

Manager's Notebook

Shifting Gears

*Moving from resource
management to
resource strategy*

By Richard MacLean

The buzzwords abound: sustainable development, natural capitalism, triple bottom line, pollution prevention, life cycle assessment and so on. When you cut through all the jargon, it boils down to this: responsible resource strategies. Visionary business executives are just beginning to see the implications of the transition from managing emissions to the broader question of who gets to use what slice of the Earth's (pie) crust and when. What does this mean for environmental managers?

When I sat down in December 2001 to write this edition of Manager's Notebook, my goal was to describe the essential ingredients of an environmental strategic plan. But, the thought struck me that the existing plans for most corporations (if a current plan even exists) are woefully inadequate and often sit on the shelf until the next scheduled update. What's the point? Why write about something that many environmental managers may view as, at best, an opportunity to get their projects aligned and, at worst, a chore on their task lists? I will provide the why before the how.

The Why

There is a growing list of authors who are methodically and eloquently describing the growing divergence between economic growth objectives and ecological limits. If you have not read the works of such noted authors as Paul Hawken, Amory and L. Hunter Lovins, John Elkington, Carl Frankel, Francis Cairncross, Philip Shabecoff, Herman Daly, Geoffrey Heal, get thee to a library. If you have not seen the data on environmental indicators, review the work by the Organization for Economic Co-Operation and Development (OECD), the United Nations Environment Programme (UNEP), World Watch and the analyses by Lester Brown of the Earth Policy Institute.

The collective wisdom of the preceding authors, organizations and a number of other unmentioned experts is beginning to impact the debate on corporate social responsibility at the board level in a few enlightened companies. Companies such as Ford, Shell, British Petroleum and Home Depot have broken away "from the pack" in a number of highly visible areas, such as global warming and international standards. That said, mainstream business views are still reflected in the *Wall Street Journal*, which editorializes that "people have

nothing very serious to worry about" when discussing the state of the environment.¹ Lee Raymond, CEO of Exxon Mobil, whose public views on the environment last year prompted a "tough summer" of criticism from environmentalists, may be more typical of mainstream executives' beliefs.²

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While the majority of businesses may still be in denial, it is remarkable that the debate is even occurring and that the first heavyweights are starting to make their moves. This is in stark contrast to earlier years when relatively small companies such as Ben & Jerry's, Interface and the Body Shop took the lead. Bottom line: the early signs of change are showing up on the business radar at a more substantive level.

If this recognition spreads, it will mean a basic shift in the nature of the work performed by environmental health and safety (EHS) professionals. Shifts in the way an industry conducts business can occur

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dramatically. Fundamental shifts (as opposed to the dreaded “program of the month” syndrome) may build and wane, but they leave lasting marks, nonetheless: examine the after effects of the “urge to merge;” the focus on quality; and the corporate rightsizing movements. The support for ISO 14001 management systems in this country was stalled until Ford made its move to embrace it as a condition for suppliers. The movement toward ISO 14001 certification may be weakening, but there seems to be no pause in the support for environmental management systems to achieve business objectives, whatever

format they may take.

Take control of your department's destiny and make the required changes that properly address all four dimensions of our profession.

EHS departments are almost always organized and resourced around the issues of the previous three decades. As the old

saying goes, generals prepare to fight their last war, not the one they are about to undertake. If you cut through all of the jargon, BS and other acronyms, EHS departments may not be optimally organized and staffed, or focused on today's key business priorities. Are we holding onto the “Linus blanket” of familiar battles over regulations, contamination, accident response, emissions control and public relations? Saving the company from the crisis du jour may make us feel important, but is this leadership?

Management may still view EHS departments as a service function (read: overhead, non-strategic) and just a necessary evil to complete transactional tasks (permit writing, contaminated site remediation, government agency interaction). Management may also recognize EHS governance as a critical role (liability control and reduction auditing, risk management, due diligence investigations), as well as the EHS department's role in community and government relations. All three overhead functions are needed, of course and if done improperly can result in substantial economic harm to a company (e.g., loss of operating permits, legal claims, product boycotts). But what's missing?

The previously referenced authors reveal how current and future ecological impacts will drive products, markets, resources and licenses to operate globally — in other words, they detail the strategic stuff. From a business manager's perspective, however, what possible connection could the environmental department have to the really important business issues, since this environmental stuff is, as the *Wall Street Journal* states, “nothing very serious to worry about?” If the EHS department is viewed as significant, is it all too often framed in the context of customer and community relations?

