



# Crystal Ball Gazing

## *A Critical Examination of the Environmental Profession in the New Millennium*

by Richard MacLean, Competitive Environment, Inc.

*As I sit down to write this month's "EH&S Advisor" it is the first week of the new millennium. Caught up in the wave of New Year reflections on the past and forecasts of the future, I take a close look into my crystal ball to see what's on the horizon for environmental professionals. You may not like what I see. Whether you strongly agree or disagree with the conclusions I reached, I look forward to your feedback.*

### **THE ENVIRONMENTAL PROFESSION MATURES**

Environmental staffs in the 1960s were nonexistent or combined into other departments such as plant utility service groups. Earth Day in 1970 was just one of the more visible events that triggered a wave of demand for environmental professionals. Environmental staffs grew exponentially from the 1970s through the early 1990s, developing methods to maintain compliance, clean up contaminated sites, and better manage risk. Even as other departments were relentlessly cut, environmental budgets increased. *The environment as a profession was in vogue!*

So much progress has occurred over the past 30 years that many environmental activities have become service commodities. What was cutting edge 10 years ago is commonplace today. Programs are now off-the-shelf packages that require little or no customization. Consulting services such as environmental permit writing, monitoring, and environmental assessments are routine and standardized. Information systems and implementation techniques are well developed to handle regulatory demands.

It took talent and specialized resources to develop the first systems for auditing, pollution prevention, and environmental management. Environmental professionals rose in level and stature as their budgets and influence in the companies increased. Officer-level positions were created beginning in the mid-1980s, and senior environmental managers were allowed near the inner circles of power for the first time. The size and influence of regulatory agencies and the U.S. Environmental Protection Agency (EPA), in particular, grew in prominence. There was even talk of the agency becoming a Cabinet-level department.

At the beginning of the environmental movement, executive management had little understanding of the emerging science of environmental protection or of the intricacies of the regulations. They clearly understood, however, the political, legal, public relations, and financial consequences resulting from flawed policies and misdirected programs. In the 1980s, environmental managers were riding high on a wave of expanding departments constrained by few limits and even less second-guessing relative to other departments. The "You can go to jail. We have to do it!" was the Excalibur that would smoothly slice through business management resistance.

Beginning in the mid-1990s, the "hands off" treatment of environmental programs came to an abrupt end because of three major forces. First, programs matured to the point that many could be outsourced entirely or grouped into internal "shared service" departments competing with external service providers. Business managers better understood both

the issues and the resource requirements of environmental programs. Managing environmental compliance had been demystified. Threats of jail time have a hollow ring today.

Second, new regulatory programs began tapering off at a time when companies were better positioned to deal with them. Proactive programs such as pollution prevention have reaped the low-hanging fruit and have become maintenance efforts, losing the appeal that comes with newness. Many of the acute problems that triggered the environmental movement have been dealt with adequately, at least to the general public's satisfaction.

Third, cost pressures were absolutely relentless. Environmental, health, and safety (EH&S) departments are treated today with the same objectivity as any other department. Mergers, divestments, and acquisitions have prompted rethinking of how environmental staffs should be positioned within companies. The current movement to consolidate or outsource all business services comes at a time when environmental activities are viewed narrowly as a service, not as a strategic business issue.

### **BE CAREFUL WHAT YOU WISH FOR...**

Environmental managers have long wanted to be treated like other business functions in industry. Well, they are nearing that point today. Over the past five years they have been subjected to the same brutal scrutiny and cost cutting as any other department. The "hands off" approach during the period of regulatory and program growth allowed some

organizations to expand to large internal bureaucracies. Some of these departments became havens for inefficient but well-liked individuals. Their managers became protective of both their own positions and their loyal staffs.

The shakeout of the environmental industry over the past five years is widespread. Consulting organizations have undergone round after round of consolidations and restructurings.<sup>1</sup> Regulatory agencies are not expanding as they did in the 1970s and 1980s. Not surprisingly, middle managers are hardest hit in this tight job market. Most environmental programs are in a maintenance/incremental improvement mode, rather than in development stages that require experienced resources. Recent graduates with specialized skills can sustain these programs at reduced staff costs.

Environmental managers are understandably worried. They occasionally nervously joke about how long they must hold on until a retirement plan is fully vested or an exit package may be offered. Senior environmental professionals are facing early retirement, children entering college, family medical issues, or other extraordinary cost pressures that lock them into their current situation. They are also specialists in a relatively small niche that is not growing for the first time in years. Labeled as service providers, they find it difficult to compete head-to-head with candidates in other professions seeking mainstream management positions.

