

PETER A. SOYKA

CREATING A SUSTAINABLE ORGANIZATION

APPROACHES FOR
ENHANCING CORPORATE VALUE
THROUGH SUSTAINABILITY



Praise for Creating a Sustainable Organization

“Peter brings together the wide-ranging aspects of present and future organizations to bolster environmental, social, and governance (ES&G) performance, presenting a clean and clear understanding of *organizational sustainability*. There are two ways to take over the world in business within the income statement and balance sheet—cash and profits! Peter presents anecdotal and factual evidence for translating typical ES&G data into financial knowledge, ultimately to decrease bad costs, optimize use of assets, and increase the profitability of revenue streams.”

—**Michael R. Pisarcik**, Director, Environment & Safety Management Systems,
Sara Lee Corporation

“Peter Soyka’s book *Creating a Sustainable Organization* offers an informative, comprehensive look at many foundational issues for the emerging field of sustainable business management.”

—**Carol Singer Neuvelt**, Executive Director, National Association for
Environmental Management (NAEM)

“Peter Soyka is a master at bringing clarity to concepts, deconstructing the labels in vogue, and offering a multidisciplinary, grounded perspective that links socially responsible investing to corporate sustainability. He also diagnoses the changes, challenges, demands, and expectations of the paradigm shift involving the EHS/sustainability and financial communities. This book is for organizations seeking to catalyze sustainability thinking and practice, develop a sustainability DNA, and stimulate the right conditions for value creation.”

—**Donna Vincent Roa**, PhD, ABC, CSR-P, Managing Partner & Chief Strategist,
Water Sector Communication Expert, Vincent Roa Group, LLC

“Peter’s message is clear: Sustainability leadership is now synonymous with business leadership. The book is a clear roadmap to leverage sustainability thinking to create shareholder value.”

—**Tim Mohin**, Corporate Responsibility Director, Advanced Micro Devices;
author of *Changing Business from the Inside Out:
A Treehugger’s Guide to Working in Corporations*

“I’ve worked with Peter for more than 25 years. This is exactly the kind of work I’d expect from him. It’s a book for current and aspiring sustainability professionals, and moves the discussion from the emotional, green, crunchy granola appeal of sustainability to the argument that appeals to the brain. *Creating a Sustainable Organization* presents the theory, the evidence, and the organizational case underpinning the argument for green; it shows why caring about sustainability is good for the bottom line and the economy as well as the earth.”

—**Lawrence G. Buc**, President, SLS Consulting, Inc.

“Peter Soyka conducts a full-field scan of sustainability in the marketplace as well as a full-body organizational, behavioral, and historical scan of how corporations are responding to it. In a dispassionate and thorough treatment, he makes a reasoned case that the interrelatedness and magnitude of the sustainability/ES&G issue requires an integrative corporate response. There is a sea change coming. Companies and managerial professionals need more dialogue to meet this change with a shared understanding of sustainability. Getting people to understand sustainability’s interconnections is a core challenge Soyka diagnoses well through a come-let-us-reason-together approach and tone. He more than achieves his purpose of demonstrating how the complex nature of sustainability and the show-me character of the corporation can meet to mutual benefit and to societal and stakeholder gain. He achieves this not only with clarity in his arguments but with evidence from a wealth of field experience. His advice, frameworks, and approaches will help anyone serious about sustainability to promote it faster and better, and those who may not be, to become more so.”

—**David J. Vidal**, Director, Center for Sustainability, The Conference Board

“With characteristic modesty, Peter Soyka says he is not a paradigm-busting pioneer or visionary. He is, on this particular, self-effacing point, simply wrong.

“By admirably pursuing the aim of bridging the conceptual and semantic gaps that divide rather than unite witting and unwitting stakeholders in the business of sustainability and the sustainability of business, he provides a template that cannot but be of inestimable value to all such stakeholders: corporate executives, managers, employees, suppliers, distributors, and customers; sustainability professionals, scholars, students, advocates, and critics; government officials and administrators; financial analysts and investors; representatives of non-governmental organizations in the environmental, safety, health, business-commerce-trade, development, human rights, public interest, and educational fields; citizens, communities, and the media; and, yes, even specialists in the field of national security, robustly conceived.

