

Embedding Sustainability

Sustainability Maturity Model

Figure 14.1 shows my model of the maturity of sustainability practices in organizations. The ultimate aim is the full integration of sustainability into every part of the business – many of the interviewees in this book refer to sustainability being ‘in the DNA of the organization’. The stages don’t have to be followed sequentially, on the contrary it is often better to aim for the full integration level from wherever you are at present, avoiding the baggage of the less effective approaches.

As well as providing a conceptual framework, the model has proven to be an excellent way to engage high level staff. I often put it in front of a group of senior executives and get them to discuss where they are on it. There is an interesting psychological effect of doing this – people usually quickly come to the conclusion that they must progress to the full integration level and don’t need further persuasion.

The following paragraphs describe each stage in more detail. In practice, most people conclude that in some parts of the business they are at one stage and in others they are doing better or worse. So the stages shouldn’t be seen as rigid, but more of a rule of thumb.

Compliance

The first stage is ‘compliance’ – the traditional business approach to environmental drivers. Companies at this stage will typically only act if a piece of legislation compels them to do so and many will try to dodge the tougher implications of compliance if they can find a loophole. There is no proactive attempt to address sustainability; the attitude is completely reactive.

Some other models of green business have a pre-compliance level, but I take compliance as a given. If you are not compliant with legislation, I strongly suggest you put down this book and go and get compliant.

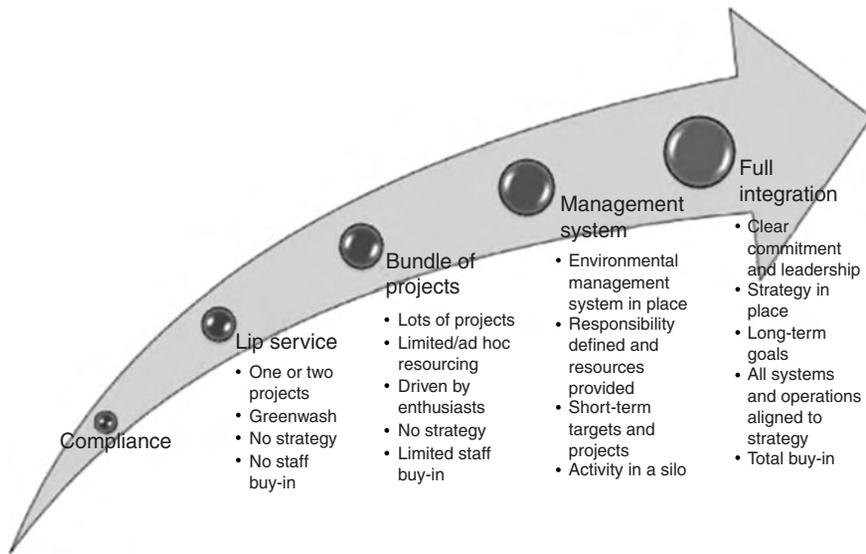


Figure 14.1 *Sustainability maturity model*

All organizations at this level will be at severe risk from the business pressures outlined in Chapter 1, even the smallest. Contrary to popular belief, compliance is an expensive attitude as you will constantly be trying to stay ahead of the hundreds of pieces of legislation that are coming into law while all the time suffering financially from increasing levels of green taxation. As costs rise and clients and customers are picking greener alternatives, reactive companies will be left further behind. Aiming for mere compliance also raises the risk of falling short – more proactive approaches will give you a margin of error against non-compliance, by, for example, eradicating stocks of toxic material.

Lip service

Moving one small step forward, many businesses and organizations simply play lip service to the environment. Typically they have a couple of pet projects that they roll out whenever challenged, or for the annual report. This is effectively a form of greenwash as those projects are an attempt to cover a lack of substantial progress. I find that many people at this stage are fooling themselves into believing they have done their bit.

Companies at the lip service stage are at almost as much risk, if not more so, as those who are merely compliant. Green claims will start to look thin compared to competitors, compliance costs will rise, and employees will become cynical,

particularly if they initiated the few projects involved. The worse thing that a company at this stage can do is to try and present their miniscule progress as a selling point – the green hyenas we discussed in Chapter 4 will pounce.

Bundle of projects

The next level I call the ‘bundle of projects’. Typically a group of enthusiasts will have formed a committee and put together a substantial number of projects, but there is no strategic buy-in and resources are hard to come by. Staff associated with the committee will have bought into the concept, but most of the workforce will not be aware of its existence.

