

# The Big Picture

*Adding the strategy to strategic EHS planning*

*By Richard MacLean*

A well-developed strategic plan can be a wonderful business tool to educate management on emerging issues, to seek resource support and to deliver a key message to executive management. Few take full advantage of this potential. All too often, the "strategic plan" is little more than a punch list of programs and projects for the next five years. Here are some suggestions on how to add some strategy to your plan.

In the February 2002 issue of "Manager's Notebook,"<sup>1</sup> I explained the reasons why a strategy-focused environmental health and safety (EHS) plan is essential. This month, I outline the steps required to produce an effective strategic plan. EHS plans rarely achieve this level of sophistication, and as a result, EHS strategic plans rarely see the light of day at the top echelons. In fact, if any "Manager's Notebook" readers are aware of a board of directors presentation within their company devoted to a detailed review of the company EHS strategic plan (i.e., not just a specific issue or project review), call me and I'll buy you dinner.

I have already done enough plan bashing in the preceding paragraph to get the point across: current EHS planning is inadequate. The time is now to move forward and examine the positive actions you can take. What follows is a step-by-step outline of the essential elements.

## Future Focus

If you have a copy of your last strategic plan, set it aside. Start with a clean slate. This action promotes fresh ideas and helps you block the temptation to just update what already exists. When you have finished your new plan, then and only then should you compare the two and look for additional insights.

Most business strategic plans are structured into a five-year, forward-looking period since even two years is an eternity in the business world. At a minimum, you should also start from a point that is five years in the future and work backwards to the present. A plan that uses a twenty-year horizon is even better, and is probably essential in order to define emerging trends. It is unlikely that anything earth shaking will happen environmentally in the next five years (excuse the pun), but you can expect some major revelations in the next 20 years.

You might ask, "What practical application can this extraordinarily long horizon have if the business plan only concerns itself with the next five years?" A key point to make in any strategic plan presentation is that EHS issues evolve very slowly, but when they finally blossom, their overall business impact can be very significant. The cost-effective way to deal with very long-term issues or opportunities is to set a gradual course of action that can be slowly implemented, but implemented immediately, nonetheless.

Ford Motor Company's position on sport utility vehicles (SUVs) is a classic example of this strategy. At the annual shareholders meeting on May 11, 2000, William Ford Jr. publicly acknowledged that SUVs have environmental and safety problems not associated with smaller vehicles and vowed to develop additional technological solutions that identify and implement alternatives. This simple pronouncement shocked many and pleased others, even though he admitted they would continue to produce their popular models. It also set the conceptual marching orders that Ford employees would follow (in small incremental steps) with each new model year.

The "future vision" sets the overall strategic direction (i.e., where the company should head and why). Defining this strategic direction requires input from a number of different sources including benchmarking surveys, stakeholder surveys, literature reviews, outside thought leaders and executive management interviews. In the past, EHS strategic plans focused on emerging



regulatory trends. Today, long-term global environmental and societal impacts may be the dominant issues for your company.

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In many respects, this fuzzy global future is much more challenging, especially if this future presents radically different opportunities or challenges that require significant resource and product development shifts today. This is tough stuff. Outside intervention from subject matter experts and opinion leaders can be especially valuable when attempting to get EHS staff members thinking along unconventional lines. This input should come from individuals who have their finger on the pulse of the “fringe” elements of emerging issues; the more unconventional the better. If they shake you up and get you out of your traditional way of thinking, they have served you well.

#### **Business Management Input**

Management interviews, a crucial component of a well-developed plan, are not a one-time event; they are an iterative process. If the background research indicates that a heretofore unknown “brave new world” of challenges and opportunities is on the horizon, it will be necessary to first educate management on future trends before you begin to ask their opinion of where they want the company to head. As Michel Porter, the renowned Harvard professor of business strategy, states, “One of the major reasons that companies are not very innovative about environmental problems is ignorance.”<sup>2</sup>

The use of scenarios is a wonderful technique for elevating management’s awareness of emerging EHS dynamics. There is a wealth of literature available on this technique.<sup>3</sup> Because the future seems less predictable than ever before, there appears to be a renaissance in this methodology that Shell perfected several decades ago.

Interviewing management is both an art and a science. It is essential to know how to cut through politically correct rhetoric and learn what your leaders are really thinking. This will align your plan with management and identify critical disconnects and dis-

agreements between the officer and directors that need resolution. For those fortunate individuals who interact with the CEO and other top executives daily, this challenge is not great. But for most EHS managers, their contacts with the top staff are very limited. You will need a well-organized approach and I recommend that you re-visit an earlier Manager’s Notebook that describes some of these techniques.<sup>4</sup>

Early executive management education and interviews will also reduce the temptation to prematurely launch into a self-limiting exercise of assumptions about what management will or will not support. I will not further belabor the point, but in major corporations,

management interaction — both education and honest dialogue — are the most essential ingredients of an effective plan.

