FINDING PARTNERS FOR THE JOURNEY

Introduction

In the previous chapter, it was emphasized that the start of the journey to sustainable development must be focused on the eco-efficiency of the processes that use and lose resources at the local level. Stakeholder engagement is used to determine what the interests may be for that process taking into account environmental, social and economic impacts and how they affect the stakeholders. That all sounds very simple. However, as with most concepts presented in this course, there is a great deal of complexity associated with this task.

A key perspective in sustainable development at the local level involves the distance that interests will be expressed by the stakeholders. Consider the following:

1. Source of the interest within the process
2. Interest within the “four walls”
3. At the fence line
4. In the “neighborhood”
5. In the “community”
6. In the region
7. In the nation
8. At a global level.

While a business, local government or individual could make an argument that it would be best to understand the interests of the stakeholders closest to the source, there will be other processes that create the same interests elsewhere in the distance continuum presented above. This interest will be projected back on the organization even if there is no impact or risk creating interests from the stakeholders closest to the source. They will learn of the interest elsewhere and want to know if they should have the interest as well. There are additional interests from the actions of the suppliers and the actions of the customers using the products and services of the business.

In the past, business had simply responded to the regulations to “do the right thing.” However, they soon found out that public trust could only be gained by doing the right thing whether or not laws and regulations existed. This step radically changed the business community from simply being in regulatory compliance to being ethically driven to seek improvement for themselves and for others in the business community. Soon local governments and facilities belonging to state and federal governments became subject to the same standards imposed by the public at large. Sustainable development issues are extremely complex and there is a multiplicity of stakeholders with differing...
interests. This complexity requires engagement of the organization in a meaningful
dialog with stakeholders with the following principles in mind:

- Active listening to be able to understand the root causes of the interest
- Accurate presentation of the impacts and risks involved in the processes, products
  and services along with the efforts to minimize or prevent them
- A visible effort to integrate the interests of the stakeholders into sustainable
development planning and implementation of transparent action plans
- A broad consensus that the benefits of the organization outweigh the impacts and
  risks.

Transparency with the stakeholders is the basis of accountability. In the end,
stakeholders have to determine from their own observations of the results being obtained
that their interests are being addressed. The stakeholders are not the only beneficiary of
openness and transparency. Businesses, while conscious that the weakest link could
undermine everyone’s efforts at credibility, require confidence that all businesses are
taking this as seriously as they are. No business wants to find itself regarded as the
weakest link in the system – the one creating the interest that will be spread through the
stakeholder community far from their location. Whether it was environmental
stewardship, social responsibility or economic development, organizations that operate
processes and offer products and services have begun to act with more accountability so
as to appear to be open and responsive to stakeholder interests.

Not only can the stakeholder interest come from anywhere in the continuum of distance
from the local source, but also the interest can be associated with many other factors that
can occur anywhere on the spectrum from the source to the global situation. Consider the
following interests:

- Depletion of natural resources
- Greenhouse effect – Global warming
- Depletion of the ozone layer
- Acid rain
- Human health
- Terrestrial eco-toxicity (fauna and flora)
- Changes in natural vegetation (not toxicity)
- Aquatic organism eco-toxicity
- Microbiological modifications and eco-toxicity
- Photochemical smog
- Eutrophication
- Land use
- Desertification
- Loss of drinking water
- Degradation of workplace and neighborhood environments
- Change in ambient noise levels
- Changes in disease incidence
- Risk of spills
- Risk of surface or groundwater contamination
- Risk of explosions, fires, and other sudden releases
- Air pollution
- Water pollution
- Emissions from solid waste management facilities
- Traffic accidents involving wastes and hazardous material shipments
- Many more interests can be added to this list!

This chapter will take a closer look from the process and move out into the community in all directions. It will also look at issues that occur elsewhere in the system and how that can come back to affect the local system. It will always be best for the local organizations to not only deal with sustainability with a local perspective, but to also look out to find the interests of stakeholders elsewhere to gauge whether the set of local issues is complete. The journey will begin with the following steps:

- Learning and innovation
- Stakeholder engagement

However, let’s first look at the concept of maintaining the trust of the local stakeholders by maintaining a license to operate.

