Business and the Environment: Lean, Clean, and Green

with Tom Peters

Discussion Guide

VIDEO PUBLISHING HOUSE, INC.
Business and the Environment: Lean, Clean, and Green

with Tom Peters
Business and the Environment:
Lean, Clean, and Green

with Tom Peters

In this program, Tom Peters, co-author of *In Search of Excellence* and *A Passion for Excellence* and author of *Thriving on Chaos*, asserts that just as the 1980s brought a revolution in quality, the 1990s will see a revolutionary greening of organizations. The quality revolution taught managers how easy it is to do much, much more with much, much less. The environmental revolution, says Peters, will push the process of streamlining and eliminating waste even farther along.

INTRODUCTION

There are a thousand reasons for any company to undertake radical environmental improvements: It’s the right thing to do. Regulations are getting tougher every day. Waste eliminated is money saved. Above all, greening is a matchless commercial opportunity. In market terms, the companies that are cleanest first will enjoy what Tom Peters terms “a massive, once-in-a-century, competitive advantage.” Those organizations that hesitate, preferring to follow the regulations rather than set the standards, may find themselves squeezed out by the leaders in greening.

- GREEN is here to stay. Regulations are tough and getting tougher; mere compliance is not enough. Hooker Chemical wasn’t breaking any law when it dumped chemicals into Love Canal, but it is responsible for clean-up costs.
- GREEN is free. Tradeoff thinking doesn’t apply. Clean and green, like quality, doesn’t cost, it saves. Since instituting a major environmental program in 1975, 3M hastoted up savings of about $1 billion!
- GREEN is growth. The potential environmental market is enormous. The American market stands at $56 billion and is expected to grow 30 to 40 percent annually over the next three to five years. According to the European edition of the *Wall Street Journal*, dated October 1, 1990, Waste Management has a higher stock value than either Nissan or Dow. Although the American company has only $4.4 billion in sales compared to Nissan’s $33 billion or Dow’s $18 billion, the securities experts see enormous potential in the environmental industry.

In *Business and the Environment: Lean, Clean, and Green*, Tom Peters outlines the opportunities for those businesses that enlist in the environmental revolution. He profiles several organizations which are already enjoying the benefits of being lean, clean, and green. The program continues with a list of 13 “key success factors” that have worked for environmental leaders.
Key Success Factors

1. **Attention is all there is.**

The first step in making any big change in an organization is shifting the attention pattern toward new priorities. Or, as Tom Peters says, bosses need to start “hanging around the issue” by putting it on their calendars. To make quality a top priority for everyone, companies like textile-maker Milliken & Company focus attention, in formal and informal ways, on quality. They talk quality, measure quality, conduct quality audits, put quality in performance appraisal and compensation schemes. Quality is on the agenda of every meeting, in every issue of the company newsletter and on the bulletin board. Most important, quality is on Roger Milliken’s calendar. He talks quality, asks about quality, spends time with customers and employees in corporate offices and factories “hanging around the issue.” The story’s the same with the green revolution. Environmental improvement has to be on everyone’s lips, on their minds and on the boss’s calendar.

**Discussion:** What are the signs that everyone in your organization is paying attention to getting clean and green? In the video program, Peters mentions three kinds of attention.

- **Time.** Attention can be measured by how much time is allotted to the issue on the calendar.
- **“Stuff” or systems.** Environmental audits, performance evaluations, and compensation schemes systematize the attention of everyone in the organization.
- **Symbols.** Attention can be indirect and symbolic, and yet have a powerful payoff. For instance, Georg Winter, CEO of $150 million company, Ernst Winter & Sohn in Frankfurt, Germany, has five full-time environmental consultants to help employees assess and improve their environmental efficiency at home!

List the ways people in your organization pay attention to environmental performance. What signs are there that being green doesn’t matter? How can you correct them?

