

GREEN SHIRTS FOR EVERYONE

SUPPLIERS, CONTRACTORS, VENDORS, CONSULTANTS
POWER COMPANIES SENDING A MESSAGE

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Our last article presented the business case for Green initiatives. We included a discussion about the Texas Instruments plant and the Hearst Building in New York City. The point of that article was to emphasize that business leaders are seeing the advantages of a much higher level of environmental consciousness with a distinct business case. This attitude is a major departure from the recent past. We made the point that not only does this higher level of environmental consciousness have tangible business benefits, but there is a social responsibility factor that is affecting and influencing the public. Consumers now are making decisions on what and from whom to buy based on environmental factors. The scope of this consumer influence is far reaching. One simple example is the number of farmers' markets. On Dec

5, 2006, the US Department of Agriculture announced the preliminary results of a survey indicating that the number of farmers' markets increased more than 7 percent between 2005 and 2006. "Their popularity with consumers is growing, and buyers enjoy fresh, locally grown products."

People want to know where their food is coming from and that it is wholesome, free of chemicals, pesticides, hormones, etc. This type of behavior will expand to more and more products and services. The recent news regarding lead paint and children's toys will impact sales and also sourcing of products. Awareness is growing and the more it grows, the more scrutiny business leaders will be facing.

This article explores specific issues associated with the power industry. The em-

phasis is to provide specific initiatives that utility companies can incorporate into their business models to represent a higher level of commitment to the environment and sustainability. When one thinks of power companies there are often several emotions evoked. If it is a nuclear generator, there is apprehension based on the stigma of nuclear power and the valid concerns over waste. If a power plant is a coal-fired plant, there is the image of smokestacks polluting the environment. For the oil-fired plants, there is the whole issue of oil, cost, and availability. Finally, natural gas, while cleaner, is still a fossil fuel that contributes to greenhouse gases and climate change. After these major energy supplies, there are the smaller contributors that in reality hardly make a dent in the overall supply, but they are cleaner and more

OVERVIEW

Making it real is a key theme. We use the term greenwashing in this article. As with almost any idea or initiative that gathers momentum come those who want to ride the wave regardless of their ability to perform or deliver.

We saw this over 25 years ago when the nuclear utility industry discovered Human Factors/Ergonomics after the accident at Three Mile Island. All of a sudden companies who provided services to the nuclear industry became human factors experts overnight (just because of the business potential).

The same thing happened when nuclear utilities were accrediting their training programs. Once again everyone was an instructional designer or trainer. The potential for the same phenomenon to occur exists today. It's all of a sudden cool to be green.

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Human and Organizational perspective

It's all about people – no matter how an issue is characterized, its people who create the issues and its people who address and resolve issues. People make up and run organizations. No news here – right? The interesting aspect here is that what we are talking about is really getting people to embrace change, modify behavior and implement necessary changes. The four steps we present here are:

1. Determine the shade of 'Green' for your organization
2. Evaluate existing programs
3. Set strategies to 'green' the supply chain of contractors, suppliers, consultants and vendors
4. Implement the approach

Step one involves getting definition that is clearly understood and embraced by the workforce as a whole.

Determining the shade of green is not only the CEO's or senior leadership's idea. For increasing buy-in, the organization, at all levels, needs to be involved in the process.

Step two is tougher yet. There will be resistance because people become fearful when their turf is challenged—fear of the unknown and change. The counter argument is that this is an opportunity to be part of the future and craft the changes rather than have the changes imposed. It becomes a compelling argument.

Step three is the external process and is hard work. Not only are criteria needed; policies and procedures must be properly drafted and monitoring practices established.

Finally step four is where the rubber meets the road. This is where the word leadership and management in the term Change Management must be alive and vibrant. Leading a change initiative involves creativity, conviction, empowerment and management. We would be happy to share our thoughts and successes on this key step.

GREEN SHIRTS FOR EVERYONE

environmentally compatible.