**License to Operate**

To expand on one of the concepts introduced above, businesses no longer perceive their social obligations as necessarily synonymous with their legal obligations. There is a feeling that to raise an issue even if not clearly illegal today, will sooner or later be subject to public censure, government action, and legal liability. Community groups and non-government organizations (NGOs) have also begun to play important roles in pressuring businesses to address the sustainability interests raised by the stakeholder community. The building of trust between an organization and its stakeholders is a key component of its own sustainability. Degrees of trust range from the “benefit of the doubt” to “implicit faith.” The higher the degree of trust, the more valuable the results of stakeholder engagement! Essential components are as follows:

- A genuine, demonstrated commitment to openness and accountability
- Mutual benefit – If relationships are to be productive and last, both parties must benefit.

A first step is learning through being accountable to stakeholders.

The consequence of this situation is for business leaders to talk about the importance of operating in accordance with the organization’s “license or operate” or “social license.” This means that they are constrained to meet the expectations of the stakeholders and to
avoid processes, products and services that stakeholders (or influential stakeholder groups within the entire group) deem unacceptable. In some cases, the license to operate may be much tougher than the license imposed by regulations. This results in an organization having to move beyond what is expected by the regulators even if this means jeopardizing the economic health of the organization. There are, of course, limits to just how unprofitable sustainable development measures can be. Just as businesses must meet the requirements of their license to operate, they must also meet the requirements of other market forces – suppliers, customers, consumers, shareholders, institutional investors, risk insurers, etc.

The concept of the license to operate is of recent origin and it is far from being fully accepted across the business spectrum. There is no consensus on what license to operate means, how it should be responded to, or if or when it requires businesses to move beyond mere compliance. Nevertheless, there are a large number of cases where businesses have clashed with stakeholder groups that were caused by a misreading of the terms of their license to operate. These clashes and the publicity that has been associated with them have created the need to think more seriously about this concept. Examples include Shell’s failure to appreciate public concerns regarding the sinking of the Brent Spar. This led to costly damage to both its international reputation and caused sales to drop. Monsanto’s failure to respond to the concerns of European customers about the introduction of genetically modified food led to a consumer backlash and the breakdown of public trust sufficient to cause major damage to the corporation. Finally, Nike’s perceived exploitation of labor in developing countries caused substantial damage to its brand image. While these are all international examples, they have been repeated many fold at the local level by businesses that have ignored the interests of their stakeholders.

We can define the license to operate as

“The degree of match between stakeholders’ interests in an organization’s processes, products and/or services and the ability of the organization to successfully address those interests”

The power to amend or revoke an organization’s license to operate is specific to the stakeholder group and society. For example, a NGO campaigns against an organization’s process, product or service may overcompensate for the lack of legislation and enforcement of regulations that would address that interest.

Some people talk about “drivers” for organizations to move down the path to sustainable development. The following are among these drivers:

- Belief that reputation will be enhanced
- Following industry trends
- Experiencing top line growth – improving the brand
- Access to capital for growth
- Cost savings and/or operational efficiencies
- Increased stock performance
Top management commitment
Employee demand
Customer/Consumer demand
Social responsibility investing demand
NGO/Advocacy group demand
Competitive advantage
Opportunity for innovation
Obtain a greater understanding of stakeholder dynamics.

In contrast with the concept of unidirectional drivers, the concept of the license to operate captures the complexity of the relationship between the regulated enterprise and key stakeholders and it accords with an important reality the idea that the relationship between the licensors and licensees is interactive, not unidirectional, and many of the terms of the license to operate are open to interpretation, negotiation, and organization-initiated amendment.

