



**ABATE**



Maximize the impact of your sustainability efforts

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# **SUSTAINABILITY, YOUR STRATEGIC ADVANTAGE**

# INTRODUCTION

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If you are a business leader who made the decision to find a more productive and sustainable way to operate your business, this guide is for you. If you're a leader sitting on the fence, we want to help you to understand that you need to jump off it as soon as possible.

At a time when customers are demanding improved services and results, and stakeholders are asking more questions about how businesses operate, leaders need to be confident that their sustainability strategy will provide robust answers.

It's no secret that leaders across every industry are very concerned about retaining customers, winning new business and improving their bottom lines. If you happen to be in the facility management industry, your need to improve operations and reduce facility management cost for your clients, requires your immediate attention. We believe it's clear that only those leaders able to adapt to a new sustainability paradigm, will flourish.

The good news is that if you embrace sustainability as a strategic business advantage, the positive culture changes and following improvements to your bottom line will be profound.



Where do you begin; ask yourself, how do I define sustainability? For most people, sustainability is synonymous with going green. While we celebrate the going green movement, we believe it has unintentionally failed to capture the minds and hearts of most C-Level leaders and upper management. Defining sustainability from a new paradigm will actually accelerate going green efforts across all industries.

During the development of our sustainability services platform, our team's lean manufacturing expert

showed us what he believes to be the most accurate and powerful definition of sustainability.

According to Jonathan T. Scott (2018), author of *The Sustainable Business - 2nd Edition*, “the mechanism of sustainability is waste elimination (and prevention) followed by resource-life extension. From a business viewpoint, sustainability is therefore about reducing expenses - including future expenses - in every conceivable form so as to facilitate profitability, competitiveness and longevity”. We highly recommend reading Mr. Scott’s practitioners guide which can be found at [amazon.com](https://www.amazon.com).

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# WASTE ELIMINATION & PREVENTION

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Waste is defined as anything that adds no value from the customer's perspective. Waste increases business cost and response times.

Waste effects two specific customers, internal (employees) and external (end users of products and services). C-Level leaders need to develop an aggressive employee engagement strategy in order to eliminate what external customers consider to be of no value. Any sustainability effort that does not incorporate a formal continuous improvement (waste elimination and prevention) program, will fall well short of its potential ROI.

Let's examine three different scenarios in order to demonstrate how going green efforts are destined to fall short of fully capturing energy mitigation opportunities.

Scenario #1 - emails account for 23% of employees productivity losses - these were the findings of a national survey conducted online by Harris Poll on behalf of CareerBuilder from February 10 to March 4, 2014 and included a representative sample of 2,138 hiring and human resource professionals. Plus there was a representative sample of 3,022 full-time, private sector workers. When ABATE asks business leaders to estimate



what percentage of emails within their organization are of no value to the receiver, their response is consistently 50% or higher.

This form of waste in the information flow value stream is profound. In 2011, Thierry Breton, CEO of the France-based information technology services firm Atos Origin, announced a goal to become a “zero-email” company. As of June 08, 2016 when the story was last updated, Atos Origin's over 70,000 employees had reduced email use by 60%, going from an average of 100 emails per week per employee to less than 40. The impact on this company's productivity, improved employee moral and energy

reduction efforts were significant. None of this success was associated with energy reduction or going green efforts. However, a much more productive workforce accomplishes exactly those two things.

Scenario #2 - consider for a moment the top photo to the right. If you are responsible to reduce energy consumption in this operation, where do you begin? Most leaders will look at the lighting, consider issues related to the conveyor belt and forklift operations. What do you see?

Now look at the bottom two photos that were taken after the continuous improvement (sustainability) event. Where is the reduction in energy consumption?

Our team's lean manufacturing expert's work with this client's packaging department resulted in the operation going from 55 hours per week to 40 hours per week. The resulting team success was a 27.3% reduction in energy consumption and labor hours.

The significant improvement in this client's material and human resource value stream flow would never be part of any traditional going green effort. Regardless, the reduction in resources associated with this sustainability project, contributes significantly to going green efforts and what an energy manager is trying to accomplish.



Scenario #3 - human resource waste plays a major role in the challenges that most companies have in reducing their cost and improving their bottom line. One particular industry, facility management, is faced with extreme pressures from clients to take on the responsibility of energy management. This challenge should be seen as a major opportunity for this industry to improve customer loyalty and win new business.

Facility management companies have significant staff levels that are conducting cleaning, maintenance, and food services for their clients. Their staff are the eyes and ears to a world of waste elimination and prevention opportunities. However, if a study was conducted of this industry, we would find that unless an individual is

responsible for energy management, they do not participate in the energy reduction process. The lack of employee engagement (human resource waste) should be considered to be one of the greatest forms of waste by any C-Level leader.

Leaders who limit their definition of energy to electricity, gas, and water will most certainly fail to capture the real energy saving opportunities. Waste in any form, as highlighted in scenarios 1 - 3, directly impact the energy footprint of a company. Waste consumes more resources and thus more energy. For the greater good of our collective futures, C-Level leaders must redefine what energy means and implement a new sustainability vision that gives them a strategic and competitive advantage.



# CULTURE

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Is your company culture giving you the results you need or are your people consistently missing the target?

“Culture eats strategy for breakfast” - Mark Fields, President of Ford Motor Company. Even if you don't fully agree with Mr. Fields, the evidence associated with the impact of culture and employee engagement is clear. This is not a fake news story.

The key findings of a 2012 GALLUP'S Q12 meta-analysis of 1.4 million employees which examined 49,928 business or work units in 192 organizations, across 49 industries, and in 34 countries - makes it clear that employee engagement strongly relates

to key organization outcomes in any economic climate.

Gallup found that business or work units that score in the top half of their organization in employee engagement have nearly double the odds of success (based on a composite of financial, customer retention, safety, quality, shrinkage, and absenteeism metrics) when compared to those in the bottom half.

Early in 2018, researchers at Duke University's Fuqua School of Business surveyed nearly 1,400 organizations about the importance of culture in business, and 92% said that improving culture would increase their organization's value.



So why is it that culture initiatives often take a back seat to other business priorities? Simple truth, culture is a touchy feely thing, hard to mandate and measure. Business leaders don't typically like things that fall in the grey zone. With that said, the most complex topics are those that most often should be addressed first.

A trip taken by one of our business leaders to a Toyota Motor plant in Ontario, Canada, discovered the impact of an organization that places employee engagement at the top of their priority list. At Toyota's facility of almost 4,000 employees, they received 10,000 suggestions yearly for the purpose of eliminating and preventing waste. Toyota's transformation of the auto industry is legendary. Their success, for the most part, can be attributed to their culture that unrelentingly strives to banish waste from their organization.

Required for the development of a successful sustainability culture as defined in this document, requires setting clear expectations, aligning the leadership team around a common vision, holding everyone accountable to continuously improve, managing the drivers of the sustainability culture (waste elimination and prevention) and then communicating and celebrating success.



C-Level and senior leaders can profoundly change the destiny of their business with the adoption of a fully integrated holistic sustainability program. Program components include culture, value stream efficiency, digital integration and technology.

Whether developed in-house or outsourced, there is a need to use a PSC (Productivity and Sustainability Centre) to lead and manage an organization's sustainability program. With the right employee engagement and sustainability program, the return on investment can be calculated with little difficulty.

Embrace sustainability as your strategic advantage, lead your culture with its zero tolerance for waste, invest in implementing the integrated solutions that your people need to succeed and your hopes for sustainability success will surpass your greatest expectations.