



THE  
**GREEN  
EXECUTIVE**

CORPORATE LEADERSHIP IN A  
LOW CARBON ECONOMY

GARETH KANE

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# Introduction

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As I write this introduction in the summer of 2010, environmental issues are at the very top of the global news agenda. On 20 April the Deepwater Horizon drilling rig exploded in the Gulf of Mexico, killing 11 workers and starting a huge oil slick. BP, the company who sponsored the drilling, catastrophically failed to deal with the physical leak, the ecological damage it caused and the resulting storm of public anger. BP Chief Executive Officer (CEO) Tony Hayward made a textbook example of how not to handle such a crisis: trying to shift blame onto the contractors operating the rig, downplaying the size of the disaster and complaining about the effect it was having on his own life. In July Hayward stepped down from his position, stating ‘life isn’t fair’.<sup>1</sup>

Also in the news, seven Indian managers of the Union Carbide plant at Bhopal, India were fined and jailed for two years for the 1984 explosion that released a cloud of toxic gas, killing 15,000–20,000 people. The American chairman of Union Carbide at the time, Warren Anderson, remains ‘a fugitive at large’ according to the Indian judicial magistrates.<sup>2</sup>

In the meantime, NASA announced that the 12 months to April 2010 were the warmest on record, scotching the myth that climate change had somehow slowed or stopped at the turn of the millennium. It is becoming increasingly certain that the coal that powered the industrial revolution and the oil and gas that ushered in the modern world are exacting their pound of flesh in return.

The Gulf of Mexico oil spill also inspired many commentators to question why BP was drilling for oil in such deep waters in the first place. Is this evidence that we are finding it harder and harder to find oil and gas? Are these fundamental resources, the very basis of modern life, under threat? No one seems to know for sure, but ‘peak oil’ theory is certainly back on the agenda.

If these two situations, climate change and peak oil, weren’t bad enough, there is an emerging factor that would make both problems much, much worse. Currently the consumption that is driving environmental strains is concentrated in a small proportion of the world’s population. As the rest of the world develops, as it is doing and has a right to do, consumption will rocket. If we are to avoid catastrophe, we need solutions to these problems urgently.

In response, political rhetoric is starting to coalesce into action. Watching 192 world leaders in Copenhagen in December 2009 trying to come to an

international agreement was a demonstration of the importance of this issue internationally, even if the resulting agreement was disappointing. More recently, US President Barack Obama described the BP oil spill as the environmental 9/11 and said it will change the country's environmental policy the way that the terrorist attacks of 2001 changed its foreign policy.<sup>3</sup> Whether it makes his attempts to get his climate bill into law any easier, only time will tell. Across the pond, new UK Prime Minister David Cameron declared that his coalition government 'will be the greenest ever'.<sup>4</sup> Prime Minister Sarkozy of France declared 'Let's face up to our responsibilities, not in speeches but in action, France and Europe are determined to do this',<sup>5</sup> and Chancellor Merkel of Germany said 'Today's generation needs to prove that it is able to meet the challenges of the 21st century'.<sup>6</sup> The Chinese Government is coming to the end of a five-year plan to cut the carbon intensity of its economy. Premier Wen has threatened to use an 'iron hand' and close down factories that don't meet energy efficiency targets in the future.<sup>7</sup> In 2010, China became the biggest investor in renewable energy systems in the world.<sup>8</sup>

One thing is clear – 'The Environment' isn't going away.

## **Green Business Comes of Age**

So where does this leave business? Twenty years ago, the vast majority of industrialists took a very reactive view to environmental and ethical issues. Maximizing shareholder value was the narrow focus, and as long as activities were within the law, all was good. In the last two decades, more and more organizations have ventured 'beyond compliance' to capture the business benefits of reduced costs and brand protection. But the environmental agenda has largely been stuck at a managerial level, treated as a medium-level priority, with only niche companies making it a core business driver.

This is now changing, and fast. The bar has risen to the point where, for cutting-edge companies, sustainability has become a boardroom-level strategic business issue. However, according to business leaders themselves, the skills, awareness and knowledge of executives are inadequate to meet this challenge.<sup>9</sup> The radical transformation required cannot possibly be driven by environmental managers hidden away in their environmental silos.

So this book is for people who want to become green business leaders. If you are going to guide your business towards sustainability, whether it is a cutting-edge start-up, a leading global brand or somewhere in between, you will need new knowledge, new skills and new perspectives. You will need to fully understand the

business opportunities and risks posed by the sustainability agenda. You will need to understand the context within which businesses of the future will operate. And of course you will need to understand both the practical and strategic techniques required to transform your business, its supply chain and the market in which it operates. This book provides a roadmap for this journey.