2. **Someone has to carry the ball.**

If the woman or man at the top isn’t leading the green revolution, someone with influence has to champion the greening of the organization. In order to be effective, that person needs support from the top and the attention of people at every level of the organization. At Compaq, the champion is Michael Jackson. Jackson is passionate about continuously improving environmental performance. From reducing hazardous waste, to installing solar powered street lights, to recycling water or aluminum cans and setting aside wildlife corridors on company property, Jackson has taken Compaq to the head of the pack.
Roche, the pharmaceutical company, has conducted 200 environmental audits since 1980. Each audit requires a four-person team an average of three days' work. Norsk Hydro, the Norwegian conglomerate, puts out an annual public environmental report. The company called in Lloyd's of London to do an environmental audit and to publish the results. The report was embarrassing, but they published it anyway! Their honesty drew praise from the community and motivated employees to get serious about improvement.

At Ernst Winter & Sohn, employees collect 20 percent of any savings generated by their suggestions. With one exception: Suggestions for environmental improvements earn employees 30 percent of any savings.

Discussion: Who’s the green fanatic in your work group? Does that person have the authority to lead the charge? Is there a way to give that person the authority to devise programs for the greening of your work group?

3. What gets measured, gets done.

“Company after company,” notes Tom Peters, “in pursuit of improved quality or service, has found that generating measures, posting those measures, then creating an educational process around the measures, has led to the most extraordinary improvement increments.” Everyone in the organization must be actively and persistently measuring anything and everything associated with waste. A rule of thumb: When your in-tray is choked with green measures, you’ll know you’re on the way.

Discussion: What measures of waste does your work group keep? What measures can you devise? This is a hard nut to crack, but you can’t crack it without trying. With your work group, outline a few measures of the waste you generate. (If you can’t think of another way, go through utility bills and empty your wastebaskets.) Or measure the number of improvements you make. Then try these measures out for a month or so. Look them over and refine them. Keep measuring.

4. Use carrots, not sticks.

The quality revolution demonstrated the efficacy of getting rid of the “cops” and making every team responsible for its own performance. Another way to emphasize the “carrot” is to use work compensation and performance evaluation schemes to reward environmental progress.

Discussion: Are the people in your organization and work group eagerly contributing to green efforts or are they hanging back? Why? Is it easy for them to participate? What incentives do people have for participating in your program? Accentuate the positive. The biggest incentive is giving your people the authority (and responsibility) to devise and keep their own measures of progress.

5. You need a systematic framework.

In their quality programs, some companies use Deming’s system, others found Crosby or Juran right for them. It’s not which system that counts; it’s using a rigorous, systematic framework and following through, year in and year out. A passion for clean and green won’t work without good systems for setting goals and
Bellcore (Bell Communications Research), a research consortium owned by the seven independent regional telephone companies, put its paper recycling program in high gear by giving everyone a second wastebasket for recycling. In 28 months, the company has recycled eight million pounds of paper, which has saved the company $415,244 by saving 48,750 trees and 7,171 barrels of oil.

Patagonia, the sporting goods and clothing company, saved $12,000 just by getting rid of paper cups.

At Anaheim Memorial Hospital, recycling started with a patient's question about what the hospital was doing to reduce waste. Senior management made recycling a priority and then delegated responsibility to the food, engineering and materials departments — and kept their hands off. Employee devised and run recycling programs are saving the hospital about $5,200 monthly.

meeting them. Or vice versa. (Such systems are not yet fully developed in the environmental area. Georg Winter’s book, Business and the Environment, published by McGraw-Hill, is one of the most thorough to date.)

Discussion: Is a cleaner, greener organization a strategic goal for your organization? Is there a systematic framework for achieving that goal? Does everyone know it?

6. Every unit must have an environmental plan.

Every unit in every department should have an environmental plan. It doesn’t have to be perfect. The process of developing the plan calls attention to the issue. Once a plan is in place, revise it yearly (at least) as you improve. Green goals should be part of every plan your work group creates.

Discussion: What are your work group’s green plans? If you don’t have some or don’t revise and upgrade them regularly, why not do it this week? Look at the financial or performance or quality plans you’ve drawn up for your group. Make a section for green targets.

