



Inside Out

Sustainability Communication Begins in the Workplace

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Sustainability reporting has gone mainstream. But in their haste to affirm a commitment to environmental and social responsibility, some corporations may be neglecting their homework. A case in point is Ford Motor Company's rocky road toward credible corporate sustainability. William Clay Ford Jr., a self-described environmentalist, became chairman of the company in 1999 and CEO in 2001, publicly proclaiming his intention to lead a green industrial revolution. After initial widespread praise, several environmental groups have criticized the company strongly for not making better progress. Ironically, recent profiles of Ford's environmentalism have identified resistance within Ford Motor Company as the greatest obstacle to the automaker's pursuit of sustainability.¹

This article makes a case for working "inside out," that is, engaging employees in the design, adoption and promotion of a worthwhile sustainability program *before* significantly communicating the commitment to the outside world. We envision this as a three-step process:

FIRST, define what sustainability means to the company and articulate a *value proposition*—how sustainability drives business value.

SECOND, work with employees to interpret sustainability in terms of their job functions, and to frame a comprehensive communications strategy.

THIRD, implement and continuously refine the strategy using various communi-

cation channels, including a sustainability report.

Aligning the organization prior to extensive external communications provides a firm foundation for building credibility and realizing shareholder value.

FROM VISION TO VALUE PROPOSITION

There can be no “cookie cutter” approach to designing a sustainability program, because the issues confronting each company can vary enormously. With few regulations governing sustainable practices, companies have great discretion—and opportunity—in choosing what issues to emphasize.

A number of leading companies are aligning their sustainability programs with their business strategies and core competencies. For example, 3M has focused on introducing life-cycle thinking into product innovation. Kimberly-Clark has focused its sustainability efforts, in part, on developing health and hygiene products that promote social well-being. BASF, a chemical company, has analyzed alternative product technologies in terms of their impacts on customers and end users.

Most companies begin with a vision statement involving the three aspects of the triple bottom line—social, economic and environmental. Composing vision statements is relatively easy; the details, however, become more challenging. Sustainability can seem daunting, with its long time horizon and breadth of scope ranging from social equity to biological diversity. The three aspects of the triple bottom line are intertwined and should be addressed in an integrated manner—environmental protection improves quality of life, which supports economic development, and so forth. But how does sustainability create business value?

Recently the Global Environmental Management Initiative (GEMI) developed a “Value Flow” model that supports the development of a value proposition. The model, illustrated in Figure 1, identifies three main pathways for sustainability to add shareholder value:²

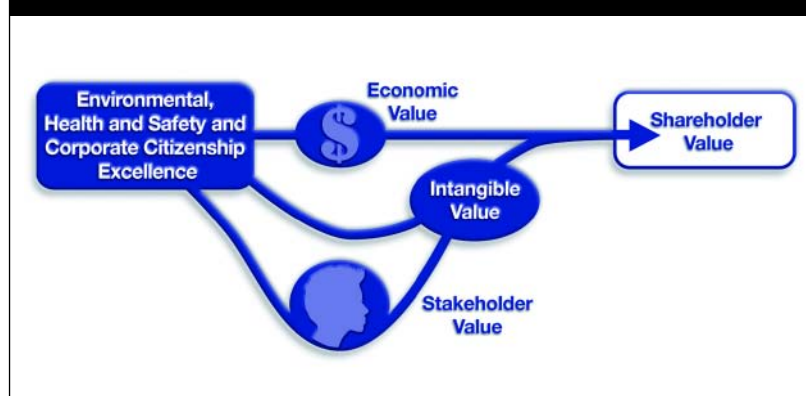
1. Contribute directly to improved economic performance, e.g., by generating revenues from waste materials, increasing worker productivity, improving business continuity, increasing asset utilization or

enabling access to new markets.

2. Contribute directly to key intangible value drivers that do not appear on financial statements. Examples include improving the customer experience, reducing cost of ownership, enhancing brand equity and reputation, supporting supply chain partnerships and stimulating innovation.

3. Contribute indirectly to shareholder value by creating value for external stakeholders, including communities, public interest groups and regulatory agencies. Positive stakeholder perceptions influence intangibles such as company reputation, relationships and license to operate.

