Environmental Management Systems — Part 2

Getting the most from your EMS

By Richard MacLean

Certification may be a requirement for entry into some markets, but aside from the public relations value, what else does a certified environmental management system offer? Not much, according to the results of recent research studies of conformance-based environmental management systems (EMS) such as ISO 14001 and Eco-Management and Audit Scheme (EMAS).

In Part 1 one of this series (which appeared in the February 2004 issue of Environmental Protection *and can be accessed online at no charge at* www.eponline.com *under "Archives") we explored the underlying issues that limit EMS performance and the concerns being raised by the environmental auditors who certify EMS systems. This month, we examine how to review your EMS to find ways to increase performance and deliver business value.*

EMS consultants have done an incredible job convincing clients that they have a tangible "thing" to deliver, as if they were selling a new software package, a computer or a pollution control device. EMS has become synonymous with standards such as ISO 14001 and EMAS. Environmental managers go to their business executives and request money to install a standards-based EMS. Often, management's reaction is, "Why do we need it?, What is the value in this new thing that we never needed before?," followed by "We cannot afford it."

If environmental health and safety (EHS) managers are successful in receiving approval, it is sometimes because the marketing department needs the certification and/or management is concerned about the company's image and needs a quick demonstration of "environmental responsibility." If there are problems brewing with the regulators, shareholder initiatives on the horizon and/or upset communities, certification may be just the ticket. Nevertheless, how do you identify the lasting business value in something viewed by management as something the company bought from consultants and independent certifiers to resolve an issue? Once the perceived problem goes away, so will its value (or so it may seem).

What an EMS Really Is

An EMS is a way to run environmental activities strategically and efficiently. It is not just about being able to show an auditable paper trail to certifying auditors or regulatory inspectors. It is not a thing. Yes, it includes components such as software and hardware systems to keep track of essential information, but much of a performance-driven EMS is ethereal. It includes such elements as a company culture that supports EHS professionals working in harmony with operations and focusing on what really matters to the business.

Every company has an environmental management system if it is has been legally in operation for any length of time. For a small business it may consist of Jane, the facility manager, following a checklist of compliance obligations supplied by a trade association or regulatory agency and Joe, the janitor, putting the waste in the dumpster instead of throwing it over the back fence. The point is that all companies already have an EMS; the challenge is to make it more efficient and more aligned with business objectives. You may have to purchase certification but never, ever, tell management you want to buy and install an EMS; tell them that you want to improve what already exists to make it more cost effective and relevant to the business needs.

There are direct parallels to business management systems. Business executives spend a lot of time and money on improving what they already have. They may buy enterprise resource planning systems like those sold by the software company SAP, but the company's leadership is still focused on improving profitability through a multitude of management strategies. Management gurus, like Peter Drucker, have been advising executives on these essential strategies for decades. More recently, Jim Collins, business analyst and author of the best-selling books *Built to Last* and *Good to Great*, has coined terms such as "Level 5 Leadership" (i.e., vital characteristics of top managers) and "First Who . . . Then What" (i.e., getting the "right people on the bus" and then "picking the right direction").

Competitive pressure has required companies to deliver very specific and quantifiable performance results. ISO 9001 and Six Sigma quality programs have been embraced by successful companies focused on customer quality expectations. Continuous improvement is not just a buzzword; it is a survival mantra. Contrast this to ISO 14001 and the European Union's EMAS. The continuous improvement requirement is there, but companies typically establish minimalist goals. Some companies are not even sure which metrics really matter and what goals should be set to make any competitive difference within the marketplace. "Get the certification at minimal cost" is the marching order. Is there any wonder why an EMS,

implemented the way it so often is, delivers such limited value?

Identifying and Fixing the Weaknesses

The starting point for evaluating an EMS is to define a framework that can be used to assess current activities. It is not important that the company has actually built its system around the particular framework chosen. What is essential is that the evaluation framework needs to be robust and contain all of the critical elements that drive performance. It also helps if this evaluation framework makes sense to management when it comes time to explain the strengths and weaknesses of the company's existing EMS.

This effort is an evaluation of EMS performance; it is not a conformance audit against a particular standard or a detailed regulatory compliance audit. Performance evaluations must be done with senior environmental professionals for reasons that will become apparent later on in this article. It is a waste of time and money to have senior people checking to see if some piece of paperwork minutia has been completed consistently over the past year. Leave that up to the auditors and their checklists.

There are many frameworks that you can use as a starting point. Most readers are familiar with ISO 14001's elements: 4.1 General Requirements; 4.2 Environmental Policy; and so on. The Business Charter for Sustainable Development Principles for Environmental Management has 16 elements. EMAS has six stages. Green Zia, based on the Baldrige Quality Process, has six core values and seven categories. Responsible Care®, used by the American Chemistry Council's member companies, has 10 guiding principles and five major elements. There are others, but you get the point.

Each of the preceding frameworks has its particular strengths and weaknesses. For this reason, I developed and use the framework outlined in **Table 1**, which consists of 20 elements in four major categories: Strategic Direction, Organization & Staffing, Systems and Leadership. It contains, in some form or another, the essential elements of the standard systems mentioned previously. This framework is supported by a proprietary database that contains what can best be described as the nitty-gritty: nearly 400 specific items.[1]

