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The Path to Sustainability in Corporate America Developing a Lasting Sustainability Program

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Today we would be hard-pressed to find an organization – whether a corporation, higher education institution or governmental entity – that does NOT have a Sustainability program or effort underway. In just a few short years, we have witnessed a true and lasting evolution, where environmental awareness has led to the rapid institutionalization of sustainability as part of corporate and organizational strategy. This paradigm shift has not been the result of a single event, but rather a convergence of factors that, despite a severe economic downturn, appears to gain in strength. These factors – demographic shifts, the discussion of climate change as a real threat, rising and volatile energy prices – have led to an impressive array of public and private sector initiatives, commitments and investment, including:

- The U.S. Federal government’s commitment to energy efficiency, water conservation, greenhouse gas reduction, renewable energy use and Green Building standards
- Nearly 700 signatories to the American College and University President’s Climate Commitment, and its goal of climate neutrality
- The emergence of the U.S. Green Building Council and the adoption of the LEED Green Building Rating System
- The growth of the Clean Tech sector, attracting significant investments in renewable energy and energy efficiency technologies

Perhaps the most significant aspect of this sustainability evolution has been the extent to which Corporate America is not only embracing the concept, but is providing the leadership to drive towards a greener, more sustainable future.

Siemens, in partnership with McGraw-Hill Construction, conducted research in 2006 and 2009 specifically designed to uncover the key trends that were driving the largest, most influential corporations down the sustainability pathway. The *Greening of Corporate America* studies highlighted that the benefits of sustainability not only outweighed the risks, but grew and became more entrenched over the three-year gap in the two studies. While the drivers of sustainability remain economic – energy savings and operational efficiency – the C-Suite has a much broader expectation on the outcome: Sustainability leads to market differentiation, competitive advantage, and is a critical lever to attract and retain customers and employees.

What does this mean?

It is rapidly becoming the norm that sustainability is not only an integral part of corporate and organizational strategy, but is becoming a driver of that strategy. Expectations have been elevated, not only by the marketplace but by internal drivers as well, and there is recognition that the risks posed by NOT having a sustainability program are significant. This extends beyond the economic and growth opportunity presented by the market’s desire for more sustainable products or services, but by a diverse range of stakeholders who are demanding that the nation’s leaders “walk the talk” on their own sustainability efforts.

The purpose of this article is to describe the sustainability journey of the Building Technologies Division of Siemens Industry, Inc. and to share first-hand some of the experiences and insights that we have gained while developing and implementing our own corporate Sustainability program.

Sustainability at Siemens

Sustainability began to gain prominence at Siemens with the rise of the business opportunities presented in the marketplace. As many of our customers began to embrace Green within their organizations, we initiated our own efforts to ensure that we were developing and delivering the products, services and solutions that supported their own green and sustainability goals. For our business, this has a particular emphasis on energy efficiency, improved indoor environmental quality and greenhouse gas reductions. While our customer base was going green, we saw the growth of legislation around green buildings and energy conservation, and, most importantly, a demand from the marketplace and our employees to examine our own environmental impact.

This led to the rapid development of an internal sustainability program and an examination of our own environmental footprint: nearly 10,000



employees, a fleet of 5,000 vehicles, a portfolio of over 100 facilities, and significant airline travel. This, combined with a decentralized and entrepreneurial culture, presented a unique opportunity, and challenge, to create a sustainability program that not only reflected who we were as an organization but also one that could be effectively implemented and managed for the long term.

Developing a Sustainability Program: Process and Progress

Like many organizations, the Building Technologies Division of Siemens does not have a dedicated Chief Sustainability Officer or program management structure. Faced with this reality, we developed our Sustainability program by leveraging existing resources, and created a cross-functional team approach consisting of key organizational members who had a stake in sustainability, and who had the authority and budgetary control to manage the program. This team included representation from Marketing, Human Resources, Environmental Health and Safety, Supply Chain, Manufacturing, Facilities, IT and our Business Units. This required top-level commitment, and our first step was to gain agreement to commit already stretched resources to a new effort.

With top-level support and a cross-functional team in place, we laid the foundation for the program. This consisted of a number of key phases and “gates,” rather than jumping in head first and making a range of commitments or aggressive marketing and public relations. From a process perspective, we view our path to sustainability moving along three critical phases:

Phase 1: Creating Building Blocks

Establish the framework to guide our ongoing efforts into the future, including people, processes, funding mechanism and communications. Our efforts in this area include:

- Benchmarked other organizations – both competitors and leaders from other industries – to gain valuable perspective on what a sustainability program can look like.
- Created a detailed inventory of practices and efforts that were already in place, and brainstormed what we could implement with additional effort, funding or resources
- Developed four Pillars of Sustainability to guide our efforts that reflect our company culture, operations and organizational structure. These Pillars include:
 - Products: reduce the environmental impact of the products we manufacture
 - Operations: minimize the impact of our business and operations
 - Solutions: Develop industry leading products, services and solutions that generate a positive impact on the environment
- Transparency: Provide transparency and visibility of sustainability strategies and performance