#### **Business Alignment**

An EHS plan should not be done in isolation. You should develop an in-depth understanding of the business vision and core competencies. This effort extends beyond just reading the statements that may be literally posted on the wall. The “really good stuff” is always hard to get, since it may involve key strategies that management may not want publicly broadcast outside the company.

This alignment effort might involve including probing questions that are part of

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Table 1. Example Planning Process

Define the Future State	
1. Develop Vision	
2. Determine Values	
3. Generate Mission	
4. Define Key Performance Indicators	
5. Define Cultural Components	
Define the Current Reality	
6. Perform Cultural Audit Analysis	
7. Determine Potential Strategic Programs	
8. Establish Overall Organizational Positioning	
Perform a Gap Analysis	
9. Establish Critical Gaps Analysis	
Develop an Action Plan	
10. Determine Strategy	
11. Develop Integrated Functional Plan	
12. Develop Contingency Plan	
Implement the Plan	
13. Review Strategic Program Business Case	
14. Integrate the Elements for Success	
Continuously Improve	
15. Develop Change Anchoring Strategy	
16. Measure, Track and Improve Performance	

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the management interviews, in addition to discussions with the individuals responsible for developing the business plan. Now for the important point: Map this information to the EHS function's core competencies and strategic values to gain a clear picture of how EHS supports the company and why certain EHS strategic actions are needed.

This step also keeps the plan at a strategic level, instead of a tactical level. If management can see a one-to-one relationship between its agenda and the EHS plan, success is assured. Piling on reams of data does not always accomplish this objective. For example, Jack Welch, the former CEO of General Electric, stated that answers to a series of five strategic questions "were much more useful to me over the years than all the data crunching in strategic plans."<sup>5</sup> Consider focusing on providing answers to:

- What are the global threats and opportunities to your business and your competitors?
- What actions can you take vis-à-vis EHS strategies to change the competitive landscape?
- What have you actually done to accomplish this in the past two years?
- What strategies could your competitors take to alter the competitive landscape?
- What are you going to do to not only counter these threats, but leapfrog over the competition?

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The above points are not related to the usual array of information presented to management on regulations, incident rates and emission. Making this shift is difficult for many EHS professionals because it is so foreign to their day-to-day activities, but it is essential if you want to shift the discussion away from regulatory program maintenance to strategic positioning.

### Select a Proven Process

The strategic plan is a cognitive process used to implement change. Change does not happen in a meeting or two — it is a deliberate process. Generally, it is best to use the same process as the one used by the business. If the terminology and the steps taken are

familiar to management, it just eases the amount of education required to get everyone comfortable with what you are doing.

The depth at which you undertake each element will determine the robustness of your plan. If your business does not have a formal process, you might consider something similar to the sixteen-step process I use with clients in **Table 1**. A crucial step is the last: Measure, Track and Improve Performance. Be sure to include one or two metrics that track the actual implementation of the strategic plan — and then track them.

## Conclusions

As Dirty Harry would say in the Clint Eastwood movies, "I know what you are thinking." Well, about now you are probably thinking, "I do not have the time, the staff, the money and the management air-time to do what MacLean is suggesting." The scores of EHS professional that I talk to feel like

they are on treadmills just keeping their heads above water with the day to day fire fighting. If anything slips, they are out, (or so they think).

To this I respond, if you do not put some concerted effort into developing a plan to get out of the current state in which you find yourself, how will your group move forward? And if you do not move forward, isn't it inevitable that something will eventually slip? It is a question of priorities. **EP**

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## References

- <sup>1</sup> R. MacLean, "Shifting Gears - Moving from resource management to resource strategy," *Environmental Protection*, Stevens Publishing, February 2002, pages 38-42 (See Archives at [www.eponline.com](http://www.eponline.com) to access Mr. MacLean's past articles that have appeared in *Environmental Protection*.)
- <sup>2</sup> M. Porter, "On Competition," *Harvard Business Review Book*, Boston, MA, 1998, page 372.
- <sup>3</sup> See for example, R. MacLean, "What Were They Thinking? - Using scenario development to evaluate the soundness of your company's environmental strategic plan," *Environmental Protection*, Stevens Publishing, August 2002, pages 38-40; Peter Schwartz, *The Art of the Long View - Planning for the Future in an Uncertain World*, Doubleday, NY, NY, 1996; Allen Hammond, *Which World? - Scenarios for the 21st Century*, Island Press, Washington, D.C., 1998; World Business Council for Sustainable Development, *Exploring Sustainable Development Global Scenarios 2000-2050*, Geneva, Switzerland, November 1997.
- <sup>4</sup> R. MacLean, "Delivering the message - Techniques for educating executive management on future environmental issues," *Environmental Protection*, Stevens Publishing, December, 2000, pages 41-42.
- <sup>5</sup> J. Welch and J. Byrne, *Jack - Straight From the Gut*, Warner Books, New York, NY, 2001, page 391.

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