



# Strategic Environmental Management—Essential Resources

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*Will Rogers once said, “It’s not what we don’t know that hurts, it’s what we know that ain’t so.” When it comes to running an environmental organization, business executives may think that any skilled manager can do it. We’ve seen individuals with a wide range of backgrounds assigned to EH&S leadership positions. Some may assume that management skills alone will lead to EH&S excellence. That helps, but it is no guarantee.*

*The EH&S Advisor takes a look at the basic resource library that every EH&S manager should have nearby and discusses how to use this information effectively. This article is not about regulatory compliance, nor is it about basic management skills; it’s about resources to strategically manage EH&S.*

## SO MUCH INFORMATION, SO LITTLE STRATEGY

There is a wealth of EH&S information available in either printed or electronic format. Just go to Amazon.com and punch in “environment.” We got 9963 hits in the books category alone! Try a Lexis-Nexis search, if you dare. There is so much information, but where do you begin?

Actually it is quite easy, because when it comes to strategic environmental management (SEM), there really has not been very much written on the subject (see definition in box).<sup>1</sup> Most of the attention has been devoted to subjects such as regulatory compliance, pollution control, ecology, pollution prevention, and more recently, sustainable development and ISO 14000. SEM is, in fact, an emerging field and, as with most emerging topics, many of the better, more focused articles are in journals, not books.

Some material can be found in edited collections of articles. Other key material is in the form of essential background information required to understand the long-term dynamics in play.

The last point, the dynamics in play, is what makes the EH&S profession so interesting and challenging. Our Will Rogers quote also represents one of the greatest failings of even experienced professionals: they miss some key factor because they are so sure they are right. What good is an excellent legal strategy if your public relations strategy is an utter shambles? What good are facts when emotions are the governing force? What good is following upper management direction, if it may be headed in the wrong direction?

Heading in the right direction for competitive gain is what strategic management is all about. In this respect, the “normal” decision-making process in organizations may not be the right one in the long run. Executives are used to being in charge. They focus much of their energy on the dynamics that impact a few key stakeholders, such as customers and investment analysts. Everything else remains low on their radar screen. Loyalty to this strategy rewards managers points,

but in many respects, an EH&S manager’s job is to challenge and test the viability of the corporate plan with a broader array of stakeholders. Success is determined by how well the EH&S dynamics can be articulated in the framework that executives care about.

## GOING IT ALONE OR GROUP-THINK

When it comes to guidance on SEM, companies often go it alone or will sometimes benchmark with other companies. Benchmarking can be valuable if it leads to *new insights* into ways to do things differently. It is, however, most often focused on what other companies have done or are about to do. It also concentrates on specific processes, management systems, and activities, not the necessarily the strategic process that leads to these techniques. “The root of the problem is the failure to distinguish between operational effectiveness and strategy,” states Michael Porter of Harvard Business School.<sup>2</sup>

Benchmarking also assumes that other companies, including the best-in-class, are headed in the right direction. Experience has shown that all too often, benchmarking has been sought as

## WHAT’S DIFFERENT ABOUT STRATEGIC ENVIRONMENTAL MANAGEMENT?

The fundamental difference between traditional environmental management and SEM is one of attitude. Old-fashioned environmental management is essentially defensive: “How can we stay out of trouble?” SEM practitioners, by contrast, have a much more proactive orientation: “How can we use our environmental expertise to create competitive advantage?”

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a defensive shield or a means to justify a desired, safe objective, rather than as a strategy to be different (i.e., “Everyone does it this way, so don’t blame me/We need to keep up with the competition”).

Benchmarking is generally old information (i.e., three years is an eternity in today’s market) with limited strategic value. Strategic issues may not even be discussed, and if they are, not in a sufficiently robust manner. Everyone may be polite around the table, but what are they *really* thinking? The urgency or the futility of some efforts may never be conveyed. Competitive strategy is about being different, about not following the trends. Indeed, the inner workings of a company’s environmental strategy *should* be confidential, since the strategy is the core of EH&S competitive opportunities and threats.

Business executives routinely seek external, independent reviews to test if they have the right strategies, organizations, and practices in place. Employees may resent this as a “flavor of the month” syndrome from above; nonetheless, it reflects a strong desire on the part of management to be the very best and at the cutting edge. From our own observations, few EH&S managers open their strategy up to serious dialogue and challenge, as evidenced by the rarity of external advisory councils.<sup>3</sup> Only a handful were found among the Fortune 1000. Why?

#### THE CHALLENGE OF TAKING THE NEXT STEP

Far too many EH&S managers today are faced with limited resources and struggle to keep up with basic regulatory compliance and daily firefighting. Many would love to pursue higher levels of environmental excellence, but are repeatedly beaten down every time they raise the subject. Upper management’s reaction can be at times like the (somewhat modified) line from the classic Humphrey Bogart Western, *The Treasure of The Sierra Madre*: “Strategy? We don’t need no stinking strategy!”

