

# *synnovation*

/// VOLUME 3 ISSUE 1

## THE GREEN ISSUE

Plugging into environmental sustainability can be golden for the planet, as well as your competitive edge and bottom line.

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# Making a List

BY PATRICIA CALKINS, XEROX CORPORATION

So your company is going “green,” but what does that really mean? Beyond the declaration, with so many choices, causes, and initiatives, separating the “must dos” from the “nice to dos” is your first challenge.

Welcome to  
Environmental Sustainability 101.



“

We have not inherited the world from our forefathers—we have borrowed it from our children.

—Kashmiri proverb

”



**A** discussion that was once largely limited to academics, scientists, and a few committed advocates has become mainstream, permeating boardrooms around the globe. Corporations are making a commitment to sustainability because it's good business practice. But how to go about it? Where to start? Considering what we *should* do, what is *right* to do, and what is *smart* to do are the first steps along the path; however, understanding the importance of each can make all the difference.

### WHAT IS SUSTAINABILITY, REALLY?

Sustainability is more than being “green.” It's more than the environmental impact of a company and its employees. Sustainability can be defined as the ability of world economies, societies, and the environment to thrive in a harmonious state indefinitely. It's essential not only for the protection of our earth's resources, but also for the development of the world's economies and communities. Understanding the interdependency of all three elements and addressing each is critical.

To get there, consider the world we live in:

- The World Resources Institute, an independent, nonprofit environmental think tank, estimates that four billion of the globe's six billion people live on less than \$4 per day.
- According to the United Nations' Millennium Ecosystem Assessment, “Over the last 50 years, human activity has altered ecosystems at a faster rate and on a larger scale than at any time in human history. The capacity of many ecosystems to provide humans with essential services has been degraded.”
- Researchers report there's compelling evidence that human activity is accelerating climate change (Intergovernmental Panel on Climate Change 4th Assessment Report, January, 2007).
- It's predicted that developing economies' energy demand will increase 45 percent by 2020 (*The McKinsey Quarterly*, 2007, Number 1).

That's just part of the picture. The challenges are indeed colossal, but so is the power of that first step to face them. What will it take to shift the momentum?

### THE ROLE OF BUSINESS

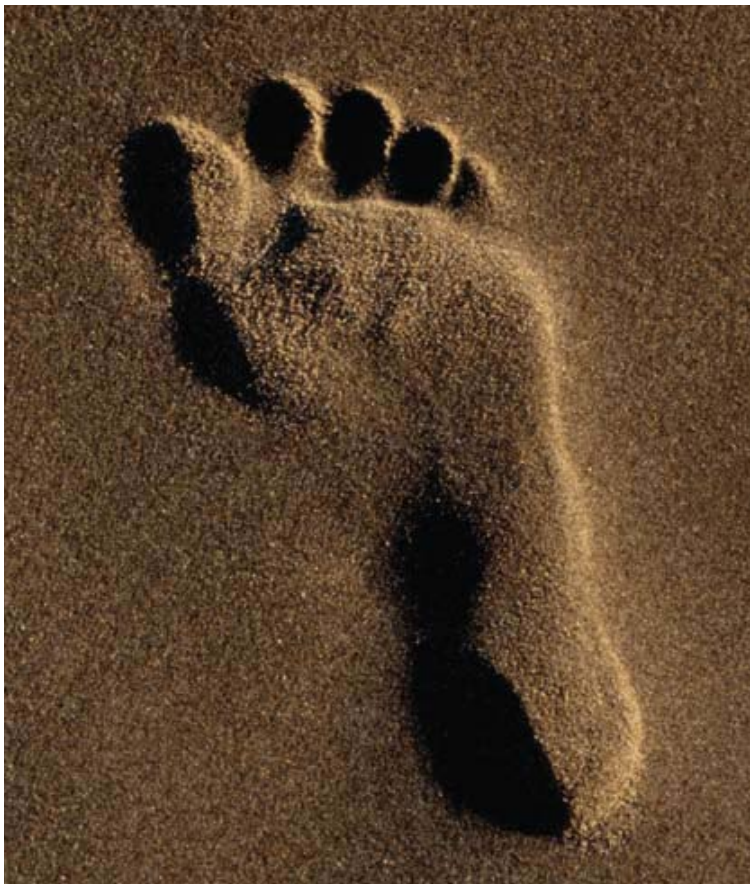
The answer seems obvious, but those who've tried know it's no simple task. Sustainability must be incorporated into an organization's core business strategy. A steady focus on sustainable production and consumption can produce the greatest impact and enable an acceptable standard of living for both current and future generations. And it's starting to happen. Through leadership, innovation, and the appropriate stakeholder affiliations, a growing number of enterprises are incorporating sustainability into their value chains, proactively minimizing their own eco-impact, driving business partners to reduce theirs, and enabling customers to do the same.

