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Sustainability as a Business Operating System

Sustainability as a Business Operating System

William R. Blackburn

Sustainable development is an engaging concept. Who can disagree with the notion that economic and natural resources should be managed wisely and that people and other living things should be respected? The problem comes in the practical implementation of the concept within a corporate setting. The key is an enterprise-wide sustainability operating system or SOS. By using an SOS, one can sort through the broad array of options for action, evaluating each against sustainability trends as well as business risks and opportunities, to identify those efforts that will provide the greatest business value. This article describes this process and the elements that will help assure its success within a company.

The introduction of the SOS changes the business case for sustainability that many have found so elusive. Now the issue is the business case for a process that finds for each company the most valuable actions that they can take in furtherance of sustainability.

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Introduction

A business cannot guarantee its success merely by adopting a sustainability initiative. This is particularly true of the company that sees sustainability only as a reputation enhancer to be splashed around in promotional puffery. Shallow sustainability programs of this type don't last. If used as the foundation of a business operating system, however, sustainability can make a business stronger and more competitive. It can strengthen risk management, compliance, productivity and credibility. It can help the firm avoid many problems of the past and seize new opportunities for the future. In short, it can become part of the lifeblood of the company that continues to contribute in good times and bad. While the benefit of a sustainability operating system — let us call it an "SOS" for the help that it brings — will vary from company to company, all who make a serious effort to implement one should find the effort well worth the investment.

The value of an SOS is at the heart of the business case supporting the drive toward sustainability. Much has been written about this elusive case, the Holy Grail of social activists. The problem is that pursuing sustainability is not just about going after one thing but many things, each with a different priority and busi-

ness justification. For example, reducing waste for the purpose of cutting cost — something with visible short- and long-term financial benefits — is almost always more attractive to a business than advancing biodiversity. It is hopeless to search for overarching arguments supporting an aggressive advancement on all sustainability topics. Instead, one must first define a process like an SOS, which enables a company to comb through the topics, applying evaluation criteria to determine which deserve attention and which do not. In other words, with an SOS, you have a way of examining the business case for sustainability on a topic-by-topic basis from the unique viewpoint of each company. Since the business case is concerned not only with economic advantage but also with legal compliance and other risks, an SOS should be within every business attorney's toolbox.

An SOS comprises a number of elements, the most important of which can be grouped in four categories: (1) the *drivers,* which assure the organization is continually motivated to drive toward sustainability; (2) the *efficient enablers*, which enable the organization to undertake its sustainability efforts in a logical, coordinated, and efficient way; (3) the *pathway* elements, which map the path toward sustainability; and (4) the *evaluators* needed to gauge the organization's progress toward sustainability and permit it to make appropriate adjustments along the way. Let us examine each in some detail.

The Drivers

A key driver is the *champion/leader*. The champion is the person within the organization who brings forward the idea of a sustainability business agenda and starts things moving. Champions can come from nearly anywhere in the organization. They are the inspired true believers, the people with the insight that sustainability is vital to the company's and society's long-term success. Their main task is to gain other converts among the movers and shakers of the company and to form a core team to move the idea forward.

Once the organization decides to implement an SOS, a team leader must be identified who can coordinate and facilitate the companywide efforts. The leader may or may not be the champion. Whoever is selected must be trusted by the group; be process- and goal-oriented; possess good communication, collaboration and organizational skills; and have the extra time to lead this initiative. The leader must assure the right people are on the teams, that their roles are clear and that the teams are making adequate progress. She must ensure sustainability efforts are geared to available resources and vice versa, and seek help from superiors if necessary to achieve this balance. The leader should consider recruiting an executive sponsor from the CEO's staff if needed for this purpose, and for use as an occasional sounding board and coach.

The second driver is *the approach for selling management on sustainability*. The champion will need this to be successful. The leader will need it to maintain support for the SOS. Several things should go into this sales pitch.