**THE PROFESSION TRANSFORMED**

The impact on the environmental profession has been subtle, not even noticeable to many business managers. If anything, from business management’s perspective, things have gotten much, much better. Environmental managers act more business-like; today, they talk like business managers.

The actual impact on the environmental movement has been profound and not necessarily positive. Joel Hirschhorn, one of the earliest visionaries and proponents of pollution prevention, stated in a seminal article on “why the pollution prevention revolution failed,”

Implementers replaced visionaries. Implementers became incrementalists. Vision was replaced by practicality, negotiation, and compromise. Conceptualizers in government were replaced by bureaucrats. Dreamers in industry were replaced by managers. Rapid technological change and progress were replaced by words, newly named programs, and endless new phrases that people invented to feel good and important.<sup>2</sup>

Hirschhorn’s views represent one end of the spectrum. What my colleagues and I have seen is a growing reluctance on the part of environmental managers to push forward new ideas.

Budgetary strangulation and personal worry have created a kind of “green arthritis,” causing progress to creak along with difficulty. It takes all the available resources just to focus

on compliance, public relations, program maintenance, and incremental improvement. Top managers are also wary of the dangers of linking one’s future to CEO-driven programs that have no general support within the company. The track record has not been encouraging: when the CEO goes, so do key environmental staff members, along with the programs they built.<sup>3</sup> Is the expression “Don’t rock the boat!” replacing “Save the planet!” as the mantra of environmental professionals? I hope not.

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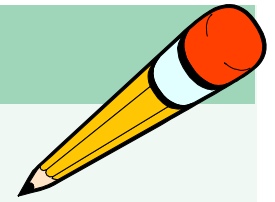
**LOCAL, URGENT, AND OBVIOUS THEN—GLOBAL, LONG TERM, AND OBSCURE NOW**

The World Trade Organization (WTO) riots in Seattle may have given some a flashback to the environmental activism of the 1960s and 1970s. The protests may have had a déjà vu look to them, but clearly, the WTO “event” was no Earth Day. There are fundamental differences between the environmental landscape back then versus now. Today’s environmental regulatory frameworks, management systems, institutions, and organizations have evolved from the “then” issues. How well will these approaches resolve the “now” issues and, more significant, how well will they serve future needs?

Thirty years ago, the public was galvanized into action over pollution in their back yards. The problems were urgent and obvious to all. The public outrage provided the motivation for Congress to enact new, far-reaching laws. Today, most significant environmental concerns are related to global issues. You can’t see global warming and ozone layer depletion; you measure the trends over decades with scientific instruments. Destruction of tropical rainforests and habitat, reduction in bio-diversity, global shortage of potable water, species extinction, and persistent toxic and biologically active chemicals—lots of stuff is going on. Or is it?

Viewed from the standpoint of the metrics that business managers track today, all is quiet. Things are much better. We have met the challenge, we are in compliance, and we are environmental leaders in the community! Viewed from the public’s perspective, a lot of progress has been made. The air and water have improved, and the worst waste sites have been cleaned up

# EH&S Advisor Checklist



## Is Your Company Preparing for the Future?

### A TEST FOR “GREEN ARTHRITIS”

Use the following list to determine if your company or your organization may be suffering from “green arthritis,” an affliction that slows environmental progress. An affirmative response to several of the following questions does not necessarily indicate a case of green arthritis. However, a dozen or more “yes” answers and you may need “medical intervention” to cure the “disease.”

If you are an EH&S manager, I recommend that you format this list as a confidential questionnaire to your staff, your internal customers, and other resources who share EH&S responsibilities. Gather the feedback and use the results to kick off follow-up discussions. Responses should be rated on a scale from “strongly agree” to “strongly disagree.” If the survey population is large enough, differentiate responses by the feedback source (e.g., staff, internal customers, etc.). For a formatted example of this survey, e-mail a request to [maclean@Competitive-E.com](mailto:maclean@Competitive-E.com).

### Strategy and Vision

1. Does the EH&S *vision* statement read more like a *value* statement?
2. Is there no *clear* vision of where the company's EH&S effort is headed?
3. Do strategic plans look more like project lists rather than a road map to attain the desired future state?
4. Is there a disconnect between the vision and reality? For example, “environmental excellence” or some other cliché is used to describe the vision, but the programs and activities are more in keeping with compliance and industry norms.
5. Is insufficient time allowed for long-term planning?
6. Is there excess focus on process completion (e.g., the number of audits completed) rather than more meaningful metrics?
7. Do excellent managers head the EH&S staff, but leadership and vision appear to be lacking?
8. Is benchmarking centered within the industry group instead of best-in-class among all industries?
9. Are metrics focused primarily on lagging, rather than leading, indicators?

