

# Achieving Economic, Social, and Environmental Responsibility

By

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Lake Michigan Chapter-Air & Waste Management Association

Seminar: Why Sustainability Should Be Important To You!

Tuesday, March 28, 2006

IIT Stuart Graduate School of Business

565 W. Adams, Room 490

Chicago

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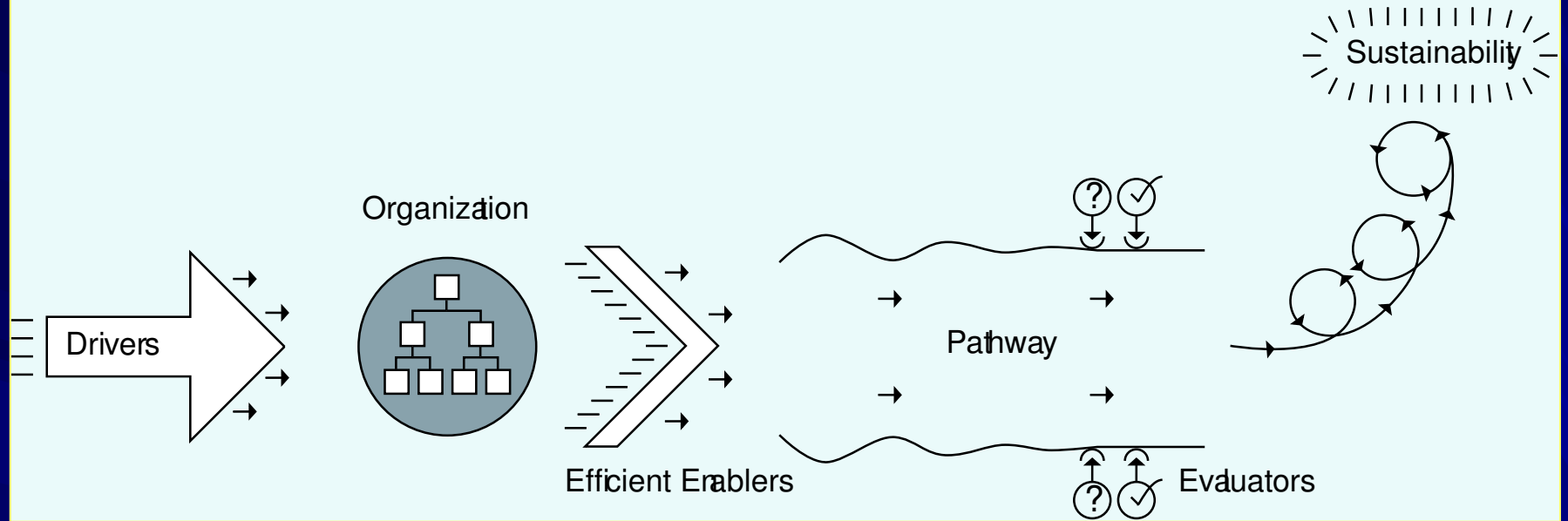
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Based on new book from the Environmental  
Law Institute (early summer):

*The Sustainability Handbook—*

*The Complete Management Guide to Achieving  
Economic, Social and Environmental Responsibility*

Figure 4.1 Sustainability Operating System (S.O.S.)



The Drivers	The Efficient Enablers	The Pathway	The Evaluators
<p>A champion/leader</p> <p>Approach for selling management on sustainability</p> <p>Accountability mechanisms</p>	<p>Organizational structure</p> <p>Deployment and integration</p>	<p>Vision and policy</p> <p>Operating system standards</p> <p>Strategic planning for aligned priorities</p>	<p>Metrics and goals</p> <p>Measuring and reporting progress</p> <p>Stakeholder engagement and feedback</p>

# Continual Improvement Cycle

(Repeated, sustainable quantum leaps in performance.)