Interactions among the regulatory, economic and social aspects of the license to operate often result in an intensification in the overall constraints under which an organization can operate at the local level. However, in other cases, there are tensions between the different economic, social and regulatory forces that may pull organizations in different directions. This can create an environment in which there is a strong incentive for organizations to listen and respond to community interests because if it fails to do so, the organization risks delays, possibly for years, in obtaining the consents required for needed process changes or modifications. Laws requiring disclosure of sustainable development program information can also empower local stakeholder groups. Rights to sue an organization or a regulatory agency, broader issues of access to information, legal duties of businesses to consult with local communities, and penetration of the legal decision-making process can all serve to expand the scope of the license to operate.

**Stakeholders Internal to the Operations**

The Baldrige model divides the people associated with the operations into three classifications:

1. Leaders
2. Employees
3. Customers and Other Internal Interested Parties

This model provides a great set of proactive questions that are very helpful for an organization to consider as it prepares people for helping move the company down the path to sustainable development. Let’s look at each of these categories as they contribute to the partnerships needed to move down the path to sustainable development.

**Leaders**

Leadership addresses how the organization’s senior leaders guide and sustain the organization as it moves down the path to sustainable development. They need to set and
communicate the organization’s vision and values while creating and sustaining a high performance organization. A key role played by the senior leaders is in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organizational bias for action. Their success depends on a strong orientation to the future and a commitment to continuous improvement, innovation, and organizational stability. To be on the path to sustainability, the leader’s role requires creating an environment for employee empowerment, agility and learning.

Another important leadership component involves the governance and social responsibility of the organization. This helps the organization fulfill its public responsibilities and maintain its license to operate. The leaders work within the governance system to behave legally and ethically and encourage everyone in the organization to practice good citizenship.

Here are the types of questions that are addressed to senior leadership in the Baldrige model:

- How do senior leaders set organizational vision and values? How do they deploy the organization’s vision and values through an established leadership system to all employees, to key suppliers and business partners, and to customers and other stakeholders? How do their personal actions reflect a commitment to the organization’s values? Do these values include a commitment to sustainable development?
- How do senior leaders promote an environment that fosters and requires legal and ethical behavior?
- How do senior leaders create a sustainable organization? How do they create an environment for performance improvement, accomplishment of the mission and strategic objectives, innovation and organizational agility? How do they relate an environment for organizational and employee learning? How do they personally participate in the sustainable development efforts?
- How do senior leaders communicate with, empower, and motivate all employees throughout the organization? How do they encourage frank, two-way communication throughout the organization? How do they take an active role in employee reward and recognition to reinforce high performance and a customer and business focus? How are these items integrated into the sustainable development program? How do senior leaders create a focus on action planning to accomplish the organization’s objectives, improve performance and attain the vision? How do they include a focus on creating and balancing value for customers and other stakeholders in their organizational performance expectations?

The Baldrige model goes further to require the organization to use its governance system to address its responsibilities to the public, ensure ethical behavior and practice good citizenship. The following key factors should be addressed in the governance system:

- Accountability for management’s actions
- Fiscal accountability
- Transparency in operations and selection and disclosure policies for governance board members
- Independence in internal and external audits
- Protection of stakeholders and stockholders’ interests.

There has to be effective review of the performance of the senior leaders and the governance board.

The legal and ethical behavior provisions seek to know how any adverse impacts on society of the products, services and processes are evaluated and addressed. How does the organization anticipate public concerns with current and future products, services and processes? How does it prepare for these concerns in a proactive manner, including using resource-sustaining processes? What are the key compliance processes, measures and goals for achieving and surpassing regulatory and legal requirements? What are the key processes, measures and goals for addressing risks associated with the products, services and operations? How does the organization promote and ensure ethical behavior in all interactions with stakeholders? What are the key processes and measures or indicators for enabling and monitoring ethical behavior in the governance structure, throughout the organization and in interactions with customers, business partners, and other stakeholders? How does the organization monitor and respond to breaches of ethical behavior?

Finally, the Baldrige model asks how the organization actively supports and strengthens the key communities. How does it identify key communities and determine areas of emphasis for organizational involvement and support? What are the key communities? How do the senior leaders and the employees contribute to improving these key communities?