7. The essence is radical decentralization.

The essence of improvement is getting everyone involved. Setting the tone must start at the top, but execution (the do-or-die stuff) takes place at the sharp end — in the business unit, distribution center, factory, work team. The people on the front line must have the responsibility and the power to go green. When change is being forced on an organization from the top, it responds like a whale turning in the ocean — slowly. But when change is in everyone’s hands, the organization can turn instantly, like a school of minnows.

Discussion: Who’s in charge of your organization’s green program? Is responsibility shared all the way out to every field location and down to the front line?

8. All hands must be involved.

Companies leading the green revolution, like Volvo or Norsk Hydro, are taking the responsibility for environmental improvement out of corporate headquarters and putting it in the hands of line workers. Involving all hands applies outside the organization as well. Impressive environmental improvement programs (like successful continuous improvement programs) are marked by the early and intense involvement of suppliers, distributors and customers. Involvement of the community at large is also a must.
Suggestions anyone? The average Japanese worker (in a big company) contributes 29.5 suggestions every year. The average American worker makes 0.13 suggestions. With our poor record, even a mediocre suggestion program can jackrabbit your organization ahead of the competition.

9. **Put employee involvement and continuous improvement to work on environmental issues.**

The most effective way to produce environmental improvements is to take your employee involvement (EI) or continuous improvement (CI) program and translate it one-to-one into an environmental improvement program. Get everyone involved in identifying waste to be eliminated, material or energy to be saved.

**Discussion:** If you don’t have a continuous improvement program, start one with a green focus. Call a meeting and ask for suggestions for eliminating waste and saving resources. Write them all down on a board or flip chart with the suggester’s name (so you can report back on progress). Before leaving the room, agree to implement a few. Keep track of savings and consider a gainsharing provision or at least awards for successful improvements. Follow up on each and every one of the suggestions. Get back to suggesters as soon as possible with progress reports. Nothing kills initiative like silence.

10. **Start at the beginning.**

The most sweeping environmental improvements are built into the initial design. Environmental design experts should be members with muscle in the product or service development teams. That’s where the greatest potential lies. American Etching and Manufacturing, Inc., a privately held maker of small precision parts, has made some impressive gains in recycling. But when they redesigned their process, they made some real progress, reducing their use of hazardous solvents by 95 percent, reducing nonhazardous solvent wastes by 30 percent, reducing water use by 32 percent and the metal content of discharges by 90 percent.

**Discussion:** What can you do differently that would really enhance your group’s environmental performance? What work procedures are wasteful? Brainstorm with co-workers. New hires can lead the way. They haven’t had time to learn “the way it’s done around here” and will ask some wild questions. Take them seriously!

11. **Think business development now.**

The environmental market in the U.S. is $56 billion and is expected to grow 30 to 40 percent per annum over the next three to
Angus King understands what kind of opportunity the green revolution represents. His company, Northeast Energy Management Company, working with Central Maine Power, upgrades corporate facilities to save energy. He pays two-thirds of the capital investment costs. The corporate client pays one-third and retains the savings. King gets paid by the power company as if he were generating the power that is saved by his clients.

Five years. Du Pont expects that by 1995 it will be earning $1 billion a year from an environmental consulting business it developed as the company moves toward its goal of zero pollution.

**Discussion:** What’s the most impressive step your organization has taken in the green revolution? Remember, any proprietary process, procedure or product associated with cleaning or greening can become the basis for a major new business. Bellcore is licensing its successful recycling program and already 140 companies have adopted it.

12. **Zero pollution is the goal.**

Moderate goals call for moderate behavior. Bold goals require bold actions. Zero pollution may seem unrealistic; so did zero defects ten years ago. Zero pollution is a good rallying cry. If you fall short, you’ll still beat the pants off your competition and stay well ahead of the increasingly stiff regulations.