Now, unlike food, where we have a choice and there are viable alternatives, electricity is a completely different situation. As consumers we can conserve, but that is about it. Deregulation has reportedly offered some choice of suppliers, but in reality, it is a bureaucratic paper shuffle with a limited (if any) impact on the ultimate source. So why should utilities be so concerned? They have a captive audience, there are few if any alternatives and if they comply with emission requirements, why worry? The reason they worry is social responsibility. Utilities must operate in the communities they serve. Their culture, historically, has been one of "good neighbors." My experience, for many years, has been that utilities want to be respected in their communities and amongst their peers. What more can they do? Utilities have far-reaching influence in their business world and in the communities where they operate. If through their business practices and culture they create a change that results in a higher level of environmental awareness as well as enduring real world practices, then they are creating a positive influence towards sustainability. How does this happen? We will present a proposed approach that is very real and is being considered by some of the leading utilities in the country.

Step #1 Determine your shade of 'Green'

The next great business challenge is quickly becoming how to define what it means to be green. Traditionally, being environmentally-conscious means many different things depending on whom you talk to. In the past, being environmentally-conscious conjured up the question of *how much is it going to cost me?* and, *what's in it for me?* Today the rules are changing quickly, which adds even more confusion. Because of all this, determining or altering a business strategy is keenly important. We refer to it as determining *what shade of green do you want?* To do this, the first step is to develop the business case. What is the business value to the organization? This is an interesting consideration depending on the business and your customers. In today's world of heightened environmental awareness and concern, customers have the potential of dictating the shade of green. The point here is the routine remediation and compliance activities traditionally considered adequate to convince employees and customers that the company has made a commitment to environmental responsibility are no longer adequate. As an aside, a new term has come into existence recently: "greenwashing." As one might surmise, it refers to a superficial attempt to be

environmentally responsible, hoping that most people will not see it as merely a marketing effort. Going back to the business case, as part of strategy formulation there is a significant opportunity for a competitive advantage by making a commitment to becoming an environmentally responsible company; particularly when discriminating shoppers/customers start supporting firms that exhibit a strong commitment to changing their business model to include environmental considerations.

Determining Your Shade of Green is the first step in a process that involves determining the business case and then formulating a corresponding strategy. While this step is rather generic for most businesses, when we focus on the utility industry it becomes a bit more interesting since the majority of customers have limited choice regarding where they get their electricity. This juncture is where public perception and social responsibility enter the equation. Utility companies historically have been keenly concerned about their public image, and as technology moves forward along with deregulation, public perception becomes a larger factor in the equation.

GREEN SHIRTS FOR EVERYONE

Step #2 Evaluate existing programs

Close to 15 years ago, I was part of a team that conducted a rather comprehensive assessment of a nuclear power organization. The scope of this assessment included all functional departments. One of the findings was that programs seem continually to be added to address an issue, but rarely are old programs put to rest or fully implemented. Programs in large organizations seem to propagate, but obsolete programs seem to find a life of their own. The point here is that programs must be evaluated or assessed to ensure their viability and relevance. As the world's environmental awareness increases, we are assured programs will be added or introduced to address the issue. What is just as important is that old programs and old habits are done away with. Some of the things to consider when evaluating programs include the following:

- What "green" programs are in place for employees, work environments, operations and even customers and what other programs should be phased out?
- Has there been the application of unified risk analyses, Design for Environment (DfE) and Life Cycle Analysis (LCA) for

products, materials, fuels, and emissions?

- Does the strategy include Environmental Management Systems (EMS) and/or Integrated Management Systems (IMS), and how?
- Are policies, both existing and proposed, being modified and/or formulated?
- How have best practices been defined and/or implemented, and do we have the best practices where needed, and do we know how to create new ones where none exist?
- What are the company's material/product selection criteria (no-buy lists, buy w/approval, etc.?) Are they consistent with our strategy and understanding of what shade of green the company wants to become?
- Can we institutionalize the following internal practices and behaviors (these are more traditional but are important to changing an organization's culture):
 - Water usage
 - Reduction in green house gas, reductions in waste
 - Compliance
 - Energy efficiency and reduction
 - Have customer expecta-

tions been clearly identified so policies and procedures are consistent

- How can we incorporate stakeholder partnering (creating value-added green 'gatherings')?

Step #3 Strategies to 'green' the supply chain of contractors, suppliers, consultants and vendors

The above are ambitious internal measures, but if a company focuses only on internal issues, it might be likened to a company that produces a hybrid car while its primary suppliers are major polluters that have no green programs. One of the biggest impacts a utility company can make is to develop proactive green supply chain measures to ensure green practices are embedded with its suppliers, contractors, consultants and vendors. This ripple-down effect has and will continue to occur with the larger, more responsible companies. An important element of this approach is to establish realistic expectations. When reaching outside the company into the supply chain, the initiative must be a team effort. We have listed below some of the issues and/or considerations to be factored in when establishing expectations of suppliers, contractors, vendors and consultants.

