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Ask the Experts

by Steve Rice & Richard MacLean
September 2001

Build a Better Environmental Reporting Plan

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Q: At what point in a company's environmental management evolution should it begin the process of environmental reporting?

Steve: A company can begin its environmental reporting whenever it wants -- and most do, though often at great expense and with disappointing results, according to a stream of recently published research. A colleague reminded me recently about the typical chronology for company environmental reporting that [SustainAbility](#) published in "Engaging Stakeholders" a few years ago:

TYPICAL CHRONOLOGY

1. Environmental Auditing
2. Environmental Reporting
3. Environmental Management Systems
4. Verification
5. Environmental Benchmarking
6. Environmental Indicators
7. Environmental/Full Cost Accounting

To be useful and effective, however, an organization should develop and use a methodical, strategic approach to environmental reporting. Here is SustainAbility's list for an effective chronology, with a few minor adjustments we recommend:

EFFECTIVE CHRONOLOGY

1. Environmental Management/Full Cost Accounting
2. Environmental Indicators and Objectives
3. Environmental Management Systems
4. Environmental Auditing
5. Environmental Reporting
6. Verification
7. Environmental Benchmarking
8. Evaluation of Results
9. Revision of Indicators, Objectives, Strategies, Systems, Processes and Activities
10. Proceed from Step 4.

Watch out: don't get stuck in a "single-loop" learning process. True progress will only be achieved if the process design includes a conscious effort to create "double-loop" learning. This means that the objectives are not merely reviewed and improved upon with each cycle, but that the process and personnel training both allow, and are intent on, the creation of whole new processes and objectives, inherently within the execution of the process.

Recognize also that reporting may be either internal or external -- the audiences, hence objectives and strategies, will be very different. In either case, though, absolute objectivity and honesty is mandatory. This is the only way to achieve the credibility that makes the entire effort and expense a worthwhile endeavor. That is why independent, third-party verification and certification is now almost an expected element of every worthwhile effort.

After all, what investment analysis would be complete without a financial statement, signed and certified by a reputable accounting firm? We advise our clients that a bona-fide environmental report should be managed the same way.

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Q: Why did the EPA come down so hard on General Electric over PCBs in the Hudson River?

Richard: Although we may never know the full details, it is clear that this would not have happened unless all of the key players were united in support. Much has been written about the alignment of the politicians. Governor George Pataki supported the plan. President Bush and Secretary Whitman clearly seized an opportunity to look tough with their support. What may be even more intriguing is what went on behind the scenes with the key individuals who made recommendations to these politicians.

In reality, this defeat was one in a series of losses involving GE. The bitter wrangling between GE and the PCB cleanup of the Housatonic River in Pittsfield is legendary. If there were any PCB-contaminated bridges over the Housatonic, they were burned down years ago, which may have set the stage for the Hudson defeat.

The irony is that PCBs are not as toxic as the media and the general public believe they are. In 1976, the Toxic Substances Control Act singled them out prior to the arrival of definitive toxicological data. There is some recognition of this today, since PCBs are no longer universally considered "cancer-causing PCBs" by the media. But with science on their side, GE came across as uncaring and arrogant in their negotiations with the community and agency staffs.

In 1998, even the pro-business Wall Street Journal described the "breakdown in negotiations" and "frustrated" EPA regulators. It became so contentious that Jack Welch intervened and rumors circulated that GE Plastic's headquarters would move out of Pittsfield. This was, no doubt, further compounded by GE's filing last year of a constitutional challenge that the EPA maybe overstepping its bounds.

One cannot help but wonder if the underlying cause of GE's defeat was a seriously flawed community-relations strategy, coupled with an aggressive legal strategy that backfired. A new administrator, with the managerial and political skills required to be governor, knows that you

do not trash the recommendations of your staff upon your arrival. Were the EPA and state career employees gunning for GE because of years of resentment and frustration? The answer to that question may go to the ultimate cause of GE's defeat.

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Q: I graduated recently with a degree in international business management and would like to work in the area of sustainable development, yet I have not been able to find any sustainable development jobs after over a month of dedicated effort. What should I do?

Steve: There are two aspects to this issue. The first is having qualified experience. It is important to think about career choices *prior to* graduating, and take appropriate supplemental courses as part of your business program -- perhaps in engineering, science and finance. There is a shared responsibility for both the pending graduate to obtain the appropriate education and the school to provide appropriate guidance. Despite efforts and some successes, business schools are still not preparing students adequately for business careers that incorporate environmental management and sustainability.

The second aspect is what to do about it. Recognize that your efforts have concentrated in obtaining a position within a commercial, for-profit sector. Here in the U.S. the market has not yet developed to the point that it can support a commercially successful business. Most external commercial support is from independent consultants and academic professionals -- all more as individual supplemental income than from a commercial business context. SustainAbility has established a one-person New York office and CH2M-Hill has been developing a presence in North America though most of their activity appears to be focused in Canada.

Thus, your most likely career opportunities probably are in the governmental, non-governmental and/or non-profit sectors. You may want to check in with organizations with business-oriented programs, such as the [United Nations Environmental Program](#), the [United Nations Commission on Sustainable Development](#), [Tellus Institute](#), [Inform, Inc.](#), the [International Institute for Sustainable Development](#), [Business for Social Responsibility](#), and the [World Resources Institute](#).

Check out the [GreenBiz JobLink](#) resource center and the career listings at [SustainableBusiness.com](#). In the past the latter site's listings were not cleaned out very regularly, leaving many out-of-date listings, so focus your effort on only those that have been posted within the past month.

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Q: If the environment represents a core value to the public, why is obtaining widespread political backing for environmental initiatives apparently so difficult?

Richard: Many people say they believe it is because industries are able to unduly influence politicians with campaign funds. If it were only that simple. The underlying problem is that the environment is not a core value to society. Values such as freedom, justice and respect for human rights are well engrained in the Judeo-Christian belief systems that dominate North America and Europe. Flora and fauna occupy a place somewhere else in the value spectrum. As such, concern over the environment can manifest itself in contradictory behavior: *I'm for saving the planet, but just don't take away my SUV.*

Trying to unravel complex human behavior is not a simple task and I turn to the experts: the philosophers that have been at it for centuries. One of the best books that explores this complex subject matter is by Louis Pojman, *Global Environmental Ethics*, Mayfield Publishing, Mountain View, Calif., 2000. This tome is not an easy read, but one does gain an appreciation of why agreement on environmental values is so elusive.

When Jane Citizen struggles to rationalize the SUV with her love for the environment, a philosopher might conclude that she is caught between the moral philosophy of utilitarianism and the ethics of deontology. Utilitarians, such as the editors of the Wall Street Journal, believe that the correct action is the one that maximizes utility and pleasure to society. The time horizon is very short by Mother Nature's standards, and unless you can put a concrete value on something, it is worth nothing. Thus, a panda bear that brings in revenues to the National Zoo has a high value, but an ugly bug (that may in the next century contain the molecular code for the next miracle drug) has absolutely no standing today.

The internal conflicts arise when the deontological ethics (from the Greek deon, duty or obligation) kick in. For deontologists, there is intrinsic value in saving the ecosystem. Exemplified by preservationists, it is their duty to protect the environment, just as telling the truth and keeping a promise is inherently good. Save that ugly bug because it is the morally right thing to do.

Understanding the underlying philosophies helps to make sense out of what otherwise appears to be a very confusing world.

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

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