There is nothing fundamentally wrong with this stage in the short term, in fact it is the typical starting point for generating ‘bottom-up’ momentum that can result in a breakthrough to leadership. If you are at one of the earlier stages on the model, this is a good place to start properly as it is very action oriented and requires little or no preparation or bureaucracy. You can involve staff with a natural inclination and start to build momentum while simultaneously laying the more strategic plans required for full integration.

Lawyers Muckle LLP started their process in this way, developing a bundle of projects through their Let’s Think Green Team, then Julie Parr made a compelling case for more integration during a long car journey with the managing partner. She used the enthusiasm and momentum of the Team, plus the increasing demand from public sector clients as a lever to move towards full integration.

By contrast, I have seen many cases of businesses at this level where the lack of buy-in from senior executives stymies progress on the ground, leading eventually to despair and resentment. If you have a bundle of projects type approach, you must nurture it and let the sapling flourish into a tree.

In the longer term, while the bundle of projects approach can work for smaller companies, companies with a large environmental footprint and a significant investment in capital will find that the bundle of projects will only deliver incremental improvements. Another risk is that they may still find themselves facing rising compliance costs as, without a strategic approach, the projects in the bundle may not cover key issues – for example product issues are rarely addressed at this level.

Management systems

Many businesses, particularly those in the manufacturing sector, will have put together an environmental management system (EMS). Most of these will be accredited to a recognized EMS standard such as ISO 14001.

A management system provides a framework for measuring a baseline, setting targets, actions plans and monitoring results. The formal process of developing a baseline will give a much better understanding of what the company's environmental liabilities are. Resources and responsibilities will be allocated to the action plans and those plans, in general, will get implemented. Emergency procedures and spill kits etc. will be put in place to cover accidents.

The main drawback of the management system level is that, in most cases, 'environment' is usually still seen as operating in a silo. Most staff will see it as someone else's – the environment manager's – job and the business's products, services and processes will rarely change significantly. For example a few years ago I carried out a series of waste minimization visits at manufacturing companies. There was always a point where the environmental manager, who had typically invited me in, realized that the questions I was asking were about cutting waste at source, which was a production issue. There was always an awkward moment when I was introduced to the production manager, who usually took the attitude of 'what are you doing on my patch?' and couldn't wait to get me out of their office as I was 'environmental'. And this was just at the housekeeping level; if we had been trying to implement greener processes or products we would have got nowhere.

Some other risks associated with this stage are:

- It is easy to get stuck here if people start thinking 'we've got the accreditation, what more do you want?' – similar to the self-delusion at the lip service stage;
- Environmental managers often have very little authority compared to their level of responsibility, even within the environmental silo;
- Bringing the formality of a system into play, with all its documentation, processes and meetings, can smother the enthusiasm and drive of the informal bundle of projects teams under a deluge of paperwork.

It is imperative that any EMS is designed and seen as a tool to support green business rather than an end in itself. We look at the use of management systems from a strategic point of view in Chapter 18.

Full integration

The highest level of maturity is where the top management in the organization realizes that, to do 'green' properly, it needs to be integrated into the core functions and processes in the business with total (or near total) buy-in from all staff and other key stakeholders. We're not talking about perfection here, but

rather the area beyond the tipping point in the journey where green becomes the norm rather than the exception.

All the executives who have been interviewed for this book are from organizations that are moving towards full integration. Marks & Spencer's Plan A is a great example: championed by Chairman and (then) CEO Sir Stuart Rose, Plan A permeates every part of the business from product design through logistics to advertising. It is pumping through the arteries and veins of the company like adrenaline. Chris Tuppen of BT says he knows that the values of sustainability are embedded into the fabric of the business as spontaneous sustainability projects emerge without the direct influence of his team. Nigel Stansfield of InterfaceFLOR relishes killing off product lines that will hold the company back from their goal of a zero footprint by 2020. Speaking to these executives, you can feel the commitment and the determination to deliver sustainability.

Looking back at the opportunities, threats and risks in Part I, it is clear that to maximize benefits and reduce drawbacks, only the full integration level will ultimately deliver. But it is not an end in itself, merely a platform for continual improvement through implementing the kind of practical actions we saw in Part III.

Lessons from TQM

The Total Quality Management (TQM) movement that flourished in Japan in the 1950s triggered a transformation in the way businesses operate. It certainly transformed the Japanese economy from being associated with cheap low quality products to some of the highest quality manufacturing in the world.

