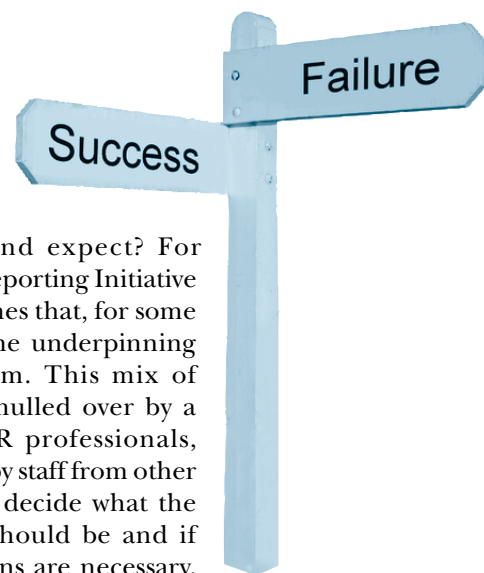by Richard MacLean

Integrating the Elements of a Strategy
A Step-by-Step Path to Success

I am often asked questions such as

"Do our policies need updating?" "What is the ideal metric set for our company?" "What emerging trends will impact our business?" or "What is the best management system?" These questions are inevitably framed as separate, stand-alone requests. But, in fact, they are all closely related and interdependent.

"Shoot, ready, aim" comes to mind when examining some strategic planning processes. For example, the individual steps, such as benchmarking with peer companies, may be completed with brilliant detail, but all this hard work is to no avail if the company's business objectives are not thoroughly understood. What if executives have recently developed an interest in "best in class" in areas beyond the boundaries of their industry sector? Oops!

THE TACTICAL APPROACH

Figure 1 illustrates the typical real-world sequence for developing or modifying an environment, health, and safety and social responsibility (EH&S & SR) strategic or budget plan. Attention is first given to the compliance infrastructure—the "must-have" elements. Next, legacy practices built over the lifespan of the company are given primacy. Added to this core framework are the internal dynamics that would influence the strategy or budget: the latest beliefs, rumors, or whatever may be going on in the company. For example, the marketing department may have expressed interest in jumping on the current attention to green markets, and/or budgets could be tightening across all staff departments.

Once the current state is defined, attention is shifted to the external world beyond regulations. What is the competition doing? What are the latest best practices? What do stakeholders want and expect? For example, the Global Reporting Initiative sets disclosure guidelines that, for some companies, serve as the underpinning of their metric system. This mix of information is then mulled over by a group of EH&S & SR professionals, sometimes supported by staff from other functional areas, who decide what the recommended plan should be and if any policy modifications are necessary. Rarely is external, independent assessment and analysis added to the mix. The plan is reviewed by management and approved or sent back for modification. For EH&S & SR professionals, success is determined by whether or not business management will sign off on the recommendations without further budget cuts.

Usually, there is little or no formal system with which to genuinely engage executive management. Interaction would include both updating them on emerging issues and opportunities and jointly formulating a plan that makes competitive business sense. The CEO may have proclaimed that he or she wants "sustainable leadership" at the annual awards banquet, but what does that really mean in actionable terms to plant managers? And what does the board of directors want? These are simple questions, but how often are they directly asked without filtration, manipulation, or interpretation, especially within large corporations?

The net result is that the plan is *their* plan with little or no business executive buy-in, involvement, or leadership. Even for a startup company, this approach to planning may follow the same path, albeit without the legacy issues constraining the process. The core issue is that the EH&S & SR experts spend much of their effort in near isolation developing a strategy and seeking approval rather than active, ongoing engagement with executives.

This rather grim assessment may be a bit exaggerated, but I suspect that there are some elements that ring painfully true to many readers.
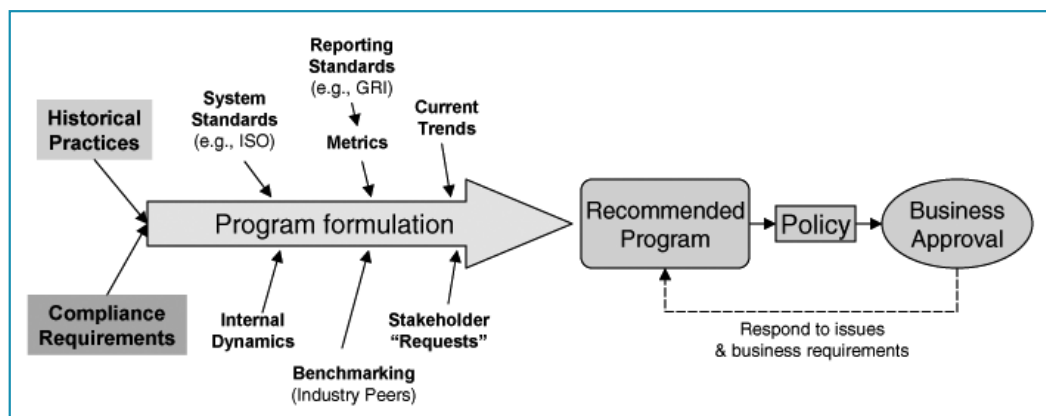

Figure 1. The tactical approach to planning.

