

# Implementing Strategic Sustainability: “Lessons Learned”

Excerpted from

### *Business-Driven Sustainable Development*

*Final Report of EKOS Benchmarking Mission to  
Study Best Practices of Strategic Sustainability in Europe*

*Russell S. Barton, Cynthia L. Figge, Lorinda R. Rowledge*

As we benchmarked 22 companies implementing strategic sustainability in Europe, we probed for their “practical lessons learned”. Many of these leaders had been at the business of implementing strategic sustainability for 10 years or more. Most had stumbled, taken a wrong turn, re-started, made corrections. But all now are achieving significant competitive advantage or making rapid progress, based in large part on the refined insights they are using to guide implementation. Excerpted from our full report, here are the 21 lessons we derived from our site visits and in-depth discussions with these leaders.

1. **Management Is Responsible:** The CEO and the business leaders determine whether sustainable development moves from a “functional” to an “integrated response.” The most advanced companies have an integrated response with high expertise, driven by senior managers who are personally committed to leading – not delegating – this responsibility. Consistently, organizations talked of the strategic nature of environmental work, and the importance of management personally owning the responsibility to lead its implementation. Without the CEO’s deep, personal commitment, combined with conviction at the business management level, it seems unlikely that significant progress at implementation can be achieved.

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2. **Dedicated Leadership Is Required – Savvy Line Managers With Connections** : The advanced companies have placed “pivotal job holders” in the leadership positions for sustainable development. The managers come from top operational jobs and are regarded as highly talented. The designated environmental leaders must be savvy, have a history of strong business performance, a well-respected track record, and a good working relationship with the CEO. These pivotal jobholders are convinced of the positive business impact of leading in sustainability. There is deep enthusiasm about top management’s commitment to the environment policy. Most companies have also set up networks of local environmental leaders across the various business units and geographical locations. These positions are linked via formalized business plans, information technology, and regular educational, planning, and training sessions. The companies seemed to be very aware of the importance of changing the promotion policies and reward structures to ensure that the historical “staff purgatory” image often associated with EH&S types of positions is reversed.
3. **Shift Compliance To The Line – Have The Environment Department Focus On Strategy And Business Results**: These companies have separated strategic tasks from traditional Environment, Health, & Safety duties; the latter go to operating units, the former to revamped environment departments. This serves two purposes: 1) it puts an environmental orientation more deeply into the operating organization, and 2) it focuses “environmental” work on business problems, business solutions, and strategic competitiveness – the real areas where sustainability-oriented thinking can lead to major breakthroughs. To the extent that an EH&S department is relatively stand-alone and primarily focused on the technical discipline of environmental science, that company is doomed to little or no business or strategic benefits from its sustainability work.
4. **Move Aggressively Through Stages of Resistance To Proactivity**: Leading organizations have shifted from sustainability requirements as threats and regulations-to-resist to sustainability as platform for competitive advantage. A widely-held typology categorized organizations as going from Resistant (“we will obey the law, but we don’t like it”), to Receptive (“if we have to do it, let’s do it smartly, optimize our investments”), to Proactive (“this is important; it provides us potential strategic competitive advantage; therefore: (1) let’s maximize economics and environment, (2) let’s segment our products, and (3) let’s foresee, stimulate, and capitalize on latent demands”). These leaders assert that Resistant and Receptive organizations have little chance of competing with the global leaders, all of whom are vigorously pursuing the Proactive stance.
5. **Set Goals, Measure Progress**: Measurement of progress toward sustainability enables companies to become more sophisticated in driving progress. Daily performance ratings, product and service indices, annual environmental reports, quantified annual goals built into

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business plans, and bottom-line financial data all contribute to cultures which make progress (or lack of it) visible. Measures include management practices. Visibility improves performance.

