



The Best Advice May Come with *Attitude*

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An EH&S manager in a major chemical firm recently complimented one of my colleagues: "She tells us what we need to hear, not what we want to hear." She's got attitude. If you surround yourself with people who tell you what you want to hear, you may be headed for trouble. If you can reliably predict their advice, whether or not you like it, you may also have a problem. If it takes them all day to get to the point on a sensitive subject, why do you want to spend the extra time?

Obtaining frank, cutting-edge advice in today's dynamic business climate represents one of the challenges to managing an EH&S department. EH&S managers are experts at finding sound technical advice and support. What is much more difficult is obtaining strategic advice that will address questions such as "How will the external world react to the proposed new product introduction?" and "Are there fundamental flaws in the company's direction on this issue?" This column provides some suggestions on how you might obtain answers to the more complex issues you face in your job.

INDUSTRY OPENS ITS DOORS... SLOWLY

Regulatory agencies and legislative bodies are required to seek out and consider input from stakeholders. That's what democracy is all about. While one may argue that special interests unduly influence the process, nonetheless, it is designed to be inclusionary. Historically, industry has been just the opposite, steadfastly resisting outside intervention by individuals and organizations over which it had no control. "If we want your opinion, we'll ask for it." Few companies directly asked. Those that did used focus groups, surveys, and

opinion research techniques to maintain confidentiality, control, or both.

One of the first voluntary, industry-wide efforts was the Chemical Manufacturers Association's (CMA) Responsible Care® initiative. Established in 1988 as a condition for continuing membership in CMA, Responsible Care requires facilities to establish and maintain a dialogue with

Manufacturers Association to embrace Responsible Care and the American Petroleum Institute to encourage community outreach through its Strategies for Today's Environmental Partnership Program.¹ More recently, the Multi-State Working Group (MSWG) is promoting pilot studies in environmental management systems (EMS) and specifically for



the community. In many cases, this effort results in the development of Community Advisory Panels (CAPs). At the national level, a Public Advisory Panel provides strategic input to Responsible Care. The panel, established in 1989, is a diverse group of 16 individuals from different constituencies and different parts of the country.

The need for opening doors at the local level to build trust became a priority issue for the chemical industry after all too frequent and sometimes disastrous environmental incidents eroded public confidence. It was a major transition that prompted other industry sectors such as the Synthetic Organic Chemical

ISO 14001. One voluntary element of MSWG is the evaluation of "interested party" participation in the development and implementation of an organization's EMS.²

PIONEERING EFFORTS AT COMPANIES

Today government, trade associations, and companies routinely seek stakeholder input at both a national and local level—with one very noticeable exception. Very few companies directly seek strategic advice from stakeholders at a corporate level. When they do, it is usually in response to a major, issue-specific flare-up. For example, Gerber is

seeking advice from a group of environmentalists who are concerned with the long-term effects of bio-engineered foods.³

Rohm and Haas Co., the Philadelphia-based specialty chemical producer, was one of the first companies to solicit outside opinions by establishing an environmental advisory council (EAC) to its board of directors in 1984. Two members of the EAC were non-company "subject matter experts" in the areas of pollution and safety. In 1985 the company established its first, site-based, community advisory council (CAC) at its Bristol, PA, plant. These CACs have expanded today to more than 20 sites around the world.

Dow Chemical established the first formal corporate advisory group in 1991 under the leadership of David Buzzelli, then vice president of environmental health and safety. Born from successful experience with its many community advisory panels located at major sites around the world, Dow's Corporate Environmental Advisory Council consists of between six and 10 highly respected, leading authorities with diverse expertise in the EH&S arena. Council members are asked to serve an initial two-to three-year period. It is not an audit team, but an advisory group that was formed to generate a credible outside perspective from leaders on key EH&S concerns influencing Dow's business.

This sophisticated effort continues today. In its eight-year history, the council has met 20 times near Dow facilities around the world. In the past few years, topics have included such diverse issues as plastics, chlorine and chlorine derivatives in the environment, climate change, sustainable development, and public reporting of EH&S indicators.

