

Accelerating Change toward Sustainability



Strategic Sustainability for Project Managers: A Framework for Business Planning

PMI Maine Chapter

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Presentation Goals

- Make the Business Case for Sustainable Project Management
- Explain how Strategic Sustainability is an opportunity for project managers across all industries worldwide
- Define Sustainability and State the Rules of Nature
- Describe the Triple Bottom Line
- List the Benefits Of Strategic Sustainability
- Introduce the 4 Sustainability Principles
- Present the ABCD Process
- Discuss Next Steps



Business Issues Survey

	Not Relevant	Relevant	Very Relevant		
1. Are increasing energy, water, & materials costs impacting your organization?	1	2	3	4	5
2. Are you being asked for more green and socially responsible products and/or services?	1	2	3	4	5
3. Is it harder to hire top talent because college grads have higher Corporate Social Responsibility expectations?	1	2	3	4	5
4. Do you believe employees are more productive when their personal & corporate values align?	1	2	3	4	5
5. Have you been impacted by governments imposing stricter environmental and human rights legislation?	1	2	3	4	5
6. Have you found it harder to access capital since investors are asking more CSR questions?	1	2	3	4	5





What is Sustainability?

Sustainability - an approach to economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

UN World Commission on Environment & Development – 1997

Sustainable Project Management – using the tools & techniques of traditional project management while incorporating Sustainability into both new and existing projects



Going Green Makes Cents

Making the Case for Sustainable Project Management

What do Wal-Mart, GE & Home Depot have in common?

- a. They are within the top 20 Fortune 500 companies
- b. They embrace Sustainable Business Practices
- c. Eco products & practices contribute to their bottom lines
- d. **All of the above**



imagination at work



Wal-Mart and Environmental Goals

World's largest corporation – by revenue

\$401B revenue FY 2009 (up 7.2% from 2008) \$13.3B profits

“Sustainability is about building a better business.

**We think it is essential to our future success as a retailer –
and to meeting the expectations of customers.”**

Lee Scott, president CEO Wal-Mart

Environmental Goals

Reduce greenhouse gases by 20 percent in seven years

Reduce energy use at stores by 30 percent

Cut solid waste from U.S. stores by 25 percent in three years



GE: “Ecomagination”



imagination at work

Ecomagination - helping to solve the world's biggest environmental challenges by driving **profitable growth** for GE

May 2005 - CEO Jeffery Immelt announces Revenue opportunity:

- Sell \$25 Billion of 80 Eco Products per year by 2010
- Up from \$14 Billion in sales in 2007
- Up from \$10 Billion in sales in 2004





SAVE Green. Live Green.
Find Eco-friendly products that
SAVE more than just money

- World's largest buyer of construction material
- Pressured by protests against selling wood from endangered forests in Chile and Indonesia
- Largest green labeling program in U.S. retailing; promotes energy conservation (Energy Star) and sustainable forestry (Forest Stewardship Council) products
- 2,500 products; 90% already on the shelves 6,000 products by end by 2009



Global "Green" Energy Stimulus



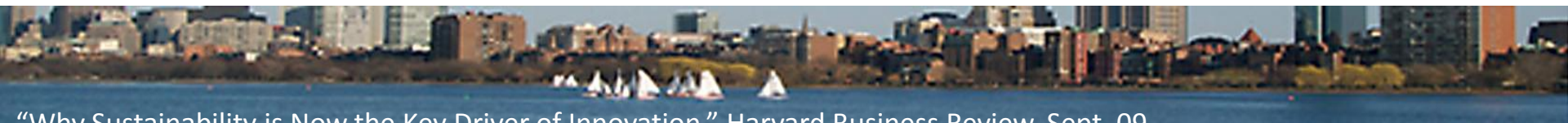
World governments have committed more than **\$200B** toward technologies to cut dependence on fossil fuels

250 new policies since July 2008 in USA, EU, and Asia to support solar / wind power and climate- change mitigation projects



Why Sustainability is Now the Key Driver of Innovation

- **Innovation** is the key to progress in times of economic crisis
- Companies are **changing** the way they think about products, technologies, processes, and business models
- Only companies that make sustainability a goal will achieve competitive advantage
- Sustainability can lower costs and increase revenues



Why Sustainability is Now the Key Driver of Innovation

5-Stage Sustainability Journey

5. Purpose/Passion

Values-driven founder /CEO

4. Integrated Strategy

Enhanced business value

3. Beyond Compliance

Eco-efficiencies

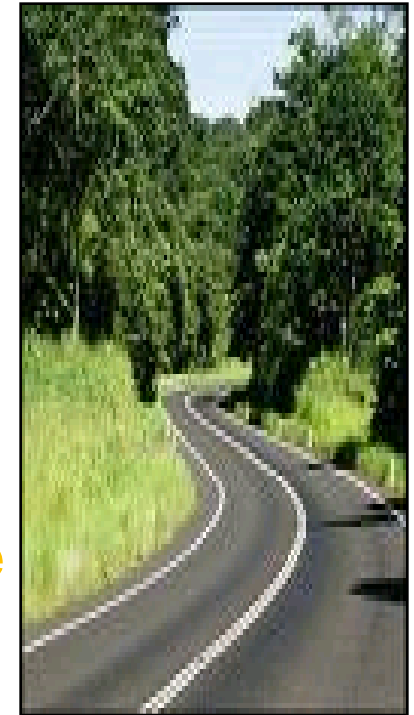
PR Crisis

Regulatory Threat

2. Compliance

Regulatory Enforcement - Unsustainable

1. Pre-Compliance – Very Unsustainable



The Sustainability Imperative - Four Stages of Value Creation

Stage 1 Reduce cost, risks, and waste; deliver proof-of-value

Stage 2 Redesign selected products, processes: do old things in new ways: then do new things in new ways