We believe that business managers in a growing number of companies view EH&S only as a two-dimensional cost center, consisting of compliance and public relations.<sup>4</sup> For example, in a recent evaluation of a Fortune 1000, billion-dollar consumer products company, we found that the company completely decentralized all EH&S responsibilities to its plants. When we asked about corporate strategy and governance issues (i.e., as opposed to on-site regulatory compliance), we were informed that there is no one handling this at corporate for the overall company.

By our assessment, the potential strategic issues for the products produced by this company include feed additives (e.g., growth hormones), genetically altered foods, nutrients in the environment, fate of toxics in the environment, biocides, organochlorines, chemical sensitivity, indoor air pollution, and animal testing. Sure, they don’t need no stinking strategy.

Our hearts go out to the “soldiers on the front line” who face managers up the ladder who seem to be “environmentally challenged.” EH&S professionals may see potential issues looming,

only to be stymied at every turn when they try to act proactively. We see it in the growing frustration level of clients seeking help to break through the logjam. It is important to not use recalcitrant upper management or limited resources as the reason to not pursue SEM. With the right strategy and delivery system to get the messages across effectively, it is possible to get action.

Our point is that if companies choose to go it alone (or not go it at all in some instances), it is essential that someone in the organization be knowledgeable about emerging environmental issues, at least to the level of *what they know that ain't so*. That level of assurance can almost never be achieved in a vacuum, and it cannot be done without a focused effort to prioritize resources. The worst-case scenario is what we call the "reflected glory head set:" we work for a great company, ergo we know what we're doing. This is just dangerous. With the information supplied in this article, an EH&S professional will, at a minimum, have a good idea when to feel uncomfortable and when to require additional action.

#### FINDING THE RAW MATERIAL FOR SEM

Environmental management systems became necessary in the early 1990s, when things started to get really complex. SEM is, likewise, a relatively new development. Today's strategies are even more complex. They are focused on products, rather than processes; on the entire supply chain rather than factory lines; and on global questions of sustainable development rather than local contamination. Only now are there emerging sources of material to support SEM development.

The collection in Table 1 presents articles, commentaries, and essays that offer extraordinary insights into SEM areas. Each piece shares with you an expertise as to what has happened, is happening, or could happen in the arena of beyond-compliance environmental business management.

There exist a number of classic books on environmental management, such as Frank Friedman's *Practical Guide to Environmental Management*.<sup>5</sup> We have not included these fine resources in the table because they primarily (not exclusively, however) deal with compliance management or EH&S management in general, and not specifically SEM. Frank recently informed us that the current edition (the 7th) was expanded to include additional SEM material and the next, already in production, will include even more.

In addition, the selections chosen do not present a one-stop, A to Z primer on the basics of SEM. No such book exists. This collection presents experts' unique insights and experience on the system and organizational issues that other sources do not provide.

#### CONCLUSION

Newly assigned or promoted EH&S managers need to come up to speed as quickly as possible. These articles, commentaries, essays, and suggested readings provide a host of substantive

## EH&S ADVISOR CHECKLIST



### Strategic EH&S Management— Essential Resources

1. SEM is not about management; it is about leadership and strategy to gain competitive advantage.
2. Benchmarking is useful to forming an SEM plan *if* it adds new insights into how to do things *differently*:
  - Generally, benchmarking's intended purpose is just the opposite—how to do things *the same* as the best practice leaders.
  - If the information is three or more years old, it often has lost its competitive edge.
  - Just because others are headed in a particular direction, do not assume that this is necessarily the best direction for your company: avoid group-think.
3. SEM is an emerging field; there are no general texts that take you step-by-step through the process.
  - Information from a number of sources must be integrated.
  - Each company's strategy is by definition different.
4. Proficiency is obtained when you know enough to be certain when you "know when you don't know."
  - This level of competency cannot be achieved in a vacuum. You may be very good at what you do, but no one knows everything.
  - Be willing to listen to input that may challenge current thinking; indeed, search for it.
  - One of the best methods for supporting SEM is by outside peer review through such mechanisms as external advisory councils.
5. Do not become consumed by day-to-day firefighting, an easy trap. Breaking out requires
  - A deliberate strategy to cut back on low-value activities such as unessential travel and unstructured discussions yielding few tangible results; and
  - Resisting the tendency to engage in easy, low-effort activities (kicking back in a meeting) or the high satisfaction projects (putting out a fire), rather than more challenging and longer-term efforts.
6. Use Table 1 as a starting point to form your own resource library, then use it yourself!
7. Don't give up easily if management seems uninterested in SEM. It may be frustrating at times, but by a deliberate, relentless effort you can structure a strategy to move beyond compliance and PR-dominated management.

thoughts and insights, and will offer even senior professionals the opportunity to develop improved radar for recognizing new competitive issues and opportunities more quickly than would otherwise be possible.