Phase 2: Institutionalize Sustainability

Ensure that the path to sustainability is clearly established throughout the organization, and that we have successfully built the measurement and monitoring infrastructure to meet stakeholder expectations today and into the future. Our efforts in this area include:

- Developed an initial CO2 inventory to measure the environmental impact of our business, and created the infrastructure and process to track our emissions on a regular basis
- Communicated the establishment of the Sustainability Committee and program to the organization
- Actively engaged our field organization to become an integral part of the program, and created a network of local Sustainability Champions in each of our operating zones
- Addressed funding by establishing a *Sustainability Grant Program* to encourage sustainability efforts throughout the organization
- Published our first annual sustainability report targeted to the broader stakeholder community
- Conduct regular internal communications programs to raise awareness and visibility, incorporating sustainability into regular blogs and internal publications
- Aligned our Green Building Solutions offering to the LEED rating system

Phase 3: Optimize the Program

Strive for continuous improvement and advancement of our sustainability program. Our efforts in this area include:

- Joined the EPA Green Power Partnership, and currently purchase Renewable Energy Credits that represent over 7% of our total portfolio electricity usage
- Earned LEED certification in our Plymouth, MI branch office
- Initiated an aggressive program to monitor and make transparent the energy performance of our facilities and benchmark facility energy use in each building against industry standards
- Conducted ongoing internal training and development on our Green Building solutions, and have established goals to increase the number of LEED credentialed professionals throughout the company

As our program continues to evolve, we are confident that we have not only the necessary structure in place, but also the continued executive level support that will ensure sustainability remains a part of our organizational DNA. The journey has not been without its



challenges, but for us the benefits have been significant for our customers, our employees and for our company as a whole.

What we have Learned

Looking back over the past four years since we began our concerted efforts around internal sustainability, we continue to learn from our experiences. What has made a successful sustainability program should incorporate the following key elements:

Your sustainability program must reflect your corporate culture, attitudes and the business you are in

A key to success is making sure that the sustainability program fits with the overall corporate culture and structure. If a particular organization operates more hierarchically, then it is critical that the sustainability efforts seek organizational approval along a more clearly articulated pathway. If the culture is defined by greater levels of independence and entrepreneurship, then make sure to leverage that attitude to drive sustainability through innovation.

Assess organizational readiness

Be very aware of where your organization is along its sustainability path, and remember that not all organizations are ready to become carbon neutral, to achieve zero waste, or to switch to a fleet of electric vehicles. One of the first and most important steps in the sustainability process is to understand the readiness of executive leadership to assume the mantle of sustainability, and how quickly and aggressively that should occur.

Engage internal stakeholders early and often, and at all levels throughout the organization

Success cannot be achieved in a vacuum, and cannot be demonstrated or measured without broad organizational support and engagement. This includes not only the company's leadership, but key stakeholders ranging from customer-facing staff, human resources and recruiting, as well as manufacturing and operations.

Use organizational CO2 as the measurement for environmental impact

Establish the process to measure your CO2 footprint on a regular basis, as a means to create a consistent environmental metric. For Siemens, while our buildings are often the most visible element of our organization, our fleet of vehicles accounts for nearly 70% of our total footprint. This is helpful as we begin to take steps to improve our overall fleet fuel efficiency, and to understand how we can make the most positive impact on the environment through our actions.

Achieve and celebrate quick wins, but don't stop there

It is critical, especially when just starting out, that the organization can see "sustainability in action." This can serve to jump start a program, or to demonstrate commitment and progress. However, if the sustainability efforts focus only on the low hanging fruit, you risk falling short of expectations from the marketplace and stakeholders. Each organization must manage expectations effectively, and often the more visible the organization in the Green space, the greater the need to "walk the talk."

Make sure your program and actions reflect your culture and organization

While your sustainability program should be reflective of the business you are in, that cannot be the only element of your program. If you are in the business of energy efficiency, the market will expect your program to have that as a cornerstone, but not the only part of the program.

Make sure that sustainability is embedded throughout the organization

There are many individuals and groups throughout the organization that have a role to play in sustainability, and it is critical to engage early and often. If sustainability remains within a single function, such as marketing or EHS, there is a risk of not only missing out on varying ideas, but of the program stagnating.

Be transparent

There is often a hesitancy to communicate progress or success until the sustainability program is fully developed, or there is something larger or more impactful to report. A large part of sustainability is about progress and communications, and ensuring that stakeholders are aware of not only the successes, but the overall progress towards goals and keeping the vision of the broader sustainability program in view. In decentralized organizations, transparency and communications can be challenging, but can be overcome by instituting the right mix of communications vehicles that are best suited for the company.

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