



News Center

- News
- Reviews
- **Columns**
- Affiliates

Search for:

Columns



[Printer-friendly version](#) | [Email this document](#)



Ask the Experts

by Steve Rice & Richard MacLean
April 2001

Charting Sustainable Development's Next Horizon

Also this month:

- [Will EPA's Christie Whitman become the next James Watt?](#)
- [Incorporating social responsibility into a college business school program](#)
- [How definitive is the Global Reporting Initiative?](#)
- [Got a question? Let us know](#)

* * * * *

Q: What is sustainable development's next horizon, and when will more companies integrate sustainability into their business strategies?

Steve: There's been a lot of debate since 1990 on the definition of sustainable development, and how the practice might help transform companies' missions, values, products and services. As Dick has said, sustainable development is not very actionable unless business leaders first incorporate it into business strategies and make it mesh with their organization's culture, operation, and organization.

I believe that sustainable development may have reached its "first generation" limit: introduction of concept and terms, creation of conceptual operating models, and a gradual introduction into business lexicon. While several small companies have incorporated elements of sustainability, these firms have small market shares. According to John Elkington in his keynote address at the recent [GEMI2001 conference](#), these companies are as butterflies in the commercial marketplace: They look nice and certainly are beneficial, but they do not yield fundamental changes in the greater business landscape.

For sustainable development to advance, it must strive toward "second-generation" sustainability, in which large organizations, companies, communities and governments translate the rhetoric into significant and measurable achievements. Merely reducing pounds of waste or preventing certain operating costs will not be enough to convince most senior executives to devote substantial resources toward such endeavors. There will have to be a direct cause and effect between the cost of the effort and its expected benefit, expressed in current business management success terms such as Return on Investment (ROI), after-tax profit and/or Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

This commitment will require a substantive shift in mantra from "integrating sustainable development into business and making the business case" to "integrating people into sustainable business and being the business case." As long as sustainability advocates such as EH&S organizations are making their pitch from outside the strategic business

decision-making process, they won't get far toward the goal.

True progress will be made only when sustainability proponents have a seat at the table, and are welcome, respected members at every senior business executive meeting. Picture the possibilities at a company in which Dawn Rittenhouse (Dupont) were a business unit president; George Nagle (Bristol-Meyers Squibb) were CFO; Jim Thomas (Novartis) were senior vice president of marketing; and George Carpenter (Proctor & Gamble) were CEO. That company would develop sustainability into specific and substantive business actions from the inside.

I believe genuine progress will be achieved in about 20 years, when the new crop of business and MBA school graduates -- who are learning that sustainability can be a routine and accepted part of business values and operations -- assume key positions as senior marketing, finance, and operations executives. These folks also will build new tools and measures for business management success.

Keep in mind that the current business model has the momentum of more than 200 years of industrial revolution behind it. We'll need more than a few years to reorient our business structures and models to catch up to sustainability.

[Back to Top](#)

* * * * *

Q: Will Christie Whitman, the new EPA Administrator, become the next James Watt?

Richard: No. Although Watt was Secretary of the Interior -- not EPA -- under Reagan, "James Watt" is established in political parlance as a lightning rod for environmental protest. It is interesting to read the abundant speculation over our new EPA Administrator, former New Jersey Gov. Christie Whitman. Journalists and editors from a range of print media, from the Wall Street Journal to Time magazine to E magazine, have weighed in on what the Bush Administration might do for the environment. Now it's my turn.

Most people judge the qualifications of the Administrator by his or her "green" track record. Not me. I look for skill as an executive and a leader. The Clinton/Gore Administration is considered by many to be one of the greenest ever. But what is its legacy? The millions of acres of land set aside by executive order under the 1906 Antiquities Act? These unilateral decisions were based on neither consensus nor a genuine effort to build the understanding for the need to preserve these precious natural resources. The president used the raw power of his office in the environmental equivalent of pardons -- nearly as controversial as those issued to people.

The past eight years of the DC "dream green team" were a dismal failure. I said as much in Green Arthritis, published in the September issue of Environmental Forum. EPA and the Clinton /Gore Administration repeatedly failed to build consensus for their programs -- a point of view embraced as a mantra by the Bush campaign.

Despite the previous administration's talk about reinventing government, and all the calls by blue ribbon studies to rebuild an outdated system, EPA has been unable to break out of its role as enforcer. Based on all the grumbling I've heard from career EPA employees over the past eight years, morale at the Agency seemed to have dipped below its James Watt-era low.

That said, what about all the recent actions by the Bush administration? Many critics claim that recent rollbacks are clear evidence that we are all in for a regressive period. I disagree: Rolling back the OSHA ergonomic standards and the recent refusal to lower the arsenic drinking water standard may be more of a residual reaction to the Clinton/Gore way of doing things than a real lack of commitment on the part of the new administration. Backing away from controlling CO2 as a "pollutant" may be a reasoned political move in the wake of bad economic news and an emerging energy crisis. Reconsidering the tougher standards for hard-rock miners digging gold and silver in Western public lands might represent a legitimate need to review critical legal and policy implications.

I think the true test will be in how well Whitman is able to lead a stuck and demoralized organization. It is not whether she gets 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 eluded the previous administration. In this regard I am very optimistic. Washington Republican political strategists may not always get it right, but one thing is clear: they recognize that a James Watt-type anti-environment administration will surely lead to a single-term Bush presidency.