Our consulting colleagues sometimes ask why we "give away the store" and offer so much free advice. Why do we point out the writings of other consultants? Our philosophy

## THE BASICS

- Hart, S. Strategies for a Sustainable World; *Harvard Business Review*, January-February 1997  
*Presents the business case for integrating sustainability into business strategic planning.*
- Epstein, M. *Measuring Corporate Environmental Performance: Best Practices for Costing and Managing an Effective Environmental Strategy*; Irwin/McGraw Hill, 1996  
*A field-based study of 100 multinational companies' attempts to integrate environmental impacts into management decisions including product costing, capital investment decisions, and product and process design.*
- Saponara, A. Competitive Advantage and the Environment; *Corporate Environmental Strategy* 1995, 3(1)  
*Presents the business case for integrating environmental management into core business strategies.*
- Fried, R. The State of Environment & Business; *SustainableBusiness.com*, June 1999.  
*Gives a concise overview of what is happening across a variety of businesses and industries.*
- Ottman, J. Green Marketing: Opportunity for Innovation; NTC Business Books, 1998.  
*The classic reference on green marketing.*

## CHANGING COURSE

- Shelton, R. Hitting the Green Wall: Why Corporate Programs Get Stalled; *Corporate Environmental Strategy* 1994, 2(2)  
*Gives expert insight and experience for how to keep corporate SEM programs productive.*
- Walley, N.; Whitehead, B. It's Not Easy Being Green; *Harvard Business Review*, May-June 1994.  
*Presents the classic case that questions the value of businesses pursuing a green strategy.*
- The Challenge of Going Green; *Harvard Business Review*, July-August 1994.  
*Provides insightful counterpoints to the points made in this EH&S Advisor.*

## CREATING THE FUTURE

- Frankel, C. *In Earth's Company*; New Society Publishers, 1998  
*A classic overview of what is, and can be, accomplished to create viable, worthwhile, and sustainable businesses in an era of "quick deal" financial objectives.*
- Hawken, P.; Lovins, A.; Lovis, L.; Hunter, *Natural Capitalism*; Little Brown, 1999  
*Provides a road map of the factors that will influence the next industrial revolution.*
- Elkington, J. Cannibals with Forks—The Triple Bottom Line of the 21st Century Business; New Society Publishers, 1998.  
*Classic text on the principles of the triple bottom line in creating a sustainable future.*
- Hawken, P. *The Ecology of Commerce*; Harper Business, 1993.  
*A major tome presenting the need for a new, sustainable business model.*
- Makower, J. Essays from The Green Business Letter; In *The E-Factor*; Tilden Press/Random House, 1993.  
*Short commentaries on key shifts in topics and considerations, as well as insights and observations not found elsewhere.*

## ADDITIONAL RESOURCES

- Piasecki, B. *Corporate Environmental Strategy*; Wiley & Sons, 1995.  
*Dissects corporate environmental management activity and gives insights on how to institutionalize environmental management as a core business strategy.*
- Reinhardt, F. *Down to Earth: Applying Business Principles to Environmental Management*; Harvard Business School Press; Cambridge, MA, 1999 (an excerpt appears in the July-August 1999 issue of the *Harvard Business Review*)  
*Explores the intersection of business and the environment, and provides a road map for helping your business find its way.*

is that the more people know, the more they will realize that they don't know it all. Knowledgeable people welcome additional insight and perspectives to reach EH&S excellence that many talk about but few ever achieve. Knowledge also breeds confidence and a willingness to be subjected to peer review, potential criticism, and innovative ideas. That's what we do when we wear our consultant hats. One of the reasons we suspect that business executives welcome outside challenge and review is that they have the self-confidence that so often comes with executive leadership. ☺

## REFERENCES

- Frankel, C. *In Earth's Company*; New Society Publishers, 1998; p 122.
- Porter, M. What is Strategy? *Harvard Business Review*, November-December 1996.
- MacLean, R.; Musser, J. The Best Advice May Come with Attitude; *Environmental Manager* 1999, October, 13-16.
- See the discussion in the March 2000 issue of the *EH&S Advisor* on changing company attitudes toward EH&S (Crystal Ball Gazing: A Critical Examination of the Environmental Profession in the New Millennium; *Environmental Manager*, p 9-14).
- Friedman, F. *Practical Guide to Environmental Management*; 7th edition; Environmental Law Institute: Washington, DC, August 1997.

## "Advisor" to Hold Business Workshop

Richard MacLean, the *EH&S Advisor*, will conduct a half-day management workshop, Business and Environment in the New Millennium: A Management Workshop on Strategic Planning, at the Annual Conference & Exhibition in Salt Lake City, UT, on Monday, June 19 from 1:30 to 5:00 p.m. MacLean will explore emerging trends, their impact on EH&S organizations, and the tools and techniques for companies to gain competitive advantage. Details are available in the Calendar section, p 44. This is your opportunity to *Please Ask, Please Tell* the *EH&S Advisor* in person!



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