Stage 3 Drive revenue growth by integrating innovative approaches into core strategies

Stage 4 Differentiate value through new business models, enhanced corporate culture, brand leadership, and other intangibles to secure durable competitive advantage



Innovation - “Nike Considered Design”

“We are designing for the sustainable economy of tomorrow, and for us that means using fewer resources, more sustainable materials and renewable energy to produce new products.”

President and CEO Mark Parker



Considered
Pegasus

- More efficient design patterns use less material, easier to recycle, adhesives made from water instead of toxic chemicals, sustainable materials: cork, organic cotton



Considered
Air Jordan XX3

- Air Jordan XX3 - Jan 08 - Made from recycled plastic & scrap materials with no toxic adhesives

6 Sustainability Imperative Drivers

- **Globalized workforces and supply chains**
have created environmental pressures and liabilities
- **Intensified competition for natural resources**
especially oil, due to the rise of China and India
- **CO2 and water**
are fast becoming material to investors
- **Consumers** seek sustainable products / services
- **Governments** are imposing regulations:
SEC ruling that climate risk is material to investors;
EPA's mandate that GHGs be regulated as a pollutant
- **Explosion of innovation** in energy efficiency, renewable power, resource productivity, and pollution control

Announcements in March 2009 ... in a recession



Spending \$500M on alternative fuel vehicles



New line of water management products & services



PEPSICO

Designed lightest-weight water bottle



Goal to sell \$50B in eco products in 2012
Up from previous goal of \$20B



WWF Climate Savers Initiative



Energy Savings Campaign

Call for decline of GHG - Green House Gases to half of 2000's levels by 2050

Members:

Google, Yahoo, Intel, Dell, H-P, IBM, Lenovo, Microsoft, Nokia, Sony, Nike, US EPA, 25 NGOs and Universities



Is Short Term Profit The Only Driver?



- Past century has brought extraordinary improvements in human health, education and material well-being



- Unintended consequences include ecosystem destruction air, land & water pollution, dwindling energy reserves



- **The resulting impact:**
 - Spiraling energy costs
 - Toxins accumulating in food
 - Water shortages

The Natural Step



The Natural Step is an International non profit dedicated to helping organizations adopt sustainable business and living practices

www.naturalstep.org/

SYSTEM CONDITIONS FOR SUSTAINABILITY

In a sustainable society, nature is not subject to systematically increasing...



...concentrations of substances extracted from the earth's crust,



...concentrations of substances produced by society,



...degradation by physical means,

and, in that society...



...people are not subject to conditions that systematically undermine their capacity to meet their needs.