6. **Ensure Transparency And Integrity Of Environmental Data:** Commitments to vigorous, transparent reporting of sustainability performance data and environmental impact and progress, and to actively finding problems, leads to higher confidence from all stakeholders – and to comprehensive problem solving. Consistently, senior managers stressed how important it is to build deep integrity with a wide range of stakeholders about their environmental performance. In addition, the pervasive sense of fidelity to both “the truth” and the environment seems to breed an internal sense of urgency and earnestness about sustainability efforts.
7. **Use Integrated Planning:** Strategies and implementation plans for sustainability should be formulated at both “Group” and individual MBU levels. Sustainability should be routinely integrated into all business plans and reviews. Efforts toward sustainability were designed to build on or integrate with Quality Management, lean manufacturing, ISO 9000, environmental management system, Quality Assurance system, other business initiatives, rationalization of manufacturing operations, education planning, and daily operations planning.
8. **Simple But Powerful Frameworks Help:** These organizations have developed relatively simple frameworks for understanding both ecological problems and their intentions for how to strategically overcome them. Clear, simple models and criteria catalyze straightforward decision-making and rapid action. In these companies, managers frequently talked about a small, carefully crafted set of definitions, criteria, and framework elements that provided a strong foundation for action. Some used one theme per year upon which to focus implementation; others developed definitions of sustainability and their specific roles, which served as guides for managerial planning, action, and review.
9. **Take Action – And Learn:** These leaders pursued sustainability from an action orientation, grounded in highly disciplined learning. Action provides data, and then vigorous learning guides new rounds of improved action. This requires: feedback and adjustment, good partnerships with customers and suppliers with substantive data exchange, vigorous reflection activities led by senior managers, and commitment to external reviews and counsel. More often than not, taking action stimulated a synergistic positive feedback loop in the “good” direction, encouraging others, surfacing problems, spawning solutions, heightening expectations, and raising morale. Conversely, in companies where progress stalled, a significant contributor seemed to be the lack of real-time, real-life data derived from conscious action.

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10. **ISO 14000, EMAS, LCA – All Are Tools, Not Ends:** The international or European environmental standards or Life Cycle Analysis are useful, but they shouldn't be mistaken for the real ends: business results and true sustainability. If not careful, infatuation with these tools can be distracting. Most waved off exhaustive, “overly-precise” LCA efforts, or intensive focus on “certification” – calling instead for simple, much-lower-cost assessments, and more “real work”, with more focus on the strategic ends to be achieved and the practical steps to take to actually enact change. In company after company, doctrinaire purity was dismissed; pragmatic outcomes with a focus on goals and business results were the rule.
11. **Cycle Through The Learning Curve Faster:** The leaders accelerated through the learning cycles -- conceptualizing a key aspect of success as learning and thinking and knowledge, and capturing learning in constantly evolving knowledge management systems, handbooks, guidelines, standards, design rules, and reliable methods.
12. **Integrate Sustainability With Existing World Class Management Systems:** Consistently, these leading performers used their base of Total Quality, business planning, and other world class management systems as the vehicle for rapidly driving sustainability into routine management practice. Global competitors have been pursuing TQM at advanced levels, in concert with JIT or lean manufacturing, Total Cost Management, sophisticated strategic planning systems, and effective annual planning methodologies. Approaches to sustainability are best integrated, for example, into TQM efforts, Quality Assurance and New Product Development Systems, Breakthrough and Re-Engineering efforts, and Strategic Planning Systems (including core competences and scenario development). Thus, the leading companies have employees, supported by underlying systems, processes, and an organizational culture, who are highly skilled at both continuous improvement and systematic breakthrough. Merging the sustainability initiatives is a natural fit.
13. **Focus On Achieving Early Successes:** Build necessary momentum, overcome initial resistance, and earn credibility and capital for more systemic efforts. Line managers and senior managers respond best when they see results. Similarly, the seat at the table afforded to sustainability efforts is directly proportional to its ability to avoid being a “staff” cost center, and instead be a revenue or profit center achieving business and strategic results. Further, external stakeholders judge companies by tangible results, not by glossy brochures or slick advertising. Delivering results early earned these companies considerable cooperation from external groups.