What TQM did was to drag quality out of the quality manager's office and embed it into the fabric of the whole organization. It became everybody's responsibility and a core value of the company rather than a subsidiary issue. There is a clear parallel here with moving from the management systems level of the maturity model to full integration. If we emulate the TQM revolution, we take environment and sustainability out of the environmental manager's office and embed it throughout the organization.

There are two types of change in TQM, known by their Japanese names: *kaikaku* – big radical changes that align the whole system to deliver quality products, and *kaizen* – continual, incremental improvements within a system to squeeze the best performance out of it. *Kaikaku* can be considered as 'doing the right thing' and *kaizen* as 'doing things right'. By definition, *kaikaku* has to be planned whereas *kaizen* can be a mixture of planned and spontaneous change.

So if we apply TQM thinking to sustainability we need to make a series of changes that realign systems to sustainability and create a culture of continuous improvement. It would be virtually impossible and foolhardy to try to make all the necessary *kaikaku* changes in an existing organization of any size overnight, so it is more realistic to plan a series of step changes over time.

The result is the slightly dangerous looking ‘sloping staircase’ model (see Figure 14.2). Periodic step changes (*kaikaku*) align the business to sustainability, for example new cleaner processes, changes to the supply chain, new product development or new business models. Some steps will be to change organizational structures, strategies or investment decision processes to enable further physical changes. Between the step changes are continuous incremental improvements (*kaizen*) such as good housekeeping, as we saw in Chapter 9, or the minor improvements in purchasing decisions from Chapter 11. Figure 14.2 shows the benefits of this model over simply making incremental improvements that end in diminishing returns.

It is essential that each move upwards must be to a ‘flexible platform’, i.e. one that allows further progress. ‘Cul-de-sacs’ are initiatives that, while giving a short-term advantage, eventually lead to a dead end. This particularly applies to capital investments that can lock a business into a particular path for years to come. For example, if a company has invested in a new heating system that was, say, 10 per cent more efficient than its old system, it would very unlikely to

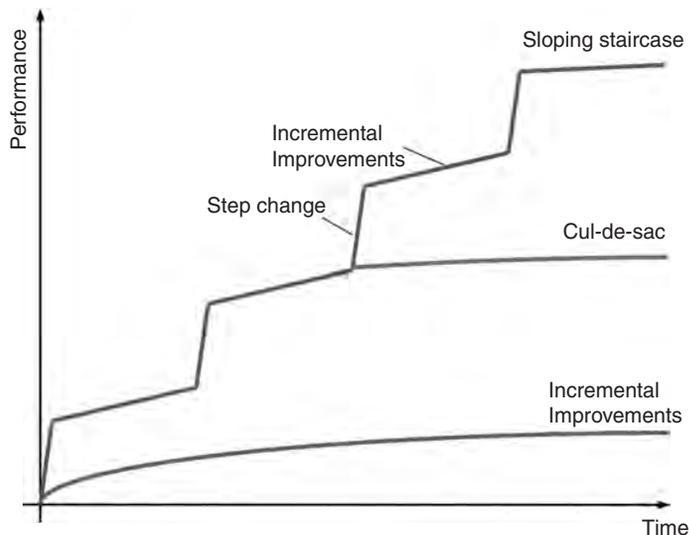


Figure 14.2 *Sloping staircase model of innovation*

rip it out if joining an even more efficient district heating system became an opportunity six months later.

For new ventures, obviously the kaikaku-style alignment of the system to sustainability can be designed in from the beginning. But to keep pace with the cutting edge, future kaikaku and kaizen changes will be required.

How Do We Do This?

So if we want to deliver these radical step changes, develop a culture of continuous improvements and truly embed green into the DNA of the organization, what is required from the company leadership? From the maturity model, the important elements are:

- Leadership and commitment;
- Strategy;
- Stakeholder buy-in;
- Management processes to deliver the strategy effectively.

The following chapters cover each of these elements in detail.

Chapter summary

- 1 To exploit the opportunities of green business, sustainability must be embedded into the DNA of the organization;
- 2 Full integration of sustainability into the business means that all processes (physical and managerial) are aligned to sustainability goals;
- 3 For businesses starting from little/no action, the 'bundle of projects' level of the sustainability maturity model is a good place to start to 'learn by doing';
- 4 There is a clear parallel between the embedding of 'green' into businesses and the TQM revolution;
- 5 TQM requires two types of change: big radical realignments of systems to quality (kaikaku) and continual incremental improvement (kaizen). A truly green company will require both these types of change.