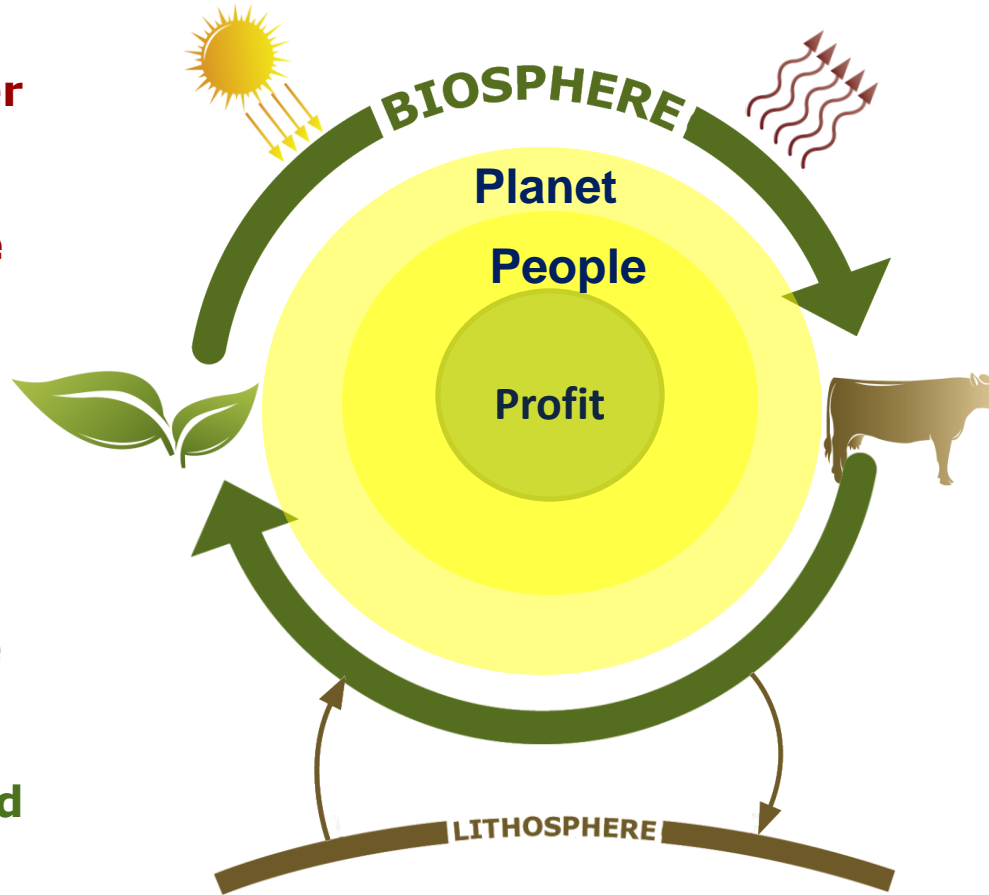
The Rules of Nature

Scientists agree on these non-negotiable facts about the earth:

1. There is no away - matter can change form, but it doesn't leave

2. The sun's energy drives everything

3. We live in the biosphere - which is as thin as an onion skin and very fragile



4. Plants capture the sun's energy to power their growth which keeps our planet healthy

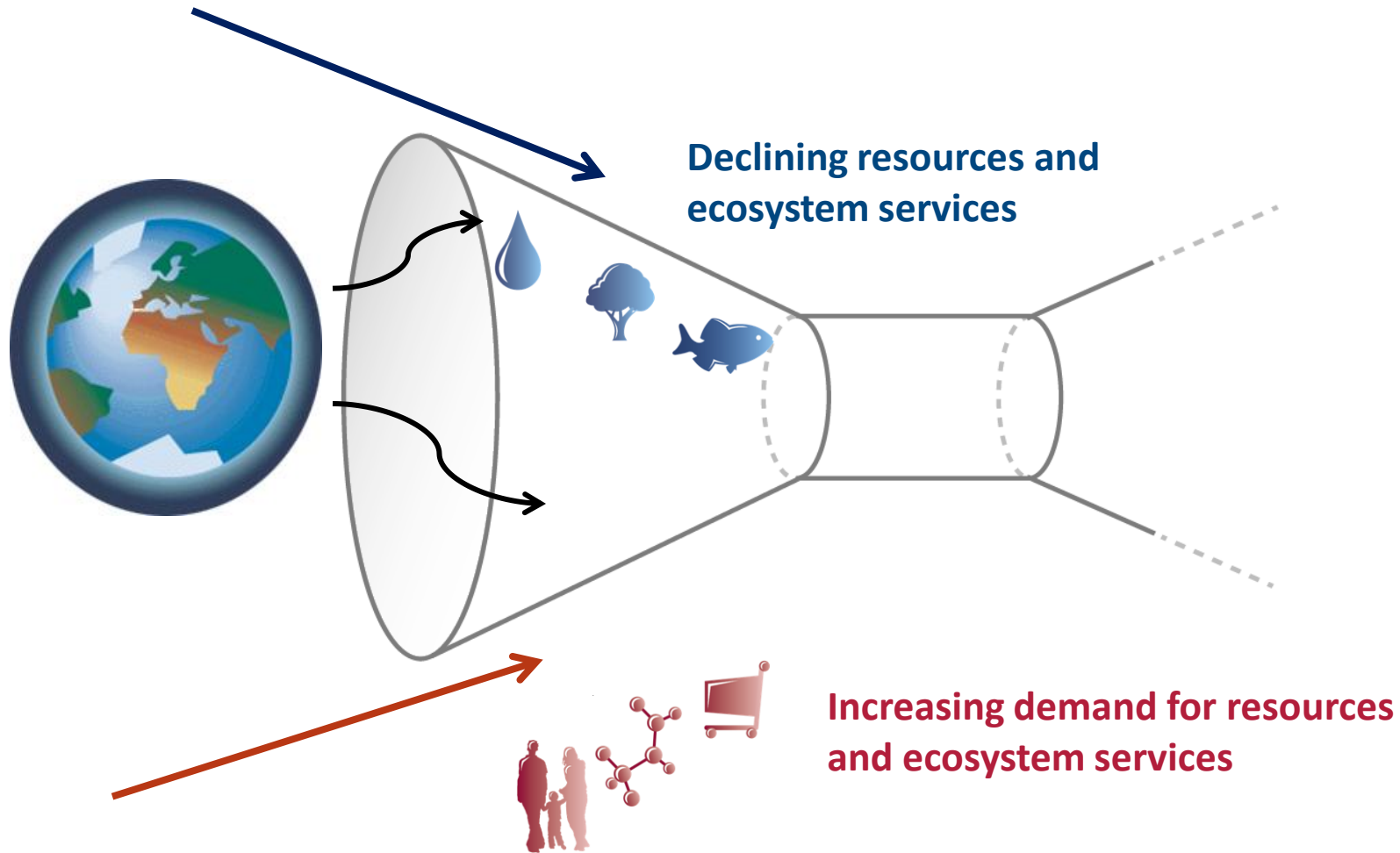
5. All life on earth depends on Nature's self regulating, efficient cycles where nothing is wasted

