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‘Are companies doing enough at the sharp end of a Mega-trend?’ No.’



Bert Witkamp is the owner of BWC Sustainability Partners and an Associate at Thrust Consult. He previously held senior management positions in Operations, Supply Chain and Sustainability at several international companies, including 20 years with DSM where in his function as Corporate Manufacturing Director he set up a Life Cycle Analysis Competence Centre.

Far-sighted CEO's have already integrated Sustainability into their overall strategy, but Bert Witkamp argues that really effective implementation on the ground requires a solid understanding of environmental impacts, Life Cycle Management tools and LEAN practices.

You describe Sustainability as a Mega-trend. Is it really that big?

In just a few short years, Sustainability has transitioned from fringe interest to mainstream imperative. In a recent survey of 1,000 CEOs for example, 93% considered it absolutely essential for future success.* The ‘Life-Cycle’ concept - what goes into a product and what happens at the end of its life - is now embedded in mainstream governmental, societal and business thinking. In its Communication on Integrated Product Policy, the European Commission concluded that Life Cycle Assessment(LCA) provides the best framework for judging the potential environmental impacts of the products currently available, and in the USA, the Environmental Protection Agency is developing strategies for the sustainable use of natural resources, waste reduction, and recycling based on a Life Cycle approach.

Consumers are also demanding more and more proof of the green or social credentials of the products they buy. ‘Green washing’ or the making of false green claims, still occurs, but it’s being rapidly replaced by facts, certification and independent assurance. Regulated product labelling programmes to protect and inform consumers are now a trend. In France, the Grenelle 2 law provides a pilot for the mandatory environmental labelling of a wide range of products and last year the US Federal Trade Commission adapted its Green Guide to

make deceptive environmental marketing claims a potential criminal offence. So it’s not just good ethics, it’s good business. Relating Corporate Social or Sustainability performance to the bottom line though, is still proving difficult for many people.

Should companies use their ecological footprint as a performance yardstick?

Absolutely. For CEO’s and their businesses, real insight into the levers of sustainability and how they affect their products, processes and supply chains is absolutely essential. Without it, it’s impossible to make robust decisions about investment, market and product portfolio strategies, technology choices, make or buy preferences, or plant locations.

Where are current Sustainability strategies falling down?

The problem lies with the fact that they’re largely focused on defining policies, setting targets, repositioning existing products, developing green products and introducing life cycle management thinking. A company’s environmental impact and the life-cycle footprint of its products are important elements in defining a strategy.

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GOODGUIDE RATING

Life Cycle impact analyses are science-based, so expert consultants are often required, but there's no magic formula and every company needs to develop a tailor made approach. The real issue is that although this is essential as a first step, it does not address the problems of embedding Sustainability into the core processes of the business.

There's no cohesive effort down on the ground?

Too often, a Sustainability strategy is simply deployed on a project by project basis and treated as a separate activity from core business processes. Even very committed companies struggle to close the gap between strategic Sustainability intentions and the reality at an operational level, so awareness of what Sustainability actually means in relation to day to day work remains poor. Effective implementation requires Sustainability KPIs and the integration of Sustainability practices into existing manufacturing processes, supply chain management and product development.

So Life Cycle Management tools have to drive everything from cradle to grave?

Yes. By mapping the 'footprints' of their products and processes, companies can identify environmental and other hotspots and then develop

Eco-Efficiency, or specific targeting to improve both economical and ecological performance, as an effective tool to reduce these impacts. The environmental impact of packaging is rightly much debated, but smart packaging protects goods and prevents waste. Food losses over the total chain can be as high as 70% and up to 40% for consumer purchased food.** So in many cases, LCA can demonstrate a positive contribution to packaging.

Sustainable or Green Procurement can also have a major impact on the ecological and social footprint of a product. Cleaner production contributes through waste reduction, lower energy consumption and more stable processes. This not only reduces the footprint, but also costs and environmental incidents. Life Cycle Costing makes the connection between environmental impact and economics by evaluating the total value chain.

What about Eco-Design?

Implementing Eco-design processes aids the development of new, sustainable products and processes by incorporating environmental impact as a variable.

For example, executing a Life Cycle Analysis for washing detergents showed that heating the water had the largest environmental impact of the entire washing process - and this discovery spurred the development of cold water detergents.

How can you integrate 'Footprints' with Standard Processes?

Deciding what needs to be done is a process in which the first steps are relatively easy to implement. Trends are clear and the UN Global Compact, WBCSD, GRI, ISO and UNEP have all developed widely used frameworks and materials. As well as generic Sustainability requirements like reducing greenhouse gas emissions, energy use and responsible sourcing of raw materials, business specific needs will be determined by stakeholder concerns, industry specific issues and individual company strategy. A good beginning is to apply the eco-efficiency principles of reduced material intensity, reduced energy use, use of renewable materials and energy, recycling and extended product life. The challenge is to establish a base line and monitor improvements to gather key data for effective operational steering.

The principle of 'What gets measured, gets done' definitely holds true for sustainability issues. For example, companies will calculate their greenhouse gas emissions, but fail to implement a management system to continuously improve their footprint. Line-managers might not even be aware of what's been measured because it's often done centrally. So the Life Cycle Management approach, looking at a large number of parameters with higher complexity and data intensity across the entire value chain, cannot be effective without

embedding sustainability into existing management and work processes. The current trend is to execute detailed LCA on individual products or product groups, but although Footprint analysis and reduction is important as a first step, bigger gains will be made by applying eco-design methodology, with process redesign, sustainable sourcing, formulation changes or combinations of all these.

Where do you see the next steps?

Life Cycle Assessment, Eco-design, Eco-efficiency and Life Cycle Costing are rapidly growing in importance. Legislators, customers, authorities and final consumers are making many of their buying decisions on information supplied with products. Regulation driven eco-labelling schemes like 'Energy Efficiency' for electrical goods are already well known, but public initiatives like GoodGuide in the USA, where consumers scan a product barcode on their mobile and get on-line sustainability data on that product, producing company and alternative products, could become huge. So it's crucial that the management and work processes needed to generate these data and improve ecological performance are executed efficiently. It's also crucial that they're then embedded into the organisation with key metrics for effective operational steering. Practices like LEAN manufacturing, Six Sigma and Operational

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Excellence can be successfully applied in combination with environmental data gathering from the supply chain, R&D and marketing processes. Sustainability indicators can then be linked with economic and business performance indicators.

Today, this approach of integrating ecological footprinting with core business processes is rarely seen. Yet effective, industrial scale footprint reduction can only be realised through an integrated Life Cycle approach. Indeed a solid, detailed knowledge of practical sustainability and an expertise in LEAN processes can be combined to develop LEAN Life Cycle Management - and that benefits everyone. ■

* UN Global Compact-Accenture CEO Study 2010
** Nestlé at LCA Food 2010 conference