**Employees**

Employees are a key success factor in any sustainable development program. The leaders will get more ideas, more loyalty, more commitment from the employees if they share the business and sustainable development goals with them and listen carefully to their ideas. The business depends on its employee. It is best to keep them involved. Employees are the eyes and ears of the organization. They are on the frontline both in the company and in the community. Often they see problems and solutions before management does. By developing communication with the employees, leaders can improve their commitment and productivity.

The Baldrige model examines how the organization’s processes and work systems and its employee learning and motivation enable all employees to develop and utilize their full potential in alignment with the organization’s overall objectives, strategy and action plans. Also examined and encouraged are the organization’s efforts to build and maintain a work environment and employee support climate that is conducive to performance.

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excellence and to personal and organizational growth of the employees. The three principle questions asked in the Baldrige model for employees are:

1. How does the organization enable employees to accomplish the work of the organization?
2. How does the organization contribute to employee learning and motivate the employees?
3. How does the organization contribute to employees’ sense of well-being and work to grow employee satisfaction?

The organization must address how its processes, work and jobs enable all employees and the organization to achieve high performance and sustainable development. The organization must address how its compensation, career progression and related workforce practices enable employees and the organization to achieve high performance. Some questions that are asked in this item are as follows:

- How does the company organize and manage work and jobs, including skills, to promote cooperation, initiative, empowerment, innovation, and the preservation of the organizational culture? How does the company organize and manage work and jobs, including skills, to achieve the agility to keep current with business needs and to achieve the sustainable development action plans?
- How do the work systems capitalize on the diverse ideas, cultures, and thinking of the employees and the communities with which it interacts?
- How does the organization achieve effective communication and skill sharing across work units, jobs and locations?

The organization needs to address its employee performance management system, including feedback to employees that supports high performance work and contributes to the achievements of the sustainable development action plans. How does the employee performance management system support a customer, stakeholder and business focus? How does the compensation, recognition and related reward and incentive practices reinforce high performance work and a customer, stakeholder and business focus?

The final part of this work system evaluation involved the methods used to identify characteristics and skills needed by potential employees and how the organization recruits, hires, and retains new employees with these skills. The Baldrige model asks how the organization ensures that employees represent the diverse ideas, cultures, and thinking of the hiring community. It also evaluates how the organization effectively manages career progression for all employees throughout the organization.

In the area of employee learning and motivation, the Baldrige model asks how the organization’s education, training, and career development supports the achievement of the overall objectives and contributes to high performance and sustainable development. The organization should evaluate these capabilities build employee knowledge, skills and capabilities. The following questions need to be addressed:
• How do employee education and training contribute to the achievement of the sustainable development action plans? How does this program address the key needs associated with organizational performance measurement, performance improvement, and technological change? How does the approach balance short- and longer-term organizational objectives with employee needs for development, ongoing learning, and career progression?

• How do employee education, training, and development address the key organizational needs associated with new employee orientation, diversity, ethical business practices and management and leadership development? How does the program address the key organizational needs associated with employee, workplace and environment, health and safety?

• How does the organization seek and use input from employees and their supervisors and managers on education, training, and development needs? How does the organization incorporate the employee learning and knowledge assets into the education and training?

• How does the organization deliver education and training? How does it seek and use input from employees and their supervisors and managers in determining the delivery of the training? How does it use both formal and informal delivery approaches including mentoring and other approaches?

• How does the organization reinforce the use of new knowledge and skills on the job and retain this knowledge for long-term organizational use? How does it systematically transfer knowledge from departing or retiring employees?

• How does the organization evaluate the effectiveness of education and training, taking into account individual and organizational performance and sustainable development?

The Baldrige model item concludes with an evaluation of how the organization motivates employees to develop and utilize their full potential. How do managers and supervisors help employees attain job- and career-related development and learning objectives?

The final Baldrige model item for employees evaluates how the organization maintains a work environment and an employee support climate that contributes to the well-being, satisfaction, and motivation of all employees.

For the work environment, the organization must evaluate how it ensures and improves workplace health, safety, security, and ergonomics in a proactive manner. How do employees take part in these continuously improved efforts? How does the organization ensure workplace preparedness for disasters or emergencies?