To be sustainable, we need to operate within the natural laws that govern all life on earth

Our economy exists within the larger system of nature



The Natural Step Funnel



The Earth's Resources are Finite



Sustainability Principles Restated

Opportunities



Reduce **Taking** substances extracted from the Earth's crust that accumulate in nature: Oil, Coal, Natural Gas, Mercury
Reduce what we **TAKE**



Reduce **Making** substances that don't break down: Plastics, Styrofoam, Vinyl ...
Reduce what we **MAKE**



Increase **Protecting** Nature's land, water and air
Increase what we **PROTECT**



Increase **Respecting** People: creating conditions that help people meet their needs
Increase what we **RESPECT**



Planet
People
Profit

Care Instructions Video

What are the Potential Benefits?

Potential Profit Increase from Sustainability Strategies

Small/ Medium Organizations
Large Organizations

+66% Potential Profit
+38% Potential Profit

as a minimum **PLUS**

- Energized Employees
- Improved Corporate Image
- Competitive Advantage
- Positioned for the Future



What are the Benefit Areas?

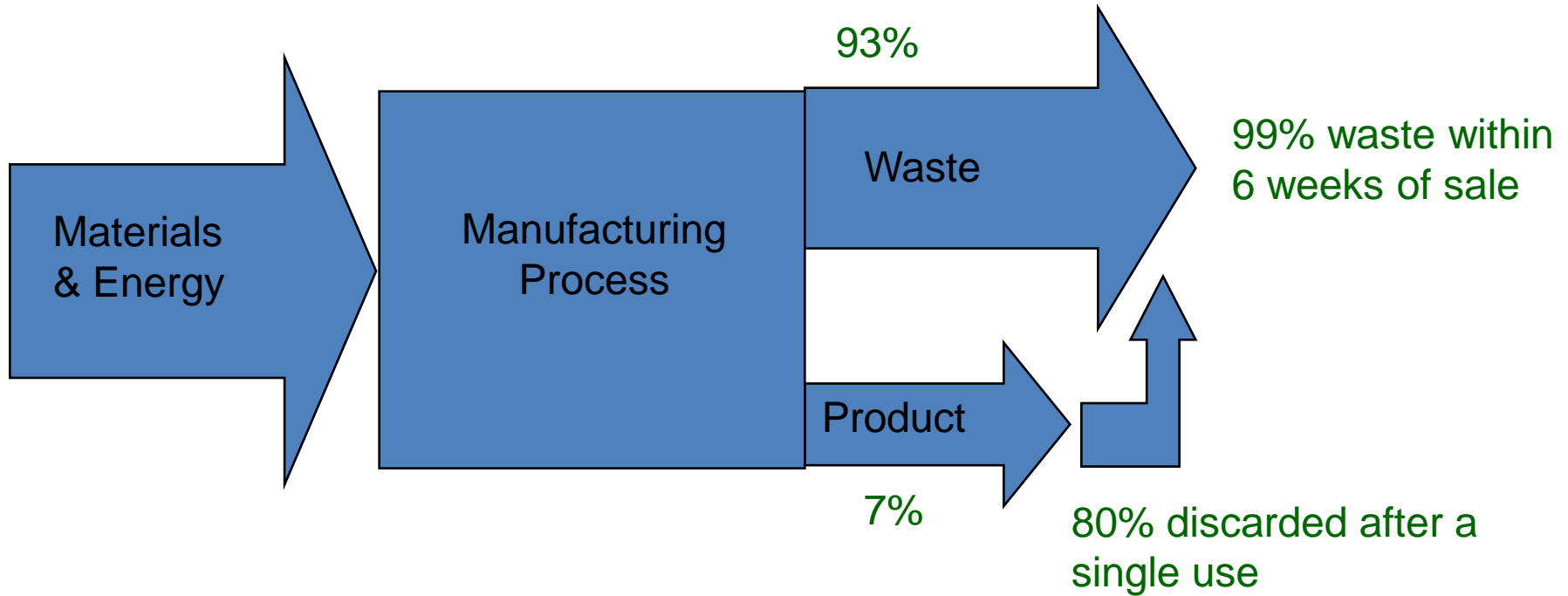
1. Reduced Recruiting Costs
2. Reduced Attrition Costs
3. Increased Employee Productivity
4. Eco-efficiencies: savings in energy, water, materials, waste handling
5. Increased Revenue / Market Share
6. Lower Insurance & Borrowing Costs

