**Why Don’t Businesses See This Coming?**

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As the Covid-19 threat started to hit home in the United States, I was just preparing to begin teaching my Strategies for Sustainability course. I usually begin each class session with a broad question to prime the ensuing discussion; for that opening class I used two: (1) why do businesses need to address sustainability issues? And (2) “why is it so hard to do so?” We had a pretty lively discussion on the first question, and the students who self-selected into a sustainability class clearly recognized that this was an issue on which business needed to lead. But the second question, I think, is what is most relevant to the current Covid-19 crisis and the responses we are seeing.

To prepare for that discussion, I went back to some data I have access to from the CDP (formerly Carbon Disclosure Project). The CDP is a consortium of large institutional investors that has written to CEOs of large public firms for nearly 20 years now, asking them to have their companies track and report their carbon emissions and their plans to improve them. The CDP also asks a host of other, more detailed questions in order to get a feel for how these companies are addressing climate change.

I dug through the responses to some of the early questionnaires. What was striking was that the companies responding didn’t question this science (take this with a grain of salt if you will – while these answers weren’t public, the CEOs could well have been reluctant to admit that they were skeptical when institutional investors were stating concerns). What a surprising number of firms did do, however, was state quite confidently that climate change posed no risk to them, or that the opportunities seemed at least as high as the risks.

A large industrial firm, for example, stated that “Considering [our] manufacturing processes, we do not see climate change as posing significant risks or opportunities for our operations.” Some others were equally sanguine, with service firms stating that they did not have significant emissions, so there was nothing to worry about. Perhaps my favorite was a financial services firm that responded that the time frame over which climate change would be felt was longer than their planning cycle, so essentially they weren’t worried about it yet. I mean, you gotta admire the honesty, if not the foresight. To be clear, many other firms were already recognizing the threat that climate change posed, but the number that seemed confident that it would not affect them was what struck me.

As the world has watched Covid-19 spread, I have been reminded of these responses and of the discussion from that opening class. Some of the reasons that students suggested that it was hard for firms to address sustainability issues because there was so much short-term pressure on companies, because it wasn’t clear how to address sustainability profitably, and because there were other priorities for the money required to really make improvements. Research and anecdotal accounts of corporate sustainability supports all these reasons, by the way.

I think there’s another fundamental issue that gets in the way, however, and the problems we have seen with Covid-19 and the responses to the CDP questionnaire hint at it. Just like with Climate Change, governments have had plenty of warnings about the threat from a pandemic; for the most part, they have ignored those threats and assumed that either they were overblown, that the threat was far away, or that they were ready for them. But preparing for something that is so fundamentally different than business-as-usual is incredibly challenging, because it forces us to think about large, complex systems and all the interrelationships in them. It also forces us to be humble enough to realize that we can’t actually plan perfectly for massive shifts like this. Instead, we have to ask “what if we couldn’t rely on the very factors we’ve relied on for so long?” And then it forces us to put together the best plan we can for that eventuality.

One of the lines that has been most quoted in this Covid-19 crisis is from former HHS Secretary Michael Levitt: “Everything we do before a pandemic will seem alarmist. Everything we do after a pandemic will seem inadequate.” This is the world that sustainability scholars have occupied for so long within business schools; as long as ‘business as usual’ works, all the sustainability efforts seem alarmist. Our hope is that we can learn from the Covid-19 crisis and that later, the efforts won’t seem inadequate.

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