

# The business path to sustainable development – organisational alignment

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For any company that wants to fully integrate sustainable development (SD) throughout its business operations, alignment of its organisational process in support of this goal is a critically important issue. Whilst it is generally acknowledged that the support of top management within companies is essential in achieving this, by itself it is not enough to secure lasting change. Many change initiatives have been introduced into companies with high expectations and top management support, yet have withered away in the face of organisational resistance.[1] Organisations that have already made progress towards achieving this goal have found that it requires changes in both thought patterns and decision-making processes.

## Company promotion of sustainable development alignment

One of the research sub-studies which formed the basis of the recent Battelle Memorial Institute report into key issues for the cement industry in achieving its aim of a more sustainable future[2] was specifically dedicated to this question of alignment. This article looks at some of the potential problems identified by the substudy which companies face in introducing sustainable development into their business processes and possible solutions for addressing them.

## Barriers to SD alignment

The substudy's initial task was to make a baseline assessment of cement companies to identify both potential impediments to SD alignment and organisational strengths, which could be built upon. It found that while the cement industry generally has taken some steps to align environmental with business goals, it is still largely unaligned with regard to the broader and more recent concept of SD. Key barriers identified by the study include awareness of SD limited to environmental specialists and top management, a lack of understanding about how achieving SD can help meet business objectives, lack of clarity about necessary action and relatively few SD-related crises to motivate the industry, and a general reluctance to embrace change.

Comments made by individual managers aptly illustrate the challenge that individual companies face in implementing SD alignment:

*"The culture of our company is resistant to any concept which is not based on purely financial, economic, and technical considerations. The concepts which have been introduced for environmental and social concerns are viewed as strange ideas and not fitting the culture of the company."*

*"Sustainability is not a natural concept for our managers. They think it is only for 'Greens'".*

## Strengths on which to build SD alignment

The study found that the industry has a number of strengths which could provide a solid foundation for building SD-related organisational alignment, including:

- Top management awareness of the potential importance of SD
- Talented and motivated human resources, environmental and communications employees who are already familiar with the SD issue and personally committed to improving company SD performance
- Experience with change initiatives like TQM (Total Quality Management) and SAP (enterprise-wide software system) implementation which provides companies with familiarity with the change management process
- Extensive internal training programs into which SD concepts could be integrated.

In particular, the techniques currently used by the cement industry in successful change initiatives such as steering groups, employee awareness campaigns, key manager training sessions, cross-functional implementation teams, creation of individual and team-specific action plans, and use of measurable goals, all have the potential to be adapted for the integration of SD into company business activities.

## The alignment process – the five key stages

The research findings emphasise that the alignment process must begin with building awareness among key employees about SD and that before taking action, each individual must



Figure 1. Tree planting at Bariantos Cement Plant, Mexico

Cemex

move through the following five specific stages of 'readiness':

- Awareness of the subject – to gain awareness of the context and potential importance of SD to the company
- Understanding – to develop an understanding of the need for action based around SD
- Commitment – to create a personal commitment (by individuals and teams) to take action.
- Action – turn commitment into action
- Maintaining momentum – maintain the momentum of the change initiative

## Introducing the alignment process

One of the key questions for the cement industry on SD implementation is how best to balance short and long-term concerns, and the overriding requirement is the need to introduce SD gradually to the organisation.

Maintaining the momentum of the change initiative is also an important element in the successful implementation of the alignment process



Figure 2. White cement works in Texas, Heidelberg Zement. White cement is used mostly for strikingly bright facades and buildings, as well as for works of art.

throughout an organisation. The process must take into account the fact that different audiences in the company will require different levels of understanding, engagement and participation to develop and implement an SD strategy and goals. The substudy therefore recommends three successive phases of activity, each focused on a different audience.

Phase 1 is aimed at gaining top management to ‘buy in’ to SD and the alignment process and takes 1–2 years. Phase 2, which lasts between 2–3 years, is targeted at the next tier of management – key business leaders in the company – and is aimed at broadening involvement of a larger audience in translating strategy and policy into action. The third and final phase is focused on participation throughout the organisation to both institutionalise and reinforce progress – from plant employees to the Board of Directors.

The study also found that personal commitment to a shared vision is critically important to the effectiveness of the change initiative, but in order to be effective, it must be freely chosen by individuals based on a personal connection with the organisational vision. This, together with the sustained commitment of top management will provide the foundation for lasting change. The study developed a Framework Guidance Manual to serve as a detailed blueprint for designing a company-specific alignment process, which was then applied to a hypothetical cement company to illustrate how it might work in practice.

### The alignment Framework Guidance Manual: three major phases of organisational activity

The Framework Guidance Manual developed by the substudy to serve as a blueprint consists of three specific phases of activity. The first phase, which may last between 1–2 years, is aimed at gaining the “buy-in” of the top management team.

Even in the most decentralised companies, people look to top management to provide leadership regarding issues that will affect the organisation as a whole. Without the support of the handful of individuals who typically make up the top management group, the SD initiative will not succeed. If top management demonstrates awareness and understanding of and commitment to SD, others will be inclined to follow. The ability to identify new issues such as SD, recognise their potential importance to the company and translate the new idea into language understandable by the organisation as a whole, coupled with establishing strategic direction and balancing short- and long-term goals, are important aspects of managing SD effectively.

The steps involved in Phase 1 include stakeholder engagement, external input sessions, strategic planning workshop, strategy, action plans and actions, formulation of the business case, business unit pilot workshop, pilot action plans and implementation and organisational infrastructure.

