

If Neanderthals Become Homo Sapiens, Will Anyone Recognize the Difference?

Many industries have changed, but getting public opinion to change is another matter

By Richard MacLean



Some companies have done horrific damage to Mother Nature out of greed and ignorance. Relatively few individuals have gotten extremely rich on the profits from businesses that passed-off the true costs of their operations to communities, workers and future generations who will be stuck with cleaning up the human and environmental wreckage. This legacy has been indelibly etched into the public's view of industry and reinforced with each new debacle. Quietly over the past thirty years, some industry sectors have made dramatic improvements; but few know, understand or are even willing to recognize the progress. This month's Manager's Notebook looks at the progress that has been made, the problems that remain and what your company should be doing to better position itself.

I love to camp and hunt with my buddies out in the wilderness of Arizona. It is breathtaking country that is mostly owned by taxpayers and Native American tribes, but marred with the visible remains of abandoned mines from nearly a century ago. It really galls me that a few of these mines made some people very rich and they just left their mess and walked away (see **Figure 1**). Is this past behavior a reflection of what can be expected in the future from the mining industry? Some say absolutely.

A recent article in *World Watch* magazine described the extractive industries (e.g., mining, logging, oil, etc.) as the "hidden shame of the global industrial economy."¹ Much of the article focused on

the mining sector and, with an abundance of facts and figures, laid out a rather grim picture. Example: "Today, in West Papua, Indonesia, a gold mine owned by U.S.-based Freeport McMoRan dumps 120,000 tons of cyanide-laced waste into local rivers every day." Sounds like Arizona in 1895.

I sent a copy to a colleague, Bruce Marsh, who ran the environmental programs at the Freeport mine in Indonesia and asked for his reaction (actually, I was seeking a confession). He reported that Freeport has never even used cyanide at that mine. Bruce, a seasoned environmental engineer in the mining industry with direct knowledge of many of the mines described in the article, went on to point out nearly a dozen other inaccuracies or misrepresentations.

I consider the World Watch Institute (publisher of the cited magazine article) to be one of the better sources of environmental data. Not only that, but the article was written by the editor, Ed Ayres, no less. He does not mention any of the positive things that the mining industry has done, most notably the recent work by the London-based International Institute for Environment and Development (IIED) through the World Business Council for Sustainable Development and sponsored by the mining industry. Yet, Ayres references Cortez's killing of the Aztecs for gold in the 16th century. Where's the relevance? Are today's mining executives reincarnations of Cortez? World Watch

would have you think so.

Taking It to the Extremes

The public is flooded with information; what seems to make it "above the fold" (as they say in newspaper jargon), is the shocking, the negative and the bizarre. Reality may be shades of gray, but what seems to capture the public's limited attention span is the brilliant white and the darkest of black. Greenpeace-types are not the only ones who spin a one-sided tale; corporations do it too. Everyone is doing it; some are more sophisticated than others are — as they compete for sound bites with Michael Jackson doing a dance on an SUV in front of a courthouse.

At times, I feel like Toto in the Emerald City. I have worked for clients in nearly every industrial sector; I get to peek behind the curtain to see what the wizard is really doing. The mining sector has spent billions of dollars to improve its operations. Today, mining CEOs clearly realize that they cannot operate as they did in the past. The chemical industry's wake up call was Bhopal, the 1984 incident in which Union Carbide's chemical plant accidentally released methyl isocyanate and caused the deaths of at least 8,000 people. After Bhopal, CEOs knew that the industry had to change dramatically. They created Responsible Care®, a mandatory program for membership in the American Chemistry Council that was recently strengthened with the addition of independent verification and

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enhanced public disclosure. Similarly, the timber industry has been transformed with forest certification programs and standards of sustainable performance. And on it goes. The public rarely hears (or cares) about these efforts.

Industry sectors are, however, not monoliths. They are individual companies: the good, the bad and the ugly. One of the worst was the notorious United Fruit Company, which became Chiquita Brands International. The company became synonymous with the term “banana republic” and the exploitation of local people and resources in South America. Murders, political upheavals and CIA intrigue.

Over the past four years, two independent researchers with seasoned professional credentials, Gary Taylor and Patricia Scharlin, inspected farms in Central America and interviewed key players in the United States and Europe to verify the remarkable transformation of this company, no less dramatic than Neanderthal to Homo sapien. Beginning in the 1990s, the company undertook a voluntary initiative to improve conditions for its workers, to minimize the environmental impact of its farms and to conserve the rainforests surrounding its plantations. It joined with the Rainforest Alliance in this “extreme makeover,” which is so transparent in its results that it has won the admiration of almost all its former critics, including activist conservation groups.

Yale University Press recently published the book in which Taylor and Scharlin wrote about their findings.² For corporations, their analysis offers a valuable roadmap and how-to manual on corporate transformation and strategic alliances with non-government organizations (NGOs). Gary Taylor stated, “One of the keys to the transformation is market-driven certification, but it took trust and a sophisticated understanding of the risks by both parties. Even then, there were some surprises for both central players along the way. Reaching out to antagonists did not come easily to this formerly secretive company.”