### Communication

10. Are status reports and other executive board of director (BOD) communications edited repeatedly as they flow up through the organization? Does the final report bear little resemblance to the urgency or candidness of the original?
11. Is there a reluctance to stand out from the pack? For example, certain programs are innovative and creative, but management does not want to share/publicize these for fear of being identified as “a leader,” even though these programs would not represent a loss in competitive advantage.
12. Are status reports to the CEO or BOD presented by someone other than EH&S management? Does a non-EH&S executive in the chain of command handle these critical communications?
13. Is there a perceived “firewall” surrounding upper management that protects them from negative news and opinions contrary to mainstream thinking?
14. Is bureaucratic risk avoidance packaged and sold to upper management as a finely tuned environmental effort?
15. Do the staff members feel bullied and intimidated from challenging the views of upper EH&S management?

### Decision-Making

16. Is excessive energy focused on working the internal and external bureaucracies rather than on promoting creativity and more competitive approaches to environmental protection?
17. Are progressive approaches repeatedly held in check by the law department?
18. Are innovative ideas cut in the earliest stages because it is *assumed* that upper

management will not approve these new programs? Are these assumptions almost never given a reality check by direct, face-to-face communication with business executives?

19. Are the final, authoritative decisions consistently deferred to the law department, even though the issues may not involve compliance or regulatory matters?
20. Is excessive time spent in program or planning meetings that seem to go nowhere; do decisions to move forward occur slowly, almost painfully?
21. When options are presented, are the boldest and the most potentially rewarding action plans consistently rejected in favor of safer alternatives?
22. If the company is recognized for its business success as an industry leader, are the actual (i.e., as judged by independent reviewers) environmental efforts out of sync with this top tier position?
23. Is there reluctance to use experienced independent advisors who have “attitude” to review and possibly challenge the current vision, goals, policies, programs, and so on?<sup>a</sup>
24. Is compatibility with existing business management practices given disproportionate weight in deciding which program to recommend?
25. Are consultants who support and reinforce existing approaches consistently selected?

### Organization

26. Is upper EH&S management viewed as part of the problem, not part of the solution, to press forward with needed changes?
27. Are EH&S staff members creating defensive files to document that they warned their management about impending issues in the event that these issues later erupt and they are unfairly blamed?
28. Are staffs on constant edge over rumored or announced cutbacks, reorganizations, mergers, acquisitions, and so on?
29. Are resource levels allowing only fire-fighting at minimal compliance?
30. Do EH&S staff members appear to be engaging in *excessive* external activities on company time, justifying these efforts as being necessary to establish the company as a leader? Are these activities resented by other staff members as being nothing more than self-promotion or groundwork for landing the next job?
31. Do consultants do what they are contracted to do instead of suggesting alternatives that are more progressive, yet unproven or uncommon?
32. Is there friction among organizations over the staff resource distribution? Do these battles appear to be driven by power and control, rather than concern for the most effective placement of resources?
33. Are senior EH&S managers who are assigned additional, core business-related responsibilities reluctant to use their increased influence in the organization to promote EH&S advances? Indeed, do they seem to only grow more cautious and conservative?

or stabilized. Legislators are concerned with other matters, and when the environment is on the agenda, it is an incremental look at urban sprawl, redevelopment, and other issues related to the narrower goals of livability. Regulators are consigned to diligently trying to meet their legal mandates and keep an enormously complex system together.

Things might be quiet in general, but there are those moments such as the Seattle riots when everyone is reminded that there are global environmental concerns looming over the horizon. Viewed in this context, the challenges facing industry, the public, regulators, and legislators are far more profound, challenging, and far-reaching than they were three decades ago. The future is now for Monsanto and Novartis. The new environmentalism has so badly shaken these companies that they are considering restructuring their agricultural units.<sup>4</sup>

**A TRANSITION IS UNDER WAY**

The old way of doing things—the country’s policies, laws, and regulations—cannot meet future needs. This has been the conclusion of numerous prestigious study groups over the past decade.<sup>5</sup> Even *defenders* of the current system admit that it is misdirected, fragmented, inflexible, costly, shortsighted, and inefficient. As an EPA division director recently stated, “Much has been made of the ‘reinvention’ of environmental regulation in the 1990s. However, nearly all recent efforts to reinvent environmental regulation in the United States have come to little more than a tinkering with specific elements of a highly complex system.”<sup>6</sup>

Today’s environmental professionals are caught in this transition between the old command-and-control paradigm that brought us to where we are today and some future, as yet undefined, state. There is, however, a growing body of literature that lays out in convincing detail the possible policy and regulatory implications of these changes on the horizon.<sup>7</sup> Timing is everything. When? It is hard to predict, especially in the United States, where change to the current system would require unwavering leadership and strong political support.