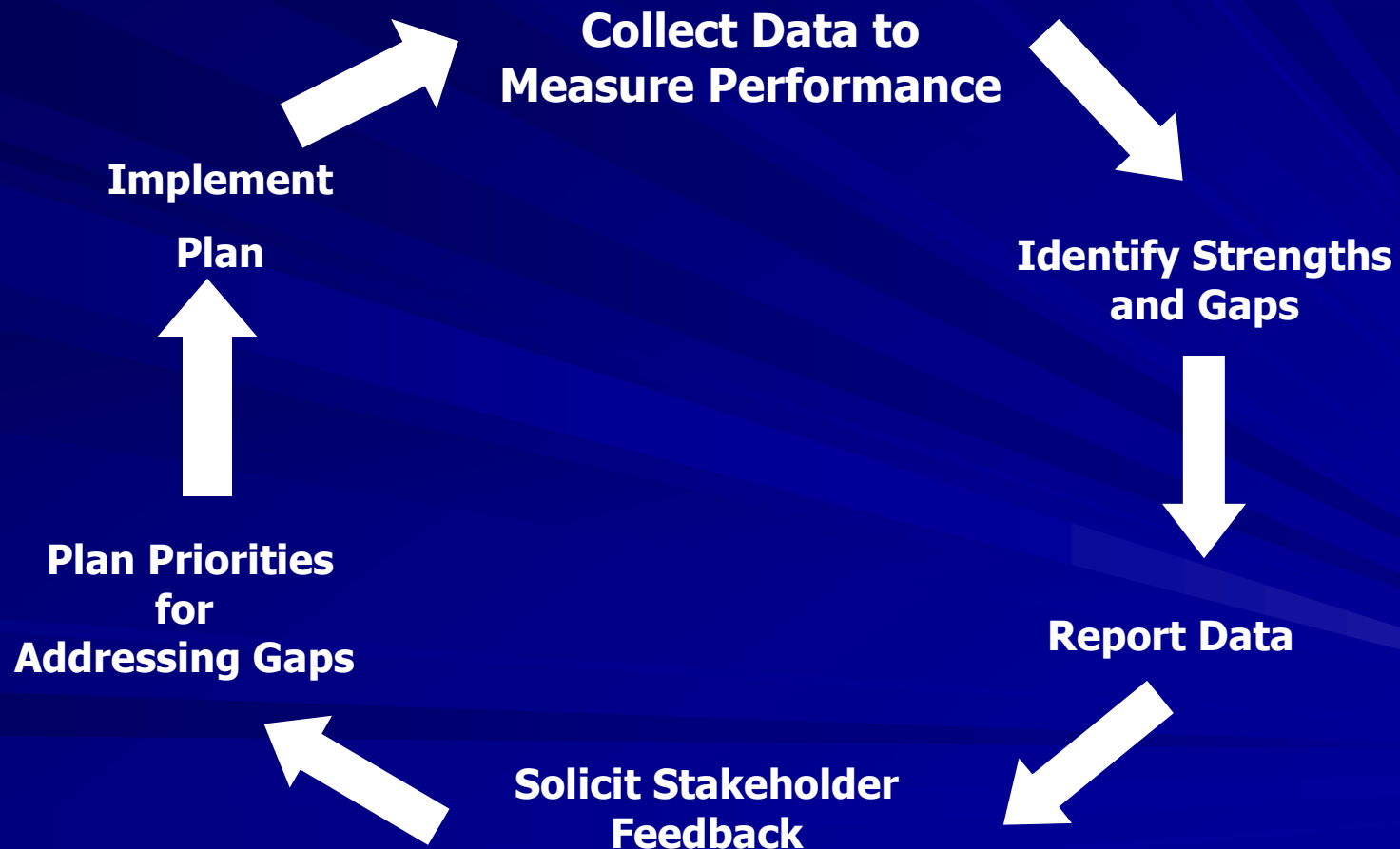
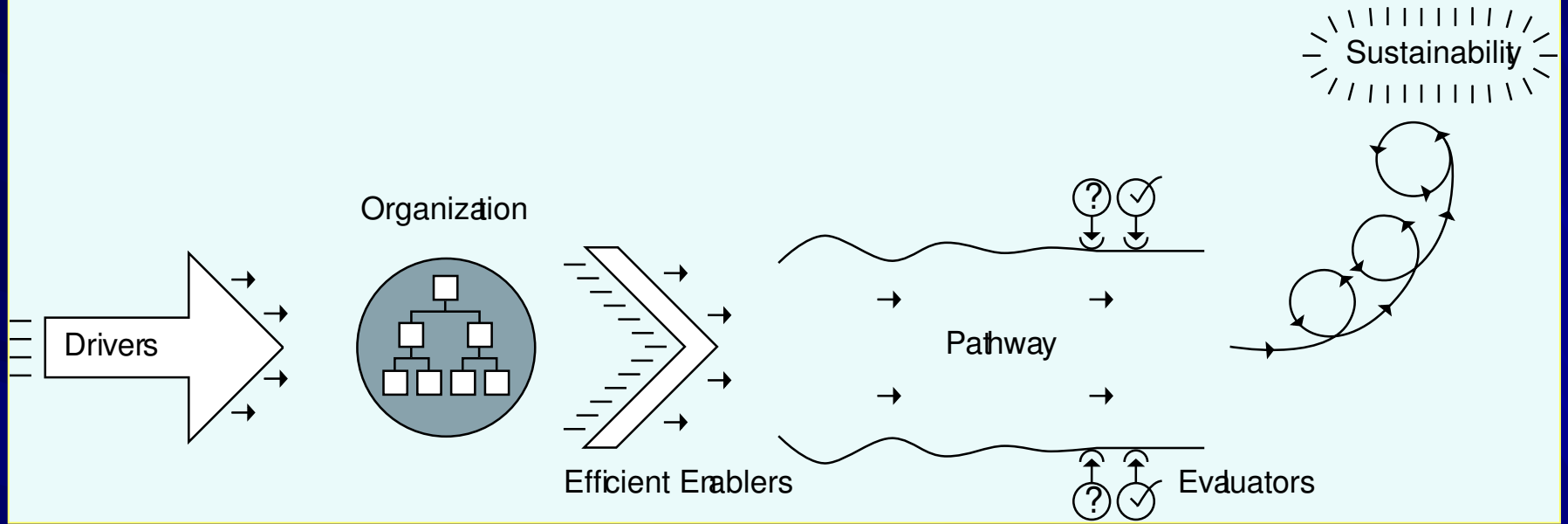