To determine employee support and satisfaction, the following questions are asked:

• How does the organization determine the key factors that affect employee well-being, satisfaction and motivation? How are these factors segmented for a diverse workforce and for different categories and types of employees?
• How does the organization support employees via services, benefits, and policies? How are these tailored to the needs of a diverse workforce and different categories and types of employees?

• What formal and informal assessment methods and measures does the organization use to determine employee well-being satisfaction and motivation? How do these methods and measures differ across a diverse workforce and different categories and types of employees? How does the organization use other indicators, such as employee retention, absenteeism, grievances, safety, and productivity to assess and improve employee well-being, satisfaction and motivation?

• How does the organization relate assessment findings to key business results to identify priorities for improving the work environment and employee support climate?

**Other Internal Interested Parties**

From a business point of view, the customer represents a very important voice when considering the journey to sustainable development. There is a great need to listen to and involve customers in the business. It is not sufficient to just consider this stakeholder as the sole focus of marketing and sales. Customers are a source of great ideas for new products, processes and services. By listening to customers, it is possible to identify and fix their issues thereby enhancing customer loyalty. Sometimes customers have a mistaken view of the business and listening to them can help improve how you can communicate with them.

The Baldrige model specifically addresses the customer and taking a market focus. The model examines how the organization determines the requirements, needs, expectations and performance of customers and markets. It also examines how the organization builds relationships with customers and determines the key factors that lead to customer acquisition, satisfaction, loyalty and retention as well as business expansion and sustainable development.

First, the Baldrige model addresses how the organization can ensure the continuing relevance of its processes, products and services and to develop new business opportunities through the sustainable development program. How does the organization listen and learn to determine key customer requirements, needs, and changing expectations and their relative importance to customers’ purchasing and relationship decisions? How does the organization use relevant information and feedback from current and former customers that includes, marketing and sales information, customer loyalty and retention data, win/loss analysis, and complaint data for the purpose of planning processes, product and services and scoping the reach of the sustainable development program? How is this information and feedback used to become more customer-focused and to better satisfy customer needs and desires? How does the organization keep the listening and learning methods (e.g., stakeholder engagement) current with business needs and directions, including changes in the marketplace?
Second, the Baldrige model helps an organization build relationships to acquire, satisfy and retain customers and to increase customer loyalty. It does this by encouraging the organization to meet and exceed their expectations, to increase loyalty and repeat business, and to gain positive referrals. It has them consider how they handle complaints and resolve them effectively and promptly. It looks at how customer satisfaction, dissatisfaction and loyalty are determined.

Sustainable development programs also need to involve the suppliers. Together with the customers, they are involved in the life cycle of the process, product or service. The program needs to listen to and work with the suppliers to strengthen relationships, address supply chain problems and identify new opportunities to move down the path to sustainability.

The topic of life cycle will be covered when we look at the value chain associated with processes, products and services. For now, the first tier suppliers and customers represent important connections to the processes of organizations seeking to move down the path to sustainable development and need to be included as supporting processes to link them to the interests that are sought from the stakeholders.

**Community**

An organization can enhance its business performance, profitability and reputation by working with the local community. The Baldrige model covers this to some extent with its focus on social responsibility. This community perspective includes the local government, local businesses and the local citizens. There is a clear connection between a healthy and profitable business and the well-being of the community in which it does business. It will help the organization to recruit, motivate and retain employees. The community program can be used as part of staff training and development. These relationships and partnerships are keys to improving business reputation and profile. Being in touch with the local community can lead to new business opportunities. Community involvement also boosts networking opportunities with suppliers and customers. Helping to tackle social issues in the local area, such as crime, can help the bottom line of the business.