Usual
focus

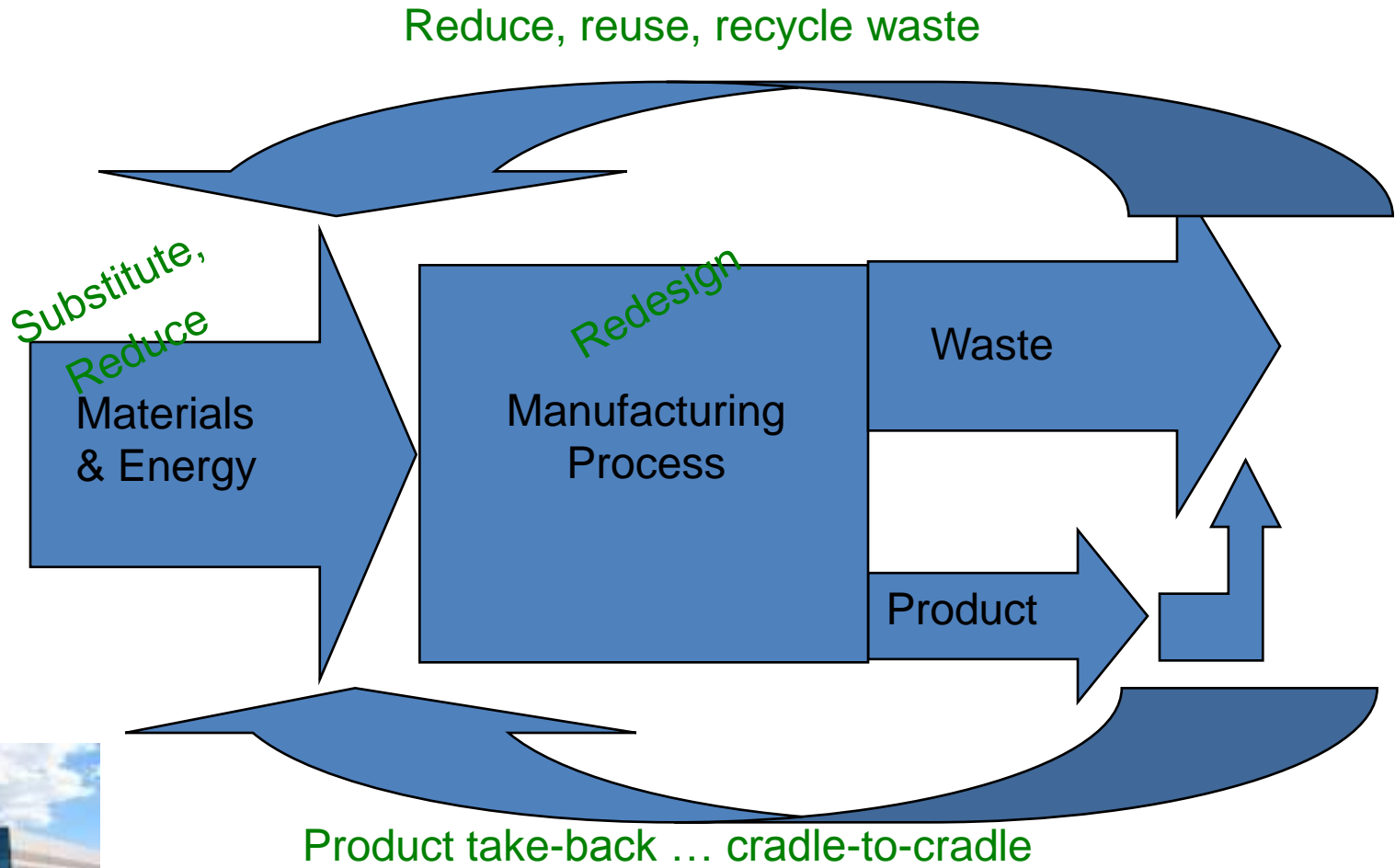
... yielding potential profit increase + 35 or +66%



US Waste Story



Eco-efficiency / Eco-effectiveness



Examples of Eco-Efficiency Savings



Reduced bill by \$3B since early 1990s and cut GHGs by 77%



In California, reduced its waste by 95%, **Saved \$870K in 1998**



In five years, increased production by 50% while waste emissions were cut by half; **Saved \$125M/year**

The Secret Benefits

1. Reduced recruiting costs
2. Reduced attrition costs
3. Increased employee productivity
4. Eco-efficiencies: savings in energy, water, materials, waste handling
5. Increased revenue / market share
6. Lower insurance & borrowing costs

The Secret Benefits



REPUTATION

Where Does Project Management Fit?

- Sustainable Business Practices are built on the *foundation* of Sound Project Management Principles



There is huge opportunity to:

- Incorporate Green Glasses thinking into projects
- Create Sustainable Project Initiatives

Interested Project Managers are poised to:

- Lead our organizations into a profitable, sustainable future
- Advance our careers
- Help restore the planet