First, the sales approach must offer a vision for moving the company toward sustainability. To make that jump most engaging, the salesperson should try to link sustainability to any vision and values the company may have already proclaimed. Unfortunately, the concept of sustainability is not easy to grasp. Companies that try to use the term internally often shift to other terms, like global corporate citizenship, corporate responsibility or corporate social responsibility which seem easier to grasp. The problem, though, is that sustainability and sustainable development continue to be the words used by governments, investors, activists and other stakeholders. So while other terms may be used with employees, the concept of sustainability should not be ignored. For this purpose, sustainability can be defined using one of the common definitions which in one way or an-

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other refer to the wise use of natural and financial resources and respect for people and other living things, all for the purpose of achieving global long-term well being. Ultimately, sustainability must be presented using a definition that is more meaningful to the company. That practical definition can take the form of a sustainability policy. Ideas for such a policy can be obtained from the appendix of the *SD Planner* ™ published by the Global Environmental Management Initiative (GEMI)[1] or by reviewing the model sustainability policy found in my forthcoming book, *The Sustainability Handbook for Business*, to be published by the Environmental Law Institute.[2]

Second, the sustainability salesperson must introduce the idea of achieving sustainability through an SOS. She must discuss its elements, talk about the time and money the effort may take. For companies where resources are tight, the plan should initially be modest, relying on existing resources as much as possible. Resource needs can be reassessed later as progress is made and the value of the effort becomes more apparent.

Third, sales effort should articulate the business case for pursuing an SOS. Information on how to do that can be obtained from several web sites, such as those of GEMI, the World Business Council for Sustainable Development (WBCSD),[3] Business for Social Responsibility,[4] SustainAbility,[5] and the Social Investment Forum,[6] and from a number of books, including my *Sustainability Handbook*. The business case should draw from practical examples — especially those that may come from the company itself, its competitors or others in business. Examples can be most enlightening if they show how sustainability helped secure a business advantage or how the lack of attention to sustainability led to failure. To boost credibility, the salesperson must acknowledge that many successful companies do not openly embrace sustainability.

Fourth, the sales pitch should discuss the challenges and opportunities that current sustainability trends may pose for the organization. Trends on population, pollution, resource depletion, biodiversity, globalization, socially responsible investing, extended producer responsibility, poverty, health, education, governance, human rights and other sustainability topics may be obtained from a number of books, including: *Which World: Scenarios for the 21st Century*;[7] *Tomorrow's Markets*;[8] *Vital Signs*;[9] and my *Sustainability Handbook*. Legal experts can contribute regulatory and enforcement trends concerning many of these topics. If the company has already engaged in some sustainability reporting, these reports may be a good starting point for this discussion since they show how sustainability already applies to the company.

Finally, the advocates should use the language of business. They should talk of conducting an enterprise-wide risk and opportunity assessment, protecting assets and investments, responding to the growing interest of investors, strengthening brands, and building credibility with key constituents. They might discuss the need to anticipate future trends in business planning, develop products that better address future needs of customers, defuse potential issues with the public and activists, and bullet-proof management on compliance risk. In addition, they can speak of seizing

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[1] See http://www.gemi.org/.

[2] See http://www.eli.org/.

[3] See http://www.wbcsd.ch/templates/TemplateWBCSD5/layout.asp?MenuID=1.

[4] See http://www.bsr.org/index.cfm.

[5] See http://www.sustainability.com/.

[6] See http://www.socialinvest.org/.

[7] See http://www.earthscan.co.uk/asp/bookdetails.asp?key=1964.

[8] Don S. Doering, Amy Cassara, Christian Layke, Janet Ranganathan, Carmen Revenga, Dan Tunstall, Wendy Vanasselt, World Resources Institute, the United Nations Environment Programme, and WBCSD, 2002.

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opportunities for business growth and achieving good returns on investment. Business people may want to see the projected financial implications of these benefits. That information should be furnished if available, provided the projections are conservative. Exaggerated claims can seriously undermine a speaker's credibility and the whole sales pitch.