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# A Corporate Commitment to Sustainability

## (A Sample Sustainability Policy)

It is within the best interests of our company and society as a whole that our company move along the path to sustainability. To that end, we will strive to achieve the following vision of performance:



### 1. Economic success: the wise use of financial resources

#### a. Company Economic Prosperity

Our business is positioned to survive and prosper economically.

#### b. Community Economic Prosperity

We are helping our community survive and prosper economically.

## 2. Social responsibility: respect for people

### a. Respect for Employees

We treat our employees in a respectful, fair, non-exploitative way, especially with regard to compensation and benefits; promotion; training; open, constructive dialogue with management; involvement in decision-making; working conditions that are safe, healthy and non-coercive; rights of association, collective bargaining and privacy; employment-termination practices; and work-life balance.

### b. Diversity, Fair Hiring Practices

We promote diversity and use hiring practices that are fair, responsible, non-discriminatory, and non-exploitative for our employees, board members, and suppliers.

### c. Responsible Governance

We manage our risks properly, use our economic power responsibly and operate our business in a way that is ethical and legal.

### d. Respect for Stakeholders

We are transparent, respectful and fair to local populations, investors, suppliers and other stakeholders outside our organization who may be affected by our operations. We work collaboratively with our communities to enhance the well-being of others.

### e. Fair Dealing With Customers

We are honest and fair with our customers, competing fairly for their business, respecting their privacy, and providing them safe and effective products and services under the conditions we promise.



### 3. Environmental responsibility: respect for life; the wise management and use of natural resources

#### a. Resource Conservation

We conserve our use of natural resources to the extent practicable.



#### b. Waste Prevention and Management

We reduce to the extent practicable the volume and degree of hazard of the wastes we generate from our operations, and handle them in a safe, legal and responsible way to minimize their environmental effects.

#### c. Environmental Risk Control and Restoration

We minimize the risk of spills and other potentially harmful environmental incidents, restore the environment where damaged by us, and enhance it to better support biodiversity.

#### d. Supply Chain Impacts

We work with others in our supply chain to help assure environmental impacts and risks associated with our products and services are reduced and properly controlled.