FIGURE 1: THE GEMI VALUE FLOW MODEL



One example of a carefully crafted value proposition that combines these pathways is found in Motorola’s 2003 Global Corporate Citizenship Report.³ It begins with a statement about how the company creates business value for customers and shareholders, and then continues to address value for other stakeholders and society at large:

“As a global corporate citizen, Motorola creates products and technologies that benefit society by making things smarter and life better for people around the world. We are dedicated to operating ethically, protecting the environment and supporting the communities in which we do business. We are guided by our Code of Business Conduct, which is based on our key beliefs of uncompromising integrity and constant respect for people.”

Herman Miller, Inc., a leading office furniture manufacturer, has found that one of the greatest benefits of a well-conceived sustainability program is

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as a whole better translate the value to both internal and external stakeholders.

improvement in employees' pride and well-being, which translates into reduced turnover, increased productivity and more effective recruitment. According to Paul Murray, corporate environmental affairs manager, "Herman Miller engages over 400 employee-owners in daily efforts to reduce and ultimately eliminate the company's environmental foot-

print by 2020. Our dual commitment to business and environmental performance, supported with effective communications, enhances our market position, enables us to attract and retain caring and talented employees, and ensures our ability to positively and profitably impact the environment."

STRATEGIC INTERNAL COMMUNICATION AT WRIGLEY

Wm. Wrigley Jr. Company, a world leader in the confectionery industry that was recently named to Fortune Magazine's 2005 list of the 100 Best Companies to Work for, has long engaged in environmental stewardship practices. In recent years, Wrigley has stepped up its efforts to link improvements in environmental, safety, health and security (ESH&S) performance to business value. As part of a senior-management directive, Wrigley restructured its ESH&S organization in 2001. The reorganization announcement was coupled with a strategic internal-communications program.

The program language was deliberately aligned with the language of corporate-branding and communications initiatives. For example, the ESH&S team developed a tagline and icon to be used on all its communications. The tagline, "Partnering for Sustainable Growth," reflects the company's business strategy of collaboration and sensible but aggressive growth. The icon, depicting four prongs forming a single arrow—representing the four aspects of ESH&S coming together—is reminiscent of the arrow icon used in many corporate and product applications.

Communication tactics included a foundational brochure with streamlined versions translated into seven languages, high-impact communications vehicles for senior management and other key internal stakeholders, and integration of the messaging into a number of existing corporate communications vehicles.

Wrigley ESH&S Director Andy Holynskij credits the communications program with some key results. "Getting our vision across, raising the profile of our department and helping people understand the value we can bring opened a lot of doors for us," Holynskij says. Among the specific achievements he cites are: being included early in the design of new facilities in Shanghai and Mexico, as well as the new Wrigley Global Innovation Center; gaining funding for numerous projects, including a new Corporate Health Center and an enhanced medical records program; helping to inspire facility managers to seek and achieve ISO 14001 certification; and speeding the progress of the company's pollution prevention and energy efficiency (P2E2) program.

Perhaps most importantly, the higher profile of ESH&S is helping the team become integrated into the newly minted Wrigley Innovation Process, a cross-functional effort to guide the development of Wrigley products and processes well into the future.



RETHINKING SUSTAINABILITY COMMUNICATIONS: INSIDE-OUT

So why are internal communications often neglected? Perhaps because most of the pressure for sustainability comes from the outside. A 2002 PricewaterhouseCoopers survey of 140 large U.S. companies revealed that 75 percent had either issued a sustainability report or were planning to do so, largely because they wished to enhance their reputations and gain advantage in the marketplace. The proliferation of non-financial reporting—from a handful of environmental reports in the early 1990s to thousands today with diverse agendas—has been due largely to external drivers. These include the rising number of socially responsible funds, indexes and analyst services; an increase in investor activism and shareholder resolutions; targeted attacks by NGOs; and the persistence of controversial global issues, such as global warming and business ethics.