The final driver consists of the *reward and accountability mechanisms*. These are the carrots and sticks that keep the organization focused and motivated to achieve sustainability objectives. They show everyone the company is serious about this effort, so serious it will dole out or withhold rewards based on how well that effort is executed. Reward and accountability mechanisms should be applied to groups and individuals alike to recognize performance, creativity and personal initiative. The most important mechanisms are, of course, adjustments to pay, bonuses and opportunities for advancement. Other rewards for exceptional performance may include special awards, recognition luncheons, articles in the company newsletter, opportunities to showcase their efforts in key forums, or other acknowledgements. Superior performers may also be nominated for external awards. Rewards need not be expensive, though; more often than not, it's the thought that counts.

Both group and individual award and recognition programs can present a wealth of benchmarking opportunities. Since peers will want to know how they can achieve similar attention, the best-practice achievement should be publicized broadly and in some detail.

Group accountability mechanisms include internal audit reports and other reviews of the sustainability performance of a function — such as environment, health and safety; business practices; human resources; corporate governance; or quality — or of a division, region, facility or other business unit. Particularly effective are periodic reports showing how a unit's performance compares with internal and external peers. Lists of the top 10 and bottom 10 performers can help motivate laggards, but sometimes those reports don't tell the full story. Lists of those that have improved the most and slipped the most can complete the picture and also provide an early warning of program turn-around or erosion. Given their sensitive nature, however, these comparative lists should be tightly controlled and protected.

The Efficient Enablers

Efficient enablers are the SOS elements that enable the organization to move toward sustainability in an efficient way. Key among them is an *organizational structure*. The foundation for that structure is the multi-disciplinary core team and deployment team.

The core team should encompass functions such as: environment, health and safety; human resources; purchasing; supply chain; governance; community relations; communications; philanthropy; law; business planning; finance; and ethics/business practices. One or more representatives from major business units can round out the team. Members should be experienced leaders within groups who know the company well and who have the authority to speak for their organizations. The job of the core team is to help establish and promote the SOS, craft the strategy and tactics for its implementation, oversee and periodically collect feedback on its operation, and communicate to others about the company's sustainability efforts.

After the core team establishes the infrastructure for pursuing sustainability, various groups must evaluate the business risks and opportunities concerning sustainability, set their own sustainability objectives and measures, and report progress against them. This is the job of the deployment team members. This team includes the core team plus representatives of other functions and business units that will participate in these tasks. Depending on what is to be reported, the added functions may

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include such groups as quality, research and development, sales and marketing, security, manufacturing, engineering, and distribution.

Although the core and deployment teams are broad, they still may not cover all internal groups that distribute the company's sustainability reports — or data from them — to key stakeholders. To assure the reports meet the needs of these groups, the leader should establish a team or network of them to collect input on report content. This team may include not only the company communications department, but government affairs (which may provide the information to legislators), investor relations (investors), sales and marketing (customers), human resources (new recruits), and business development (buyers and sellers of parts of the business, join venture partners, and government officials).

Besides the organizational structure for the SOS, the other efficient enabler is *deployment and integration*. A sustainability initiative won't be successful unless it becomes part of the culture of the organization. People in all corners of the company must understand, accept and support the concept. This ownership doesn't happen unless there is some conscious effort to deploy the idea into the ranks of the company and integrate it into the company's existing tools, processes, procedures, programs and values.

There are typically two stages to deployment of a new sustainability program, policy or tool: first, development of communication and training aids needed to roll-out the item; second, field implementation of the item. So, for example, if we are to deploy a new sustainability policy, we will need to develop training materials, prepare tools for testing training effectiveness, identify field trainers, develop and conduct train-the-trainer sessions, perhaps pilot the training at a few sites and adjust the training based on the feedback received. Those developing the tools must consider the language and education of the intended recipients and the timing of other major initiatives that may be competing for recipients' attention. The team overseeing the deployment may also want to draft articles on the policy for the company magazine and web site and prepare some remarks on it for a CEO speech. If the tool or policy is one to be covered in audits, self-assessments or other follow-up evaluations, then tools must be prepared for those purposes, too. Deployment may also include communicating the names and phone numbers of experts on call to answer questions.