“By impressively achieving his aim, along the way heightening the sophistication of our understanding of sustainability, underscoring the essential importance of thinking and acting holistically, entreating us to assume a multidisciplinary posture, awakening us to the need for an entirely new repertoire of skills attuned to the 21st century, and advocating integrative approaches that cut across organizational, institutional, sectoral, national, and even international lines, he makes an enduring intellectual and operational contribution of truly strategic import.”

—**Gregory D. Foster**, Professor of National Security Studies;
Director, Environment Industry Study,
Industrial College of the Armed Forces, National Defense University

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Through Sustainability

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*For Sheri and Leeann,
and all others committed to creating a more
sustainable world*

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For his many contributions to my thinking about organizational sustainability in all its dimensions over the past 15 years or so, and for his ongoing (and persistent) encouragement to take on the challenge of writing a book on this topic, I want to thank my good friend and frequent colleague Ira Feldman. I am especially pleased that he was willing to share some of his expertise and perspectives for the book, which are included in several of the chapters. I also would like to thank Larry Buc, who gave me my start in the environmental consulting business some 25 years ago. He also provided major and early opportunities for me to grow professionally and served as my first (and only true) mentor in the business. He has been very generous over the years in sharing his time, knowledge, and accumulated wisdom. Many of the successful projects on which we have collaborated over the years have helped me develop a level of understanding and

insight that has enabled me to address the major topics in this book in the depth they deserve.

During the past five years or so, I have been fortunate to have worked with a number of talented people on projects that have brought to light new information and insights about the relationships between corporate environmental management and sustainability behavior, performance measurement and reporting, and financial community evaluation and investment decision making, among other topics. Involvement in these projects has allowed me to both contribute and further develop my capabilities while helping clients better understand and make sound decisions about their own operations and activities. I would like to specifically acknowledge and thank Shana Harbour and Bill Hanson of the U.S. EPA, Mike Fanning of the U.S. Postal Service, and Carol Singer Neuvelt of the National Association for Environmental Management. They provided me with opportunities to contribute to the important work being done within their respective organizations and gave me the creative space I needed to develop and deploy some unconventional yet, in the end, highly effective approaches for addressing challenging issues. Many of the facts and perspectives provided in this book originated in the work performed under the direction of these people.

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About the Author

Peter A. Soyka is an experienced and accomplished sustainability and environmental management consultant and a recognized expert working at the intersection of environment/EHS and finance. He is the founder and President of Soyka & Company, LLC, a small consultancy focused on illuminating and resolving the issues limiting sustainable business success. With 25 years of environmental management experience, he has served a wide variety of corporate, public agency, and nonprofit clients focusing on improved, cost-effective environmental and sustainability performance. Much of his recent work has involved identifying and capturing the financial and other organizational benefits of proactive environmental management and sustainability practices. During his career, Mr. Soyka has successfully designed and executed hundreds of consulting projects, including a number devoted to driving sustainability thinking and practices into client organizations at a strategic level. He has developed a substantial number of new innovations for understanding and acting upon the organizational and financial aspects of corporate sustainability issues; he brings a substantial track record of innovative thinking and success in devising creative solutions to very challenging environmental/business management problems and translating new ideas into approaches, tools, and techniques that produce real results.