It is hard to precisely quantify a "non-event" (that is, an avoided environmental issue) but Dow has no doubts that the company has avoided a number of costly and misguided business strategies. This effort has been so valued that Dow's agricultural business established

ADVISOR CHECKLIST



External Advisory Groups

1. Make an honest evaluation of the need for independent strategic input. You may be very smart, but you do not know everything, and blind spots may lead to career-wrecking problems. Deal with your fragile ego: Would you rather get criticized by your peers or by your executive management?
2. Design an advisory group that suits your needs. Seek some advice. Spell out what you will accomplish and the terms and conditions for membership, including "no-regrets" conditions for addition, resignation, and removal of members. Address the ethics and trust issues (for example, use of names in PR material—see text). Your next stop should be the legal department (step 3).
3. Establish a confidentiality agreement and terms for participation. You should rarely need to disclose confidential information (for example, Dow has done this only a few times), but if you do:
 - If confidential information will be revealed during a meeting, give the members an assessment of the nature of the issues and liabilities.
 - Allow them to opt out, if they do not feel comfortable in participating in this phase of the meeting.
4. Get buy-in from the executive leadership team and periodically review the results to make sure that they agree that the group adds value. An informal concept review with key managers may be appropriate before you go to the legal department.
5. Take time to do the selection process right:
 - Identify individuals, not organizations. Seek members who will truly add value, not just "trophy members" who may not have credibility among many constituents.
 - Identify individuals who are resolution-oriented, who can think beyond "just say no."
 - Seek *their* views, not the views of their organization, and do not tie the seat on the group to the organization.
 - Use the sidebar table on the next page to help in the selection. Recognize that this represents the broadest possible spectrum, not necessarily the makeup that you would choose.
6. Rotate the members off occasionally (two- to five-year term). It may be time to change when:
 - You can predict what members will say.
 - The business changes significantly and other expertise is necessary.
7. Cover all out-of-pocket expenses and offer a modest honorarium per meeting (for example, \$500–1,000). You don't want to pay so much that they will want to continue with the group because of the honorarium, but you need to recognize that their time is very valuable, much more than the honorarium represents.
8. Bring your strategic issues to the group for input and comment.
 - Do not treat the group as an audit team.
 - Be respectful of all views; however, do not fall into the trap of negotiating with the group for acceptance. It is there to raise issues and offer advice. The company does not need to accept every recommendation, but it does need to demonstrate that management is interested in the information and is willing to change.
9. Use a third-party facilitator and have one member from company management participate as a member, not as the leader of the discussions.
10. Size and structure the group to meet your needs and budget constraints:
 - Usually a full-day event is necessary.
 - Consider rotating the meeting location to manufacturing sites, depending on the issues.
 - Structure the experience base of the group according to the complexity of the issues and business risks involved.

Possible Advisory Group Makeup

Affiliation / Expertise	What They Bring to the Table
Academia	<ul style="list-style-type: none"> • Understanding of current issues • Access to broad network of specialized resources • Unconstrained by preconceived notions of the "practical" solution to problems
Business pragmatist	<ul style="list-style-type: none"> • Understanding of public policy dynamics and business realities attempting to achieve high-performance EH&S results while continuing to deliver shareholder value
Clergy	<ul style="list-style-type: none"> • Understanding of ethics and/or social equity issues • Not constrained by preconceived notions of EH&S—can raise the insightful "dumb questions"
Community leader	<ul style="list-style-type: none"> • Understanding of public interest/community relations
Consultant	<ul style="list-style-type: none"> • Understanding of current issues • Familiarity with other company approaches
Customer	<ul style="list-style-type: none"> • Familiarity with customer concerns • Building relationships with key customers
Developing country leader	<ul style="list-style-type: none"> • Understanding of Third World economic, environmental, and social issues
Environmental activist	<ul style="list-style-type: none"> • Familiarity with the technical issues • Familiarity with EH&S/sustainable development trends and dynamics
Health/risk assessment expert	<ul style="list-style-type: none"> • Knowledge of science and risk assessment methodology
Industry representatives	<ul style="list-style-type: none"> • Knowledge of the issues
Labor/union	<ul style="list-style-type: none"> • Knowledge of worker health and safety concerns • Perspective on social equity issues
Nongovernment organization	<ul style="list-style-type: none"> • Familiarity with the technical issues
Retired EH&S professionals	<ul style="list-style-type: none"> • Historical perspective and context • Knowledge of business practices/dynamics

its own council to examine issues unique to the company.