For environmental professionals in government, the current system is just plain overwhelming; nothing of significance happens and massive effort is required just to tinker around the edges.

For those in industry the situation can be every bit as frustrating. Executive management may (1) not see any need for change, indeed welcome the current lull; (2) feel no sense of urgency (the time span of emerging environmental and health issues is sometimes measured in decades); (3) assume that current business reengineering efforts will also fix any organizational deficiencies in the environmental area; and (4) view the issue in two very narrow dimensions—a legal compliance

issue and a public relations issue. Just what is the difference between the accounts payable group that cuts the checks and the environmental services department that fills out the environmental forms anyway? To some managers, very little.

**ORGANIZATIONS IN TRANSITION**

If environmental staffs have evolved from a paradigm that will someday be obsolete, what might this all mean to future organizations in the near and long term?

In the near term, EH&S staffs in industry may be gradually marginalized to the sidelines or absorbed into other “mainstream” business or service functions. For example, environmental auditing might be rolled into the finance department.

Service-related activities might be consolidated into shared service departments or outsourced entirely. Product development, process design, and business transactions might be proceduralized to include environmental considerations as extra checklist-type steps. Significant issues, due diligence, and governance activities may be handled as an adjunct of the legal department.

External reporting may be run by public relations. Sustainable development might be labeled a social responsibility concern and responsibility shifted to the same group monitoring emerging labor, community relations,

and business ethics issues. The top EH&S management positions may be assigned additional business responsibilities such as product quality or process engineering, with crisis control and public relations consuming most of the time available for EH&S. When things go wrong, they are the ones who sort it all out.

Some of these organizational transitions may be both necessary and appropriate, and are already well under way in many companies. If these transitions are not done well, and especially if they are done without a strategic eye toward the future, they can be disastrous.

EH&S professionals may be fully aware of the long-term issues on the horizon, but as described earlier, they are in a tough situation to boldly push new agendas and programs that will address the strategic issues looming over the horizon. Indeed, it may be difficult to get the resources necessary to accurately identify these long-term issues and once identified, challenging to reinvigorate management’s attention.

**IS MAINTAINING STATUS QUO THE BEST OPTION?**

Living with the status quo or making incremental improvements to existing programs may not necessarily be the best course of action. Companies are generally well equipped to handle traditional environmental regulatory requirements that focus on the processes within the fence line. CEOs and even top EH&S managers may assume that environmental issues are “under

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control." In fact, what may only be under control are the procedural, regulatory compliance, and public relations aspects of environmental matters, not the strategic ones. Big difference.

Market forces that influence the entire supply chain are the dynamic to watch in the future. Environmental issues along the global supply chain can indirectly affect even those companies in compliance with local laws. By exclusively focusing on the familiar world of regulations—our command-and-control legacy—a company may find itself at a competitive disadvantage in the future.

The companies that remain viable over the decades are those that anticipate, not just react to, future market forces. E-commerce, just-in-time manufacturing, computer technology advancements, enterprise resource planning, and quality programs are trends that enable some companies to excel or remain competitive. The maximum competitive advantage was not gained by moving forward after industry moved in mass. It certainly was not achieved by paying early lip service to some new catchword. It was gained by figuring out how the new concept can be applied to maximum benefit.

Sustainable development is the compelling driver, but it can easily be reduced to rhetoric, just as quality was in the past. Sustainability is about a fundamentally different way of doing business, just as quality is now. The companies that stand to gain are those that figure out how to do it best.

Future issues will involve new dynamics and strategies, most of which have not yet been defined. The U.S. State Department may be more relevant than EPA. Non-government organizations may have as much influence as governments. Thirty years ago, there were relatively few fully integrated global corporations. Today multinationals dominate, commanding more resources than the gross national product of entire countries. This prominence affords them a role in the debate, but it also elevates them as attractive targets.

Maintaining the status quo may appear to be the safe path, but it could also wind up being the wrong path out of this maze. If problems hit, the first question (What went wrong?)

is almost always followed by, What could have been done to prevent this? Stumbling on the answers to these two questions can be a career-wrecking move.

