

Culture Building for Learning Sustainability

Phase II Report: Guiding Principles, Metaphors, and Practices

**from interviews with Nike, Plug Power, DTE, Ford,
Visteon, Harley-Davidson, BP, Pratt & Whitney**

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The SoL (Society for Organizational Learning) Sustainability Consortium is a learning community of companies committed to accelerating the learning needed to achieve a truly sustainable economy and society. Formed in 1999, the consortium draws upon the disciplines of Systems Thinking and Organizational Learning to address the knotty issues surrounding the imperative to remain profitable while nurturing the natural systems and the communities that enable business. The primary objective of the consortium is to help its member organizations develop the capacity to routinely include sustainability, however they view it, into their strategies and actions, and to share more widely tools, principles and examples involved in these changes.

The Culture Building for Learning Sustainability project draws on the experience of SoL members in building learning cultures that foster sustainable business practices. Through dozens of interviews over the past year, we have identified a handful of Guiding Principles, Metaphors, and Practices that characterize successful learning sustainability initiatives. It is our hope that this summary overview will be useful for companies working to embed sustainability into their organizational strategies and actions.

Phase I: Areas of Engagement

This project was organized in two phases. During Phase I, from June through November 2002, Joe Laur of the SoL Sustainability Consortium and Kate Parrot from Rocky Mountain Institute conducted nearly two-dozen interviews with representatives from DTE, Ford, Harley-Davidson, Nike, Plug Power, Pratt & Whitney, and Visteon. We asked questions about how each person was telling stories, developing leadership networks, and using various tools and strategies to implement sustainability. This phase of the project resulted in the Culture Building for Learning Sustainability Report, which we presented at the SoL meeting in Washington, D.C. in October 2002. In this report, we identified five main areas of engagement:

Understanding: What myths or principles was our company founded on? What is our company culture now? What is the level of awareness about sustainability principles and practices? What's the level of commitment? What's our baseline so we can know where to concentrate our efforts?

Awareness Raising: Where in my company is the greatest leverage for raising awareness about for sustainability? What can I do to get the best return on my

efforts? How can a small group of people build momentum for sustainability throughout my entire organization, given the current culture and level of awareness?

Visioning: How do we go about building commitment and creating a vision for our company that includes sustainability? How do we do this at the senior level and how do we do it also throughout the entire company?

Capacity Building: How can we help our people develop new skills and capabilities for sustainability innovations? What are the kinds of organization-wide support systems that we could build? How do we create organizations that routinely include sustainability into our strategies and actions?

Innovating: What are the concrete things we're doing to move our companies towards sustainability? How are we (or are we not) telling stories about these projects and programs to support more learning for sustainability?

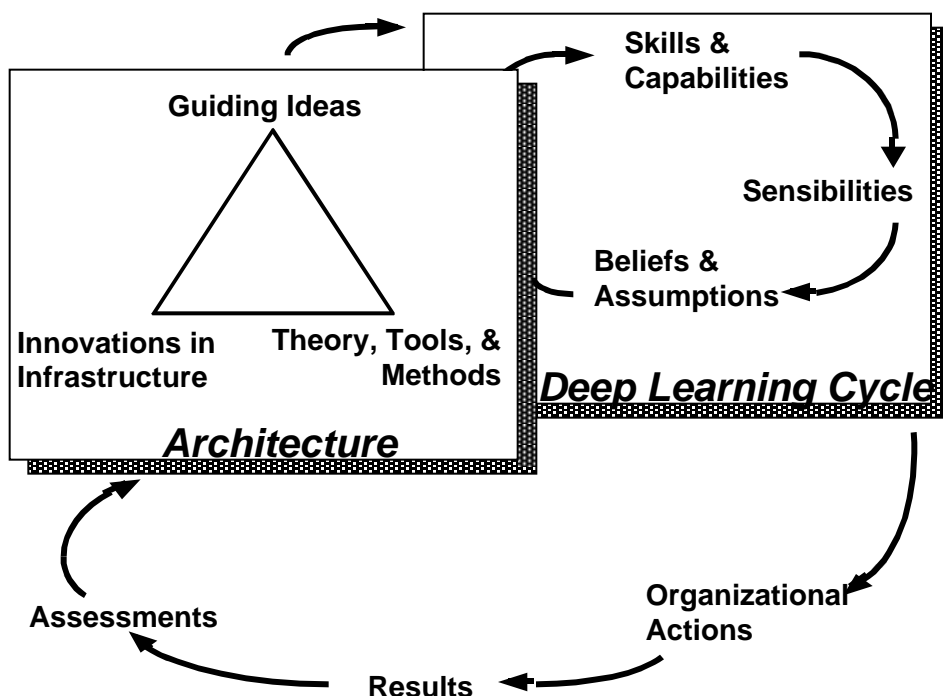
Phase II: Guiding Principles, Metaphors, and Practices

