Leadership Agility - A High Performance Necessity Webinar was held in Sept, 2010. i4cp gives an exclusive first look at its latest findings and reveals practical solutions to improve agility.

Serious about Sustainability 2010

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A funny thing happened on the way to 2010. Amid blistering debates over health care, arguments over how to deal with double digit unemployment, and a general sense of conflict and gridlock on many other socioeconomic issues, one area of virtual consensus has emerged in the business world: the rise of "green" initiatives.

That's one finding from i4cp's 2010 Major Issues Study conducted in December 2009. Over three quarters (78%) of 515 responding business professionals projected there would be more "green" business initiatives in companies this year. Among many future-looking statements about what would happen in 2010, this one showed the greatest amount of agreement.

Okay, so this probably isn't a surprise to anyone who watches even a modicum of television these days. Commercial after commercial plays up the environmentally friendly missions and programs at many of today's major corporations. No company wants to be tarred with the ugly brush of environmental irresponsibility.

But just how serious are companies about this? Is it mostly public relations or is there something truly significant going on?

Every organization is different, of course, and there's definitely a PR angle to "going green," but the data suggests that many business professionals view this issue as vital to business success. Our forecast study shows, for example, that 70% of respondents said that sustainability (that is, social and environmental responsibility) would be of high or very high importance to their organizations in 2010.

Karen B. Paul, Ph.D., who is the Head of HR Measurement at 3M, an i4cp member company, notes that 3M has a long history of what are today called sustainability practices. She notes that Dr. Joseph Ling, 3M's former Staff Vice President, Environmental Engineering and Pollution Control, was a pioneer in the field of environmental and air quality management and is today recognized as the father of pollution prevention.
Dr. Paul states, "At 3M, sustainability is now embedded in the culture." She believes that there are strong interconnections among sustainability, employee engagement and innovation. "Sustainability is a wonderful lever to really challenge and engage employees in the areas of innovation." In one example, 3M offers its Pollution Prevention Pays (3P) award to employees on an annual basis. The 3P program has been around for 35 years and has prevented more than 2.9 billion pounds of pollutants and saved nearly $1.2 billion since the first year of the program. It's become a key element in moving toward sustainability for 3M. Dr. Paul states, "People all over the world at 3M compete for the award."

In addition to providing this award, 3M communicates about sustainability on a regular basis, includes sustainability-related questions in its climate survey (such as, "3M makes business choices that support the environment such as waste reduction & disposal, energy conservation and vendor selection") and reports out many metrics related to sustainability.

Still, just because 70% of respondents said that sustainability would be important this year doesn't mean that most companies are especially good at implementing sustainability practices. Another large study, which i4cp did in partnership with the Institute for Sustainable Enterprise at Fairleigh Dickinson University (FDU), specifically looked at trends related to sustainability and puts the details into better perspective.

That study confirms that sustainability is an important issue but one that most employers are still just learning to manage well. Taken as a whole, only a little over a quarter of respondents said their organizations are implementing a sustainability strategy to a great or very great extent.

More specific questions reveal the same pattern. For instance, these business professionals were asked about the extent to which they agreed that their organizations have made sustainability central to their business strategies. It turns out that nearly two-thirds of participants either somewhat or strongly agreed with this. That sounds like sustainability has become very influential, but if we break it down, only 24% strongly agreed with this statement.

What's more, a mere 15% strongly agreed with the statement their companies have an "effective means to coordinate and integrate various functions working in the areas of environmental and/or social responsibility."

Of course, things could be worse in this area and, by some measures, they indeed were just a few years ago. When i4cp conducted a similar study in partnership with the American Management Association back in 2007, the average score for the "centrality to business strategy" question was considerably lower. What makes that finding especially interesting is that the score rose despite the fact that the original i4cp/AMA survey included more responses from European organizations, which tend to score higher on sustainability issues.

The good news for sustainability advocates is that 41% of respondents from higher market performing companies say they believe (to a great or very great extent) that their companies implement a sustainability strategy, but the same can be said for only 18% of lower market performing companies.
In regard to sustainability tactics, some areas need more work than others. While most business professionals said their organizations are good at ensuring the health and safety of their employees, relatively few said their employers do well in terms of improving energy efficiency and reducing waste or using cross-functional teams and/or other groups to coordinate sustainability activities.

The study also inquired about the role of HR professionals in sustainability efforts. It turns out that many HR pros understand the potential impact of environmental and social responsibility on their corporate brand and their ability to attract, retain and engage talent. But they aren't very likely to be strong advocates for making sustainability issues central to their organizations' business strategy or for helping non-HR leaders see the connection between sustainability and talent management.

That's a shame, according to Jeana Wirtenberg, Senior Advisor at the Institute for Sustainable Enterprise and co-author (with FDU Professors Joel Harmon and Kent Fairfield) of an article on this sustainability data in an upcoming Special Issue of People & Strategy Journal on "Transitioning to the Green Economy." She notes, "Sustainability represents a huge opportunity for HR to play a more strategic role in their organizations, something HR has been aiming at for years. In many ways, it falls right into HR's sweet spot. Under the right circumstances, HR professionals can help infuse sustainability into talent management systems in their organizations, but they have to build up their own competencies in this area."

**i4cp's 4-Part Recommendation:**

1. Create a steering committee or cross-functional team to evaluate current sustainability trends and determine what, if any, sustainability programs need to be implemented in your organization. This group should track best practices, as things are quickly evolving in this area as new initiatives are developed, implemented and then evaluated.
2. Conduct sustainability scenario planning. There are many unknowns on the horizon. Among the uncertain factors that will influence sustainability in the future are regulations, pollution levels, climate change research, availability and costs of natural resources, health trends, new technologies, and others. Through scenario planning, organizations can consider the potential ramifications of these factors and how they might influence their businesses in the future.
3. Encourage the leadership team to study sustainability from a strategic orientation, asking whether it makes sense to take actions such as tying sustainability into core business strategies, aligning performance standards with it, and integrating various functions around the concept.
4. If sustainability is a priority, ensure that managers and HR professionals have the necessary competencies in this area. They can potentially take advantage of such skills by adopting a variety of actions, such as:
   - designing and delivering training programs to support sustainability;
   - articulating which leadership knowledge and behaviors align with sustainability;
facilitating organizational change management programs that take sustainability into consideration;
formulating and implementing measures and rewards to support sustainability;
designing sustainability criteria for recruitment and promotion.

Sustainability In Today's Work Environment
Survey Portfolio

PAST EVENTS - WEBINARS

Webinar: Leadership Agility -
A High Performance Necessity
Presented by Kevin Oakes,
CEO, i4cp and Bill Joiner,
Author of Leadership Agility
March 2, 2010

Webinar: Succession Planning in High-Performance Organizations
Presented by Jay Jamrog,
SVP of Research, i4cp
March 11, 2010