- Outreach to key suppliers, contractors, et. al. to explain the overall strat-

egy and their involvement and their considerations

- Transition from prior concerns of cost, safety, performance, diversity and others to include environment, energy and business efficiency – and sustainability.
- Determine a realistic scope regarding supply chain issues (how far down the 'chain' do you go?)
- Factor into the discussion image considerations (reputation/risk and benefits)
- Add green procurement to the dialogue in your knowledge-sharing forums (consider knowledge management systems)
- Establish a Preferred Vendors program – to include green indicators and metrics
- Establish measures that will highlight and safeguard against potential greenwashing

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Step #4 Implementation Approach – Partnering

The biggest challenge is yet to come, the dreaded implementation. While the first three steps address many of the planning issues, any successful major change initiative requires skillful implementation from several perspectives. Step Four suggests that ‘getting it done’ requires ownership and partnerships. Perhaps the most important ingredient is ownership. Change and implementation will have limited success if it is approached as an initiative driven from the top down. All levels of the organization need to have an appropriate level of ownership. Ownership results in internalization of the changes, consequently creating ‘change agents’. To affect ownership, I have used what I refer to as a “change agent team approach”. This approach involves developing a multi-disciplined and multi-departmental team of respected employees. They tackle selected change initiatives that have a high probability of success.

With these team successes come confidence and the demonstration that success is viable and real. Once a pattern of success is achieved, a portion of the team is rotated out and back to their ‘regular’ jobs and new members are integrated into the team. They tackle bigger issues (consistent with the strategy) and further demonstrate success. Lessons

learned are shared and the process continues (and becoming a ‘learning community’). Partnering is key to this technique. Partnering can take several forms, primarily involving aiding the change agent team in becoming an effective team and guiding them along the way to assure the team development does not interfere with the work they need to get done. It also involves technical assistance, benchmarking, and sharing of lessons learned. These are all essential ingredients to successful implementation. In a more specific context, these are some of the areas where partnering can make a significant improvement associated with successful implementation.

- Assist the utility to become, lean, clean, green and sustainable through:
 - tactical improvements to green procurement programs
 - other tactics to harvest high ROI items – determined through enterprise-wide strategic unified risk-opportunity assessments
- More strategically, consider:
 - Integrating your EMS (H&S, Security/business continuity, quality)
 - And “steer” it towards sustainability
- Long term goal – implement sustainable business practices and embed in a Sustainability Management System (Advanced EMSs)

INTRODUCTION OF OUR CO-AUTHOR JOHN GROSSKOPF

The co-author of this article is my colleague John Grosskopf who contributed to our previous article. I thought I would give our readers more insight into John’s background and experience.

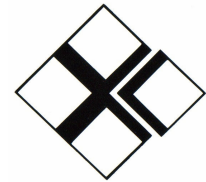
John is Vice President of Strategic Initiatives and Sustainability for TRC Solutions Western Region. He is providing advanced environmental and sustainability consulting services across their 115 offices nationwide, and increasingly internationally.

John is a Professional Engineer, Board Certified in Environmental Engineering, a former environmental executive with General Dynamics, published author, adjunct faculty for University of California at San Diego, and speaker on sustainability internationally.

John has led numerous environmental and sustainability initiatives and associations across the country and internationally for over 32 years.

Previously specializing in corporate best practices and sustainability, John has increasingly devoted his attention to forming working partnerships to promote sustainability in all segments of society.

I thank John for his contributions to this article and unique expertise we jointly offer our clients.



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OVERVIEW

What’s really important is understanding history and knowing what needs to be done and how to do it.

The authors of this article bring together many years of knowledge and experience in the fields of environmental engineering, human performance, the utility industry and organizational change. All are key components to successful sustainability initiatives and effective implementation.

UPDATE’s goal has been to provide industry related articles and interesting authors of thought provoking issues confronting the business leaders. From our reader’s feedback we seem to have accomplished that. This article is a bit of a departure in that we provide more definitive steps for leaders to use as guides. As always we hope you enjoy!