For the next phase of the project, participants agreed that they wanted to know more about how the stories in the Culture Building for Learning Sustainability report connected with companies' strategic culture building efforts. The group agreed that Kate Parrot and Joe Laur would conduct a shorter round of focused interviews with the aim of learning more about the elements that contribute to culture change for learning sustainability. That round of interviews resulted in this report, which distills the guiding principles, metaphors, and practices for culture building that we heard in our interviews. In order to put these practices into context, we've provided a short summary of the Learning Framework that forms the research underpinnings of the Sustainability Consortium.

The Learning Framework (adapted from the *Fifth Discipline Field Book*)

The overall research framework for the SoL Sustainability Consortium is based on distinguishing two levels of change in organizational learning: areas where people focus time and energy in order to bring about change and consequent changes in culture and capacities. The former we call "architecture" to signify creating an environment for learning; the later we call the "deep learning cycle" to signify the domain of personal and collective change. The key assumption behind this framework is that, while the deep learning cycle is essential to lasting changes, such learning cannot be caused directly. Just as gifted teachers create an environment in which learning is possible (as opposed to thinking they can "cause" a student to learn), successful change strategies involve creating and sustaining an environment that makes change possible.

Figure 1: The Learning Framework



In this framework, elements of those change strategies fall into three broad areas: guiding ideas; theory, tools, and methods; and innovations in infrastructure.

Guiding ideas give focus and direction to change strategies. In this study, they emerged as Guiding Principles and Metaphors that constituted the rationale behind different change strategies.

Theory, tools, and methods are vital for both “learning about” and “learning how.” For example, companies seeking to better understand their existing culture use methods like surveys and focus groups. But tools are also important for solving practical problems and developing new skills and capabilities. For example, Nike’s Sustainability Scorecard enables designers to build on each other’s achievements in reducing toxins and waste.

Innovations in Infrastructure create the opportunity and resources for people to pursue sustainability. For example, many of the companies had established training programs to build basic awareness and know how around sustainability, and several have created measures that have become integrated into management processes. Without innovations in infrastructure, learning is left to chance. It is not managed with the same commitment that other critical organizational activities are given.

Genuine learning is occurring when people can do things they couldn’t do before and when their ways of thinking and working together evolve. This deep learning cycle includes new skills and capabilities, but also new sensibilities. Over time, as new skills and capabilities develop, the world people “see” shifts.

For example, as designers internalize new criteria and abilities to create products that are more environmentally sound, they also become more aware of product features that are harmful. Gradually, as new capabilities and awareness are assimilated and internalized, basic shifts in attitudes and beliefs can occur. Organizations that believed that compliance with waste regulations was “good enough” will not change overnight into companies who believe competitive advantage comes from being an environmental leader. Such changes take time, but when they come, they represent change at the deepest level in an organization’s culture—“the assumptions we don’t see,” as Edgar Schein puts it.

While change at the level of the deep learning cycle is ultimately essential for cultural change, it is also difficult to assess. Most changes at this level are long term and subtle. This is why the key focus for change strategies lays in the elements of the triangle, and change leaders assess progress based on results achieved.

This report does the same. After summarizing the guiding principles and metaphors that emerged in our study, we identifies sixteen practices—combinations of methods and infrastructure changes—aimed at building more sustainable business cultures.