Once the training package is ready, field implementation begins. The leader of the deployment effort must identify who will perform the training and coaching in the field to assure all targeted groups are covered. In each case, the "field" or boundaries of deployment must be determined. In some cases it may encompass people at all levels and locations of the organization. Field implementation doesn't end after the first round of training. An arrangement must be made for refresher training, if needed, and for communicating the information to employees who join the organization later.

Integration involves incorporating the deployed initiative in existing standards, procedures, and tools. Integration is preferable to adding an entirely new program, especially to employees who may already be facing more new programs than they can absorb. If a company is emphasizing a special cost-trimming program like "Lean Manufacturing" in its factories and desires to stress pollution prevention, it should integrate the latter into the former. New programs on climate change should be linked with existing energy cost-savings efforts. Likewise, sustainability principles should be included in any companywide multifunctional programs on strategic planning, acquisitions and divestitures, emergency response/crisis management, change management, recruiting, and compliance assurance.

The Pathway

Because an SOS is the roadmap for moving toward sustainability over the long term, it should be documented and communicated to all who will be involved. This is best done in a set of *sustainability operating system standards*.

Today, operating or "management" system standards abound. Most are based on the "plan-do-check-act" process loop that became popular in quality circles several decades ago and more recently in environment and health and safety (EHS). In essence, these standards require that some prioritization process be followed in developing a policy and plan for action ("plan"); that action be taken to implement the plan and operate under it ("do"); that progress be measured, reported and analyzed to identify gaps ("check"); that corrective and preventive actions be taken and appropriate adjustments made in the policy and program ("act"); and that the whole process be periodically repeated. Systems standards should work just as well for sustainability as they do for quality and EHS.

Each company should develop its own sustainability operating system standards that take advantage of the structure, tools and systems that have already proven successful. If the organization believes ISO 9001 or 14001 has served them well, then their SOS standards may be combined with those standards. Other standards that can be considered include:

- Occupational Health and Safety Assessment Series (OHSAS) 18001 standard;[10]
- International Labour Organization's Guidelines on Occupational Safety and Health Management Systems;[11]
- European Eco-Management and Audit Scheme;[12]
- Responsible Care program of the American Chemistry Council;[13]
- SIGMA Management Framework (The Sustainability-Integrated Guidelines for Management project of the British Standards Institution, the Institute for Social and Ethical Accountability (AccountAbility) and the Forum for the Future);[14]
- Baldridge Award Criteria (Baldridge National Quality Program*: Criteria for Performance Excellence*;[15]
- Social Accountability (SA) 8000 (Social Accountability International;[16]
- The Natural Step Framework;[17]
- The compliance program elements of the U.S. Sentencing Guidelines;[18] and
- The U.S. Department of Justice, United States Attorneys' Manual, title 9 (Criminal Resource Manual), sect. 163.[19]

Model SOS standards and a flow chart and schedule for implementing them can be found in my *Sustainability Handbook*.

[10] See http://www.ohsas-18001-occupational-health-and-safety.com/.

[11] See http://www.ilo.org/public/english/protection/safework/managmnt/guide.htm.

[12] See http://www.emas.org.uk/.

[13] See http://www.rctoolkit.com/pdfs/RCMSTech_012504.pdf.

[14] See http://www.projectsigma.com/Guidelines/Framework/Default.asp.

[15] See http://www.quality.nist.gov/PDF_files/2004_Business_Criteria.pdf.

[16] See http://www.sa-intl.org/SA8000/SA8000.htm.

[17] See http://www.naturalstep.org and http://www.naturalstep.ca/framework.html.

[18] See http://www.ussc.gov/2003guid/2003guid.pdf as amended Nov. 1, 2004 at http://www.ussc.gov/2004guid/2004cong.pdf.