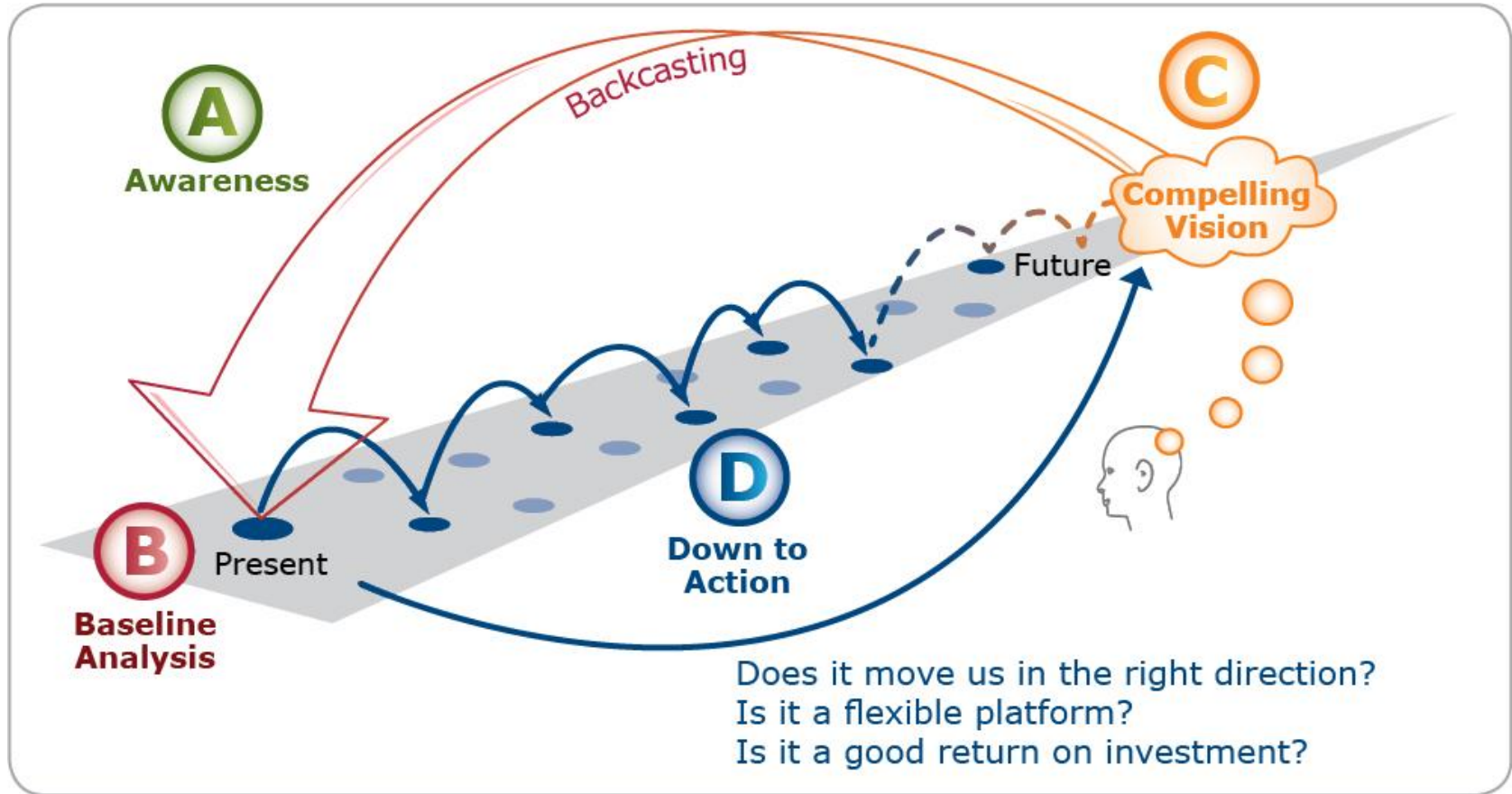
Project Management & Sustainability

SPM utilizes Project Management knowledge areas:

- Integration
- Scope
- Time
- Cost
- Quality
- Human Resources
- Communication
- Risk
- Procurement



The Natural Step ABCD Methodology





Potential Barriers



1. Lack of support from senior leaders

Not strategic, Nothing to do with our business

2. Costs too much

Can't afford to in this economy, no short term gain

3. Lack of knowledge

What problem?

4. Lack of Education

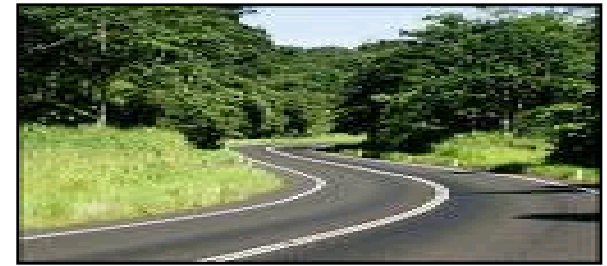
Where to begin, what to do, how to do it

