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Ask the Experts

by Steve Rice & Richard MacLean
September 2002

Ethical Disclosure in the Environmental Media


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In this current state of governance, transparency and disclosure, what do you see as the next front of activity?

Steve: Often in situations such as we've seen this year, the typical initial response is to look "outward," with outsiders putting pressure on others to adopt more moral and ethical operating principles and practices. Then, after a while, a few folks or organizations start looking internally to see where they or their constituents can "walk the talk" and "practice what they preach."



Based on what I've noticed the past few weeks, I see this very thing happening in the environmental management, sustainability and corporate social responsibility community. Signs are that the next front will be pressure on magazines, books and web sites with a focus on the business aspects of these areas to adopt disclosure and transparency requirements for the people who produce articles, columns and commentary for them.

I say this because the first salvos on this front have already been fired. Based on a reader's input, Ruth Hillary, Editor-In-Chief of [The Journal of Corporate Environmental Strategy](#), has revised that journal's submission guidelines whereby all authors must specify the relationship that the authors have with any organizations referred to in their articles. Along much the same line, in the July edition of [Ethical Corporation](#) magazine, Mallen Baker suggested that it may be time for a code of conduct for non-governmental organizations along these same lines.

This movement may be timely. It's emerging now because while in the past it was easy to make the distinction as to who was a staff writer and who was a contract contributor or consultant, that distinction is now much more blurred.

In the past several months I have read numerous articles and books where authors are giving examples of (e.g. publicizing) the fine work that certain companies or facilities are conducting in the areas of reporting, product design and building construction. In several cases, however, those authors have operating relationships with the companies or organizations and those relationships are not being cited in the articles. It seems that if the companies are clients of the authors, the authors should disclose that relationship. If the NGO is promoting a partnership project with a company, it should be transparent with regard to any contribution the company provided the NGO -- and vice versa. Omission of this undermines the credibility that I place in the source, the author and the associated companies or organizations.

It is interesting to watch one particularly high-profile person write about all the good deeds, products and buildings that several companies are achieving -- and then write about their competitors' efforts as his consulting and advisory engagements shift.

As I am a long-term proponent of "leadership by example":

- I have contacted Ms. Hillary to work with her and representatives of [Tomorrow](#) magazine, [Green@Work](#) magazine, [In Business](#) magazine, [LOHAS Journal](#), GreenBiz.com, [SustainableBusiness.com](#) and [Ethical Corporation](#) magazine to establish a code of honest disclosure that contributors must sign as a condition of acceptance of the material for publication. This could be either a one-time event for a particular contribution or a regular event for ongoing contributions.
- I will disclose any current (within 1 year) and relevant association I have with any organizations I refer to in my articles, starting with this one. See the note below. I trust that others will, too.

Disclosure: I am on the editorial advisory board of [The Journal of Corporate Environmental Strategy](#).

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We are doing an environmental benchmarking study. What companies can be considered as ‘top performers’?

Richard: Steve and I recently asked ourselves this same question when we wanted to learn about the organizational and staffing best practices of leading-edge companies for the research program, [Organizations in Transition](#). We soon found out that no single characteristic defines top environmental performance.

Jim Collins, in researching his book *Good to Great*, had to first define great business performance before he could identify the companies that were able to break away from mediocrity. He chose “cumulative stock returns three times the market over a fifteen year period.” Simple and straightforward. All the complexities of business rolled into one parameter.

Environmental performance, however, defies such a simple definition. Steve and I, with support from Yilun Yang, a doctoral candidate at Arizona State University, have classified four performance indicator groups: (1) Awards and recognitions; (2) Peer recognition by opinion leaders; (3) Classical performance measures (e.g., fines, toxic releases); and (4) Composite indicators of performance. Elements of these groups are prioritized based on significance and the overall score totaled.

In a perfect world, there would already be a universally recognized rating system for environmental performance. No such system exists, in part, because the systems used by many of the rating companies such as [SAM](#) are proprietary and many corporations have not yet been rated.

We sought excellence in multiple categories; in other words, an overall demonstration of superior performance. Many companies rated high in one or two groups, but did not necessarily stand out overall. Several dozen companies demonstrated high performance in many groups. Though the details and the individual rankings are debatable, there were clear overall leaders.

The “usual suspects” emerged (e.g., Intel and Johnson & Johnson), but it was fascinating to find that corporations such as ExxonMobil were among the performance leaders -- a result that the general public and environmental activists would never fathom in the aftermath of Valdez or position on global warming. Senior environmental professionals would, however, recognize that if objectively examined, the company has some of the best management systems in the world. Public image often drives the reputation of companies, even when it bears no relationship to actual performance.

