

Act Locally; Benchmark Globally

*It's time to broaden your search for
EHS best practices*

By Richard MacLean



Companies devote a lot of resources to benchmarking, and for good reason; the return on investment can be enormous. Why reinvent the wheel when battle-tested best practices are free for the asking? The United States has dominated environmental, health, and safety best practices for decades, but that is changing rapidly. Prescriptive regulations and fears of legal liability may be holding back U.S.-headquartered corporations from developing the next generation of corporate social responsibility best practices.

The modern environmental movement began in the United States in the 1960s with the rise of public concern over toxics (e.g., DDT) and visible degradation of the environment (e.g., Los Angeles smog). By the early 1970s, the legislative, regulatory, and administrative framework to begin the fix was already well established. Other countries followed U.S. leadership, and some literally cut-and-pasted EPA emission standards into their own, newly created regulations.

U.S.-based companies and consultants became the “go-to” firms for best practices. I can recall in the late 1970s asking the manager of General Electric’s plastics plant in Bergen OP Zoom, the Netherlands, why he chose an American firm to design its wastewater treatment facility. He reported that there were no comparable design firms in all of Europe.

I gained an even better appreciation of American dominance of pollution control technology while in Japan in the early 1980s. By then, Japan had already

established itself as a dominant force in cutting-edge technology. I was surprised (shocked is more like it) when I talked to the head of a Japanese environmental firm who did not seem to have even a basic understanding of wastewater unit operations.

Around the same time period, I made my first visit to Australia and found a similar void in technical expertise. For example, there were only a handful of trained industrial hygienists and environmental laboratories in the entire country. Hazardous waste disposal facilities were few in number, and the technology was horrendous — literally illegal if conducted in the United States. The movie “Crocodile Dundee” was years away, but I felt like the sophisticated (arrogant?) New York City slicker talking to a bunch of bush-country mates. Another shrimp on the barbee, anyone?

From Down Under to On Top

What inspired me to write this article was a recent business trip to Australia. I have been back a number of times since that first visit more than two decades ago and have watched the steady progress of EHS programs. My frame of reference in the past was always “U.S. leadership.” For the first time, however, I felt the reverse was the case: How would U.S. corporations stack up against Australian EHS and social-responsibility best practices? Not well. (One dimension, EHS governance, will be covered in a future Manager’s Notebook).

An environmental vice president

expressed his frustration with implementing best practices in the United States, “We have a far superior waste technology process which we attempted to use in our Southwestern operations, but the U.S. agencies required us to use a technically inferior approach that was dictated by their regulations. We do not have these problems in other countries.”

Australia galvanized my thoughts on this issue of best-practice leadership because I have tracked closely the progress in that country. I have also witnessed over the past decade cutting-edge practices coming out of Europe and Japan. For example, European-based companies dominate the rankings of the top corporate social responsibility reports. Some of the best EHS and social responsibility literature is also coming out of Europe. And some of the most well-known and respected “think tanks” and standard-setting organizations are based overseas (e.g., WBCSD, Switzerland; IIED, United Kingdom; IISD, Canada; UNEP, Kenya; GRI, Holland; ISO, Switzerland).

The shift in United States dominance appears to coincide with the rise of concepts, such as sustainable development in the late 1980s and, more recently, the attention to social responsibility and transparency. These are concepts that cannot easily be codified into regulations. The entire concept of transparency is unfathomable to lawyers. Another factor was the growing attention to product life-cycle issues and global problems, such as climate change,

where the range of possible solutions and interventions defy traditional U.S. regulatory interventions.

I am not suggesting that U.S.-headquartered industry has lost its ability to come up with cutting-edge best practices. What I am suggesting is that EHS and social responsibility managers must take a global approach to benchmarking or they risk ignoring a fertile area for new ideas. U.S.-headquartered firms may still be

onic; this stuff is just too new. Recent green product and service programs have been run out under the banner of corporate social responsibility and are influenced heavily, if not completely driven by, marketing. GE's Ecolnnovation is a high-visibility example.

There is potential tension between these two internal forces: the conservative lawyers going "by the (regulatory) book" and the "go-go" marketers lusting after

can point to the benefits and not just the risks and, more significantly, prevent the enthusiastic marketers from getting too far ahead of themselves and creating possible public relations disasters (e.g., Nestlé and infant formula in Africa).

Business executives may have never considered these dynamics and would appreciate your input. As for U.S. government leadership in these emerging dynamics, well, don't hold your breath. It is up to you. The first step: Benchmark outside the United States and see how others are handling these issues. **EP**

The shift in United States dominance appears to coincide with the rise of concepts such as sustainable development in the late 1980s.

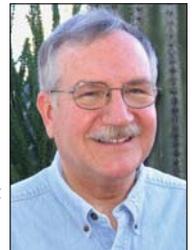
stuck in the mindset that laws and regulations define what is morally and ethically correct. Indeed, many EHS organizations report up through the legal department, are led by lawyers, and/or have lawyers who act as final arbitrators for any significant shift in company EHS policy.

By training, lawyers are averse to risk; they are literally at the opposite end of the risk management spectrum from the typical marketer. While lawyers have dominated the EHS scene in the United States, their influence over emerging social responsibility programs is embry-

the "bottom of the pyramid." I have no doubts that outside the United States, the marketing folks, together with the business managers, will work out creative solutions for competitive gain. In the United States, with its tradition of lawyers being the final judges and juries on EHS, it could go either way. If tradition holds, an overly risk-averse approach could further stifle U.S. industry competition.

It is times such as these that corporate EHS and social responsibility managers can rise to the occasion, define the issues and opportunities, and lead the way. They

Richard MacLean is president of Competitive Environment Inc., a management consulting firm established in 1995 in Scottsdale, Ariz.; a principal at Independent Perspectives, a virtual consulting network



supporting business management; and the executive director of the Center for Environmental Innovation (CEI), a university-based nonprofit research organization. He can be reached via e-mail at maclean@competitive-e.com. For Adobe Acrobat® electronic files of this and his other writings, visit his Web site at www.Competitive-E.com.