5. Resistance to Change



7 Reasons Sustainability Is Not a Fad

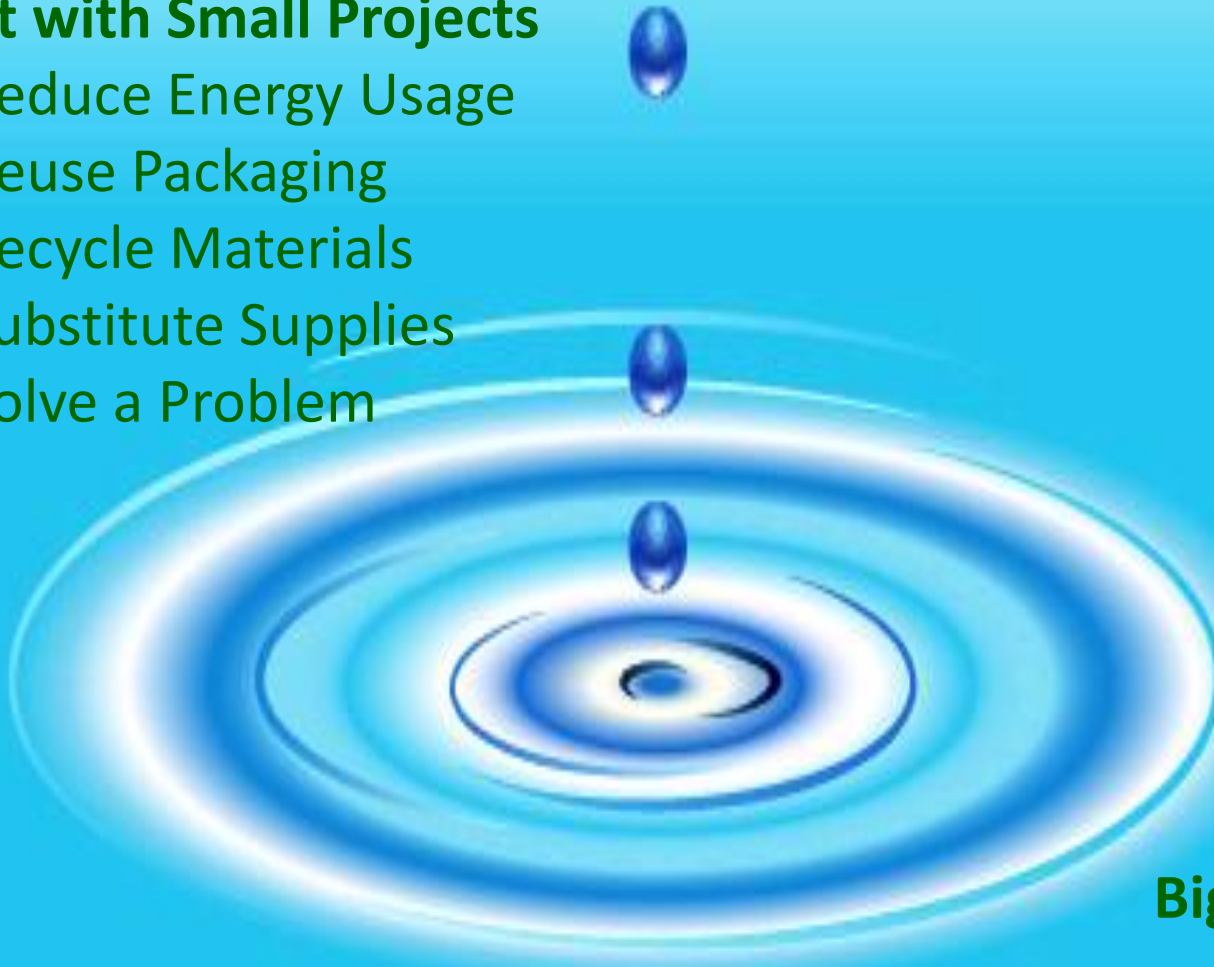
1. The Earth's resources are finite
2. The Energy Crisis is permanent
3. It's personal: Me, my kids, my grandkids vs. spotted owl
4. Investors, Banks, and Economists care: Factoring climate change and energy crisis risks into rates and decisions
5. Mainstream media is on board: Regular, in-depth coverage
6. Politicians are reacting: Political courage is building
7. Innovation is driving the race for sustainability – the most innovative organizations and nations will prosper



Where Do We Begin?

Start with Small Projects

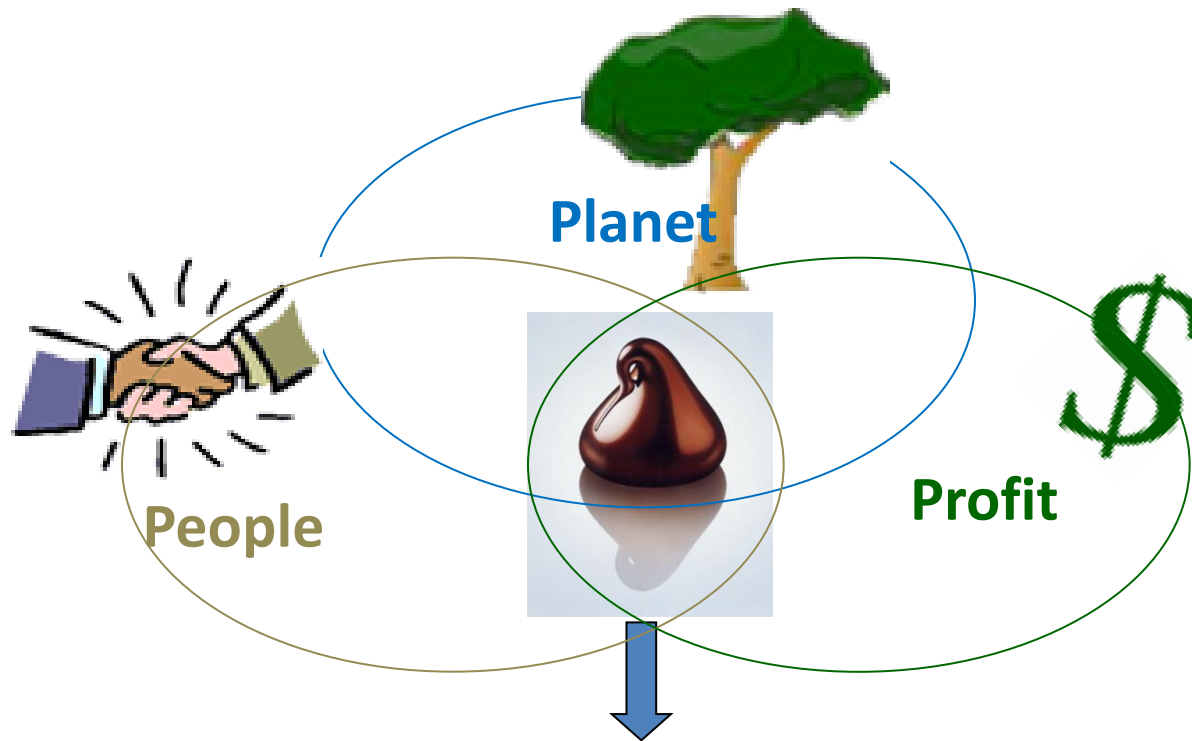
- Reduce Energy Usage
- Reuse Packaging
- Recycle Materials
- Substitute Supplies
- Solve a Problem



