May 7, 2006
Review

- Announcements: Graduate papers are due today - be sure to send them to Dr. Pojasek.
- Course evaluations: due by next Monday, please take the time to fill this out. We take it very seriously.
- All case discussions have all been graded. If you haven’t received a grade from your bulletin board discussions, please contact Kevin and Molly.
- Final exam will be put up on the web tonight. It is due in two weeks and should be sent to Kevin.
- ? From distance students: confusion about indicators of measurements
- Reply: Results are always in the past by definition, but if you have had a good performance in the past and you have continued your commitment to excellence, then they can be used to project the future. Baldrige really doesn’t care what your results are, they care about your commitment to achieve those results. They care if you have a plan to achieve your results; you must demonstrate that the results are important to the organization; have you tracked/trended the results; and have you benchmarked your results against others. So this is a good barometer against how you measure results (similar to Tactic #7: scoring results).
- One thing that is perplexing, we measure doing less of a bad thing and not doing more of a good thing. But this is might be a philosophical change that needs to happen in the field.
- The advantage of the Scorecard is that it requires indicators in different tiers that eventually answer to the financial tradeoff (which is the key to keeping the attention of management, and subsequently the longevity of the sustainable development program).
- ?: What I found difficult with corporations that make products, is the downstream/upstream pollution associated with offshore production.
- Reply: You are negotiating with someone on the other end to make a product on your behalf and you have a set of specification for your product. With that specification can come other things including waste management, labor management, etc. As an example, Patagonia was making shirts in Taiwan and they wanted to have a matching, repeating pattern of fish. To get that
May 7, 2006: Review

- matching pattern, there is a tremendous amount of waste because you only had a smaller table to cut the patterns- with a larger table, there would be less waste. So Patagonia bought them different tables, showed them how to use them, and forced the issue.

- Legislation is a secret 4th component of sustainable development. So if your company does not have leverage, there is a position for international regulations to work towards the global good.

- Another example, in Mexico there is only 1 hazardous waste disposal plant. So what German manufacturers did was adopt pollution prevention, changed their process and thereby eliminated the hazardous waste in the first place. And there is another problem associated with legislation- for it to be effective, the regulations must be enforced. So the ideal solution is to re-formulate the process to prevent the problem in the first place.

- Another example in China with Nike- there is a Nike employee that has the power to overrule the offshore manager. So they went to SF and worked with a cooperative of similar manufacturers to implement de facto regulation.
  - This is an example of leveraging: can go through business organization that set up de facto standards for the entire industry.
  - Business for Social Responsibility (manufacturing cooperative in SF) will train and audit the companies.

- Patagonia wanted a number of its suppliers to do process maps, but the purchasing representative went ballistic even though the offshore plant wanted the training to do the maps.

- It largely comes down to meeting the needs to the stakeholders needs (don't want child labor, don't want pollution, etc) so the corporate office of big companies will make it happen.

- Sustainable development programs can become a nexus of integrated actions- and process mapping is one tool to do this because it becomes a communication tool across workers/managers/etc.

May 7, 2006: Review

- Mistake proofing- you make your process so fool proof that no one can make a mistake. How they challenged the engineers is that they said the process changes needed to be cheap so they didn’t give them any money (Japanese business tool)

- Design engineers are a secret weapon in the process because they can brainstorm product improvement.

- BP just got fined in Ohio for safety violations that were the same as the violations they encored in Texas that killed/injured multiple employees. Yet they are considered an industry leader. So there appears to be a lack of communication between the corporate office and the satellite plants.

- Couldn’t there be a line of communication that allows for the transfer of information between corporate headquarters and its satellite plants.

- One of the key themes throughout this course has been the need for the SD program to have a clear line of communication to allow for new ideas to penetrate through the organization and impact the process. This is also the idea behind the need to make a financial case so that you can demonstrate the cost/benefits.

- For example, training costs money AND while the employee is being trained they have lost production from those employees. So the innovation came from changing how the adhesives are mixed. Previously in big tanks that required confined space entry. So they found a chemical engineer that developed inline mixing and kept the containers smaller than a human, so there was no more confined space entry. Now the company no longer has that liability, no longer has to pay for training, etc. This is how innovation can lead to $ saved- this is pollution prevention.

- Integration: John Elkington is the founder of SustainAbility wrote a book called “Cannibals with Forks” and invented the words ‘triple bottom line’. There are arguments before and against this concept because the proof lies in how well the three responsibilities are integrated. Yet in real world, these three responsibilities are typically performed by 3 different managers that don’t work together.
May 7, 2006: Review

- What perspective do you need to have to integrate the 3 responsibilities?
- Process. But who runs the process?
- The process is comprised of work steps (work tasks)- this is a very useful perspective to take to integrate the responsibilities.
- ?: Would you tie that to a very specific example.
- Ok- when they are cleaning the press and you are still using some petroleum based inks. So you are going to use an organic solvent. Now you are a worker in there- every rag you use to clean the press with that organic solvent becomes hazardous waste. So this workstep is generating hazardous waste & you have been trained to wear a respirator to protect you from the fumes. But the other employees and any one who comes into the press is exposed. So you turn on the fume hood- so everyone is now protected. One of the regulatory needs for working with organic solvents is the need for blood tests, which is paid time off to get the tests. So if you go back to this workstep and innovate the workstep to move towards soy inks, you have removed the organic solvent and all these environmental, social and economic costs. But in going to soy inks, you now have a new risk in the work place because it is slippery- so you make sure that you address the possibility of slips/falls. In MA, all used oil is a hazardous waste including vegetable oil. (MA doesn’t differentiate oils). This has been challenged numerous times, but it hasn’t been overturned. So technically, in this state, you didn’t get rid of the hazardous waste.

- END HOUR 1

- Projects and Programs- talking about the systems approach. Do you know the difference between sustainable development projects and sustainable development programs. Programs are based upon goals stated in the beginning. Projects make you plan for those goals.

- ?: I’m having a problem making a business case because we don’t have the data. So in our papers we are talking about hypothetical, but I can’t apply it.
- You are right. If you think about the Scorecard (ladder of steps with finance at the top)- so any type of financial return you measured will be in that top box. But when you talk about leveraging stakeholders, what is the financial impact of that? If you have a process, that will impact the stakeholders and then the financial impact, etc. But the lowest rung is learning. So what you want to do is to show that every measure that you have has a clear route to the financial box, then you are on the right track to making a business case.
- At the project level you can keep track of the $ very clearly.
- ?: So to summarize the strategy for SD, that you say the first thing you do is identify stakeholders. Then identify specific processes (added: you want to ask stakeholders what interest they have in your process). The underlying assumption is that there is a better process and that it will have a better financial return for everyone. One of the key elements to find this out is communication between stakeholders.
- The next point is how to do that there are 3 keys: pollution prevention, waste minimization, and worker safety. This is the base that will improve your triple bottom line because they will all influence your overhead and generate a financial return.
- There are two groups: Printing Industry of New England, and the other is the Cambridge Chamber of Commerce. I found nothing of a preventive nature on their websites, yet they are very strong on compliance with regulatory processes.
- ?: Back to implementation: we get a lot of suggestions, do we then measure them on the 3 responsibilities?
- No you integrate them- in the ideas that you get, is there anything in a triple win that moves in the direction you want to go? So you try to make continual improvement using lots of little projects until you can afford (or find) the breakthrough.