

Environmental Politics and Strategy ★★☆☆★★★☆☆★★★☆☆★★★☆☆

Understanding Washington politics is a key element of developing a strategic plan

By Richard MacLean

Have the barbarians taken over domestic environmental policy, as one environmentalist group claims? Or is there more to the recent string of "anti-environmental" policy actions by the Bush Administration than some may recognize? The answers to these questions will be sorted out over the upcoming months, but what has been completely overlooked is the immediate impact that Washington politics is having on business strategy for the environment.

This is the third article in a series on environmental strategy. In the first two we examined the necessity for developing a plan and the basic strategy options. This month we examine a specific issue — politics — and its impact on strategic planning.

I love reading the speculation over the policy direction for the Bush administration and the new U.S. Environmental Protection Agency (EPA) Administrator, Christie Whitman. A full range of printed media — from the *Wall Street Journal* (business) to *Time* magazine (popular) to *E Magazine* (green) have weighed in on what the new crew in DC will or will not do for the environment. The rhetoric is great. Here are some of my favorite quotes:

"The Barbarians are no longer at the gates, the barbarians have taken over," said Elliott Negin, Natural Resources Defense Council.

"President Bush's attack on our fish, forests and wildlife is like taking a jack hammer to the Sistine Chapel," said Brian Vincent, American Lands.

"[Recent decisions] threaten to roll us right back to the Stone Age," said Senator Joseph Lieberman.

Is the environmental apocalypse near? I don't think so. In fact, I'm quite optimistic about the long term, positive impact this administration will have on the environment. Yeah, right! Rolling back the OSHA

ergonomic standards, refusing to lower the arsenic drinking water standard, backing away from controlling CO₂ as a "pollutant," reconsidering the tougher standards for hardrock miners in Western public lands — the list seems to grow every week. Some may suspect that if there are benefits, they will be akin to a repeat of James Watt, former Secretary of the Interior under Reagan, who did more to boost environmental activists than any green government initiative.

The Leadership Factor

People judge the qualifications of the Administrator by how "green" they have behaved in the past — not I. I look for their skill as an executive and a leader. By popular accord the Clinton/Gore administration is considered to be one of the greenest administrations ever. But, what is their legacy? The millions of acres of land set aside by executive order under the 1906 Antiquities Act? These unilateral decisions were based neither on consensus nor a genuine effort to build the understanding for the need to preserve these precious natural resources. Raw power of the President's office was used — the environmental equivalent of the land pardons and nearly as controversial.

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EPA and the Clinton/Gore Administration have repeatedly failed to build consensus for their programs — a point that was essentially the Bush mantra during the campaign.

EPA has been unable to break out of its historical role as the enforcer, in spite of all the talk about re-inventing government and the calls by blue ribbon studies to rebuild an outdated system. Judging by all the grumbling of career employees to whom I have spoken over the past eight years, morale must have dipped to an even lower level than even when the infamous Anne Gorsuch Burford, former EPA administrator, served under Reagan. Another of my favorite quotes: "Anne Gorsuch Burford is a name almost as infamous to environmentalists as Charles Manson is to the general public," said Bryan Keefer, *Environmental Revolution*.

I think the true test will be in how well Christie Whitman is able to lead a stuck and demoralized organization forward. It is not whether she fails to get the details right (yes, the ozone hole has nothing to do with global warming), but whether she can inspire the Agency to do things that remained elusive for the past eight years. These are the underpinnings of my optimism. The Washington Republican political strategists may not always get it right, but one thing is clear — they recognize that a Watt/Gorsuch repeat performance will surely contribute to a single term Republican Presidency.

This Decade is Not Like the 1980s

Back in the 1980s environmental regulation and legislation were on the rise and there were enough regulations from the 1970s to keep everyone busy. Environmental staffs were on the rise, in spite of the Watt/Gorsuch era. Not so today in what is perceived by business as a relatively stable and mature environment.

Last year I received an average of one call each month from someone needing support for an ongoing business effort to reorganize his or her environmental health and safety (EHS) department. This year I'm averaging about one inquiry per week. Since the fall election I have sensed a dramatic increase in the pressure applied to environmental staffs to cut costs. It is more than just the souring economy — back during previous downturns there was nowhere near the same pressure on EHS staffs. I believe that the signals sent by the Bush administration have had a significant, unintended consequence of telling business executives to no longer be concerned with EHS matters. Therein lies the problem.

