make no mistake: **the main revendication is for dignity, respect and to be given the opportunity to develop one's potential.**

Flexibility and adaptability are essential options for a performing and sustainable business. But **mere "Hire and fire" culture is a recipe for companies' failure.** Because it is a recipe for employees' disenfranchisement.

Employees' productivity is indexed on their competence and on **their pride** in what they do and how they do it and why they do it.

They have to be included in the vision of a project, involved in shaping the objectives, aware of the key performance indicators, and benefitting individually of the collective achievements. That is all about a common bond blending teams, up and down a project or up and down a company.

A company is defined by its project. A project to succeed needs people wanting to make the extra mile and rolling up their sleeves for it. **Not people searching for scapegoats.**

That is why “hire and fire” culture is irrelevant.

In the construction sector, I have seen the negative impact of the broken chain of empowerment between line management and the top management which inevitably induces broken chain between workers and line management. That is counterproductive. This experience led us to sign with all the unions an unprecedented “social deal” before kick starting the largest construction project in Europe. A £22 bn nuclear project in the Somerset. To deliver Net Zero Britain.

Five years later, it bears fruit. What we are building there is much more than a power plant.

To motivate employees, it is clear that one must care about the lengthening of the duration of the contracts as opposed to reiteration of short-term contracts.

That is a condition for having a decent and efficient training policy.

4. Transmission and Education

Competence is also a matter of training. Of course.

Education must not be the missing point of the inclusion puzzle.

Training is the channel for transmission of knowledge and experience. It is important to acknowledge what we owe to our predecessors and also what we owe to our successors. For instance, those who will take over and deliver the operation of our long-term investment, over decades in the case of large infrastructure projects.

Transmission of know-how, know what and know why is part of the inclusion paradigm.

It means humility to acknowledge that we are “only” an intergeneration link in the chain of development of a company. Actually, it means also pride of being the subject not only the object of this transmission.

Being an heir doesn't make anyone really happy. What matters is to be given a chance to become a pioneer and, in turn, to transmit. In a way, **we are only the stewards of our business.**

We are in a digital world.

E- working E learning. E design E operation E procurement. E everywhere.

Welcome to the new Rerum Novarum of the new technologies. Let us make sure though that we keep human(s) inside.

In my company, we created a Campus, in the Somerset, in the country. Far from London. We bought a 12 th century Benedictine nunnery and with due respect to its English heritage, physical

and spiritual, we transformed it with the state of the art of new technologies, notably in energy efficiency and in digital.

Despite all the obvious advantage of the E training or E learning, we decided to have this physical place, a hub where people can actually meet each other in person. **To nurture the DNA of an inclusive company**, bringing together young and old employees, technicians and accountants, apprentices and graduates. We named the refectory of the campus “**the Brassage** “. All in all, we favored a Harry Potter spirit. There is not such a thing as E Loving.

The intelligence is fed by what it receives. The heart is fed by what it gives.

5. Innovation and mature industry

We need to cherish as a treasury the diversities of personalities and of vocations. **Inclusion doesn't mean uniformity**. Unity doesn't mean one size fits for all. It is critical that innovation is boosted. If we don't innovate, we die.

Collective endeavor should not hamper risk taking. Risk taking must not jeopardize collective endeavor.

We created an innovation center in our customers' business. Its mission: to create new products for our customers in the digital age. On purpose, we located it at the heart of our call center. To place Innovation at the core, not at the fringe of mainstream business. With several objectives.

To involve the existing staff of the call center. To make sure that the innovation won't be disconnected from the real needs of the customers. To prevent the digital fracturing our customers relations.

To nurture innovation, we need to encourage individualities to blossom. But beware of maverick individualists.

The world of start ups and the world of mature industry must not be opposed. Start ups must not elbow their ways in opposition to mature industry nor the mature industry fear about startups.

The macro ecosystems must benefit from micro ecosystems and reciprocally. Inclusion. Not exclusion.

We can't transform if we are alone.

The higher risk of loneliness is to feel disempowered and powerless.

Again, it is all about trust.

We can't give what we don't have. We therefore can't trust people if we don't trust ourselves.

There is a Jewish say: “**If I am not for me, who will be? if I am for me only, who am I? “**

I would add to that say: **what can I do if I am not receiving from others?**

That is why career development of experts must be looked after with the same care as the ones of managers. A good inclusion is one which manages the tension between power and knowledge. Although the decisions must at some points escape the experts. We need definitely to listen to experts. They need to be involved from day one. Therefore, it is also necessary to develop the experts in their expertise so that they find their fulfilment.