Phase II: Guiding Principles and Metaphors

- Plant acorns
- Keep a steady internal breeze going
- Foster community
- Use sustainability projects as a practice field for deepening organizational learning and strategic thinking. Organizational learning is the carrier, and sustainability is the content.
- Sustainability champions are the yeast that makes the loaf rise. Create a critical mass of yeast, and just as importantly, educate everyone in the organization so the yeast has a receptive environment to do its work.
- Strive to have everyone who comes into contact with the organization encounter the determination and consistency of its principles in practice
- This work is about insight, will, and communications
- Create routines that transmute inspiration to institution

Phase II: Culture Building for Learning Sustainability Practices

Gain an understanding of the company’s existing culture, level of awareness and interest in sustainability, and what values are important to employees

- DTE is conducting an investigation into their culture with the help of a group of master’s students from the University of Michigan.
- BP held hundreds of focus groups all over the world as part of their rebranding effort. They asked their employees, ““What are the words you

want to be associated with in the future?” They distilled it down to four words:

- Performance- ability to achieve results and deliver on promises made internally and externally
 - Innovation- constantly looking for new ways to do things
 - Progressive- reluctance to live with the status
 - Green- employees wanted to be associated with a company that could thrive and not damage the environment
- Nike’s interns conducted a series of interviews with their VPs to gauge their level of awareness and ability to talk about sustainability.

Teach everyone in the organization the basics of sustainability

- Plug Power sent every one of their employees through a short course on sustainability and learning organization principles.
- Nike introduced employees at their Oregon headquarters to sustainability during a one-week segment of their year-long Shambhala program.

Identify champions (those with authority, power, and budget) to support sustainability efforts. Also identify catalysts: natural leaders, ideally from every function in the company, and from junior to senior. Catalysts are opinion shapers, networkers, “vibratory molecules,” change agents, and influencers

- Nike and Plug Power put this into practice in all stages of their change efforts.

Get the champions and the catalysts out of their usual environments and their comfort zones, and immerse them in new environments to engage in deep learning on sustainability and learning organization principles

- Nike and Plug Power brought core groups of people to off-site retreat intensives. A Plug Power employee brought a team of people at his former company, Xerox, out on overnight solos in the desert. A break from the routine can create a generative backdrop for learning and change.

Support the catalysts in bringing change to the rest of the organization

- At Nike and Plug, catalysts were expected to spend 20 to 25 percent of their time on sustainability projects.
- Plug Power created the Spark Plugs, a carefully selected core of 30 to 40 Plug employees whose mission is to “spark” their colleagues and become the catalysts for the evolution of Plug’s culture of learning and excellence

for sustainability. Also, Seed Systems provides one-on-one executive coaching to the Spark Plugs.

Create safe spaces for dialogue, learning, and practice

- Plug created learning buddy systems; people chose partners with whom they checked in periodically on their progress on organizational learning practices and sustainability projects.
- Plug Power employees also organized brown bag lunches to learn more about sustainability and organizational learning and get feedback from each other on their efforts to create change.
- Seed Systems gives Plug employees reading assignments on sustainability and organizational learning.
- Nike created the employee sustainability network, which consists of 40 to 50 employees at the headquarters. They meet monthly, and bring in speakers on a wide variety of subjects related to sustainability.
- DTE convened a sustainability steering committee that meets periodically, and is attended by 50 percent of their senior managers.
- Harley-Davidson convened a sustainability ad-hoc group that meets regularly.
- Visteon's Global Director for Environmental Affairs, along with senior people from manufacturing and product development sponsor a monthly environmental forum that links America, Europe, and sometimes South America. We have presentations on different subjects every month. Last month, for example, we focused on our long-life air filter.

Give everyone responsibility and empowerment for implementing sustainability in their own domain of influence; create opportunities for everyone to get involved; spread sustainability around

- At Plug, people hang up signs over the copier: Remember, one sided to two-sided saves trees. And over the color copier: It costs 50 cents a sheet. Do you really need a color copy? Small things make a difference in changing the culture of awareness.
- Plug Power secretaries give vendors their own "Plug mug" instead of using disposable cups.
- Both Visteon and Plug Power put together annual calendars with drawings created by employees' kids.

Alter the physical space

- Ford's Rouge plant redesign embodies the principles of green. This was the heart of the Ford empire and operations. It is one of the most intensively industrialized sites on earth. The new facility will be

something else. It features natural daylighting and photosensors on lights in the plant, a green roof, and vines on the sides of the building that provide natural cooling. The landscaping features natural drainage swales and porous pavement. It is being redesigned to be a state of the art, world class, 21st century manufacturing facility, but one of the criteria for success is how well it functions in nature, for example, how many songbird species it attracts. Reconciling these types of apparent disconnects is part of what thinking sustainably is all about.