**Local Government**

The International Council for Local Environmental Initiatives\(^1\) (ICLEI) is a not-for-profit organization that helps local governments initiate programs that will help them move down the path to sustainable development. There are three programs to choose from:

- Cities for Climate Protection\(^2\) (CCP)
- Local Agenda 21 Campaign\(^3\)

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\(^1\) International Council for Local Environmental Initiatives; [http://www.iclei.org/](http://www.iclei.org/)
\(^3\) ICLEI Local Agenda 21 Campaign; [http://www.iclei.org/index.php?id=798](http://www.iclei.org/index.php?id=798)
• Communities 21 Sustainable Development Plan

The CCP Campaign helps local governments adopt policies and implement measures to achieve reductions in greenhouse gas emissions, improve air quality, and enhance community livability and sustainability. More than 650 local governments currently participate in the CCP. This campaign is structured around a standard framework with fixed milestones that the local governments commit to adhere to. The milestones allow local governments to understand how their decisions affect energy use and how these decisions can be used to mitigate global climate change while improving the quality of life in the community. The CCP methodology provides a simple, standardized means of acting to reduce greenhouse gas emissions and of monitoring, measuring and reporting performance. The participants form partnerships with local businesses to help set and meet the goals for the jurisdiction.

Communities that participate in the CCP benefit in many ways:

• Financial savings in reduced utility and fuel costs to the local government, households and businesses
• Improved local air quality, contributing to the general good health and well-being of the community
• Economic development and new local jobs as investments in locally-produced energy products and services keeping money circulating in the local economy.

ICLEI provides regionally-specific tools and technical assistance to assist local governments in the CCP program. An example of the results of this program is the Climate Protection Plan prepared by the City of Cambridge (Massachusetts, USA).

The Local Agenda 21 campaign promotes a participatory, long-term, strategic planning process that helps local governments identify local sustainability priorities and implement long-term action plans. It supports good local governance and mobilizes local governments and their citizens to undertake multi-stakeholder processes. The concept for this program goes back to the 1992 Rio Earth Summit (Chapter 28). More than 6,400 local governments in 113 countries are involved in these programs. This program is not active in the United States. Instead, they developed the Communities 21 Program.

Communities 21 offers local governments a methodology, tools and compiled information to assist it in developing policies and programs that reflect sustainable development criteria. ICLEI provides training and consultation on these initiatives. The communities develop the following:

• Comprehensive Sustainability Plan
• Complete a Sustainability Inventory
• Create a suite of sustainability indicators

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4 ICLEI Communities 21 Sustainable Development Plan; http://www.iclei.org/index.php?id=1126

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• Create procurement, transportation and development policies that integrate sustainability criteria
• Develop master plan elements that reflect sustainability criteria
• Develop and integrate sustainable development in local decision-making
• Develop strategies for engaging local businesses to work towards a sustainable local economy.

An example of the Communities 21 Sustainability Inventory⁶ was prepared by the Town of Brookline (Massachusetts, USA).

The Natural Step⁷ also offers programs tailored to meet community needs. There are probably other organizations that also offer community development with an emphasis on sustainability.

If the local community has such a program, the local business should seek to get active in efforts to implement and sustain the programs. If the local community does not have programs of this nature, it would be wise for the local business to help the local government find a program that would meet their needs and support local businesses working in partnership with them to move down the path to sustainable development. Everyone can benefit from the development and implementation of programs like these.

Local Business
Local business organizations (e.g., Chambers of Commerce) should become aware of the many benefits that sustainable development can bring to their members and the local community. It can help the community adopt programs or seek mentors for local business from state business organizations or regional chapters of trade associations that represent some of the businesses in the community. Sometimes state and national governments operate voluntary programs that can help develop practices that would help the local businesses move down the path to sustainable development. When you stop to think about it, sustainable development is at the core of what the local business organizations seek to promote to its members. It is too bad that many local business organizations know little about the practice of sustainable development. The local businesses that do learn about sustainable development should invest their time to let other local businesses know about their journey through the local business organization. It is useful to have many local businesses working with the local stakeholders instead of having the entire burden rest with a few businesses.