Phase 2, which may last for 2–3 years,

is designed to broaden the involvement of a larger group of key business leaders in translating the strategy and policy into action. The goal of Phase 2 is to ensure that SD thinking becomes integrated into business thinking. The substudy suggests that the greatest level of effort in alignment activities should take place in this Phase to gain the commitment of key business leaders. This reflects the overall design principle of the framework that SD alignment activities should be line management focused: aimed at the real “movers and shakers” within an organisation who have the power to make an initiative succeed or fail. They are the people who are well respected in the organisation as role models, who have a network of influential relationships, who are responsible for managing others, and who have helped in the success of other change initiatives.

Phase 2 activities include broadcasting internal communications, one-on-one discussions, local stakeholder engagement, business unit SD alignment workshops, business unit action plans and implementation, accountability mechanisms, measuring and reporting progress, team support networks and external communications.

The final stage, Phase 3, which may last for 3–5 years and includes on-going employee awareness communications, incorporation of SD-specific training which is directly related to employee’s job responsibilities into existing training programmes, employee suggestion programmes and the use of employees to externally communicate company SD initiatives to the local community.

The Framework Guidance Manual is intended to provide cement companies with a detailed approach for designing the steps in a company-specific alignment process for SD Alignment. The study also provides a Framework Trial Application as an example of how the SD Alignment Approach would be used in a hypothetical cement company to enable companies to understand better how to implement the steps of the approach.

### Alignment best practices

In establishing the alignment framework, the substudy also looked at best practices in SD alignment in other industries, which could be used in the cement industry, as well as companies with global operations that have successfully made progress in SD alignment. Interviews with companies like BHP, Dow Chemical, DuPont, Ford and Shell identified a number of alignment “best practices” which could usefully be transferred to the cement industry.

## CEMENT INDUSTRY SD CASE STUDIES

**Example of Successful Engagement**

A Lafarge plant in British Columbia, Canada initiated an extensive public involvement campaign related to building a new plant in an existing location. Lafarge was able to proactively address their concerns, winning approval from regulators and the public.

**Contribution to a Zero Emissions Society**

Taiheiyo sees an opportunity for the cement industry to become the nucleus of a network of industries that use each other's wastes as raw materials, supporting a "Zero Emissions" concept aimed at eliminating waste emissions from human society. Successful examples at Taiheiyo include the exchange of calcium carbonate and gypsum with power stations, the use of incinerated household wastes to make Eco-Cement, and the destruction of CFCs in cement kilns.

**Case Study: SD Report**

To develop its SD report, Lafarge actively involved both senior management and external stakeholders to shape the issues discussed and the expectations for action. Lafarge found a number of alignment-related benefits to undertaking this process: Focused the attention of the organisation on SD, particularly once it became understood that the report would be distributed outside the organisation. Because some of the issues dealt with were new to people in the organisation, a significant amount of dialogue was needed to arrive at a common point of view. This raised people's understanding of the issues and commitment to what needed to be done.

Raising and discussing controversial issues helped move the organisation forward.

Common themes included:

- Strong commitment to SD at the top of the organisation – in some cases (e.g. Ford) the Chairman is visibly leading the initiative
- SD strategy – strategy for addressing SD is explicitly established and tied to business strategy in a way that makes its business value clear
- Tangible projects – high profile SD initiatives are an effective way to raise awareness, generate enthusiasm and gain commitment
- Commitment of key managers – many companies hold workshops/other training activities to raise awareness of key managers and identify actions they can pursue to address SD
- Goals and objectives – companies establish long-term SD goals and ensure that they are translated into short and medium-term objectives for business units and key management individuals
- Communication – vital to ensure that

employees are aware of the importance of SD. Methods used include: newsletters, intranet, e-mail, one-on-one discussions, periodic SD performance reports, speeches and training sessions

- Tailored approach – different internal audience require different alignment approaches: most companies concentrate on senior and middle management
- Staff resources – functional staff members are assigned to coordinate the SD initiative and maintain momentum.

Total employee involvement – most companies recognise that not all employees need to address SD to the same extent as key management, but some have found suggestion programmes are an effective way to involve and reward other staff and also a valuable source of ideas.

**Effective communication – key to the alignment process**

Although a broad-based training initiative is not necessary to reach everyone in the organisation, the substudy recommends

that at a minimum there should be good communication to create general awareness of SD, why it is important to the business and what this means in practice. This creates the basis of an understanding that reinforces the need to take action when specific initiatives arise. Communication activities undertaken by "best practice" companies include:

- Regular top management communication about the business value of the activities
- Internal communication promoting successes
- Accountability mechanisms
- Measures/reporting of progress
- Regular external engagement
- Suggestion and/or award programmes

As part of its task the substudy produced resource and support materials (Microsoft® Powerpoint format) about subjects potentially relevant to an organisation's own internal communications efforts around SD for use by individual companies.

**Alignment – the way forward**

It is clear from the work of the substudy that the alignment process is critically important to the successful adoption of sustainable development practices – and this is not simply confined to the cement industry. The report's "hands-on" approach will provide any company with practical tools to help achieve this.

**REFERENCES**

- [1] See, for example, P. Strebel, "Why do Employees Resist Change?" Harvard Business Review, May-June, 1996; John. P. Kotter, "Why Transformation Efforts Fail," Harvard Business Review, March-April, 1995.
- [2] Toward a Sustainable Cement Industry. Substudy 4: Company Promotion of Sustainable Development Alignment.

The study is available as a downloadable pdf file from the Cement Sustainability Initiative website, [www.wbcscement.org](http://www.wbcscement.org).

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