[19] See http://www.usdoj.gov/usao/eousa/foia_reading_room/usam/title9/crm00162.htm.

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An essential part of the operating system and another pathway element is *strategic planning for aligned priorities*. This is the process needed to prioritize among the many possible actions toward sustainability. Strategic planning permits a company to focus its limited resources on those things that will provide the greatest value. Alignment on these priorities across the organization is necessary to produce the most pronounced change in the shortest time and to effect the cultural transformation needed to continue the process.

Every two or three years, each group represented on the deployment team should identify the issues or topics under the company's sustainability policy that are within the responsibility of the group and that members of the group believe are most important to their organization. A good reference for identifying topics is the *2002 Sustainability Reporting Guidelines* published by the Global Reporting Initiative (GRI),[20] a worldwide coalition of social activists, investors, and businesses. Once each group has completed its prioritization, the deployment team should examine the results and identify those sustainability issues of highest priority across the company. Although discussions may bounce between strategies and tactical issues in an iterative process, the proposed strategic objectives that result should be restricted to what needs to happen rather than how it is to happen. The "how" should be covered later in group tactical plans developed by deployment team members. Proposals typically exceed what reasonably can be accomplished so aggressive culling often is warranted.

Prioritization may be done in many different ways. A process similar to an aspects analysis under ISO 14001 or the risk/hazards analysis under OHSAS 18001 may be used for this purpose, for example. In selecting the priorities for action, topics should be dropped that are obviously irrelevant and others added as they come to mind in light of the sustainability policy. The top ranking should go to those issues that:

- Are important to business success (productivity, employee relations, reputation, risk control, sales growth, innovation, new markets, and license to operate);
- Are of greatest concern to management;
- Are consistent with the company culture (as reflected in the company's business vision, policy and goals, stated values and communications from management);
- Are of public concern (such as governance issues after Enron and WorldCom, emergency preparedness after 9/11, energy conservation after a big regional blackout or surge in energy prices);
- Make strategic sense in light of the sustainability trends (such as a beverage company examining the sustainability of fresh water supplies, or a department store chain looking to changing demographics in setting hiring and marketing strategies);
- Provide the biggest, longest-lasting beneficial impact; and
- Are easiest to implement.

Initiatives selected using these criteria are most likely to be winners in the eyes of company leaders. Success on them can bring early management support for the SOS process and help make the organization receptive to further progress later.

To be meaningful, the prioritization should be conducted by people familiar with the business and the sustainability trends. Company business managers should help judge financial and sales issues and consider the business opportunities and risks associated with sustainability trends. Company environmental experts should participate in the review of the environmental subjects and trends. Representatives of key functions and business units can do the evaluation alone or together, as most

[20] See http://www.globalreporting.org/.

convenient. Relying only on internal experts is most expedient; however, more valuable judgment can be made with input from key stakeholders, especially employees and customers. It also may be helpful to solicit views from investors, government representatives, neighbors, suppliers, community groups or activists, depending upon the nature of the issues facing the company. Periodic written surveys are useful if some documentation of progress is desired. But it's simpler and sometimes more effective to solicit feedback live as part of a conference, meeting or phone call already scheduled for other business purposes.

The evaluation of trends and priorities is an indispensable part of the pre-planning review. This review should also cover an evaluation of business performance and goals, benchmarking information and significant changes in legal and company requirements. Once the pre-planning review is completed, each group represented on the core team should evaluate its own performance, including how well it met its sustainability objectives. New strategic objectives and goals can then be identified and incorporated into function and companywide strategic plans.

After that, each group represented on the deployment team should develop a tactical plan identifying the projects and other planned actions for implementing the company's sustainability strategy. The plan should identify the scope of each intended action, the plan for development and deployment, the parties responsible for field implementation, and the schedule. Progress against the plan should be reported quarterly. The GEMI *SD Planner*™ provides good software for developing and tracking sustainability tactics.