No company truly needs such an elaborate system of items. The challenge is

Table 1
Core Elements for a Performance Driven EMS

Management Cluster	Core Elements	Objectives
1. Strategic Direction	1. Vision & Policy	Formulating a clear vision of where the company is headed and the overriding principles of how it will get there. Establishing specific company objectives and policies.
	2. Strategic Plan	Determine the programs, budget and roadmap for meeting the company's business and environmental objectives.
	3. Risk Evaluation	Developing an understanding of current and future issues and their impact on the company.
	4. Metrics	Developing a measuring process to monitor environmental performance progress against targets.
	5. Management Reporting	Keeping stakeholders informed of progress and issues along the way.
2. Organization & Staffing	6. Environmental Staff Development	Having skilled human resources appropriately sized to meet business objectives.
	7. Resource Leveraging	Effectively using resources across the company for synergy and cost savings.
	8. Technology Networks	Establishing networks to share information and reduce time and costs.
	9. Interface Relationships	Ensuring communication and cooperation at both intra and inter departmental levels.
3. Systems	10. Core Management Systems Elements	Developing and documenting a systematic approach to implement and optimize individual activities of the overall EMS.
	11. Review & Evaluation	Determining progress and implementing Total Quality principles.
	12. Audit & Governance Systems	Evaluating and reporting conformance with company policies, objectives and regulatory requirements.
	13. Information Systems	Gathering, tracking and analyzing information that supports all of the core environmental elements.
	14. Training Programs	Keeping skill level at maximum efficiency. Integrating environment in core business practices.
	15. Risk Management & Cost Control	Establishing and maintaining process and product programs such as pollution prevention, design for the environment and life cycle analysis.
	16. Issues Management	Effectively dealing with major issues such as remediation, global warming, etc.
	17. Property and Capital Project Reviews	Performing due diligence and minimizing risk in business transactions.
4. Leadership	18. External Relationships	Influencing external stakeholders and providing community awareness.
	19. Research	Identifying and filling knowledge gaps.
	20. Exemplar Programs	Establishing programs that lead the industry and build the company's reputation and brand.

to determine the activities that really matter, based on the company's business objectives. In the real world, these objectives are often blurred by politically correct rhetoric. The first major hurdle in a review of this type is often deciphering what top executives and the board of directors really want. This is particularly challenging when the company is headed in a particular direction, but future trends and the competition are all headed in another. Some probing and education may be in order before a clear set of EMS performance objectives can be established.

Another common problem is that there may not be agreement over what the performance objectives should be. A simple technique can be employed to determine if this is the case. Ask the interviewees to estimate where the company is, on a scale of one to 10 (10 being world class, five being 100 percent in compliance and one being a step away from a felony conviction). Then, ask where they think the company should be in five or 10 years. Finally, ask how they think the board of directors would respond to the same questions.

I have yet to find a company where there is perfect harmony. Business executives often think that the company is a lot further along than it really is. EHS managers sometimes assume that the board of directors wants much less "beyond compliance performance" than it may really desire. In any event, the numerical scores help to graphically highlight certain issues and get them out in the sunshine for discussion. A word of caution in doing this exercise: in interviewing the top executives, one needs to frame the questions in such a way that honest feedback is received, instead of the party line.

No matter where a company is headed, it should have most (if not all) of the elements outlined in **Table 1**. When reviewing this process with business executives, I often draw an analogy to transportation: corporate responsibility and regulatory and competitive pressures require you to advance from point A to B. You can walk, ride a bicycle, drive a Yugo or travel in style with a Lamborghini. It all depends on your needs and how far and fast you want to travel. This helps to clarify that there are degrees to which EMS improvements can be made and that the choices are usually within the company's complete control.

What's Really Going On

I have not gotten beyond part one of the first element — vision — and by now you should be getting the picture. This review is not your typical paperwork and records check. It is about determining what is really going on: finding out if a company is on the right kind of bus (EMS), if they are headed in the right direction (strategy) and if they are moving along at the right speed (performance goals).

It is not up to the reviewer to judge what is right or wrong for the company. Instead, the reviewer should: (1) ensure that management is clearly aware of the status of their EMS; (2) point out weaknesses and strengths of the system relative to what the company wants to achieve, and (3) provide suggestions for improvements. All of this supports management's ability to make informed decisions and to have a better understanding of what both the EMS and the environmental staff are contributing to the company.

In this limited space, I cannot go into detail on each element of **Table 1**, but based on more years of experience than I care to admit, I have listed below the 10 components of an EMS that are most often in need of improvement:

- A clear vision of future direction, developed with the intimate involvement of top officers and directors
- A real strategic plan, not just the usual project list
- A robust set of metrics, not just those usually reported and benchmarked within the industry sector
- A robust reporting system, particularly with respect to the officers and directors
- A competency development program for EHS staff members
- An organizational and staffing review that examines potential dysfunctional behavior among groups and/or individuals
- A management system that is conceptually simple: both executives and front-line employees understand what their role is, each step along the way
- A governance system that attacks the real issues and includes hard mechanisms (e.g., signoffs) for certain key business transactions by the appropriate EHS professional
- A core risk analysis process that examines past, present and future risks rigorously
- Transparency and outreach programs that build good community and agency relationships

The "why" and "how" that each of these components delivers value would require several "Manager's Notebook" articles to explain. I have written articles on some aspects of these.[2] Someday, I hope to get to the others.

The important point is that environment management systems are delivering only a fraction of their potential. Installing a certified ISO 14001 EMS may not adequately support the items listed above. Certainly, if you read the language of these standards, anything and everything can be incorporated. But, let's get real; that is not how conformance systems are being implemented and certified. I am saying that you may need to "kick it up a notch" (as Emeril Lagasse would say) to gain any lasting value. EP

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References

[1] The database is set up to support environmental, health, safety and social responsibility reviews; this article only discusses environmental reviews. **Table 1** does not apply to these broader reviews.

[2] See for example, "The Three Levels of Governance: Where is your company in this spectrum: Passive — Active — Aggressive," "Manager's Notebook," *Environmental Protection,* March 2003, pages 20-23. Also available at no charge at *www.eponline.com* under archives.