### CONCLUDING REMARKS

The long term is certain: EH&S will inevitably play a major, strategic role in the global marketplace. The issues are just that big. How many years from now is "long term"? No one knows. What is clear, however, is that public perceptions can be the wild card; major shifts from the current state to some future reality can occur unpredictably. For individual companies, the

future can arrive overnight. You should be positioning your company to make it through what could be a difficult transition, potentially occurring sooner, rather than later than anyone currently anticipates.

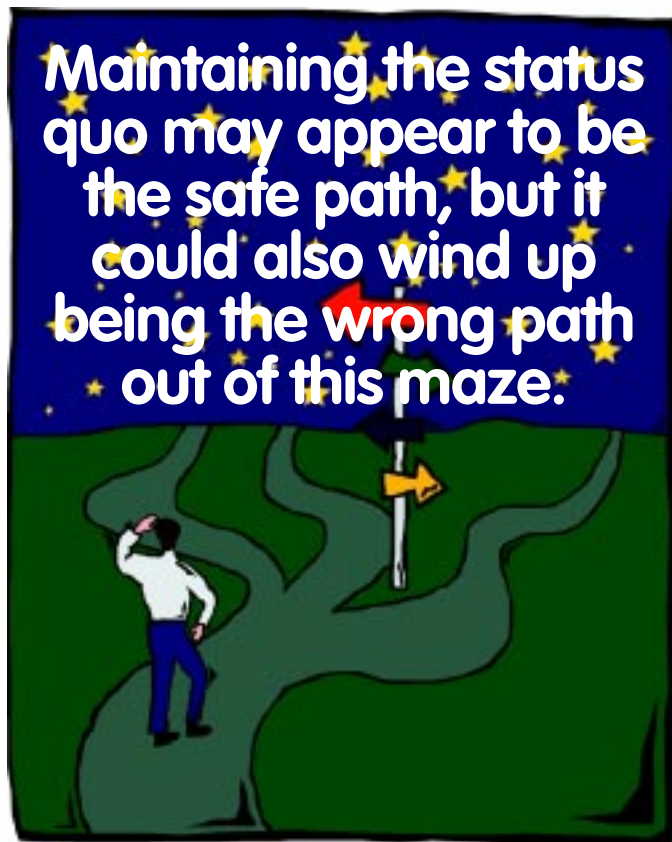
The organizational changes mentioned in this article have already begun in many companies. Some are consistent and compatible with meeting future challenges (e.g., consolidation of resources for increased efficiency). Other changes may be out of sync with competitive positioning (e.g., vision, policy, and strategy dominated by the law department's analysis of regulatory trends).

I recognize that this article may come across to some as extremely harsh and judgmental. That is not

my intent. I have tested these concepts with dozens of my colleagues, and they share the same concerns. While the environmental, policy, and regulatory transition issues have been commonly reported in the literature, the direct impact that all this may have on people and organizations has not been explored. It is time to bring the discussion out into the open.

EH&S professionals today are in an extremely difficult position. They are torn among choices: what motivated them to enter this profession (doing good for the environment); what is practical and doable in organizations focused on short-term successes; and what is best for their own personal and family needs. The chosen path does not always satisfy all three dimensions.

As a first step, I recommend that you use the "EH&S Advisor Checklist" to test if your company or organization may be



suffering from “green arthritis.” Use the list as a conversation/meeting opener. Is the organization moving so slowly that it may not meet future competitive challenges? Is it moving so slowly that your career is stalled or is in jeopardy? If the answer to both of these questions is yes, continue to read the “EH&S Advisor” for future columns on specific recommendations to get things moving.

There have been a number of EH&S leaders who have successfully managed to push the envelope forward to the benefit of their companies, the environment, and themselves. There are tools such as scenario development and techniques such as vision alignment that can help get things *moving*. The “EH&S Advisor” will take a look at these and other tools and techniques for success. If, however, you feel you or your company has a terminal case of green arthritis, give me a call! Maybe my colleagues and I can offer some antidotes. ☺

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**Please Ask, Please Tell**

Is there an EH&S topic you would like to address in the EH&S Advisor? Do you have information to share with your colleagues, and are you interested in possibly co-authoring a column on the subject? *EM* is very interested in your ideas. Please contact Richard MacLean at phone: (480) 922-1620, or e-mail: [maclean@competitive-e.com](mailto:maclean@competitive-e.com).

**About the Author**

Richard MacLean is president of Competitive Environment Inc., Scottsdale, AZ, and the director of the Center for Environmental Innovation. He can be contacted at phone: (480) 922-1620, e-mail: [maclean@competitive-e.com](mailto:maclean@competitive-e.com), and Web site: [www.Competitive-E.com](http://www.Competitive-E.com).



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