1

Introduction

Over the last ten years or so, a number of books and other published works on the topic of corporate sustainability have appeared. Early on, much focus was placed on the “triple bottom line” construct developed and promoted by John Elkington in his book *Cannibals with Forks*, published in late 1999. Following a bit of a lull in the ensuing years, “greening” and more general notions of corporate sustainability have again recently come into vogue. This is in part due to increasing concerns about climate change and other global-scale environmental issues, but also because a number of large U.S. multinational corporations have mounted highly publicized campaigns to “green” their operations. Today, it seems that “green business” is a bandwagon that many people and organizations are seeking to drive or at least jump onto. Attracting less fanfare but still reflecting important developments and thinking, several recent books have addressed emerging realities in the financial world. In particular, the continued evolution of socially responsible investing (SRI) and the increasing interest in corporate sustainability shown by a number of major financial institutions and quasi-public organizations have attracted significant commentary. Few, if any, authors have sought to link these two trends and to draw out the implications for those who work on corporate sustainability issues or want to. With this book, I intend to fill this important gap.

In an attempt to address organizational sustainability as they perceive it, financial community actors, led by SRI investors, have developed the construct of environmental (and related health and safety), social, and governance (ES&G) posture and performance. This construct defines a set of behaviors that they believe is meaningful and around which investment strategies can be defined and implemented. Although it’s not identical, the ES&G framework is very similar and

closely related to the triple bottom line and another concept commonly used in U.S. corporations, corporate social responsibility (CSR). These terms and what they represent are still somewhat vague to many observers, but it is clear that each attempts to define a standard of behavior that is socially acceptable, accounts for all important factors (financial and nonfinancial), and, in the case of ES&G, allows a third party to make an informed judgment about the investment potential of a particular company or industry. This book attempts to bring some clarity to these different concepts and to show how and under what conditions they are most suitable for use by companies and their many stakeholders.

Professionals working in the environment, health, and safety (EHS)/sustainability field and in the financial sector perform different activities; have different perspectives, academic training, and priorities; and rarely cross paths in any regular or organized fashion. Yet increasingly they are working on different dimensions of the same issue: how the EHS and broader sustainability posture and performance of corporations affect these firms' financial performance and investment potential. A few thought leaders have noted that more integrative and complete thinking across disciplines and these discrete, disconnected "communities of practice" must occur if sustainability thinking is to be translated into action on a broad scale. What is needed, however, is a much broader and more meaningful dialog involving all the relevant actors, and a set of organizing principles and facts to both explain why greater cross-pollination is necessary and form the basis for the early conversations.

In particular, EHS and sustainability professionals, and professionals working in other functions and disciplines who have an interest in corporate sustainability, must develop a more complete understanding of how the financial community operates, what its members value, what motivates their behavior, and the basis of their growing interest in corporate sustainability. At the same time, to take advantage of the opportunities presented by corporate sustainability, financial sector actors, particularly investors and investment analysts, must develop a broader and deeper understanding of how sustainability issues affect companies' financial posture, performance, and future prospects; what types of corporate practices create the conditions required for sustainable value creation to occur; and what types

of indicators may be useful in predicting which firms will benefit (and which will suffer) from evolving sustainability trends. In other words, a bridge must be built between the disparate worlds of the EHS/sustainability professional and the investor/analyst. This book begins to build this bridge.

In taking a professional path that has traversed many different sectors and disciplines, I have found it possible to take a step or two back to view the broader landscape. It is clear to me that the increasing bodies of knowledge being brought to bear in both the EHS/sustainability and financial communities, each on their separate paths, are about to converge. This will represent a major paradigm shift that I believe is already under way. To reflect and, in my own small way, help promote this shift, I have compiled, in this book, descriptions of the following:

- How sustainability issues affect the business enterprise
- The important stakeholders who influence corporate behavior, particularly as it pertains to EHS and social equity issues
- How sustainability issues can and should be managed in an organization
- What financial markets are and how they work, with particular emphasis on sustainability issues
- The ways in which investors and other financial market actors evaluate sustainability posture and performance
- The evidence showing how skillful management of EHS and broader sustainability issues can create new corporate financial value and positive investment returns
- What performance measures are most important from all important stakeholder perspectives, and how current measures could be improved
- How those interested in contributing to organizational (and global) sustainability can become more effective and influential

This book outlines a coming “sea change” and discusses its implications for professionals in the relevant fields, for corporate leaders, and, in due course, for policymakers, regulators, and the educated general public. The book will have particular import for those who would lead internal sustainability or CSR efforts—including senior

managers who have recently adopted the Chief Sustainability Officer (CSO) title—and those who would provide expert services to support these individuals and their organizations. In particular, I believe that these professionals will need to expand their existing, separate paradigms and broaden (and, in some cases, deepen) their skill sets. I believe that there is ample justification for reaching this judgment.