You may also want to refer to our [May 2001 Ask the Experts](#) column for additional information on this topic.

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How can I get a grant to fund the development of a “Green WebLab”?

Steve: For those readers not familiar with the term “Green WebLab,” it is a Web site that provides the average person with tools to analyze the short/long term effects of environmental changes, and responses, to a system. One can then conduct virtual experiments on the dynamic responses of an ecosystem to artificial or natural disturbances. It is not unlike the old analog systems model of the island with monkeys, foxes and mice that engineering schools used to run -- it’s just more sophisticated.

Within a more narrow scope, it is a variation of what has, and is being, done. Ecosystem impact modeling was taught 30 years ago. It formed the basis for the widely publicized study and book, "Limits To Growth" and its sequel, "Beyond The Limits." More recently, it also forms the basis for the myriad of atmospheric models trying to make sense of greenhouse gases and climate change. With all of these, results are highly dependent on the data entered, dynamic modeling and interpretation. This WebLab would not be meant to compete with such higher-end academic and highly-trained scientific research simulation systems. Rather, the intent is to provide a web-based tool for the average web surfer to gain some insight about the importance of environmental management.

I doubt that you, as an individual, will be successful in getting any grant funding. I also doubt that there would be much interest in the venture capital community for such a web site product unless there was a sufficient commercial market for it, which is unlikely.

Therefore, that essentially leaves three options:

- Get another mortgage on your home to pay for the development,
- Form a non-profit institute with a Board of Trustees or Advisors with sufficient connections to obtain funding for you or,
- Form an alliance with an existing, well-established organization interested in achieving the objective that such a web site would provide.

The latter may be the most likely to succeed. You might want to contact groups like the [World Resources Institute](#), [Worldwatch Institute](#) or maybe even the [Rocky Mountain Institute](#). The [National Environmental Education and Training Foundation](#) could be your best bet if the model is positioned as an educational tool, especially for advanced secondary schools. Any of these organizations will probably want the model to be a portion of their respective Web site, not yours. Also expect to surrender much of the ultimate ownership and decision-making responsibility. After all, they will be paying the bill.

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Is there any link between terrorism and environmental degradation?

Richard: This question is sparking fierce debates as the war against terrorism continues. Is there a cause and effect relationship? The focus is not on the traditional forms of environmental degradation such as industrial pollution, but on the impact of shortages of food and water, groundwater depletion or contamination, soil erosion, habitat destruction, diminishing fish populations, and so on. The answer to this question is significant, since it may get at the root cause of terrorism and offer possible solutions.

In the August 26, 2002 issue of *Time* magazine featuring the Earth Summit, Jared Diamond, a UCLA professor and director of the [WWF](#), implies that “by breeding the desperation that drives some individuals to become terrorists and other to support terrorists” a relationship exists. On the other hand, the *Wall Street Journal* points out in several recent editorials that some impoverished countries do not have terrorism, and that many of the terrorists are from middle or upper income families in countries without widespread environmental problems.

Both positions make sense, but they may be missing the key point: Terrorism may be more about power and who is getting what slice of the pie (literally, the Earth). Indeed, for many centuries this is one key reason why wars have been waged. Japan needed the resources of Southeast Asia. Germany had their eyes on the rich resources beyond their borders, such as the oilfields in the Caucasus. In the broadest sense, this struggle over the earth’s resources is exactly the source of the issues we face today: does anyone think that there would have been a 9/11 if Saudi Arabia had no oil or if the developed world were self sufficient in renewable energy?

Today’s environmental issues have moved beyond the factory fences to global impacts on raw materials and foodstuffs. The difference between the haves and the have-nots becomes increasingly more apparent in a world filled with communication technologies and tools of mass destruction that even the have-nots can now afford.

An unsustainable approach to resources only increases these pressures and continues to foster “warfare on the cheap” (i.e., terrorism) led by individuals who believe that they personally or their tribe/religious sect/countrymen do not have what they deserve.

It may fall under the umbrella of pious religious passion and with contempt for Western materialism, but let there be no mistake: this is about power, and the primary way that you seize power from those who currently have it is to have control of the resources.

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I’ve heard that several state agencies are raising their environmental fees to make up for lost tax revenue. How will that affect my facility’s budget?

Steve: While I can’t estimate the specific impact on your facility, such fees certainly are going up. Here in New Jersey, the Title V permit fee has shot from \$35/ton to \$100/ton of permitted emission. I’ve also been told that New Hampshire recently raised its fee from \$35/ton to \$65/ton. Of course, if you are not a Title V facility you won’t have to worry about these increases, though other fees are rising, too. As a member of my town’s sewerage authority,

our annual discharge fee went up over 50% and the permit renewal fee went up over 35%.