The Evaluators

Three evaluator elements help an organization track its progress toward sustainability. The first of these is *goals and metrics*. Goals are the qualitative or quantitative results the organization is committed to achieve. Metrics are quantitative units of measure, such as injuries per 100 employees per year or tons of waste per million dollars of sales. Metric-type goals are the targeted levels of performance under those metrics that the organization aspires to reach, such as a 20 percent reduction in injuries per 100 employees per year, a five percentage point improvement in customer satisfaction survey results, or implementation of 100 percent of the ISO 9001 quality management systems standards. Goals based on the right metrics can provide a yardstick for measuring progress and enable a company to make midcourse corrections in resources or tactics if progress drags. Progress versus goals can serve as the basis for doling out employee rewards, the essence of accountability. Used correctly, metric-type goals can instill the focus and motivation essential for moving an organization toward sustainability.

Goals should be SMART: simple, measurable, achievable, relevant and time-based. Ideally, an employee down in the ranks should be asked to work on no more than five goals — three would be better — but given the number of hats that most employees wear these days, it is not unusual to see them faced with eight or more. If an employee is asked to take on more than five goals, her supervisor should prioritize them.

When considering sustainability goals, a good place to start is by reviewing the GRI Reporting Guidelines. Other useful references include the ISO 14031 Environmental Performance Evaluation Guidelines and the companion ISO 14032 case studies. They provide good examples of environmental metrics in addition to well considered discussions of the goal-setting process. The World Business Council for Sustainable Development publishes a guide entitled *Measuring Eco-efficiency*, which is also worth reviewing. The same is true for the *Manual for the Preparers and Users of Eco-efficiency Indicators* issued by the United Nations Conference on Trade and Development

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(UNCTAD).[21] Finally, perhaps the best place to identify practical metric goals is in company sustainability reports available on their web sites. An extensive list of these sites is provided on the GRI web site.

Before a metric goal is approved, it should be clear where the measurement data will be obtained, who will provide it, who will supply instructions to these data providers and answer their questions, who will review and compile the data submitted from the field, and how the raw data will be converted and presented in the company report. Addressing these issues in advance will avoid headaches later on. If the data will be reported publicly, much of this administrative information should be documented and retained for several years.

A key step in establishing a companywide sustainability goal is to clearly establish what portion of the goal each division, region, facility or other business unit must deliver. Once that share is identified, it should be listed with the other performance measures for which the unit is accountable.

Since many sustainability objectives cannot be fully accomplished within a single year, multi-year goals are recommended. A set of five- or 10-year goals tells employees that this is an extended strategic effort requiring sustained focus and cultural change. Long-term goals also have the advantage of avoiding the full sales effort that must be made to sell an entirely new goal each year. Still, some annual sales work is needed in establishing annual targets and business unit allocations under them.

There are some disadvantages to long-term goals, however. If the business changes dramatically, the opportunities for improvement could be significantly reduced, making the goal futile and de-motivating. Or the goal may be so easy to achieve that some operators reach their long-term targets early then sit on their hands not pursuing additional improvements. The long-term "Collective Directional Goal" solves these concerns. It is *collective* in that it depends on each part of the organization to contribute its share of the improvement according to their unique opportunities. It is *directional* because it is not absolute: If it is accomplished early, the target will be extended. On the other hand, if the goal later seems out of reach, then it will be modified downward provided all units have given their best efforts but still can't achieve the goal and there has been a significant unanticipated change in circumstances. Communicating these expectations at the outset can help assure employees stay motivated and progress is optimized.

Goals are of little use unless someone is *measuring and reporting progress,* our next evaluator. While the method of measurement should have been determined when the goal was developed, the actual measurement can still prove challenging. Data integrity can be particularly troubling. Instructions to the field may be weak or non-exist. Reporters may be new to the process or untrained. Bugs can invade computer-based reporting systems. Liters and gallons or other units of measure may be inadvertently mixed, especially if the data is being collected on a global basis. Major problems can arise simply because those who designed the data-request form didn't understand how the data is collected in the field. Even worse, problems with bad, incomplete or delayed data can languish unresolved for years if there is no tracking of the problems or feedback on them to the field. An investment of time to address these problems proactively can pay big dividends in the long run.