I have seen the broad outlines of a new way of viewing corporate sustainability issues taking shape for a considerable period. Since the mid-1990s, I have pioneered some new thinking about the relationship between environmental management and corporate performance, especially in linking environmental management improvements to financial value (such as to stock price changes and durable competitive advantage). As shown in this book, the additional leverage brought about by the growing and active involvement of financial market players is moving the world of investment into alignment with many of the goals of corporate sustainability. This alignment is taking shape and gathering force more quickly than many realize. As it becomes more prominent, it will bring many changes and challenges, and this book shows both the progress to date and my thoughts on the path forward.

Major Themes and Messages in This Book

As I show in the following chapters, the past 20 years or so have witnessed the development of a substantial body of work about and understanding of how best to manage environment, health, and safety (EHS) issues. For the most part, EHS management practices and methods are well developed and widely understood within the EHS profession. The landscape, however, continues to evolve. The array of issues that are in the purview of EHS people has been expanding at an accelerating rate in recent years. In a parallel and related development, the number, diversity, and sophistication of the stakeholders having an interest in EHS management behavior and performance continues to grow. It now includes many people and entities that until recently had expressed little interest in matters involving the environment or worker health and safety, much less sustainability.

These changes necessarily place new demands and expectations on the EHS/sustainability professional.

In particular, a strong and growing impetus for corporate sustainability is emerging from an unexpected source. Influential actors in the financial sector are becoming increasingly interested in corporate environmental/EHS, social, and governance performance and in the management practices that improve it. Indeed, investments (both equity and fixed income) in firms made at least in part on the basis of EHS, social, and/or governance criteria are growing far more rapidly than their conventional, “mainstream” counterparts. Increasingly, investors and the information providers that supply them are posing a greater number of more sophisticated questions regarding not only conventional indicators of performance (such as compliance record) but also the degree of senior management involvement, the presence and effectiveness of internal systems and processes, and whether and how existing businesses may be affected by significant EHS issues (such as climate change). As I will show, these expectations are too numerous, persistent, and important for firms to ignore. I also provide evidence that these demands and, more generally, the involvement of the financial sector in corporate management of ES&G issues are very likely to increase during the coming years.

Supporting and fueling this trend is the rapidly increasing availability of information and the public scrutiny of corporate ES&G performance it enables. In the Internet age, information (and sometimes misinformation) is everywhere and available more or less instantaneously. Complicating matters is a diverse array of stakeholder values, preexisting beliefs, priorities, educational levels, and technical sophistication. Stakeholders do not, as a general rule, speak with one voice, and embracing their respective agendas may lead in divergent, even diametrically opposed, directions.

Among the types of stakeholders demanding more and higher quality EHS information are major customers, who are rightly considered “first among equals” within many companies. We are now witnessing a spate of new supply chain initiatives focused on the life cycle EHS impacts of an array of products and services. Most of the action and public attention seem to be focused on the high-profile efforts addressing consumer products sponsored/driven by major

retailers (such as Walmart), although other prominent efforts are under way as well. Most of these initiatives have an explicit transparency component (they require public reporting of product/service environmental aspects), including upstream (production and transport of raw materials and components) and downstream (in-use and post-use) life cycle stages. The resulting data will make it increasingly easy for a wide array of stakeholders to identify the leadership companies (as they perceive them) and to distinguish them from the laggards, in any industry or economic sector.