THE STRATEGIC SEQUENCE

The most important element of any strategy is gaining a thorough understanding of the business framework within which the plan must operate. This is not a simple process: it involves face-to-face discussions with top executives and key employees in a number of functional areas. The process is both interactive and iterative. Some education of current issues may be necessary to add depth beyond today's politically correct banter and media stories. Indeed, the riskiest approach is to directly ask business executives early in the process what they want with regard to EH&S & SR.

This groundwork first needs to be laid because companies are almost never in alignment on EH&S & SR issues. It is no wonder: there is rarely a clear understanding of their competitive dynamics and business implications. If reasonably good alignment is found, it is usually regarding employee safety concerns. Fortunately for safety, there is invariably closure over the performance metrics. If there are any internal arguments, they often involve the specific methods selected to achieve the targets. Contrast this relative unity with sustainability: even its definition can be problematic.

This is not just wild conjecture on my part. Time after time when using a proprietary survey tool to measure alignment within companies, I have found a wide range of opinions on the current state and the long-term environmental vision. I have even found variations among EHS & SR staff members within the same department! If they are not aligned on the overall strategic direction, how can company employees be expected to work in unison to achieve the declared goals?

Certainly, it is important to understand what the CEO really wants, but even more important is the need to understand what operational management is actually willing to do. If this is not understood, the EH&S & SR staff will be met with endless frustration trying to respond to the lofty goals of the CEO. So common is this business phenomenon that it has been called in business literature the "stealth mandate," wherein individuals "are set up to fail when they are given one leadership mandate while others in the organizations operate under a different, conflicting set of directives."[1]

Gathering data such as benchmarking information, current trends, changes in standards and regulations, and stakeholder requests is essential information for the EH&S & SR team. But, the real strategic value of this information is when it's used to enlighten business managers who

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ultimately are responsible for the plan's success. Management may not need the gory details, of course, but the EH&S & SR team must act as interpreters and facilitators to gain management's support.

This upfront work that I have described sounds like a lot of effort, and it is. The excuse for not taking this approach is two-fold: first, the staff is too busy keeping their heads above the compliance waters; second, management is too busy, as well as uninterested. My response is that if you do not take anticipatory action, you will forever be in a reactive mode (i.e., until the inevitable crisis happens). Additionally, there are many ways to make the information compelling and construct venues to deliver that information. (Both are topics worth exploring in future columns.)

The benefit of all this effort is that once accomplished, everything else flows smoothly. For example, it will become obvious to business management if the current policies need revision. Updating is easy and, more significantly, relevant because there will be a clear understanding of what is really important to the business—the foundation of any good policy.

The key performance metrics can be mapped directly from the policies since these will, by definition, now reflect what is truly important to the success of the business. The strategy will dictate the tactics that will be required (i.e., the management systems). And so on.

Contrast this strategic approach with the tactical: EH&S & SR policies are typically formulated by (1) cutting and pasting the policies of other companies; (2) adding the "checkpoints" specified by standards such as ISO 14001; (3) updating with the latest politically correct buzzwords; and (4) hoping that management will approve. It is no wonder that these policies rarely are read, serve as the basis of the key performance indications, and/or provide any meaningful guidance for employees.

THE BOTTOM LINE

I have simplified this process to fit within my allotted space, but I trust that it has provided some insight into the overall approach and the importance of alignment and sequencing. Even projects that deliver a great rate of return may not pass muster if they are not consistent with the business strategy. Far too many EH&S & SR professionals are totally frustrated attempting to push forward their programs. They are doomed to failure because they have not been able to get in sync with the business's competitive strategy. One of the best (and very rare) public admissions of a failed environmental strategy was described in a 2007 *BusinessWeek* cover story, "Little Green Lies."[2] I highly recommend you read this article, if you have not already done so. em

Richard MacLean is president of Competitive Environment Inc., a management consulting firm in Scottsdale, AZ, and the executive director of the Center for Environmental Innovation (CEI), a university-based nonprofit research organization. E-mail: maclean@competitive-e.com. For electronic files of this and his other writings, visit his Web site at www.competitive-e.com.

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