Local Citizens
The Massachusetts Climate Action Network⁸ (MCAN) has created a group of local citizen groups that have an interest in working to lower the emission of greenhouse gases. The Vermont Institute⁹ holds discussion groups to discuss sustainable development and

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⁶ Town of Brookline Sustainable Development Inventory; http://www.townofbrooklinemass.com/Conservation/Pdfs/Sustainability2002.PDF
⁷ The Natural Step for Communities; http://www.naturalstep.ca/scp/sustainablecommunities.html
⁸ Massachusetts Climate Action Network; http://www.massclimateaction.org/
⁹ Vermont Earth Institute Community Discussions; http://www.vtearthinstitute.org/programs.html

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related topics with individual citizens and their families. One of their programs for
citizens is called the Eco Party. Information on this program and a checklist filled in by
the people participating in the party can be found on their web page. The City of
Cambridge (Massachusetts, USA) has started a project involving citizen Ecoteams\textsuperscript{10}. These teams get together seven times over a period of several months to discover and
carry out actions to reduce the environmental impact of the members of the team. Team
members use a workbook to determine their household’s environmental impact. They
determine what steps they can take to reduce their environmental footprint, and track
their results. Each team has about five to eight members and a coach—a volunteer who
has gone through the process and is enthusiastic about spreading the word to others.
Team members take turns facilitating in the meetings. The teams may be based in a
neighborhood, at a workplace, or at a place of worship. There is more information on
Ecoteams\textsuperscript{11} available on the Internet.

Dr. Gayle Hudgens started a program called the “Coach Five Project\textsuperscript{12}.” In this program,
people learn how to be coaches in how to use The Natural Step Framework and then to
assemble a group of five people to teach them how to be coaches as well. Each person in
the group then seeks to teach five more people the same programs. It is sort of a pyramid
scheme to bring sustainable development to the masses. Jim Merkel\textsuperscript{13} describes his
personal journey to sustainable development in his book, “Radical Simplicity: Small
Footprints on a Finite Earth.”

Local citizens may be involved in a variety of interest groups often referred to as non-
government organizations (NGOs).

**State, Regional and Federal Stakeholders**

Sometimes governments with authority over the local government exercise their
influence on the many cities and towns in their larger jurisdictions. If authorities or
NGOs can compel a local government to take some action and thus cause the local
business to be bound by outside interests, this is still a local effect. The sum of all of the
local issues will constitute the state, regional and federal issues—ultimately the global
situation. It is all a matter of scale.

There are some effective boundaries on the stakeholder interests as one moves away from
the source. However, if one is worried about forests being cut down in a remote old
growth forest, all major users of paper are fair game for their scorn.

\textsuperscript{10} Ecoteams; \url{http://www.cambridgema.gov/~CDD/et/env/climate/clim_comm_init.html#ecoteam}
\textsuperscript{11} Global Action Plan Ecoteams;
\url{http://www.globalactionplan.org.uk/index.cfm?TERTIARY_ID=0&PRIMARY_ID=31&SECONDARY_ID=38}
Helena, MT: SOS Press.
Society Publishers.

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**Where Is This Headed?**

The sustainable development journey needs to fully involve people in and out of the organization. By engaging a group with diverse interests, the organization can experience the following:

- Learn how those that have an *interest* perceive the organization
- Understand the interests and needs of these groups to see how they could best be addressed
- Open lines of communication on how the interests are being addressed over time – “look-out” function
- Explore challenges and conflicts of interest between stakeholders and start to build consensus
- Be sensitive to the changing needs of the organization and the interests of the stakeholders – anticipate and manage risks as they arise.

Certainly hard decisions and trade-offs are inevitable. However this is the best way to move down the path to sustainable development. The Baldrige model will help improve the true performance of the program.

Stakeholders help the company move down the path to sustainable development by helping it find a way to operate in a way that is consistent with, and supportive of, the optimization of the environment and also the communities and economies in which it operates. The three responsibilities and the five types of capital that it will strive to build will be discussed later in the course. The idea of sustainability is tricky to see how it translates into practice. Consultation and engagement with stakeholders is a learning process for all to learn how this journey can be described in terms of an organization’s strategy and its day-to-day decisions.