



Trends

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Making Decisions for Sustainability

The term “sustainability” is being mentioned quite a bit lately. Usually the term is connected with some sort of environmental effort, such as green practices, renewable energy, recycling, or other similar activities. It seems that since I was a kid in the 1970’s, there has been some sort of environmental endeavor that pit “environmentalists” against the business world, and in some cases, the effort and the opposition was well justified. But today, things seem to be different. There is a huge opportunity for business to become actively involved in sustainability efforts that can make an impact not only on the environment but on the bottom-line of organizations. It is from this point of view--that of organizations’ and not environmentalists--I’d like to share some thoughts on sustainability.

A couple of years ago I was doing some work with leaders from one of the world’s largest retailers. As I shared with them, if I were to cut back on energy usage by only one percent, then I’m not going to make much of an impact. But if they were to cut back on energy usage by only one percent at all of their locations, then that small amount for them would amount to huge reductions in energy usage, plus the reduction in their cost for energy would be significant, as well. After all, at their size, a little bit is a lot. Of course, they were already engaged in energy conservation activities, but the example helped me share with them the concept of scale. It doesn’t take much to create an impact when you are as large as they are.

This sort of scale also helps them to leverage other changes, such as a reduction in packaging for items they are selling. After all, people buy their products, take them home, and then toss a huge amount of packaging materials into the garbage as they get the item out of its container. By getting their suppliers to reduce the amount of packaging for products, we end up with a significant reduction in the amount of materials that head to our landfills. But they also see a reduction of space taken up by the product, as well as a reduction in weight, allowing their trucks to haul more products per load. This results in even greater economies in transportation costs and fuel usage, as well as reducing the impact on the environment with fewer vehicle loads.

Of course, these are the obvious advantages that we can see from activities that surround the issue of sustainability, and it makes sense to engage in them because we can see a direct cost savings for the organization and a reduced impact on the environment. And, of course, when an organization is large, small things can have a huge impact. But sometimes things aren’t quite so clearly linked, and the impact isn’t so clearly evident. For organizations, businesses like yours and mine, sustainability is more than just the impact that our practices might have on the environment. It is about the kinds of decisions we make that can have an impact on our very survivability. Little decisions can set in motion huge consequences later on down the road.

Let's take, for example, organizations such as Enron, WorldCom, and, even more recently, Bear Sterns and Peanut Corporation of America. What do these organizations have in common? They don't exist any more, at least not as the independent companies they once were. They simply didn't survive. And they didn't survive because a series of decisions were made by a variety of people that led to their economic downfall, their bankruptcies, and in some cases, their being acquired by other organizations or simply being sold off in pieces to the highest bidder.

I doubt that anyone working for these companies made the direct decision that they wanted to put their companies out of business. I'm sure the intentions of most of the employees, managers, and executives were made with the thought that they would still be in operation today. However, their decisions did not focus on keeping the business in operation beyond the next few foreseeable quarters--they were not focused on sustainability for the long-term.

It is all too easy to make a decision, a seemingly small one, that has a large impact. Finances are tight, so a decision is made to cut back on costs. One of those costs is maintenance, so it is decided to limit what maintenance is done. Cutting back on maintenance allows machinery and buildings to fall into disrepair. As a result, there are leaks in the roof, contaminated rainwater falls on machinery that is processing food, and soon you have a salmonella outbreak that results in huge quantities of food being recalled. But what's worse, several people die from food poisoning from the tainted food. Liabilities mount and soon the organization can't survive. The doors are closed; employees are out of work; millions of dollars are lost; lives are jeopardized and families are forever impacted. One simple decision has a negative impact on so many people for such a long time, and, of course, the organization is not sustained. This simple but true story demonstrates how seemingly small and immediately impacting decisions can end up resulting in long-term and detrimental consequences.

In the last issue of Management World I shared four areas in which we should be setting goals for our organizations. These areas were Relationships, Economics, Action-Ability, and Longevity. Most organizations are very good at setting Economic goals. Some are good at setting Relationship goals, at least when it comes to taking care of customers. And there are even some organizations that are good at insuring that their processes and operations are optimized so that costs and quality are extensively controlled. But there are far too many organizations that are focused more on the near term than on the long-term impact of decisions made on a day-to-day basis in their companies.

One of the things that I share in *Leadership Lessons From the Medicine Wheel* is that many American Indian nations would approach decision making based on the impact that the decision would have on seven generations. In other words, if we make this decision, not only should we be concerned with the impact it will have on us today or tomorrow, or even next quarter or next year, but we should be looking much further down the road to see what kind of impact it might have on those who will follow us as they work for our organization. We should be thinking that there will, indeed, be those who will follow us, and that our organization will be here long after we have left not only the organization, but this world.

If we believe that our organization will be here long after we are gone, and if we strive for this and intend that it should survive, then we may find ourselves making different decisions than those we normally make. As we make decisions, we begin to ask not only how does this solve our problems now, but what kind of future problems might this make for us, our employees, our customers and the future survivability of our organization if we take this action today. With this long-range focus we can begin to ask what kind of decisions we can make today that will solve problems for our organization in the future, and maybe even keep it from experiencing those problems at all.

All we have to do is simply change our perspective and our focus from immediate gratification to one of long-term results. We must stop managing organizations from quarter to quarter or year by year.

Instead, we must manage them for the long-term and beyond the time when we will be with the organization. In the end, not only does our organization win, but we win too; along with our children, our grandchildren, and their grandchildren's grandchildren. After all, what kind of world would you like them to live in? It is up to you to make good, long-term decisions that impact the sustainability of your organization and its impact on the world. Remember, small decisions by people at all levels of the organization can have a great impact. What kind of impact will your daily decisions have in your organization?

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