



By Richard MacLean

We live in a world filled with news stories the size and depth of bumper stickers. The total number of environmental media sound bites has probably increased from the 1970s — when the nation was galvanized into action — but the messages seem to have lost impact. Viewed by the metrics that business executives track, things have never been better. Compliance has improved, emissions are down and the public isn't outraged. So what's the issue? The new global environmental dynamic remains an enigma to business management.

This month we examine the impact that a new generation of environmental communications is having on long-term business strategies. Dramatic sound bites may capture funding for activist organizations, but what effect is this collective mass of information having on management's perception of the state of the environment? More significantly, what should you be doing about eliminating possible misperceptions?

This past September I was in a restaurant overlooking the Flinders Street railroad station in Melbourne, Australia. I was there on business, but nearly 60 years ago my father was boarding a train in this very same station to face a grim and uncertain future fighting a world war (WWII) enveloping the South Pacific. No television, no daily news, no split second communication, only the recognition that entire ethnic groups were facing possible

extermination in the not too distant future. A link to the outside such as a copy of *Life Magazine* was worth its weight in gold, as evidenced in the photo by the smile on my father's face in Guadalcanal. The world was galvanized into action with clarity of purpose.



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Dad receiving news on Guadalcanal, circa 1943.

Some may say that the human race itself is now facing the grim possibility of extinction. Eco-warrior rhetoric aside, the stakes have been elevated. Just what is the carrying capacity for a planet with one billion inhabitants in 1800, growing to six billion in 2000? Learned and respected scientists have sounded repeated warnings. Is anyone listening? Communications today may be instantaneous through satellite-linked cell phones, but the uncertainty and the lack of immediacy and visible threats make the messages move slower than my father's letters home during the war. And those messages that do make prominent headlines appear as baffling as the letters in the family scrapbook with the neatly cut out passages that might have revealed classified information.

My intention isn't to get in the middle of the debate among dueling experts on the fate of the planet. What is certain is:

- The full impact on the planet will emerge over decades, not the quarterly time focus of Wall Street;
- There will be no clear cut, short term problem definitions or answers — it will remain confusing to policy makers and the public;
- The issues will increasingly impact market dynamics and product design, as opposed to band-aids such as pollution control devices adjunct to the manufacturing processes; and

- Perceptions will be powerful forces before all the scientific evidence is gathered, analyzed, disseminated and widely accepted.
- Public perceptions can be a very powerful wild card in the business equation. Perceptions have the power to radically shape entire markets overnight, as Monsanto and Novartis found out. So significant is this threat of changing public attitudes to bio-engineered foods, that these companies considered “quarantining” these controversial businesses from their other profitable business groups. Scientific evidence can easily be challenged by self-proclaimed experts playing the media game. Even good science is of no value if it arrives late

on the scene — as Dow Corning found out in their fight over allegations of adverse health effects from silicone breast implants.

The view from the top
Environmental professionals have been aware of the shift from local to global sustainability issues for more than a decade. The speed at which these issues can emerge, peak and fade, only to be replaced by others, is truly amazing. Scores of environmental professionals sense these emerging dynamics, but feel frustrated by business managers who view environmental concerns only as a two dimensional cost center: compliance and public relations.

For example, Competitive Environment Inc. (CEI), an environmental, health and safety (EHS) management consulting firm, recently evaluated an unnamed *Fortune* 1000, billion dollar consumer products company. CEI found that the company completely decentralized all EHS responsibilities to its plants — a common practice today. When asked about corporate strategy and governance issues (as opposed to site regulatory compliance), we were informed that there was no one handling these issues at a corporate level 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, fate of toxics in the environment, biocides, organochlorines, chemical sensitivity, indoor air pollution, eutrophication (i.e., excess nutrients in the aquatic environment) and animal testing.