This outward focus may be diverting attention and resources from what is arguably the most important audience—employees. "Human capital" has been identified as one of the top 10 factors driving the market valuation of corporations around the world.⁴ Yet the sustainability messaging directed at employees often has much lower priority than the development of a public report. As a result, many employees might not understand sustainability and might be cynical about its benefits and authenticity. Naysayers might view it as a distraction from job one, which is to maintain profitability. And external observers may view the company's public statements as "greenwashing."

Getting one's internal "communications house" in order before investing heavily in external communications offers many benefits:

- ▶ Greater impact by channeling communication through employees who have established credibility with key internal and external

stakeholders.

- ▶ Clearer understanding by all stakeholders due to consistent messaging.
- ▶ Cost effectiveness of integrating sustainability messaging into existing communications budgets, channels and vehicles.
- ▶ Greater internal understanding and commitment, thus leveraging the entire workforce in the pursuit of strategic value creation.

Of course, the success of any communications campaign depends on the intended audience's interest in the subject. Do employees really care whether their companies practice sustainability? There are good indications that they do. For example, a 2004 Workplace Index Survey⁵ of U.S. office workers under 55 years old, conducted for Steelcase by Opinion Research, found that 77 percent would prefer that their employers purchase environmentally responsible products.

How can a company engage its employees in realizing the value-creation opportunities it has identified in its sustainability value proposition? It all begins with a strategic communications approach and a cross-functional core team that includes corporate communications, environmental health and safety (EHS), human resources, investor relations and others. The core team should create a specific value proposition as a "strawman" and disseminate it throughout the company for discussion and refinement.

FIVE KEY PRINCIPLES

The following principles are fundamental to an effective internal-communications program.

1. FIND THE LINGUISTIC COMMON GROUND

One of the first barriers many companies encounter is the lack of a shared understanding. What does "sustainability" mean? The term has become ambiguous and is often confounded with other buzzwords such as "citizenship" and "responsibility." Basing a communications strategy on a poorly defined or overly broad concept can confuse the audience and create unrealistic expectations.

So how can one find the linguistic common ground? Search for language that resonates with employees, define it clearly, and above all, use frequent and consistent messaging. Be certain that the language chosen is interwoven with the company's branding messages and business objectives so that employees see it as an integral business commitment

Intel Corporation, the world's largest computer chipmaker, has one of the world's most highly valued brand names. The company is also widely recognized for its leadership in corporate governance and social responsibility, and has been the market sector leader on the Dow Jones Sustainability Indexes for four consecutive years. According to Tim Mohin, director of sustainable development, Intel's commitment to sustainability is deeply rooted in an internal culture of collaboration.

Intel has leveraged the communications "multiplier effect" since the early days of environment, health and safety awareness at the company, with the core sustainability team acting as change agents that engage and energize employees throughout the business units. As a result, the company has realized a range of tangible benefits in the areas of investor relations, stakeholder partnerships, marketing and supply chain management. For example, Intel has been able to respond successfully to challenges from stakeholder groups—including shareholder activists—through sincere and constructive dialogue on meaningful EHS issues.

Employees from all parts of the company who share a passion for sustainability have formed a voluntary group called the Intel Employee Sustainability Network (IESN). The ability of this network to transcend traditional organizational boundaries provides a clear demonstration of the "multiplier effect" in action. For example, the network helped influence an Intel senior executive to join the China-U.S. Center for Sustainable Development. (<http://www.chinauscenter.org>)

Intel's EHS and sustainability specialists hold regular internal meetings with leaders of business and functional groups to set strategy and coordinate implementation. Out of these meetings have emerged many initiatives that generate business value by leveraging internal capabilities. One example is the collaboration between EHS and marketing to develop the Rethink program for electronic waste recovery, developed jointly by Intel and e-Bay (<http://pages.ebay.com/rethink>). In addition to educating consumers about product take-back, it has helped to enhance brand awareness for the company by generating hundreds of millions of marketing impressions.

and not just a pasted-on, short-lived initiative.