First, the profession is losing some of its most experienced EHS practitioners. Second, departments are stretched to the breaking point. The thought of proactive or opportunistic positioning rarely makes the agenda. Third, in the struggle to keep afloat, strategic planning takes a distant second (at best) to fire fighting. In a future world of status quo, all this would not matter. If things change, it will.

Strategy Implications

If Al Gore had been elected, business management would have been more cautious, more willing to examine what the future may hold. Ironically, the future, I believe, might have been a continuation of the past eight years — Congressional and agency stagnation as the norm. The Bush administration may bring that to an end.

To illustrate how this may happen, I offer two extreme scenarios. The first (and less likely in my opinion) is called "Scorched Earth." It is a repeat of Watt/Gorsuch era. Far from stagnation, this would galvanize more activist actions than ever imagined. The public response may force Congress to act and woe be it to any companies that stumble and harm people and the environment. The Democrats are just waiting to spring into action. Probably the first concrete signpost in this scenario would be Christie Whitman's resignation after seemingly endless policy reversals and regulatory reversals.

The second scenario is "Buildup-Breakthrough," named after a study by Jim Collins on companies achieving greatness.¹ In this scenario Christie Whitman rises to the challenge and begins a dramatic revitalization of the EPA. This will require her to get in sync with her boss and eliminate the

embarrassing mixed policy signals that seem to dominate the news today. EPA will be losing a significant percent of its senior staff to retirement over the next several years (I've heard numbers as high as 30 percent). This may be a loss of seasoned talent, but also a unique opportunity for some innovation and fundamental change.

The telling signpost to look for in "Buildup-Breakthrough" is deliberate and systematic planning to carry forward the recommendations that have had the support of numerous prestigious bipartisan study groups over the past decade.² Slowly, deliberately, like the pushing of a giant fly-

wheel, the effort struggles at first but finally reaches breakthrough where the momentum really kicks in and dramatic things happen. If EPA begins a strong agenda filled with innovative and, not necessarily, regulatory-based programs, this could open up numerous opportunities for business to do more for the environment.

A third scenario is possible: "Same-Old-Same-Old." Unlikely, however, because someone with the talent and political skills to be elected governor is not going to plod along, as Carol Browner, Clinton's EPA Administrator, and Katy McGinty, Gore's White House policy advisor, did in the 1990s.

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Next Steps

In the next "Manager's Notebook" we will examine some of the techniques for scenario development. One key step in any scenario development is to "wind tunnel" test your strategic plan against what the future may hold. In effect, you live in the future and see if your plan holds up under each scenario. If your company is staffing and budgeting for a "Same-Old-Same-Old" scenario and business management is totally unaware that there may be other scenarios in the making, your company may face the future unprepared.

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My colleagues and clients are preparing for the two extreme scenarios, because interestingly, both extremes require proactive and innovative strategies. We are not taking a wait

and see approach, and as I write this in March, we are meeting with top strategists and thinkers at EPA to discuss options for a new generation of cost effective environmental management, one substantially different and improved than the past.

What is your plan? 

References

¹ Jim Collins, "Level 5 Leadership - The Triumph of Humility and Fierce Resolve," *Harvard Business Review*, January 2001, Page 71.

² For example, reports by National Academy of Public Administration; President's Council on Sustainable Development; Center for Environmental Law & Policy; Yale University; Brookings Institution; Enterprise for the Environment; National Environmental Policy Institute; EPA's Science Advisory Board; The Aspen Institute Series on the Environment in the 21st Century; and National Environmental Policy Institute.

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Epilogue

This column was originally written in March 2001. As it goes to press in May, the general public might conclude that the Administration is clearly on the "Scorched Earth" scenario path, judging from the outcry from environmentalists and Democrats. I don't think so. This was not the Administration's intent, but their incredibly inept public relations handling of every action certainly gave this impression.

The last several months have shown top Bush officials that they had better get this environmental stuff right. Even good PR will not extract them quickly from the mess that they created. Christie Whitman may now have even greater leverage to pursue the "Buildup-Breakthrough" scenario described in this column.

Stay tuned...

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