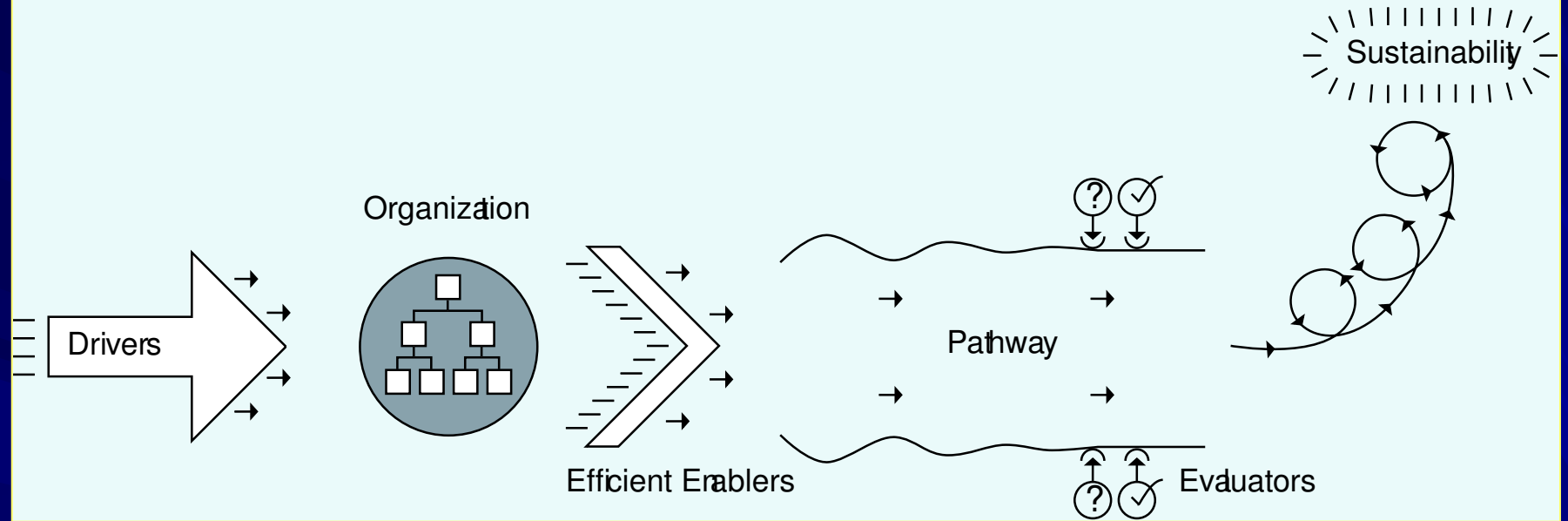
#### e. Collaboration With Communities

We collaborate with our communities to protect and improve the environment.

# Some Observations About Business and Sustainability

- Sustainability is not about one thing.
- Sustainability is about informed holistic planning for long-term survival and well-being to be achieved by focusing on resources and respect (2R's):
  - Resources: wise management of economic and natural resources, and
  - Respect: respect for people and other living things.

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# Sales Tips

1. Reconfirm (and extend) the CEO's vision
2. Offer vision toward sustainability
3. Link with business objectives
4. Introduce SOS
5. Present business case for SOS
6. Create sense of urgency

# Sales Tips-- cont'd.

6. Discuss trends and their challenges and opportunities
7. Acknowledge SOS is advantageous but not essential
8. Show lists of GRI/ WBCSD companies
9. Use business language
10. Request specific action

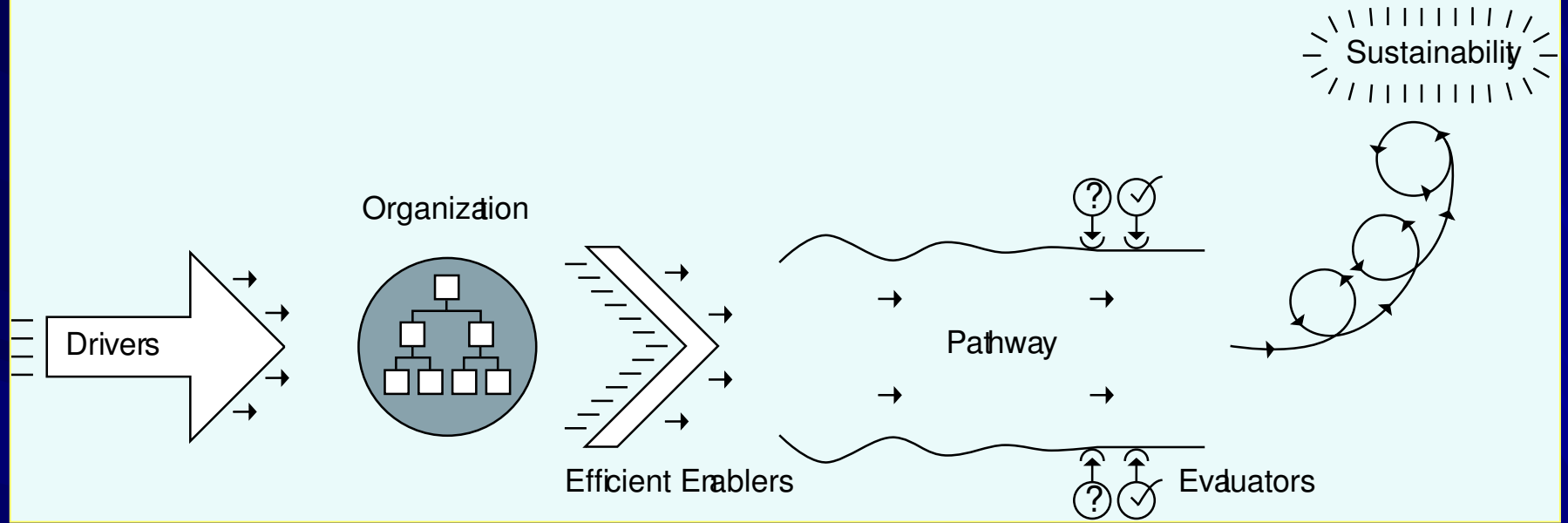
## What You Do If They Slam the Door In Your Face: Some 'Military' Solutions

