Sustainability Outlook

Sustainability Reporting

Extended Producer Responsibility

Financing Sustainable Infrastructure

Green Leap needed to shape global leadership

Moving from operating defensively, to capturing advantage

SUSTAINABILITY AND CHALLENGES TO ITS ADOPTION

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An organization's commitment towards EHS&S (Environment, Health, Safety and Sustainability) involves managing the responsibility towards stakeholders of their businesses by commitment to employee health & safety, compliance to government regulations, following good labor practices, reducing energy and water consumption, etc.

Pressure from stakeholders, cost implications, and market perception are the factors driving the change towards sustainability. All the Stakeholders perform their assessment or, say, due diligence before favoring an organization in various decisions. Investors calculate the risk an organization faces by not only assessing financial numbers but also by evaluating environmental and operational performance. To facilitate the decision making for stakeholders, new performance assessment frameworks are being developed such as Integrated Reporting format, Dow Jones Sustainability Indexes, GRI reporting, etc. Leading information providers such as Bloomberg news include information about energy consumption, waste generation by companies along with financial data. Organizations have also developed their internal assessment matrices to improve performance.

Embracing sustainability as the core theme for development can be overwhelming for an organization. The research firm Forrester in its "The Evolution of Enterprise Carbon And Energy Management Software" report sights five barriers encountered by companies contemplating corporate sustainability measures:

• Complexity of strategy design and implementation (Most Sighted)

• Lack of executive ownership

• Competing priorities

• Lack of mindset and skills

• No clear business case, no capital available for investments (Least Sighted)

Sustainability covers a wide range of systems ranging from emissions and energy, employee health and safety to labor practices. Understanding each system and improving performance becomes difficult as each domain requires a different management and operational mix. Therefore, the complexity of designing a sustainability strategy is manifold and most organizations are often perplexed in determining the right adoption pathway. Secondly, all the employees involved right from the CEO to the Plant Manager must have faith in sustainability initiatives and should be willing to take responsibility.

In developing countries such as India where local organizations are competing against more established firms from the western world, the immediate focus on financial results becomes a priority. In such a scenario, according the right level of weights to such aspects while evolving business cases becomes difficult.

The Right Approach

Before initiating a change organizations need preparedness and commitment from top management and the commitment must percolate down to executive level as they would be the ones involved in execution and adoption of the sustainability agenda. The next step is analyzing the current state of organization which involves collecting and comparing historical data and building an insight from it.

A mistake most organizations often make is lacking good insight into the past and current trends and gaps. In the absence of reliable information – analysis of processes, workflows and measuring progress becomes a tough task. Unintended consequences such as technical failure, missed targets and sub-optimal choices can mean that less is achieved than is possible. A November 2009 Aberdeen Research report states that the best performing companies in Carbon Management domain are twice as likely to provide the right data, to the right person at the right time; enabling them to gain an insight

and improve processes to drive sustainability performance.

Software Systems and its role

Enterprise wide IT systems have become the backbone for operational management. Organizations are using advanced systems to manage supply chain, financial, employees & customer information. Organizations are increasingly deriving business intelligence from this information. These systems have proved to be a very effective tool to improve sales, drive efficiency, retain employees etc.

Gradually, the concept of sustainability has moved into the consciousness of organizations leading to the adoption of enterprise sustainability solution. Software vendors have been quick and effective in understanding the market need and are providing effective solutions. The software systems are evolving and becoming more sophisticated to cater to client requirements. For example, the tools which were initially only developed for data collection are now analyzing data, understanding deviations and identifying errors, bench marking performance, highlighting gap areas and enabling effective decision making.

Software Adoption and Challenges

Typically the adoption of the system is more reactive and demand driven, emanating from some specific requirement in one of the areas of environment, health, safety, social and governance organizations for short term. This leads to fragmented systems at different levels. These systems fail to provide visibility into the overall setup leading to long term loss of value in various forms.

Secondly, sometimes organizations undertake initiatives and correspondingly deploy enterprise wide software systems without fully understanding the implications in terms of cost, employee involvement, and strategic value addition.

In both cases, the lack of proper data and insight required to improve performance leads to failure of sustainability initiatives.

Business Benefits

In today's environment where organizations are implementing sustainability agenda for more efficiency and cost savings, the need for verifiable accurate data is significant. An effective solution would withstand scrutiny from stakeholders including regulators, customers, NGOs, etc. The enterprise solution must provide essential features of data integration from different sources, analysis through trends, report generation for regulatory reporting and internal assessment, KPIs configuration and assessment of gap areas.

To illustrate the need for software system lets consider the case of sustainability reporting framework of GRI. GRI reporting involves disclosing information in key areas of economic, environment, social and governance. As per the latest guidelines an organization needs to report on total of eighty four objective and subjective parameters.

The process of reporting involves identification of the owners of the different parameters within the organization responsible for reporting. The owner would identify the processes and mechanism to collect data and compile it in a reportable format. The process is a long and complex one as it involves identifying the sources of required data, performing complex calculations and presenting it in a comprehensible form. In several cases, by the time an organization completes data collection for a particular year it is already too late for reporting.

The sustainability solutions, if implemented, can streamline sustainability management practices. For example, SMART (Sustainability Management and Reporting Tool) solution from Setu includes GRI reporting suite. The solution seamlessly integrates with heterogeneous systems and collects financial information, consumption data, HR data, etc. Once configured, it enables the organization to collect, monitor and analyze data continuously to assess and improve performance in real time.

Deploying a software solution could result in huge savings in costs, eliminate errors and most of all improve processes.

Software & Vendor Selection

Vendor selection in enterprise space is a complex process involving multi-parameter criteria such as domain expertise, requirements-offerings match, and cost of solution. Considering the complexity of sustainability domain, the emphasis must be on expertise and experience of the vendor in the domain. With experience, vendors develop tailor made solutions for problems in the domain leading to quick deployment of systems and cost savings. A software platform with proven track record would always increase the success rate of the sustainability agenda.

Amit Patel is the Founder Director of Setu. MySetu suites and systems is an enterprise EHS&S management solution that enables an organization to implement its Environment, Health, Safety and Sustainability initiatives.

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