Corporate sustainability leaders are enacting smart decisions:

- Reducing consumption of natural resources.
- Using purchasing power to drive supplier performance. Companies are beginning to endorse a “code of conduct” approach, insisting that business partners share their dedication to environmental initiatives. The Electronic Industry Code of Conduct (EICC) is one such example.
- Developing innovations that reduce customer eco-impact such as compact fluorescent light bulbs, affordable solar power technology, and multifunction printing devices.
- Partnering with government and other stakeholders to establish global frameworks that support energy efficiency standards. ENERGY STAR, a United States government program, is a well-known example.
- Educating employees, customers, and society. >>

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“To build that credibility, a business must first come to grips with its footprint, or impact on the world.”

At the most fundamental level, enterprises can reduce consumption. Despite years of focus on Total Quality Management and Lean Six Sigma, a significant amount of “waste” remains in business processes, and this waste is often an indicator of inefficiency, which translates into economic loss. What’s worse, this waste, or physical loss, has a direct and negative impact on the ecosystem. If companies eliminate these physical losses, they could directly and positively impact the eco-strain on the planet as well as the drain on their bottom line. More so, by reducing resource consumption, there’s also a positive trickle-down effect on production of products made from those resources.

#### **THE CONTINUUM OF SUSTAINABLE DEVELOPMENT**

Enterprises around the world are beginning to understand that sustainability should not be seen as merely a cost of doing business, but rather as *the* way of doing business. Building a strategy to get there has evolved along a continuum of thinking where the focus shifts from an organization’s own operations to its stakeholders, and finally, to the world at large: what we *should* do, what is *right* to do, and what is *smart* to do. As they travel along the continuum, leaders and early adopters push the edge of what’s possible through technology, process innovation, and partnerships.

It must be said that sustainable growth cannot be achieved without a strong foundation from which to build. Credibility is critical; substance and transparency are essential. In their absence, corporate reputation is at stake, and a loss of credibility can lead to serious accusations of “green washing,” which, rather than propelling the adoption of sustainable business practices, prevents it. To build that credibility, a business must first come to grips with its footprint, or impact on the world.

#### **STEP 1: WHAT WE SHOULD DO**

Along the first stage of the continuum, the *should-do* task list involves responsibly managing operations and the associated environmental footprint under a company’s direct control.



Compliance with government-mandated environmental laws and regulations, risk/liability management, operational efficiency, and cost reduction are the primary focus.

Understanding the impact, prioritizing efforts, establishing goals, and measuring progress against those goals becomes a fundamental part of operations. By reducing consumption, companies can create a positive ripple effect of reduced ecological impact along the entire value chain. Associated financial benefits flow to the bottom line in many forms, including reduced liability and lower compliance and raw material costs.

✓ **The EPA's WasteWise: A *Should Do***

The U.S. Environmental Protection Agency's WasteWise program is on the *should-do* list. It's a free, voluntary program that helps organizations eliminate costly municipal solid waste and select industrial wastes. Companies can tailor the program to meet their needs and establish processes and metrics. Benefits come to the bottom line in the form of reduced purchasing and waste-disposal costs. WasteWise is a worthy example of what companies *should* do—evaluate their own footprint and identify opportunities to improve it.

**STEP 2: WHAT IS *RIGHT TO DO***

The next stage on the eco-continuum, what is *right to do*, is a chance for companies to expand the view of their environmental footprint to the value chain by looking both upstream at suppliers and downstream at customers. This is where suppliers become engaged and requirements are developed to effectively reduce the footprint that results from demand creation for a company's services and products. The first step is understanding the environmental impact of those offerings to the marketplace. During this stage, companies see how their purchasing decisions can influence the effect of the supply chain on the environment.

Employing what is *right to do* means that a business also starts to understand the environmental challenges that products and services create for customers. Companies take more of a systematic perspective, applying life cycle think-

ing in the decision-making process to understand and prioritize the environmental impact that will drive future focus. This leads to better understanding of the sustainability consequences of business decisions and which trade-offs need to be effectively managed. It's at this stage that partnerships with key stakeholders become important in the development of global frameworks, standards, and metrics focused on eco-responsibilities. Goals and metrics now encompass more than a company's direct operations.