**Discussion:** Are you prepared to mount a green revolution in your organization? In your department? Set zero-pollution goals with your work group. Dream up a program that will fire your imaginations and inspire your best efforts.

13. **This is about soul.**

Greening is more than a legal necessity or a commercial opportunity. But all the good, solid, rational reasons to pursue a green revolution — and the systems to back them up — aren’t enough to make the difference. Making a revolution is a matter of soul. It will take passion. As Peters observes, “passion without systems won’t do you much good. But systems without passion won’t do any good.”

**Discussion:** When you’re making plans for cleaning and greening, don’t forget to talk about why you’re doing it. You may want to boost your sense of satisfaction by donating the profits from the sale of your recycled material to a good cause. At Compaq, they donate about $2,500 a month to the Special Olympics from selling recycled aluminum cans.
Summary exercise

No organization can be great in a dozen different dimensions: quality, service, innovation, time, employee involvement and the environment. Each organization makes a choice. Some will choose to be the best at clean and green. Their efforts will benefit all of us and make lots of money. Even those organizations that don’t attack greening with total passion can make substantial and profitable improvements in their environmental performance.

This list will help your work group launch its own green revolution. Use it to target specific actions, to put the key success factors behind your efforts, and to check your progress over time. (Congratulations to groups that are way beyond this stage. Those groups will have to tailor this exercise for more ambitious programs.)

Lean, clean, and green action steps

1. Target:
   - waste reduction
   - energy efficiency
   - recycling
   - other

2. Attention
   - Start your program by visiting a local business with an outstanding environmental program. Ask questions and take notes.
   - Is there “green” space on your calendar? How much?
   - Is there “green” space on your boss’s calendar?
   - How is the message getting out? Are people talking green?
   - Does every bit of execution say you’re serious about greening? Are you walking the talk?

3. Who’s carrying the ball?
   - Who’s the champion? Is the champion getting support from the top and resources to keep the program going?

4. Measurements
   - How are you tracking your progress?
   - Who’s keeping track? Are you revising and devising new measures all the time?
   - Are measures posted publicly and discussed widely?
5. Carrots
- What is motivating people to participate in the program?
- Is it easy for people to participate in the program?
- Can you tie improved environmental performance to compensation?
- What about rewards? If you can’t compensate or gainshare, can you plan some celebrations?

6. Framework
- What plans do you have to keep the program moving when motivation and excitement flag? Like quality, greening only works when it’s consistent over a long period of time.
- Research other firms or work groups that are making big environmental strides. What are their systems?

7. Plans
- What are your organization’s green goals for the year ahead?
- Does your work group have a green plan? Is environmental performance a part of your group’s annual or quarterly reports?

8. Decentralization
- Who’s in charge? Can you turn the program over entirely to the line? If not, push responsibility down at least one level.

9. All hands
- Is everyone participating?
- Go outside your work group and get other groups, departments, customers, distributors and suppliers involved in your green program.

10. Start at beginning
- Can you redesign work processes to improve environmental performance? (Don’t just recycle paper already in the trash can, save it at the source. Eliminate some reports and memos.)
- Can you reconfigure office space to use energy more efficiently?
- Ask an outsider to take a look at your operation and
make some naive suggestions on how to eliminate waste. (An outsider doesn’t know “the way we’ve always done it.”)

11. Employee involvement/continuous improvement
   - Are you using your continuous improvement process to improve environmental performance?
   - If you don’t have a continuous improvement process or suggestion program, start one now.

12. Business development
   - When you’re ready, present your environmental program to other work groups or divisions. Offer your people as environmental consultants.
   - Encourage your people to be entrepreneurial about your greening program.

13. Zero pollution
   - Don’t stall. Keep goals high and use suggestions to keep moving forward toward zero pollution.

Note: For more information on starting a waste reduction program in your organization, you can contact Keep America Beautiful at (203) 323-8987. This public education organization publishes a primer on solid waste disposal options and a 20-page how-to paper on office paper recycling. It is also developing a solid waste audit for small businesses, to be published in Fall 1991.