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14. **Use Internal and External Benchmarking.** External benchmarking drives acceleration past initial learning curves; internal benchmarking both stimulates and diffuses innovation. Some companies benchmarked extensively in North America and Japan; all were very familiar with efforts of the other leaders throughout Europe. In addition, internal scorekeeping, benchmarking, and knowledge transfers help drive continued implementation success.
15. **Align Human Resource Management Practices:** Select “fast trackers” for key sustainability jobs, build sustainability goals into annual business plans, build a culture based on data integrity and problem seeking, provide extensive education and communication, use strategic HRM to deeply integrate sustainability, re-align rewards and incentives, and employee involvement programs to support sustainability. Further, these organizations were also very insightful about the role of informal personal relationships. Many stressed the value in having sustainability leaders selected in part on the basis of their personal relations with key senior managers, and in selecting only well-respected, informal opinion leaders.
16. **Emphasize Education:** As movement toward sustainability requires breakthroughs in knowledge, thinking, and technology, great emphasis is given to training. Considerable focus is placed on training goals, often 16 hours or more per year, for all employees, in all divisions. The target is both deepening knowledge about ecology and the environment, with frameworks that make sense out of chaos and facilitate action, along with hands-on study of specific organizational methods and activities that employees can pursue. Significant leverage also comes from educating suppliers and consumers.
17. **Intensively Communicate:** There was extensive, ongoing communications with employees and external stakeholders about environmental strategy, customer demands and marketing, sustainability successes, and major awards, using a wide range of communication media, both to report on and to stimulate the use of sustainability for competitive advantage. Reports, newsletters, posters, data displays, databases, intra- and Internet sites, awards, and written communiqués were prevalent.
18. **Create Effective Organization Culture:** Sustainability, pursued with integrity, revolutionizes an organization’s culture, stimulating enthusiasm and support, increasing commitment, and improving job satisfaction. Create a common view within the entire organization, including the supply chain. Put Sustainability on everyone’s agenda – not just the environmental department’s. To ensure it is a vital element of the organizational culture, build it into annual business plans, new product development plans, marketing programs, and senior management reviews. Efforts to make it simple and comprehensible for people are also critical. Commented one executive, “Breakthrough occurred when we were able to, in two afternoons, distill more than 50 priorities into five central themes.”

19. **Leverage Information Technology:** Information technology will play an increasingly strategic role in advancing sustainability, as value is redefined away from moving materials and energy toward moving information. In many companies, tailored software assisted managers in selecting suppliers and products based on sustainability ratings, in analyzing logistics scenarios, in integrating sustainability knowledge into product design, in customizing services to different customers, and in updating and leveraging databases. Across all companies, there was an increasing emphasis on providing services (not goods), on embedding more information per unit of material or energy, on focusing on design phases and complete solutions, on selling “recipes”, and on eliminating transportation. In a number of cases, companies were developing proprietary software and customized applications to provide analysis and/or consultation for either internal decision-making, or as additional services to customers.
  
20. **Bring Suppliers Along:** Significant leverage occurs if training, measurement systems, and requirements are extended to the supply chain. Virtually all companies emphasized the need to enroll, encourage, and require suppliers to join in the sustainability efforts if implementation success is to be possible. Many are pressuring or requiring suppliers to become ISO 14000 or EMAS certified, or at least to have credible environmental management systems; most are working closely with suppliers to bring sustainability-related knowledge and skills into their systems, and to include suppliers in product design related to sustainability.
  
21. **Collaborate Broadly:** In addition to establishing deep collaborative relationships with suppliers and customers, these leaders also collaborate intensively with many other organizations: local, national, and international governments, regulatory bodies, environmental groups, non-governmental organizations (NGOs), local initiatives (e.g., Agenda 21), university departments, consulting organizations, international groups (e.g., ICC, UNEP), even former adversaries. Through these bonded partnerships they derive a range of strategic benefits, knowledge, good will, shared R&D costs, and implementation insight. These companies also seem to take their role as global leaders seriously, making commitments to support and assist others in the development of truly sustainable commerce.