Some of these major trends have been observed by other prominent participants in the EHS/sustainability field. The following sidebar describes a particularly insightful example.

Emerging Corporate Sustainability Leadership Behaviors

A keen observer of major sustainability trends is my good friend and frequent colleague Ira Feldman. He is a prominent and internationally renowned expert on environmental policy and regulation. He closely follows major developments pertaining to corporate sustainability, use of voluntary standards, climate change adaptation, sustainability investing, and a wide array of other topics. He sees several areas in which major advancements in corporate attitudes and practices have occurred in recent years. According to Ira:

- “Leaders in various industry sectors now clearly see the value of embedding sustainability in their corporate DNA.”
- “Standards, toolkits, and road maps have evolved to the point where business and industry have ample guidance to embrace sustainability best practices.”
- “The financial sector is finally providing a clear signal to business and industry that high performance on environment, social, and governance (ES&G) issues—another way to phrase sustainability or corporate social responsibility—will be rewarded.”

- “Even if sustainability concepts are not fully understood, most companies have a greater appreciation of the need to satisfy a multiplicity of stakeholders. The multistakeholder dynamic is a hallmark of sustainability.”
- “Sustainability has reached the C-suite with the advent of the Chief Sustainability Officer (CSO).”
- “Supply chain management for sustainability has made great strides, gaining widespread acceptance through visible supply chain initiatives of companies like Walmart and sector-oriented or collaborative approaches like the Sustainability Consortium.”

(Feldman, 2011)

Each of these trends, along with a number of others, is discussed in depth in this book.

These and other trends make it increasingly important for those involved in sustainability issues from any angle to apply a multidisciplinary perspective and methods. It is clear that continuing to view the issues through the lens of any one professional discipline—whether EHS management, manufacturing, marketing, supply chain management/logistics, or public or investor relations—will be inadequate to fully understand how the dynamic is changing and what to do in response. From the standpoint of some of the important stakeholder groups, it seems equally clear that far more interchange of expertise, perspective, and talents will be required. As this book discusses, most investors, and even many of their specialist ESG analysts and data providers, are poorly equipped to really understand how EHS, social, and governance issues work in a corporation, how they can most effectively be managed, and how and to what extent improved practices and performance are and can be expressed in terms that are relevant to security valuation. Similarly, in the context of understanding/promoting corporate sustainability, public-sector institutions, labor unions, and even the NGO community are in many cases organized to respond to an operating environment that in large measure no longer exists, or at the least is undergoing rapid and significant change.

Unfortunately, many of the communities of practice involved with different aspects of environmental policy, EHS/sustainability management, SRI, and investment analysis/management have often worked in isolation and sometimes in conflict with one another. There are many reasons for this—some structural, some cultural, and some contextual. Regardless of the root cause(s) that apply in any particular case, I believe that the status quo will need to change for us to advance the practice of sustainability as far and as fast as external conditions require.

This book suggests some ways in which bridges can be built across these communities so that companies are encouraged by all important stakeholders to take appropriate measures to improve their ES&G performance in ways that create new financial and broader societal value. This can and should occur through implementing improved management practices; providing consistent and timely information that is relevant and actionable to financial and other stakeholders; and receiving, understanding, and acting on appropriate feedback provided by market participants.

To make this happen, two key conditions will need to be met. One is that more frequent, extensive, and meaningful dialog will take place, leading to shared understanding. The diverse constituencies and people who need to be involved in the discussion must interact and develop a much deeper and more meaningful understanding of one another's perspectives, needs, and talents than is typically the case now.

In parallel, and for this deep understanding to fully take shape, the second condition is that many of those involved will need to expand their perspective and, in many cases, their skill sets. Remaining solely within one's professional discipline or official role will be increasingly untenable for anyone who wants to meaningfully contribute to the sustainability of his or her own organization, and certainly for anyone seeking to catalyze sustainability thinking or practice in other organizations.