An example of an effective definition that speaks the corporate language comes from Abbott Laboratories, one of the world's largest pharmaceutical companies. Abbott terms its commitment "Global Citizenship," and describes it as reflecting "how we make a productive contribution to society in the way we advance our business objectives, engage our stakeholders, implement our policies, apply our social investment and philanthropy, and exercise our influence."⁶ Reeta Roy, Abbott's divisional vice president for global citizenship and policy, lends some perspective to this definition: "After numerous internal conversations and considerable external benchmarking, we ultimately arrived at a business-driven definition of what global citizenship means at our company. It's not an add-on, but a dimension of management that helps us make a fundamental impact on society through the practice of our core business."

2. TAKE YOUR POSITION

Once a suitable definition has been chosen, it's time to borrow a page from the marketing department and create a "positioning statement" that describes how you wish to be perceived—"the core message you

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want to deliver in every medium, including elevators and airport waiting areas, to influence the perceptions of your service.”⁷ The positioning statement is an extension of the value proposition and formalizes the language around key principles such as what the commitment is, who should be concerned with it, the advantages of sustainability over conventional business practices, and what benefits will accrue to society, the company and the individual.

Think of the positioning statement as the “DNA” for an organization’s communications efforts, around which a consensus for communications can be reached. It is capable of evolving to fit training programs, publications, marketing brochures or Web sites. Getting it right can pay huge dividends in keeping sustainability messaging consistent and on point. One example of an effective and thorough positioning effort is the internal communication campaign developed by the environmental, safety, health and security group at Wrigley. The campaign includes expressions of the positioning statement both graphically and verbally, in terms aligned with the company’s overall branding and strategy. (See inset: Strategic Internal Communication at Wrigley.)

3. BECOME “MULTILINGUAL”

Starting from the linguistic common ground, become conversant in the “languages” of other functions: human resources, purchasing, investor relations, sales and marketing, governmental relations, etc. Translate the general messaging into the discourses familiar to each function, thus conveying the value proposition to those who will take ownership and continuously improve corporate performance.

The concept of multilingualism can help the company as a whole better translate the value to both internal and external stakeholders. For example, the investor relations person who interfaces with various rating firms and indices can be a valuable translator for executives or shareholders. She can relate how the company’s commitment to sustainability helped earn a Triple-A rating from Innovest, which in turn attracted the interest and praise of a number of socially responsible financial analysts and investors.

4. LEVERAGE THE “MULTIPLIER EFFECT”

At the core of the inside-out approach is the “communications multiplier effect” (see Figure 2). Sustainability efforts are typically spearheaded by a relatively small corporate team whose reach, credibility and influence are limited. The “silo mentality” persists in many companies, with organizational units remaining territorial and highly focused on their specific missions. They may be skeptical of messages emanating directly from the corporate sustainability team.

Instead, it is more appropriate for sustainability communications to flow through internal gatekeepers who are familiar and credible to the intended internal and external audiences. In this way, the core team can spread the message seamlessly and cost-effectively, using existing and trusted communication channels.

Another example of the multiplier effect is the environment, health and safety communication program at 3M, which uses newsletters, award programs and continuous messaging to maintain employee awareness. The company’s perennial 3P (Pollution Prevention Pays) program, launched in 1975, encourages employees to devise hundreds of value creation projects that have yielded over \$1 billion in first-year savings. According to Keith Miller, manager of environmental initiatives and sustainability, 3M views its 67,000 worldwide employees as ambassadors to external communities and recently launched a Six Sigma project to improve facility stakeholder engagement practices globally.

Thus, by leveraging existing communication networks, a company can achieve organic growth in the understanding and acceptance of sustainability. This not only helps to instill a sustainability mindset and foster effective external communications, but also empowers employees to incorporate the sustainability value proposition into every facet of operations.

Finally, the multiplier effect makes communications efforts highly cost-effective. Most corporate sustainability teams do not command sufficient communications budgets to reach all critical stakeholders. By focusing on strategic internal gatekeeper communications, the team will have far more impact per dollar than by trying to communicate directly with each of the target audiences.