It is easy for today's business executives to become disconnected from emerging environmental issues. For example, the sheer weirdness and senseless property damage in Seattle last year at the World Trade Organization's annual trade talks make it easy for executives to dismiss the environmental rhetoric as having nothing to do with their business. More recently, the protest at the World Economic Forum in Melbourne delivered similar confused signals. I spent some time literally reading the “handwriting on the wall” (in this case “the wall” was the temporary barricades erected by the police) and I found the following abbreviated version of a Native American poem:

*When the last tree has been cut
When the last fish has been eaten
Man will know he cannot eat money*

Very profound, but not very actionable in the parlance of business-speak. In the Spring of 1989 I gazed upon the graffiti on another wall — the Berlin Wall. The image I vividly remember was the row of white crosses attached to the section of the wall running directly behind the Reichstag. One was for a person who had been shot trying to escape a few months before. The thought that this wall would be torn down in a few months never crossed my mind. I was totally clueless about the political winds afoot.

Predicting the future of the environmental movement is every bit as difficult as predicting the outcome of the politics leading up to the fall of the Soviet empire. What many business leaders fail to recognize is that the issues can shift suddenly and unpredictably if their environmental issue

becomes the cause célèbre. Even more significantly, every company along the global supply chain can be impacted — a company does not have to be the direct target of an environmental boycott. In this confusing situation, where should management be pointing its radarscope, or in other words, how should management position the company to deal with these issues to competitive advantage?

Examining the future

The first step is to look beyond the bumper stickers and examine the underlying issues. Environmental professionals can get caught up in the crush of keeping up with the crisis du jour. For an overview of emerging global environmental issues read *State of the World 2000* by Lester Brown, et. al. or *Vital Signs 2000 - The Environmental Trends That Are Shaping Our Future*, by Janet Abramovitz, et. al., both published by the Worldwatch Institute, 2000. For a regional analysis, read the United Nations Environment Programme's *Global Environment Outlook: Overview GEO 2000*, Editor: Robin Clarke, 1999. These publications may have a decidedly eco-slant, but examine the hard data and the sources quoted.

The second step is to examine these impacts in relationship to business. I recommend *In Earth's Company* by Carl Frankel, New Society Publishers, 1998. It provides an overview of what has been, and what can be accomplished to create a sustainable business in an era of 'quick deal' financial objectives. Next, read *Natural Capitalism: Creating the Next Industrial Revolution*, by Paul Hawken, et. al., Little Brown & Company, 1999, for a roadmap of the factors that will influence the next industrial revolution. Finish with John Elkington's *Cannibals with Forks - The Triple Bottom Line of the 21st Century Business*, New Society Publishers, 1998, for the principles of the triple bottom line in creating a sustainable future.

The third step is to develop possible future scenarios that may give insight into how these dynamics may affect your business. Read Allen Hammond's classic, *Which World?: Scenarios for the 21st Century*, Island Press, 1998 for a flavor of future scenario development. Another excellent reference is the World Business Council for Sustainable Development's *Exploring Sustainable Development - Global Scenarios 2000 - 2050*, Geneva, Switzerland. The classic "how to" for developing scenarios is Peter Schwartz's *The Art of the Long View: Planning for the Future in an Uncertain World*, New York: Doubleday, 1996.

The final step is to educate your business

management on what all this may mean to your company. Learning how to do this effectively may be your greatest challenge. We'll leave this subject for a future column of the *Manager's Notebook*.

The bottom line

Don't expect business managers to make sense of all the rhetoric that pops up daily like the bubble-captioned messages that appear on MTV video sound tracks. For that matter, do not think you have a firm grasp of what all this background noise may really mean to your company's future. It takes a deliberate effort to do the research required to "read the handwriting on the wall" on the front lines of the eco-war. In a

global economy where impacts can ripple up and down the supply chain, it can be the unexpected that directly impacts a supplier and costs your company millions of dollars.

Scenario planning is one of the tools that I've effectively used to peer into the future for some clients. Try it. You might be surprised by what you foresee. **EP**

Richard MacLean is President of Competitive Environment Inc., Scottsdale, Ariz., and the Director of the Center for Environmental Innovation (CEI). He can be reached via e-mail at maclean@competitive-e.com.

For more information circle 200 on card.