Fortunately, this presents new opportunities for you, as an environmental professional, to provide value to your facility and business. Go back over the economic evaluations of the waste minimization projects that were not implemented – are they now economically justified because of the higher fees? The higher fees may provide additional economic incentive to reduce emissions.

The ultimate result may be that the fees provide the incremental justification for the projects or business decisions that will qualify the facility for an exemption from the Title V program. While the initial permit application costs may be sunk and not recoverable, all future fees and maintenance/revision costs will be eliminated.

Once you have identified value and obtained it, be sure to communicate it in terms that facility and business management understand and appreciate – in hard dollars!

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How can I get management “buy in” for environmental programs that do not necessarily save money but are be the responsible thing for the company to do?

Steve: In real estate the mantra is “location, location, location.” Often in environmental management programs it is “position, position, position.”

The current business climate is not the setting to be championing new programs with little or no economic benefit. In fact, even many company programs, not just environmental, that do provide substantial and immediate economic benefit are getting cut back, de-emphasized or eliminated.

Thus, you must position an environmental and sustainability program very carefully, especially if it does not have a high probability of producing a substantive economic return in a very short time. Two ways to do this are:

- Position it not as a program, but as an activity designed to meet the objectives of a current and strongly supported corporate or departmental program. While this is a slight ratcheting down of the program’s prestige, you must make the decision either to get the results that support an approved program or keep negotiating for the prestige. My suggestion is to go for the former; it also demonstrates your ability to be a team player.
- Position it as a “strategic termite” initiative. Solicit support from a senior executive that you trust to be your champion, form silent allies, then go underground to achieve small, high-impact successes. Keep working in the shadows until the corporate immune system discovers the group, plea ‘mea culpa’ and then have the group and its champion pull out the list of quantifiable accomplishments to demonstrate your good intentions.

These and eight other suggestions are covered in more detail in [Through The Looking Glass](#), a list that I published a while ago.

For those not familiar with the term, I've talked about strategic termites before in this and [other columns](#). Strategic termites are a good thing -- they root out rotten wood so that it can be replaced with stronger, better performing parts. The concept is gaining popularity as researched and published in Stanford University professor Debra Meyerson's book, *Tempered Radicals: How People Use Difference to Inspire Change at Work* (Harvard Business School Press; 2001). A recent article in the May 2002 issue of Harvard Business Review, "Turning an Industry Inside Out," presents Robert Redford's experience and lessons with being a strategic termite. Of course, neither Professor Meyerson nor Mr. Redford use that specific term, but be assured that that is exactly what they are describing.

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Why isn't there more media coverage on the World Summit on Sustainable Development to be held in Johannesburg, South Africa?

Steve: The amount and type of coverage that one experiences about any event will vary depending on the type and amount of media to which one is exposed. While the World Summit is being covered in various sustainability web sites and journals, it does seem to me that advance coverage is slightly less than for past summits, especially in the mainstream media.

I believe that this is happening for a variety of reasons, including:

- The expectations for any substantive action are so low. While the talk at the past summits was substantial, there has been little in the way of meaningful outcomes or actions resulting from them. From the media's perspective, do readers want to know about a meeting where lots of world leaders give a lot of speeches that are long on rhetoric and short on decisions and actions? In fact, a recent article in *The Guardian* even suggested that this summit has the possibility of doing more harm than good.
- Governmental delegates are the only official attendees. NGOs and industry representatives, vital links in positioning and implementing any solutions, may participate but are being allowed to speak only at "side events" and in the exhibition hall. For a summit with a stated purpose of drawing up a sustainable development policy declaration and implementation plan, it may be turning off exactly the partners it needs to produce effective, multifaceted solutions.
- The media has a plate full of other economic, social and political issues and news that have far more immediate attention in the minds, eyes and ears of most its target audience.
- It is being covered in a broader range of media sources, not just the sustainability

media. For example, the August 22 edition of *Chemical Week* devotes an entire section, almost 5% of the issue, to the summit and sustainable development. As Richard noted above, the August 26 issue of *Time* magazine also covered the summit.

Like any other conference or event, the media will cover events if they are, or have the potential to be, substantive and newsworthy to their readers. Other conferences that develop a history for not being substantive or newsworthy also experience declining media coverage.

Since this column is being submitted for publication on the eve of the summit's opening session, it may be interesting to see how the media covers it once the event concludes.

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Got A Question?

Send your question about environmental management issues to Experts@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.

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