5. PLAN FOR THE LONG HAUL

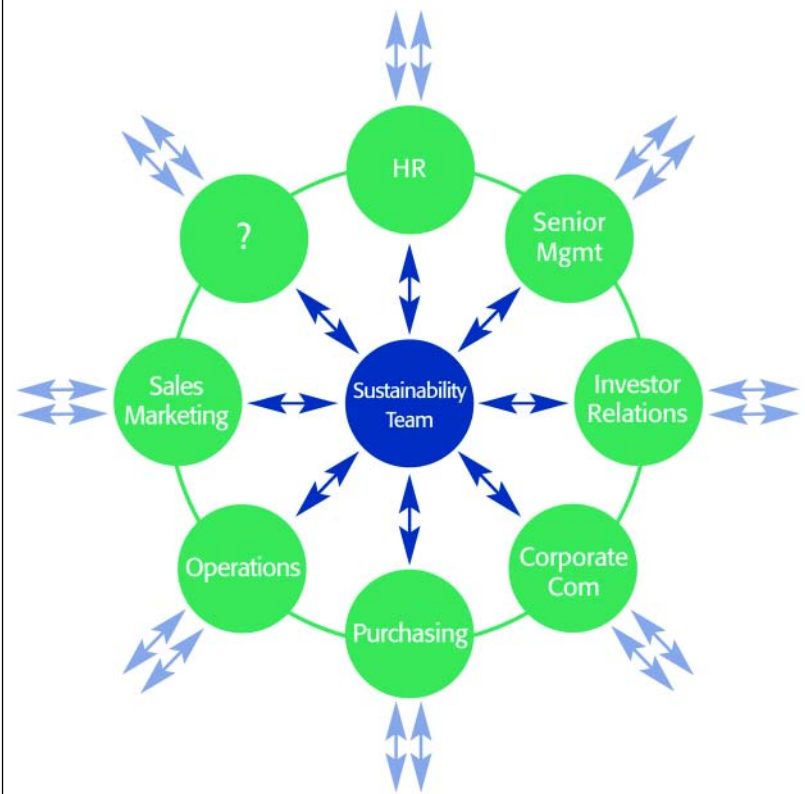
In applying the above concepts, the core team should draft a flexible strategy that can evolve over the years to both support and improve the sustainability value proposition. Too often, companies engage in *ad hoc*, fragmented communications practices that can not only squander resources, but also send harmful mixed messages. Every plan should follow some common steps.

- ▶ Make sure the objective of the program is clearly defined at the start.
- ▶ Perform due diligence by gaining an understanding of your audience's knowledge of and receptivity to your topic and how the value proposition applies to them.
- ▶ Refine your general objective into measurable communications goals.
- ▶ Consider what communications vehicles already exist or can be cultivated in order to pursue specific tactics, such as training programs, presentations, brochures, reports, etc.
- ▶ Measure the results of the tactics employed, and continuously refine the strategy.

CONCLUSION

No company can claim that it has reached sustainability—it is a journey toward distant aspirations that requires patience and a commitment to continuous improvement. For a sustainability program to be credible and successful, the alignment, engagement and enthusiasm of employees—both managers and the workforce—are absolutely essential. An internal-communications initiative should be designed to present the value proposition clearly at many levels—the individual, the department, the business and the enterprise. Once employees become energized and engaged, companies can realize the business value of sustainability and the power of the communications multiplier effect. @

FIGURE 2: THE "MULTIPLIER EFFECT" IN SUSTAINABILITY COMMUNICATIONS



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¹ Keith Naughton, "Seeing Green," *Newsweek*, December 13, 2004

² "Shareholder value added" is defined as the difference between after-tax operating profit and the opportunity cost of capital employed. See J. Fiksel, J. Low and J. Thomas, "Linking Sustainability to Shareholder Value," *Environmental Management*, June 2004. The original GEMI report can be downloaded from the GEMI Web site at <http://www.gemi.org/GEMI%20Clear%20Advantage.pdf>.

³ www.motorola.com/EHS/environment

⁴ Jonathan Low and Pamela Cohen Kalafut, *Invisible Advantage*, Perseus Press, 2002.

⁵ Press release from Steelcase, Inc. "Steelcase Workplace Index Survey Reveals Corporate Environmental Concerns." October 28, 2004.

⁶ "Working Together...Making a Difference," 2002 Global Citizenship Report, Abbott Laboratories July 2003.

⁷ Harry Beckwith, *Selling the Invisible*, Warner Books, 1997 (p. 113).