Translate learnings into action projects in order to build capacity and demonstrate possibility

- Nike instituted dozens of action projects after its Shambhala sustainability education immersion.
- Plug Power's Spark Plugs are expected to come up with projects that support sustainability, and they're driven to do so by a certain amount of peer pressure within their group.

Capture and conserve institutional memory; create routines that embed sustainability into the organization; measure progress

- Right after the Shambhala program, one of Nike's designers thought up the quintessential sustainable walking shoe. "He did the best possible sustainable job for a shoe at that time. He nailed it. He did everything we were going to ask people to do by 2006. But he left, and someone else came in and everything Larry did was shoved aside. We didn't have anything to create institutional memory then. We had people but not artifacts. Now we have a Sustainability Scorecard for each of our products. Back then the business wasn't ready to support sustainability institutionally, but now it is."
- Pratt & Whitney has a Hazardous Materials Index, a single number that scores each of its products' or processes' total reliance on toxic materials. "Our goal is to reduce this score by a factor of 10 for each product generation. We introduced this number four years ago, and it's a big consideration in product design now, right up there with fuel burn and noise. Today, 75 to 80 percent of the company knows what you're talking about when you talk about the Hazardous Materials Index. There's some magic around that number because we've set not an incremental goal, but a goal that requires a quantum leap in innovation. And our engineers are killing themselves to make that number."

Set ambitious goals, and create the right incentives to meet them. Tie sustainability to performance goals, promotions, raises, and bonuses

- Nike raises the Sustainability Scorecard Score during the annual coaching for excellence session (the company's employee review).

- Plug Power puts “zero to landfill” on their critical to quality list for its products—one of the specifications that the product must have.
- BP sets targets for reducing greenhouse gas emissions, and wrote them into the contract of each business unit leader.
- Pratt & Whitney set a goal of 10X reduction in toxics between product generations. This quantum leap goal energizes design engineers, who might not have been so engaged if they were trying to achieve only incremental improvements

Build organizational structures that facilitate dialogue and collaboration

- Some ten years ago, Harley organized their leadership teams into three circles:
 - Create Demand: sales, marketing, service, brand management, motor clothes
 - Produce Products: factories, supply chain, engineering
 - Provide Support: HR, IS, Finance

Each circle is composed of VP’s, and they set objectives for each circle. The entire group gets a budget, and they decide how to slice that up. It’s not the kind of structure where the president tells the circles what to do; they decide what to do. Because of this arrangement, the groups **MUST** collaborate. They can’t operate at the top levels without talking with each other. Communication is demanded by a circle arrangement. So the structure can help bring sustainability into the organization.

Engage in ongoing reflection and learning. Give feedback to the champions and senior management.

- Nike holds meetings for project managers to report back to the champions.

Seek information and support from outside the company

- Many interviewees pointed to connections with the SoL Sustainability Consortium, the Natural Step, Business for Social Responsibility, Rocky Mountain Institute, Seed Systems, and others as critical sources of information and support for their efforts
- From Darcy Winslow of Nike, “When you don’t have the internal knowledge and experience, you have to go outside and create partnerships, and use that network to bring new ideas in. These partnerships have been the source of some of the most compelling and rewarding and greatest learning opportunities I’ve ever had. That

network is so important. We've got to create momentum internally, but the inspiration comes from external sources too."

Recognize and reward sustainability efforts, and spread the word

- BP created the Helios awards an internal recognition program called the Helios award, given for innovations that represented the four brand values. "We accepted over 3,000 applications worldwide this year. We gave an award for each of the four values and a human energy award that represented all four values together. This drummed up a lot of enthusiasm and let people know about great projects that had been done internally. We had seven winners in the green category. This was a great way to get learnings out there and get people excited about it."
- Nike created a month-long event at their headquarters in Oregon called "Human Energy," to celebrate the ingenuity and effort put forth by our people to create a better company.
- Many companies use their internal websites, newsletters, email systems to talk about sustainability issues and company sustainability efforts

Continuously envision new futures

- Plug Power realizes that a company's ability to implement sustainability depends on its ability to continuously envision and believe in a future where sustainability creates a competitive imperative.