This book not only describes the conditions, trends, and root causes that have brought us to this point, but also provides some suggested answers. For corporate organizations and the people who lead and serve them, I recommend a number of long-term objectives and

strategy elements that, if adopted, can place a company on the path toward a more sustainable future. I also recommend both immediate and short-term actions to define the direction and contours of this path, and some early stepping-stones. For those working outside the organization, whether in a consulting or other stakeholder role, I suggest a number of approaches, techniques, and tools that can be used to help focus the attention and efforts of clients and others they seek to influence on the issues and endpoints that are most important, the techniques and messages that are most effective, and, in general, how they can improve the effectiveness and impact of their work in promoting organizational sustainability.

A Few Disclosures and Caveats

I want to emphasize that, with very few exceptions, I am not proposing a new, “game-changing,” paradigm-busting approach to managing ES&G issues. Accordingly, I do not view myself as a pioneer or visionary in advocating the approaches I detail in this book. At the same time, and viewed from another perspective, the ideas I promote cannot reasonably be dismissed as unrealistic, impractical, too expensive or time-consuming, or ineffective. Rather, my suggested approach is firmly grounded in the practices that have been developed within and by the EHS profession during the past 15 years or so. They have been deployed, refined, and demonstrated repeatedly by the many thousands of people who perform the work of EHS management on a daily basis. These people include corporate headquarters and plant/field staff, consultants, staff from some of the more solutions-oriented NGOs, and regulatory agency personnel. Collectively, they (including, in my own limited ways, myself) have brought us to where we are. Without their efforts, both the quality of human health and the environment as it exists today, and our ability to understand and effectively manage our EHS aspects in the future, would be significantly reduced.

This may seem self-evident (if not flagrantly self-congratulatory), but I believe that it is important to articulate this perspective for two major reasons. First, in keeping with my approach to writing this book

(and my work more generally), I believe in transparency. This means making clear my point of view and biases so that you can reach your own conclusions about whether I am building my ideas on a strong foundation.

The second major reason is that I have observed many recent changes in the public perception of EHS issues (environment in particular), accompanied by a proliferation of media stories, new businesses and concepts, and general buzz on this topic. It seems that “green” and “greening” have again captured a significant portion of the public mindshare. While in some respects this is encouraging, and even gratifying, I believe that it is important not to let enthusiasm overwhelm sound judgment. Having worked in the environmental/EHS field for 25 years, I have seen several previous “waves” of interest in the environment. Just as in the past, I will not be surprised if the recent high tide soon begins to ebb, whether due to economic conditions or in favor of some other issue.

Moreover, while the growing interest in the environment has many positive aspects, it also has promoted a trend that I find disquieting. As I discuss in detail in Chapter 8, meaningful public sustainability (or ES&G) reporting occurs to only a limited extent and has only recently begun to grow strongly. However, there has been a veritable explosion of “green” product and service claims; new greening “experts” are appearing regularly; and scores of new companies and consortia are entering the field to provide advice and assistance on green branding, marketing, communications, and advertising. To the extent that these new entrants (both ideas and those who promote them) gain traction with the public and, more troubling, with corporate executives, there is significant risk of placing undue emphasis on the message (and/or messenger) rather than on its content. Indeed, several studies have documented that unsubstantiated or potentially misleading green claims are widespread,¹ and a few particularly abusive situations have induced enforcement actions by the U.S. Federal Trade Commission (FTC).² Such behavior has not gone unnoticed more broadly; several recent consumer surveys indicate growing skepticism of “green” claims among the general public.³

In addition, it is an open secret that during the past decade or so, many companies have shed EHS staff, apparently in the belief that

they had largely completed their work in this area, such that EHS management was now in more of an ongoing maintenance mode than a building mode. Ironically, these staff cuts were in many cases made by the same executives and companies that have most loudly proclaimed their commitments to sustainability. The consequences of this type of behavior can be seen most vividly in the 2010 BP disaster in the Gulf of Mexico, but they are playing out in less visible ways across American industry. It is only a matter of time before other “shocking” EHS incidents and accidents occur because of inadequate staffing and/or practices at firms esteemed for their solid management team, history of innovation, or even sustainability leadership.