6. Health and Safety

Health and safety are the number one priority of a company. A company which is not safe can't perform and can't be sustainable. Full stop.

To be a safe company requires a no blame culture in the company. Near misses must be reported without fear. We learn of near misses as much as from actual failures. Both are key ingredients of a learning organization.

We need to encourage people to speak out and to seek out for help when it is not right. We had a mantra in my company: **“Be your brothers’ and sisters’ keepers”** to secure a safe working place.

Mental health of employees is ranking more and more high in the risk register of companies. Dramatic changes, competition, reorganizations, new technologies. A new customers information system which bogs down on D Day is hugely demoralizing for employees in a call center.

All these Rerum Novarum down to us can unsettle. But we must adapt. Which often leads to tough decisions. In this context, it is mission critical to avoid permanent stress cascading in the organizations.

It is also important to include **Work/ Life balance** of employees in a love and care culture within teams. We are deluding ourselves in pretending there is a fence between work and life. **Work is part of life. Life without work is not a life.**

This balance is even more critical in a world where families struggle to maintain their own balance. It is needed to care about mental health. Inclusion reduces vulnerabilities and stresses. For managers, it is often difficult to realize the nature of the gap between them and the people they manage if they see themselves as one responsible among others. There is a cultural reluctance from managers to be involved in dealing with mental health of members of their teams.

Until we create a culture of understanding and acceptance which opens up the channels of inclusive communication, it is likely that there will always be misunderstanding around the issue of mental health.

7. Happiness

Happiness – or Joy, to use St Paul’s word- is not a weird word in the work place. It must be included in our business model. What is true for measuring the performance of a country or a society in general is also valid for companies.

One can’t be happy if one doesn’t feel useful.

Workplace is a place to be useful and therefore to be happy.

Among few others, two enablers for happiness in the work place.

Subsidiarity and serendipity.

Subsidiarity must be practiced assiduously. It gives the initiative to the field. Which is a good complement to delegation which controls what the field is authorized to do.

During my time in Britain, I have discovered a new word: **serendipity**. The aptitude to make an unexpected discovery by chance. To grasp the usefulness of the unexpected.

As much as love needs proof of love, **inclusion needs proof of inclusion.**

What a better proof of inclusion that, for example, to start a meeting in being genuinely convince that I don’t know what will come out of it.

8. Private / public partnership

A late British very liberal Prime Minister famously said, in the years 80 s: “there is no such a thing as Society”.

The recent pandemic in many of our countries has shown that **there is such thing as Society**. It also showed that **there is such thing as State**. Even more important it showed **there is such a thing that good coordination between Society and State**, between public and private sectors.

The usefulness of the private and public sector to work together is obvious in many sectors.

9. Market regulation

The markets can be very volatile. Not fit for long term challenges.

Private investors must be encouraged to deliver their part of the government policy. The government policy must be accountable for the long term.

It requires to include the best of:

- **entrepreneurship and long-term planning**
- **markets reactivity and regulation**
- **investors taking risks and government providing stable policies framework**

Tackling the climate change and at the same time having secure, affordable and independent energy provides a good example.

In Britain, in 2013, a reform of the electricity market introduced:

- very long-term contracts between public and private sectors for the generation of low carbon electricity. Ours for nuclear was 35 year long.
- a carbon price floor to incentivize decarbonization without further delay.

In both cases the aim was **to not let the market alone in the battle against climate change.**

Here again, for the common good, the right choice is the inclusion. not the confrontation.

10. Cultural savviness

Certain aspects of the globalization have undoubtedly direct responsibilities in the sufferings and malfunctioning we can see around the planet.

Some see the pandemic crisis as a call for more isolationism. I tend to disagree. We have seen the dangers of silos in a company. Protectionism is also a danger for economies.

It has become trendy to stigmatize **the so-called people of nowhere as opposed to so called the people of somewhere.** I tend to disagree too.

That mind-set is not the right answer for companies which operate on the world stage. They are confronted to the challenges of cultural intelligence. It is not the time to raise drawbridges. It would be an own goal to ignore the benefits of cultural differences which exist in a company operating worldwide.

The world is full of others and the problems with others is that they are not like us.

As executives, we must question our own and often very subjective interpretations of other cultures behaviors. It is about helping to understand the why behind the other persons words and actions. It also means **getting a greater understanding of how our own culture is perceived.**

As the proverb goes: “the last thing the fish notices is the water he is swimming in”.

Culturally intelligent executives are better bosses, better managers, better team players.