1. Retreat and attack at another place
2. Retreat, regroup and re-attack
3. Retreat, rearm and re-attack
4. Retreat, seek reinforcements, and re-attack
5. Call in the big guns
6. Create a siege

## What You Do If They Slam the Door In Your Face: Some 'Military' Solutions—cont'd.

7. Build a Trojan Horse and wait for it to be pulled inside the fortress
8. Retreat and recruit another army to attack
9. Cultivate peace and wait for the next good opportunity to attack
10. Slowly infiltrate
11. Retreat, ignore the opponent and move on to another

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# Suggested Structural Elements

- Champion/leader: spokesperson; key promoter, coordinator, and organizer; chair of key teams
- Executive sponsor: coach for leader and teams, advocate among upper management
- Core Team: planning, promotion, education
- Deployment Team: internal rollout and feedback
- Report Distributors Network: external communication and feedback
- Board oversight committee: high level oversight of SOS performance and effectiveness

# Groups to Consider

## CORE TEAM

Business Planning  
Business Practices/Ethics  
Charitable Contributions  
Communications  
Community Relations  
Environment, Health & Safety  
Finance  
Governance  
Human Resources  
Law  
Purchasing/Supply Chain  
A few key business units

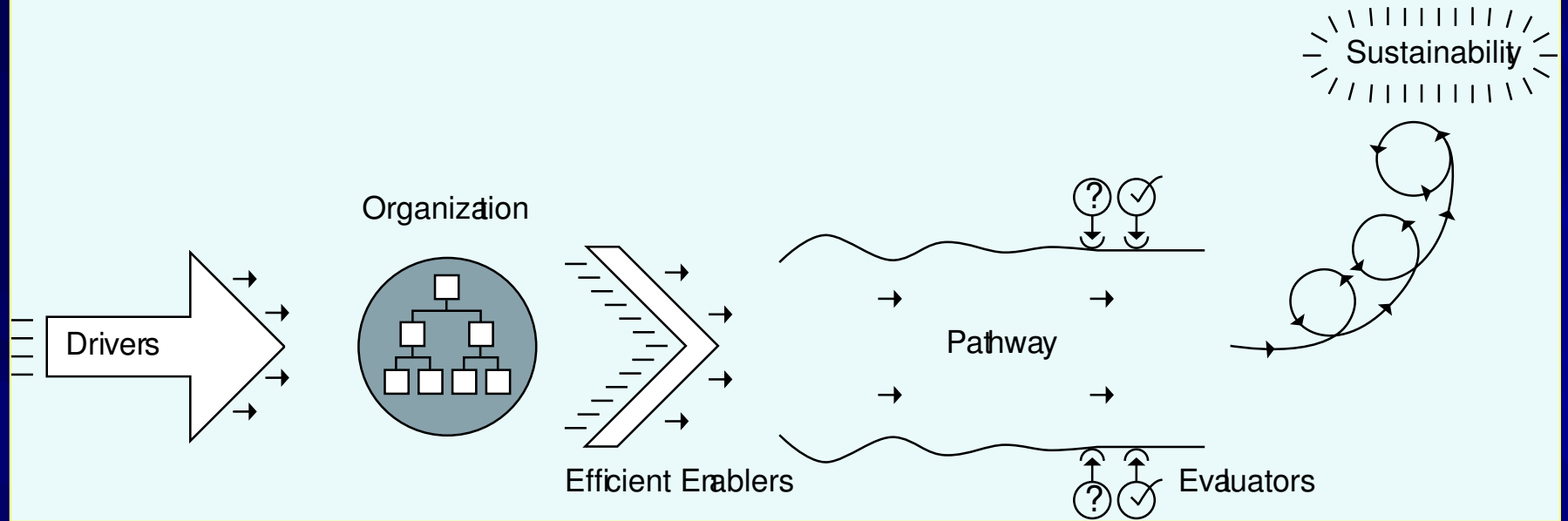
## DEPLOYMENT TEAM

Core Team plus:  
Engineering  
Manufacturing  
Quality  
Research & Development  
Risk Management  
Sales & Marketing/Distribution  
Security

## REPORT DISTRIBUTORS NETWORK

Business Development  
Communications  
Government Affairs  
Investor Relations

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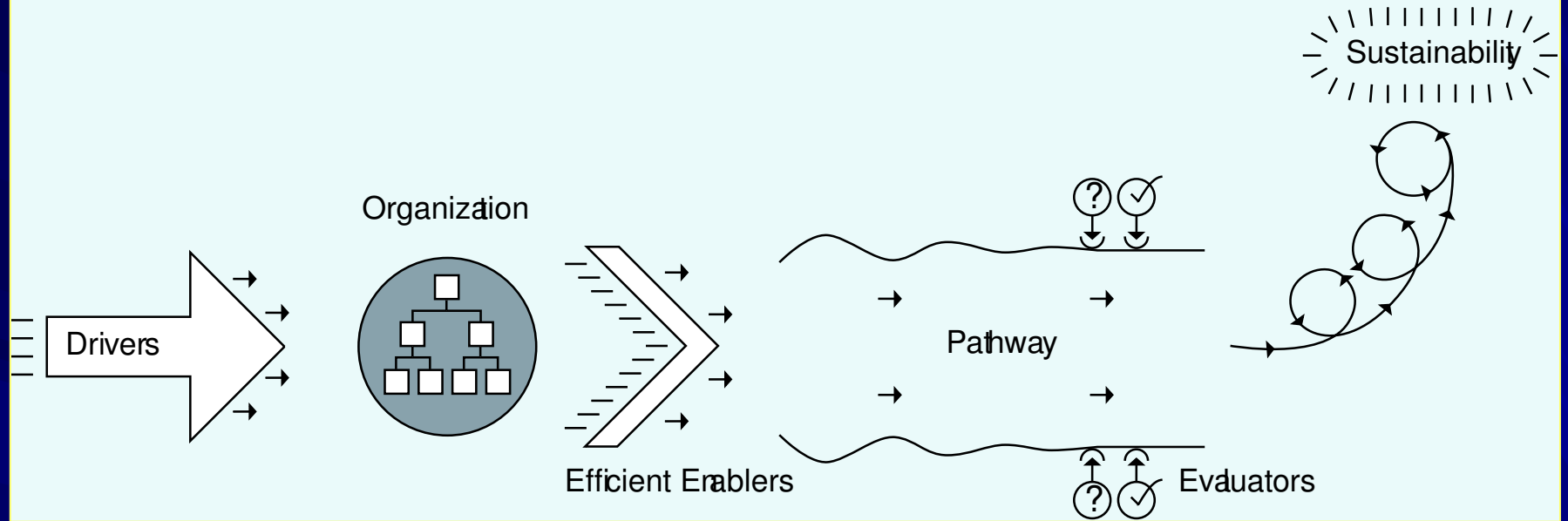
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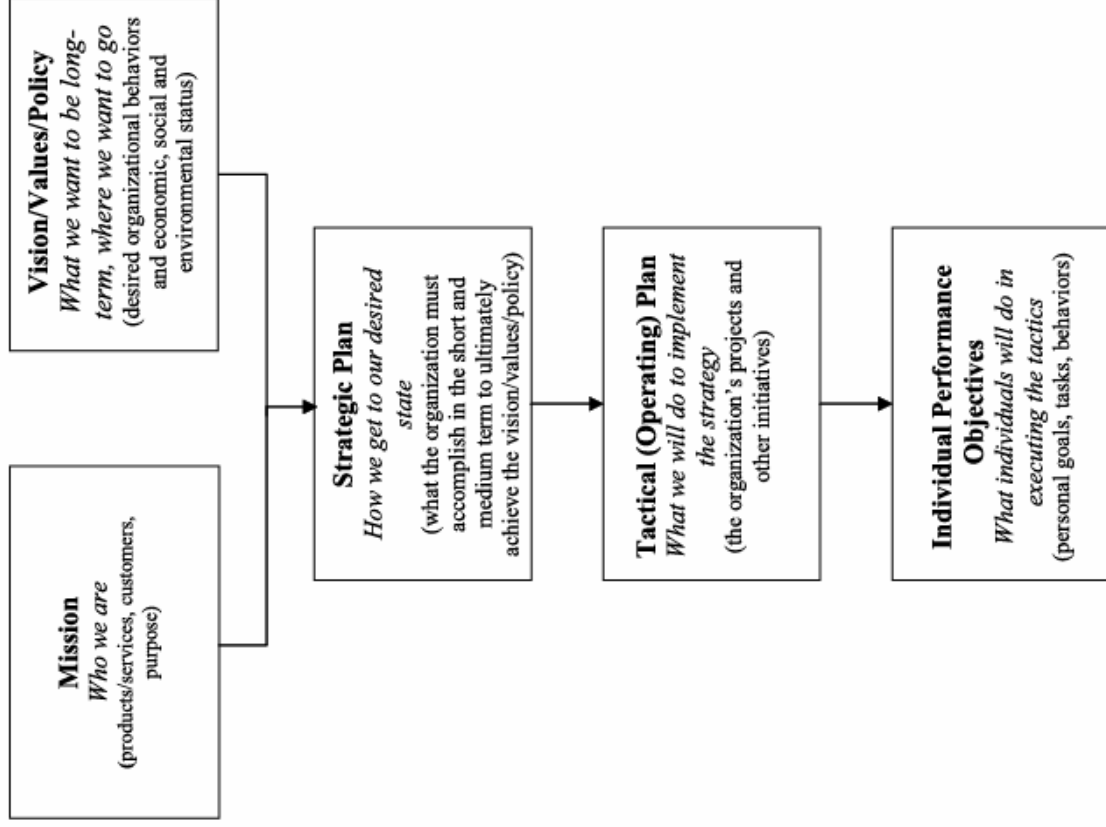
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**Figure 4.2**  
**Hierarchy of Documents for Leading an Organization**  
**Toward Sustainability**