I believe it is important to place the cart *behind* the horse. Indeed, in nature, and in many fields of human endeavor, form follows function. So it must be in managing ES&G issues. As discussed in Chapter 5, a sound management structure includes and is guided by corporate mission and vision and is overlain by strong governance practices. However, it also is based on the “nuts and bolts” of how EHS issues affect the business on the ground. This means that those who understand these issues, their implications, and what to do about them must be central, not peripheral, to the design, deployment, and ongoing management of the organization’s ES&G/sustainability strategy, management structure, and communications. Accordingly, I believe, for example, that a company’s highest-ranking sustainability executive (such as the Chief Sustainability Officer or Senior Vice President for Sustainability) should not be a public relations, marketing, communications, or investor relations professional unless there is a compelling reason for such a selection (such as earlier career experience in EHS). Nor should the sustainability (or ES&G) function be housed in or report to any of these communications-related functions.

Instead, in the context of managing for ES&G improvement or sustainability, it is critically important for organizations and those responsible for managing them to emphasize accomplishment over accolades, competence over appearances, and fundamentals over capturing favorable publicity. It starts with getting (or keeping) one’s house in order. You do this by maintaining a high and improving performance level along two basic dimensions that have been with us since the dawn of the EHS field as a defined profession 40 years ago:

- Complying with the law and all applicable regulatory requirements
- Adequately protecting the health and safety of one's own employees

I would hope that you agree that these two conditions reflect the minimum EHS performance level that you would expect from any well-run organization. I would go further and suggest that any company or other organization that has not yet achieved (or that has retreated from) a high and improving level of performance along these two dimensions should dispense with any notions of, or plans to actively pursue (or, more troubling, tout their own), sustainability. Instead, the executives managing such organizations should either get back to basics or institute appropriate programs, depending on their situation, to build the required capability.

Irrespective of a particular organization's current posture or aspirations regarding sustainability, I believe that the principles and approaches outlined in this book will be of material value in helping EHS and sustainability practitioners (both internal and external to the organization) and other members of the organization. Whatever business function they perform, they will understand where they are, what they should focus on, what structures and practices will help them manage the important issues, and how they should measure and report their performance over time. I also speak to some of the important professional skills and personal attributes that will increasingly be required to achieve success in positioning your organization to achieve sustainable business success.

Endnotes

1. For example, in a recent (2010) update of an annual review of green product claims, more than half of the claims made for more than 5,000 products evaluated were either vague or unsubstantiated by evidence (Terrachoice, 2010).
2. In the U.S., advertising claims are subject to regulation by the Federal Trade Commission (FTC), pursuant to authorities provided by the Federal Trade Commission Act (FTC Act), which stipulates that a "reasonable basis" is required to support such claims. More specifically, Section 5 prohibits claims or advertising that are "unfair" or "deceptive." The FTC has issued a policy statement to clarify what is meant by "deceptive"; essentially, a claim is deceptive if it is material and

misleading to consumers who are acting reasonably. Similarly, claims are “unfair” if they are substantial, not reasonably avoidable, and impose costs in excess of their benefits to the public. The FTC recently has brought enforcement actions and levied fines. In 2009, for example, the FTC took enforcement action against three companies concerning claims that their products were “biodegradable” as well as separate actions against marketers of home insulation products. Some of these actions have been settled, and others are undergoing litigation (Federal Trade Commission, 2009).

3. For example, a recent global survey showed that only 21 percent of American respondents agreed with the statement “Companies and industries are currently working very hard to make sure that we have a clean environment in my country,” while 36 percent disagreed. The remaining 43 percent were neutral. Similar levels of public skepticism were observed in many other developed countries (Globescan, 2009).

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