The question remains, will these messages ever rise above the fold and replace the Neanderthal image of corporate agricultural giants in South America?

One would hope so, but realistically, no. If that is the case, what should companies (and entire industry sectors for that matter) be doing? From my perspective, there are two essential things.

Talk About the Gray

Companies have gotten much better at spinning sounds bites. In many respects, they have gotten too good. Some corporate environmental and social responsibility reports are so slick that they may impress the public but, to thoughtful leaders and people who influence regulations and community support, they sound as one-sided as the *World Watch* article. Just because “the opposition” focuses on a narrow, shrill message does not justify response in kind. In the end, it is about trust and credibility built on a balanced approach.

Credibility also depends on timely responses to misinformation. Trust is earned slowly, one fact and one deed at a time, and it will vanish quickly if silence is the only response. Always get the truth out. Industry continues to be slow in the response to all but the most egregious misrepresentations. Has the Society for Mining, Metallurgy, and Exploration responded to this article even though it was brought to their attention? No, they declined. The philosophy seems to be: “Ignore and it will go away. Respond and you give the source credibility, attract attention and possibly have to do even more.”

This approach has not always worked. Professor Bjorn Lomborg’s book, *The Skeptical Environmentalist*, challenges the widely held beliefs that the global environment is getting progressively worse. The book was initially ignored by environmental scientists as being too contemptible for serious attention . . . that is until it appeared on best-seller lists around the world and received glowing reviews in prestigious newspapers and magazines. The catch-up game was then underway and the original, unchallenged messages still resonate in people’s minds today.

Look for the Early Warnings

If companies sometimes do a poor job of getting their messages out, they do an

even worse job of anticipating issues that can literally lead to bankruptcy. Asbestos is the most obvious example: 157 corporate bankruptcies and still counting!³ The earliest account of the health hazards of working with asbestos was provided in 1898 by Lucy Deane, one of the first women inspectors of factories in the United Kingdom. The vast majority of these companies were not even in business at the time.

An antagonist could claim that all of these companies chose to disregard the growing problems. It is not that simple.



COURTESY OF COMPETITIVE ENVIRONMENT INC.

Figure 1: Author inspects runoff from abandoned copper mine near Mammoth, Ariz.

In fact, some companies were probably never aware of the mounting medical evidence; they may have received contradictory signals (false negatives) or overly optimistic assessments from the asbestos industry. Large economic impacts can shift the cost-benefit equations and a lot of companies were touting the benefits of asbestos. Nonetheless, there were companies that clearly should have known better, but chose to look the other way. The ultimate was the 1979 announcement by the U.S. Consumer Product Safety Commission that 37 companies were using asbestos in the manufacturing of hair dryers.⁴ What were they thinking?!

There are many other examples where a thoughtful risk examination could have led to better management and, in so doing, help to avoid the Neanderthal image. Issues rarely just appear instantly; they evolve. In many respects, it is the faux ignorance (many of these companies do, after all, have enormous resources) and lack of caring that does the most damage to a company’s reputation. From a trial lawyer’s perspective, the really big wins (i.e., the punitive damage jackpot)

come down to: what did the company know; when did they know it and when should they have known it.


Companies do shockingly little to protect their assets from these emerging issues. Required reading for any environmental, health and safety (EHS) professional is the report, *Late Lessons from Early Warnings*, posted on the Web by the European Environment Agency.⁵ *Early Warnings* contains more than a dozen examples that provide insight into what companies could be doing to anticipate issues and avoid future problems. The herd mentality has dominated the past: do not take action (because we are making a profit the way we are currently doing things) until it is so obvious, so proven and so clear that everyone else will take the same action. By then, it is too late.

Two of the most fundamental tools that companies should be using in this regard are strategic planning and independent evaluations of their operations. Both tools are rarely used today by EHS departments or, if employed, are not done very well. Strategic plans are generally nothing more than project lists and do not include a rigorous review of emerging issues. Independent reviews become focused on compliance activities, not a meticulous examination of strategy and direction.

Conclusions

The war over public opinion is rarely waged in the gray zone: both sides overstate, understate or ignore essential information. How can the environmental organizations write such one-sided stories and claim to be factual? How can industry choose to ignore these stories and not try to correct the record? They seem to prefer to take a hit here and there and remain under the radar screen by being very quiet in the public's eye. As a result, the public is often left wondering what is really going on and opinions are out of sync with reality. Yes Virginia, some Neanderthals have evolved.

The ultimate goal in a perfect world, of course, would be complete transparency. If companies organized effective public reports; if they had independent audits published; and if they invited environmental groups to come onto their properties and educated them on what they were doing, they could achieve transparency. Similarly, if NGOs had access to accurate information, they would only look irresponsible and lose credibility if they distorted or ignored the truth.

But this is a very imperfect world and you will need to deal with these issues as they are, not as we may wish them to be. As mentioned earlier, two of the best methods are strategic planning (with a particular focus on developing a long-term communication strategy) and external, independent reviews. We will take a look at these tools in the upcoming editions of *Manager's Notebook*.⁶ 

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