I am speaking today here in English in the City of Vatican. The use of English – the lingua franca of the business world -, nor the marvel of the digital communication have rendered us culturally global. **In that sense the concept of global village is a myth.** Thanks God!

DIVERSITY

Through 10 examples, drawn from my CEO experience as a practitioner, I have presented a wide range of reasons why inclusion matters for an efficient and sustainable business.

I didn't want to be trapped into any sort of official definition of diversity. That is why I have not used often this word. But **diversity** underpins all what I have said about **inclusion**. **They are the two faces of the same reality** and together a key part of an efficient and sustainable business.

Behind the refusal of certain aspects of diversity, there might be sometimes a resistance to the core message. We must be conscious of that.

Let us make no mistake. **In its duo with inclusion, diversity matters. Diversity is a reality out there. Inclusion is a choice for leaders to make.**

It is clear cut that it is wrong to discriminate. It is critical for any business to be a fair reflection of the society at large. Society at large where are its customers. If we narrow the diversity of our workforce, we are less able to bring the breath of thinking and experience our client's demand. Society at large is also the pond to recruit new talents. To attract and retain them, we must be appealing and therefore welcoming.

There is a moral case for promoting diversity and inclusion and there is a business case. It is the right thing to do and it produces better businesses outcomes.

More diverse organizations outthink, out innovate, outperform.

Conversely, diversity can't stand alone.

Having the sounding policies means nothing without inclusive culture with embeds them.

It is easier to address visible diversities where progress can be easily measured. We are always at risk of verging on the taboo of invisible diversity. Privilege. Class. Educational background. Social standing. Culture.

We must continue to work on the right way to include diversity and inclusion in our reporting. **The new context of Environmental, Social, Governance (ESG) compliance must be seen more as an opportunity than a risk.** Works in progress on externalities must embark head on this topic with pragmatism and without ideology.

Rigorous self-assessments, employee's engagement surveys, external scrutiny and benchmarks, understanding the barriers specific to our organization, leverage a community of pacesetters are among the tools we must use. Without fear or bias.

Diversity is not a black and white issue but absence of diversity is a no starter.

Suffice to see the **terrible damage of absence of diversity and inclusion in some a-social networks**, which are the echo chambers of sectarian ideologies.

Forgive me for my subjectivity but I will reveal eventually what are for me the priorities in terms of visible diversity.

There are two categories.

One is the gender diversity. By which we really seek out **the genuine equality between females and males. This concerns twice the half the humanity.**

Our companies have no excuse if they still are male dominated. It is self-damaging not to have equal and fair access for females and males to any type of responsibilities in businesses. **A world dominated by men is not in God's plan.**

Amongst the other diversities, I will rank in the top 2, without particular hierarchy,

- people from ethnic minorities and different cultural background and
- people with physical and mental impairment.

They must be part of an inclusive work place. **Companies have definitely a role to play to keep the fabric of our societies together.**

RELATIONS and ALTERITY

Good leadership is all about joining the dots. To unable rising above ourselves. The attributes of good leaders are embedded in 5 Is:

Inspiration. Integrity. Impact. Involvement. Inclusion.

Good governance requires relations.

Doing things to understand. Uniting people to undertake.

A genuine relation requires alterity. But if there is only alterity, then relations become impossible. Alterity creates tensions which can make the whole greater than the sum of the parts. If we manage the tensions in keeping ourselves in communion.

The Holy Trinity seems to have perfectly well squared the circle between unity and otherness, of individuality.

TOTALITY of the MESSAGE. TOTALITY of the HUMANITY.

Catholic mean what is commensurate with totality. Totality doesn't mean totalitarianism. It rejects communitarianism which is only accepting a part of the truth. The Church is catholic because **it aims at reaching out all the nations, all the cultures, all the creatures.** The totality of the message for the totality of the humanity.

CONCLUSION

I know that here I will be preaching to the choir in saying, and it is my simple final message: **Christian values do work in management.**

POST SCRIPTUM

As a post scriptum, I would like to offer you a poem.

Written in 1624 by John Donne, an English poet born in the 16 th century, 25 years after Henri VIII's death.

“No man is an island.

Entire of himself.

Every man is a piece of the continent.

A part of the main.

If a clod be washed away by the sea,

Europe is less.

As well as if a promontory were.

As well as if a manor of thy friend's

Or of thine own were.

Any man's death diminishes me.

Because I am involved in mankind,

And therefore, never send to know for whom the bell tolls;

It tolls for thee”.

Vincent de Rivaz

City of Vatican, 22nd of October 2021.

On the feast of Saint Jean-Paul II