Tom Hellman, vice president for EH&S and Corporate Product Quality at Bristol Myers Squibb, established an EH&S external advisory group in 1995 composed of representatives from socially responsible investor groups, academia, key customers, and public interest groups. The advisory group meets every 18 to 24 months.

In 1996, Air Products and Chemicals formed an EAC that looks at future issues and potential gaps in strategic direction. Its five external members meet one to two times a year with up to eight

business executives, along with Gene Ervin, corporate director for EH&S. William Sugar, senior director for corporate environmental affairs at Anheuser Busch, uses an external advisory group to judge internal programs for company recognition. He also uses the group as a forum to solicit independent views and ideas. Monsanto has used an informal network to solicit strategic input since the 1980s and is considering formalizing this effort.

WHY NOT MORE COMMON?

After consulting with a number of senior EH&S professionals, we have located

only this handful of strategic advisory groups in industry. If your company has a corporate advisory group, we would like to hear about it. Why so few nearly a decade after the first pioneering efforts? Here are some possible explanations:

- *Confidentiality*—Companies are understandably reluctant to risk releasing competitive information.
- *Inertia*—Doing something new takes effort and involves risk if the effort does not work out, particularly in sensitive areas such as EH&S.
- *Trust*—What if a committee member goes public on an issue? What if they resign and "grandstand" in front of the media?
- *Cost*—An effort as extensive as Dow's cost tens of thousands of dollars annually. More than dollars, though, an advisory council takes a great deal of resourcing: participation from senior staff, preparing people internally to develop succinct descriptions of their views on the issues, meeting/agenda planning, meeting follow-up, and maintaining communications links with members between meetings.
- *Liability*—Will the committee members or the company incur additional liability?
- *Ego*—It takes guts to sit in front of your peers and possibly take a pounding on a poorly thought-out plan.
- *Follow through*—What do you do with the advice you're given? If you aren't able to demonstrate to your council members that their input is being valued and that they are having some influence, they may be hard to keep at the table. Worse yet, if you treat your council only as an information exchange, you could lose rather than gain credibility. Now that we may have convinced

you that advisory groups are indeed a challenge, first take a look at the "Advisor Checklist." These are the best practices used by the leaders to avoid or minimize the concerns listed above. The central theme of the "Advisor Checklist" is the building of trust and understanding among all parties. Participants must be resolution-oriented and not push single-minded agendas. Companies must be willing to give serious consideration to the input and not use the group as a public relations scheme.

The selection of the members (see table) depends on the nature of the issues (that is, topic areas) and the focus level (strategic, operational, or both). Do not automatically exclude members representing affiliations unfamiliar with the technical issues. They may provide the most insightful questions that open up new lines of thinking. Also avoid stereotyping members by their affiliations (for example, academicians will be too theoretical, consultants will just try to sell their services). Once again, selection gets down to picking individuals who can contribute and build trust among the group.

CONCLUSIONS

We predict that corporations will increasingly turn to external advisory committees to challenge internal strategies and avoid costly strategic blunders. This direction is inevitable in a world that gets increasingly complex as it faces the challenges of a "triple bottom line" of stakeholder needs. The success of the pioneers serves as evidence that it can be done and done very well. It does not have to be big, costly, and formal, but the cornerstone to success is a clear, upfront understanding of each party's roles and responsibilities. Laying this important groundwork helps keep

Please Ask, Please Tell

Is there an EH&S topic you would like addressed in the EH&S Advisor? Do you have information to share with your colleagues, and are you interested in possibly co-authoring a column on the subject? *EM* is very interested in your ideas. Please contact Richard MacLean at phone: (480) 922-1620 or e-mail: maclean@competitive-e.com.

everyone's *attitude* on a positive, constructive track. ☺

REFERENCES

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