Big Shifts



The Sustainability “Sweet Spot”



- New Products and Services
- New Processes
- New Markets
- New Business Models

CSR Opportunities in a Recession



54% of business leaders say attention to corporate citizenship efforts is even more important in a recession

Finding opportunities through corporate citizenship

Question asked: Many companies are identifying new business opportunities through CSR initiatives. Please indicate which of the following you are currently doing.

	Yes, currently doing (all companies)	Breakdown by company size - 2009 only		
		Small	Medium	Large
Reducing costs through improved materials efficiency	72%	64%	79%	85%
Manufacturing or sourcing locally / domestically	58%	56%	62%	60%
Increasing brand awareness as 'green' or socially responsible	53%	45%	60%	69%
Designing sustainable products & services	52%	44%	60%	65%
Providing customers with better info on product impacts	50%	45%	58%	59%
Offering more energy efficient products & services	48%	40%	59%	59%
Training frontline employees to improve business awareness	46%	35%	61%	64%
Using CSR as a market differentiator	22%	14%	36%	32%

Recession Increased SD Commitment

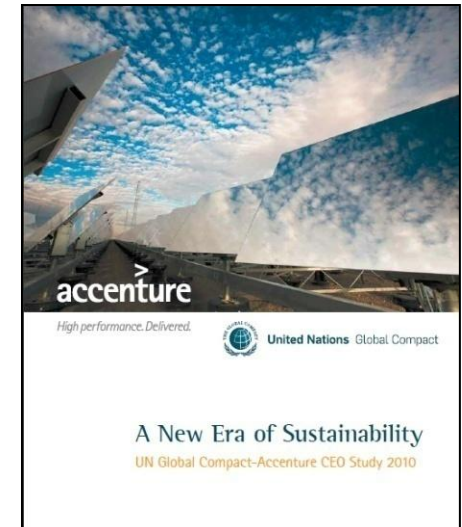
80% of the CEOs surveyed say the downturn has raised the **importance of sustainability**

93% of CEOs believe that **sustainability** issues will be **critical to the future success** of their business.

96% of CEOs believe that sustainability issues should be **fully integrated into the strategy and operations** of a company (up from 72% in 2007)

58% of CEOs identify **consumers as the most important stakeholder group** that will impact the way they manage societal expectations.

Employees were second with **45%**.



Raise Awareness:

- Sustainability is Smart Business
- Leverage Project Management Skills to lead Sustainability
- Sustainability will protect & enhance company value
- Stakeholder's expectations are rising
- Sustainability is relevant to existing business priorities
- Many willing, helpful partners and networks exist
- There is opportunity to lead the field



Key Messages

- **Strategic Sustainability** can reduce costs, increase profit
- **Sustainable Project Management** is an opportunity for project managers
- **Sustainability** – meeting our present needs without compromising the ability of future generations to meet their needs
- **The Triple Bottom Line** – Planet, People, Profit
- **The 4 Sustainability Principles**
Reduce what we make & take, Increase what we protect & respect
- **The ABCD Process**
Awareness, **B**aseline, **C**ompelling Vision, **D**own to action
- **Discuss Next Steps**



Next Steps

➤ **Become Educated**

➤ **Websites:**

greenbiz.com/

naturalstep.org/

sustainabilityprofessionals.org/



Books:

Green to Gold by Daniel Esty, Andrew Winston

Confessions of a Radical Industrialist by Ray Anderson

The Business Guide to Sustainability by Darcy Hitchcock & Marsha Willard

The Isis Agreement by Alan AtKisson

The Green Book by Elizabeth Rogers

➤ **Bring Strategic Sustainability Presentations to your workplace**





Planet, People, Profit

Thank you for your time

Remember the
Triple Bottom Line!

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