# Planning Process

1. SWOT Analysis around sustainability trends; rank importance

# Common Business Threats & Opportunities

Threats	Opportunities
<ul style="list-style-type: none"><li>-Legal</li><li>-Financial</li><li>-Reputational</li><li>-Competitive</li><li>-Operational</li></ul>	<ul style="list-style-type: none"><li>-Productivity, cost</li><li>-Employee relations</li><li>-Reputation</li><li>-License to operate, community appeal</li><li>-Sales, new markets, customer appeal</li><li>-Innovation, new products and services</li></ul>

# Sustainability Trends

- Growth in Global Business Competition
- Opposition to Globalization
- Speed of Communications/ Digital Divide
- Widening Prosperity Gap (Health, Income, Services)
- Population Growth
- Increased Immigration; Lower Fertility in Industrialized Nations
- Education Needs for the Disenfranchised
- Urbanization
- Over-consumption of Resources
- Fossil Fuel Depletion
- Climate Change
- Deforestation
- Threats to Biodiversity
- Fresh Water Depletion/Water Contamination
- Wetlands Destruction
- Fish Depletion
- Coral Reef Destruction
- Spread of Hazardous Pollutants
- Declining Soil Quality
- Ozone Depletion
- Declining Corporate Credibility
- Extended Producer Responsibility
- Green Products
- Green Marketing/Labeling
- Green Product Certification
- Obesity
- Rise in Socially Responsible Investing
- Investor Concerns about Corporate Governance
- Increased Demands for Transparency/ Public Reporting
- Growing Power of NGOs/CSOs
- Increasing Global Terrorism

# Planning Process

1. SWOT Analysis around sustainability trends; rank importance
2. Rank priority of sustainability topics, objectives and goals to company
3. Incorporate high-priority sustainability initiatives into company strat plan
4. Align planning horizontally and vertically

**Figure 3.1.**  
**Sustainability Benefits Help Determine**  
**Business Value: The Show-Me-the-Money Model**