To be fair, EHS departments have made progress in inserting ecological concepts into product design and manufacturing operations (e.g., design for the environment, pollution prevention, life cycle analysis). At issue, however, are the *revolutionary* future shifts needed to get fully into high gear, not the *evolutionary* shifts of the past decade that have been so well publicized. (Have you ever noticed how much reliance is placed on discrete case studies to demonstrate a company's overall “greenness?”) The EHS function still remains on

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the outside and is not a respected leader/driver of issues beyond their traditional turf.

Many EHS managers that I speak with strongly object to negative judgments such as these. After all, they diminish our feeling of self worth. Indeed, for some individuals these sweeping pronouncements may be way off, since these professionals, through their knowledge and skills, may command tremendous influence within their companies. But for our profession in general, this characterization may be accurate, best tested by evaluating what business management does (pushing for bare bones budgets and withholding support for *substantive* environmental leadership initiatives), not what they say (everlasting devotion to environmental excellence).

Making the Shift

If the corporate talk for sustainable development remains more rhetoric than a concerted strategy, how might this change? One of the first and most cost effective changes to be implemented could be triggered by one or more major corporations who “get it” (i.e., the Ford model for initiating an environmental shift). Specifically, they could make dramatic changes in how companies staff and organize for sustainable development.

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Viewing this issue from the four dimensions of (1) Transaction management; (2) Governance; (3) Internal and external human resources; and (4) Strategy, one can immediately question how companies are currently organized for sustainable development. Over the past decade, business managers clearly understood the first component — transaction management. This is why the movement towards outsourcing and shared service dominated

EHS organizational restructuring in the 1990s, a movement led — and here is the important part — by business managers, not EHS managers.

Problems occurred, however, when business managers and their management consultants did not understand the second dimension — governance. Companies are still trying to recover from the mistakes made by this one-dimensional view of EHS. Success with the third dimension — internal and external human resources — has been mixed. Productivity increases through effective safety and health programs has long been recognized by man-

agement; however, the corporate social responsibility movement has made limited progress since its emergence in the 1960s.

The fourth dimension — strategy — has not been recognized, let alone addressed by most companies. Business managers are still puzzled by the environmental buzzword called sustainable development, and many have responded by doing nothing more substantive than ramping up the public relations effort.

If executives eventually grasp the underlying issue as the need for a strategy for responsible resource utilization, as a few companies have, things could happen

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quickly. Prompted by a few CEOs who make the move towards a strategy-based organization and get the word out to their fellow executives, companies could move with amazing speed. (Hint: if your company wants to be viewed as an environmental leader, here is your chance.)

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Bottom Line

Based on my direct observations, much of the focus within EHS strategic plans is concentrated on tactics to meet current obligations with reduced resources. This may be the time to expand beyond narrow agendas and utilize this familiar business tool to surface emerging dynamics with executive management. Executives who read *Forbes*, *Fortune*, *Wall Street Journal* and other business publications may or may not recognize the significance of these emerging issues. It is your job to educate them and, again, I know of no better tool than a well-developed strategic plan. Take control of your department's destiny and make the required changes that properly address all four dimensions of our profes-

sion. For current information on organizational research by the Center for Environmental Innovation, visit the Web site www.Enviro-Innovate.org. If you do not take the initiative, be on the lookout for the bright eyed MBAs from brand name management consulting firms that brought us the misapplication of shared services and outsourcing. I say misapplication because all of these organizational tools can be appropriate if applied properly. Spurred on by a few CEOs who take the lead, get it right and tout the benefits, your management may initiate a new wave of EHS restructurings led, not by you, but by people who have never filled out a regulatory permit or listened to an irate neighbor's complaints. They will promise an organization with "contiguous strategic dynamic interfaces that intersect in a real time matrix with accelerated synergies" to the delight of your management. Good luck.

Next month I will outline the key ingredients of a strategic plan. 



Richard MacLean is president of Competitive Environment Inc., a management consulting firm established in 1995 in Scottsdale, Ariz., and

the director of the Center for Environmental Innovation (CEI), a university-based nonprofit research organization. He can be reached via e-mail at maclean@competitive-e.com. For Adobe Acrobat® electronic files of this and his other writings, visit his Web site at www.Competitive-E.com.

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