Economically, employing what is *right to do* can reduce supply chain costs and strengthen supply continuity. By leveraging purchasing power and partnering with suppliers, a company can extend its reach to further reduce its environmental footprint. A focus on reducing the eco-impact of products and services delivers flow-through benefits to customers. To fully embrace a sustainable business model, an organization should only engage in those partnerships and only use those suppliers that meet a significantly high level of commitment to sustainability themselves.

✓ **Electronic Industry Code of Conduct: *Right to Do***

Many companies have adopted the EICC, which is a standards-based approach to monitoring suppliers' compliance across several areas of sustainability including labor, health, safety, and environmental activity. EICC creates a baseline of standards that companies use to measure against the supply chain and to promote sustainability across all levels of the organization. The process includes an audit of suppliers, formal measurement of environmental impact, and communication of standards for sustainability. The EICC enforces sustainable business practices throughout the value chain—from the company itself to suppliers and manufacturers that contribute to creating a service or product in a sustainable way.

✓ **ENERGY STAR: *Right to Do***

What is *right to do* also extends to the end user. An example of this is the ENERGY STAR program, a joint venture of the EPA and the >>



U.S. Department of Energy aimed at saving consumers money and protecting the environment through energy-efficient products and practices. The EPA sets product standards for energy use and challenges businesses large and small to design, manufacture, and produce energy-efficient products. Whether it's your ENERGY STAR certified Xerox printer, Whirlpool dishwasher, or GE refrigerator, the benefits extend down the value chain to the customer, saving money and minimizing the impact on the environment.

### STEP 3: WHAT IS SMART TO DO

At the top of the continuum is what is *smart* to do. Success at this stage is built on a solid foundation of fundamentals and commitments, where sustainability becomes an integral part of your business and there's an understanding of your own footprint, a prioritizing of opportunities, and an engagement of stakeholders to extend the reach and magnify the impact. Moving through the continuum of what we *should* do and what is *right* to do before landing at what is *smart* to do, if managed strategically, can become a driver of top-line growth.

Investing in technology and market-based innovations that deliver sustainable product and consumption benefits, solve environmental problems, and improve social conditions is essential to this level of sustainability commitment. Delivering affordable and efficient renewable energy technologies, such as solar, wind, and hydropower, are a few examples of such innovations. Compact fluorescent light bulbs that improve energy efficiency are another innovation that helps move the bar toward more sustainable consumption.

Technology—combined with innovative approaches such as market incentives, non-traditional partnerships, and global agreements that create demand for sustainable products and practices—will also raise the bar for sustainability. This proactive, collaborative, and inclusive approach to our global regulatory environment is not only *smart* to do but is also imperative for change in the world today. In many other aspects—such as communications, shared labor and off-shoring, and technology—businesses



Technology will fuel the drive for innovative alternative energy sources.

and governments view this as a world with no boundaries, a world where the fundamentals of productivity and profit must quickly and easily assimilate into the global currency of industry. Our approach to sustainability must be seen the same way. Partnerships where public and private entities join forces to influence global standards are



examples of collaboration that will push us toward the next frontier of sustainability.

✓ **USCAP: *Smart To Do***

The United States Climate Action Partnership (USCAP) is one such collaboration. Created in early 2007, it's an alliance of business

and environmental leaders working together to protect the climate and spur legislation and regulation aimed at reducing greenhouse gas emissions. USCAP members span the Fortune 500, international environmental organizations, and non-governmental organizations, all working together to take a unique approach to climate change. USCAP is an example of what is *smart to do*, where each member is leveraging the expertise and passion of the others to create a platform for significant change that will benefit not only the climate and future generations, but also give credence to business processes and legislation.

**WHAT TO DO**

When it comes to the impact of business on the global environment, economy, and society, there's always more to do. Pushing toward what's *smart to do*—seizing opportunities where economic benefits are measurable on a micro and macro basis, leveraging partnerships, technology, and leadership to significantly alter production and consumption patterns and solve today's environmental problems—will help businesses see the importance of incorporating sustainability into their core strategy. That will help us shift the momentum.

The next frontier may be the most daunting stage along the continuum, but it's where the impact to the globe is the greatest. All organizations should drive toward it, and, when you think you've reached it, raise the bar, and start all over again. Don't forget the foundation—the rally cry—that sustainability cannot happen without considering all three dimensions (economy, society, and environment), and accepting the challenges along the way. Our work may never be finished, but as sustainability gains momentum around the world, it will prove to be an engine for growth and market development that will benefit us all. |s|

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To learn more about Xerox and sustainability, visit [www.xerox.com/about-xerox/environment/enus.html](http://www.xerox.com/about-xerox/environment/enus.html).