[Back to Top](#)

* * * * *

Q: How can a small Midwestern college incorporate social responsibility into its business school program?

Steve: Social responsibility has been one of the major changes to the business landscape in the past few years. Businesses are afraid they might become the next Nike, Coca-Cola or Texaco, and see their hard-earned brand equity take a hit -- or see erosions in their subtler, though no less important, "social license to operate."

While the [National Environmental Educational Training Foundation](#) (NEETF) has an active program, and the [World Resources Institute](#) (WRI) has its Management Institute for Environment and Business program, both seem to have a notable absence of social responsibility elements. Perhaps this is because the issue is still rather new and/or business schools like yours are not yet requesting them.

One excellent report from WRI, [Beyond Grey Pinstripes: Preparing MBAs for Social and Environmental Stewardship](#), provides a detailed listing of business schools (primarily graduate programs) that include social elements in their curriculum, faculty research and activities. The report provides both a guide and specific contact information for helping you develop a program that will be aligned with your specific undergraduate school's objectives and needs. According to Jennifer Finlay, director of business engagement at WRI, the most recent survey update includes specific questions on the schools' coursework; the updated report should be available soon.

I also understand from Finlay that business schools at the University of Michigan (Kellie McElhaney) and Bellarmine College (Lee Thomas) have developed course curricula based on social responsibility case studies, drivers and standards. You can get course syllabi materials from them.

You may want to include what some consider most comprehensive guide to socially responsible investing: Hal Brill, Jack A. Brill, and Cliff Feigenbaum's [Investing With Your Values](#). The recently released paperback edition updates the original text and highlights new developments in SRI. It also reports on the latest rounds of shareholder activist campaigns to move corporations toward more socially and environmentally responsible business practices.

You may also want to read "Are Business Schools Anti-Business?" that just appeared in the March/April issue of [Across The Board](#), the business publication of The Conference Board. It proffers opposing essays that address the questions, Should business schools be including social issues in their courses? and, Is there enough, or is there too much, being included even now? The article presents perspectives and responses, allowing readers to form their own conclusions.

For example, one of the writers suggests that each business school attendee be required to participate in a Peace Corps-like activity in a developing country to witness how the majority of people in the world live, and how global business decisions affect them. Now that's an education!

The other essay stresses that business schools need to focus on developing basic business skills. While I don't know as the two positions are all that contradictory, it does make for fascinating reading.

[Back to Top](#)

* * * * *

Q: Is the Global Reporting Initiative becoming the definitive corporate reporting model?

Richard: Yes and no. Yes, in that the [Global Reporting Initiative](#) (GRI) clearly is the leading change agent in promoting more comprehensive and transparent reporting. In the four years since the GRI was conceived, GRI has transformed the landscape of corporate reporting world-wide.

Most people focus on the GRI's [Sustainability Reporting Guidelines](#) as the deliverable of value. I am impressed with the consultation process that was used to generate these guidelines. While only a fraction of the global reports have adopted the GRI guidelines (e.g., 21 companies formed the 1999 pilot group), probably every report being issued is influenced by these guidelines. This is in largely because GRI helps raise key issues and stimulate dialogue.

No, in that a single, voluntary model probably will never dominate. There already is a tremendous amount of flexibility built into the GRI guidelines. GRI recognizes that companies and industry sectors vary significantly; one size does not fit all. There are more than 30 models to date; each has its strengths and weaknesses.

Companies will always want to "do their own thing." Environmental and community relations staff might gather the hard data, but public relations departments still dominate the process used to produce the final report. Each has to have the look and feel of the particular company's culture and identity.

What should stabilize eventually is the selection of certain benchmarkable indices against which all companies in an industry sector will report. These will become the *de facto* industry reporting standards -- not the packaging that most seem to focus on. The strategic issue that my clients are concerned with is what these metrics will be and where will they stand relative to the competition. Thus, the challenge moves from completeness and transparency to fundamental competitive issues.

Take a page from financial reporting: shareholders could not care less about the nice-looking report: they want to see the hard numbers that form a solid bottom line.

[Back to Top](#)

Got A Question?

Send your question about environmental management issues to Editor@GreenBiz.com.

We can't guarantee that we'll answer every question, but we'll try.

[Steve Rice](#) is the founder and president of [Environmental Opportunities, Inc.](#), a strategic environmental management advisory firm and has worked for both Exxon and BASF in a variety of environmental management positions. [Richard MacLean](#) is president of [Competitive Environment Inc.](#), a management consulting firm in Scottsdale, Arizona. He also serves as the Director of the [Center for Environmental Innovation, Inc.](#) and has held executive level health, safety and environmental positions in several Fortune 500 companies.

[More Columns...](#)



[Printer-friendly version](#)



[E-mail this page](#)

Feedback

- [Comment on this Column](#)

[News Center](#) | [Business Toolbox](#) | [GreenBiz JobLink](#) | [Reference Desk](#)
[About Us](#) | [Sponsors](#) | [Contact Us](#) | [Site Credits](#) | [Advisory Board](#) | [Site Map](#) | [Search](#)



[Copyright © Green Business Network. All Rights Reserved.](#) | [Privacy Policy](#)