Some customer web-based systems have "guard rails" that flag data that is suspicious and compile reports on late filers. This can significantly improve data quality and timeliness. These systems are expensive, though,

[21] See http://www.unctad.org/Templates/StartPage.asp?intItemID=2068.

and usually restricted to large companies. Other organizations may rely on off-the-shelf systems or on simple Lotus Notes or Excel spread sheets or other more elementary approaches. All can be effective if used with proper guidance and support.

Once the data is compiled, it should be reported inside and outside the organization. Internal reports are needed to drive change, external reports to build credibility with the public and other critical stakeholders. External reports also raise the visibility on internal performance and therefore the motivation for excellence. In both reports, the content should depend on the intended audience and their needs.

External reports should show performance versus key goals and speak to any public controversies involving the company, its products or services. Objective educational information concerning relevant hot topics can also be helpful. External reports should be engaging; long dry tomes can't affect opinion or stimulate change if no one reads them. That doesn't mean the report must be expensive. For small companies, a simple PC-generated brochure or set of bullet points may suffice. Data can also be posted on the company's web site. Some larger companies have chosen to incorporate their sustainability results in their annual financial report, a better integrated approach that showcases sustainability as an important part of the business.

Ideas about report content, format and design can be gleaned from many of the same reference sources used for metrics. The GRI Guidelines and other company reports are among the best of these. WBCSD's report, *Sustainable Development Reporting — Striking the Balance*, is also a must-read.

One question answered long ago with regard to financial reporting but unresolved among voluntary sustainability reporters is whether the reported information should be independently verified. Verification involves a review of data collection and analysis processes and the resulting report. It provides third-party assurance that the data is reasonably accurate, complete, relevant, material, fairly presented and responsive to the major concerns of key stakeholders. If properly done, verification can add credibility to the report. The problem for most companies is the expense. Few companies have sustainability budgets to pay the six- or seven-figure costs typically incurred for the verification of some financial reports. To keep verification costs low, some companies have asked their financial auditors or those doing ISO 14001 or 9001 audits to tack on the review of sustainability information to their regular assessments. Standards for verifying sustainability reports can be found in AA 1000 issued by the UK-based Institute for Social and Ethical Responsibility (also called AccountAbility), in the Generally Accepted EHS Reporting Principles published on the EHS web site of Baxter International Inc., and in the verification guidance included in the GRI Guidelines.

Establishing metrics and goals and measuring and reporting progress are essential for evaluating sustainability performance. But these efforts can be of limited value if they are planned and undertaken in a vacuum, isolated from key constituents for whom the data was intended and from others who may have a strong influence on them. This is why *stakeholder engagement and feedback,* the last evaluator, is important. It enables a company to calibrate its views of itself with those of outsiders who care. This dose of reality can help create constructive change within a company and, at the same time, build credibility with key stakeholders.

These stakeholders may include customers, investors, suppliers, community groups, activist organizations, government officials and employees. Feedback can be obtained from them through surveys, or, even better, by having open discussions about what sustainability involves and how well the company is doing in addressing it. Before soliciting this input, the company should provide a report on its

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latest sustainability performance to those to be surveyed. Comments can then be requested on the company's past performance and new goals as well as on the means and content of the report itself. This input can then be used during planning.

Conclusion

Once the drivers, efficient enablers, the pathway and evaluators are established and the SOS process worked into in a rational repeating plan-do-check-act cycle, a company should notice a significant difference. It should see an improvement in business efficiency, alignment and productivity; an improvement in finding opportunities and addressing risks; and an improvement in the respect it commands from employees and others who can bring it success. In light of all this, can a company afford to ignore an SOS?