To help guide you I have interviewed 18 senior managers and executives who have already started along this road. They come from a very wide range of businesses from law through to pharmaceuticals. These people, who include some recognized world-class experts, have one thing in common – they are taking a proactive and strategic approach to the sustainability challenge. They tell fantastic and inspiring stories of overcoming difficulties, developing innovative solutions and the personal fulfilment they have achieved in the process. I have been inspired by their stories and I hope you are too.

## **The Structure of the Book**

This book is divided into four parts:

- **Part I: Why do it?** This section lays out the business case for action, the costs of inaction, the moral case and potential pitfalls of action.
- **Part II: The Global Context.** This section covers the major environmental issues, the theory behind sustainability and predicts what a sustainable economy might look like.
- **Part III: Practical Action.** This section describes the various practical options that will make your business greener and help you to position yourself to thrive in a sustainable economy.
- **Part IV: Making it Happen.** This section covers the skills, techniques and management processes you will need to implement the practical actions and transform your business.

At the end of each chapter is a short vignette entitled ‘The View from the Front Line’ featuring an exclusive interview with an executive or senior manager with responsibility for environmental, sustainability and/or corporate social responsibility (CSR) performance. The interviewees were chosen to cover a wide spectrum of sectors and a wide range of sizes of businesses. For reference they are listed in table below.

The interviews are a snapshot in time and many things will have changed by the time this book is published – most of the companies concerned will have

*List of interviewees*

<b>Name</b>	<b>Organization</b>	<b>Sector</b>	<b>Page</b>
Chris Jofeh	ARUP	Design and construction	237–239
Toon Bossuyt	BOSS Paints	Manufacturing	221–222
Chris Tuppen	BT	Telecommunications	123–124
Surrie Everett-Pascoe	Canon Europe Ltd	Electronics	209–210
Roberta Barbieri	Diageo	Food and drink	131–132
Glen Bennett	EAE Ltd	Logistics	193–194
Vic Morgan	Ethical Superstore	Retail/new media	165–166
Sally Hancox	Gentoo Housing Group	Housing and construction	67–68
James Hagan	GlaxoSmithKline	Pharmaceuticals	93–95
Nigel Stansfield	InterfaceFLOR	Manufacturing	49–51
Richard Gillies	Marks & Spencer	Retail	81–82
Julie Parr	Muckle LLP	Professional services	29–30
Nick Coad	National Express	Public transport	179–180
Paula Widdowson	Northern Foods	Food and drink	39–40
Peter White	Procter & Gamble	Consumer goods	17–19
Martin Blake	Royal Mail	Logistics	155–156
Roy Stanley	Tanfield Group	Electric vehicles	109–110
Stephen Little	The Sage Gateshead	Hospitality	141–142

advanced, others may have retreated and some may even have disappeared. But the lessons the interviewees have learnt and shared in the interviews are invaluable.

### **A Note on Language**

The environmental agenda is notorious for its loose use of language. For the sake of variety, I use ‘green’, ‘environment’, ‘corporate social responsibility (CSR)’ and ‘sustainability’ interchangeably. The terms ‘sustainability’ and ‘CSR’ generally have a broader meaning than the others, incorporating social issues as well as purely environmental concerns. ‘Sustainability’ also tends to be associated with a longer term timescale and implies step changes in performance, whereas ‘CSR’ implies more modest ambitions.

Although this book is predominantly concerned with the environmental agenda, it is impossible to separate social issues from environmental issues completely. Generally when I use ‘sustainability’, I am talking in a broader, more long-term sense than when using the other phrases.

Part I  
Why Do It?

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# Understanding the Business Case

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The first essential concept for a Green Executive to grasp is the business case for going green *as it applies to their business*. Everything else flows from this business case – your technical strategy, your branding/communications strategy and your management systems, so it is imperative to get a really good understanding of what the unfolding green agenda means to your company.

The following four chapters describe drivers for going green in a generic sense. These generic drivers can be customized and refined with your understanding of your own business environment to develop the case for your business to go green.

Chapter 1 looks at the consequences of taking or maintaining a reactive stance and simply trying to stay compliant with legislation. This has been the traditional approach taken by business but this chapter describes the powerful forces that will pull you backwards when you think you are standing still.

Over the last decade there has been a significant shift away from that reactive attitude to environmental issues. Where once compliance was sufficient, now many businesses want to go beyond compliance to benefit from cost savings and risk management. But as we will see, the really proactive green businesses are now seeing that the big benefits are coming from branding and exploiting opportunities in the new economic landscape. It is this change in perspective we cover in Chapter 2.

In Chapter 3 we look at the moral case for action. Corporate philanthropy has a long history and there are certain lessons we can learn from the past. This chapter also looks at some of the stickier ethical dilemmas and identifies some potential pitfalls.

Chapter 4 raises an extremely important, but often ignored, fact – that going green is not without risk. The chapter looks at some of the banana skins upon which many companies slip up.



