Moving from environmental reporting towards reporting for sustainability

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David Ballard

Introduction

It is a pleasure to be here today in this great city to talk about reporting and sustainable development – a subject that I regard as highly important. It is good to be here with representatives of a great industry that must surely be part of any transformation of society towards sustainability.

I felt an early call to work on these issues in 1986 when I was walking in a park with my first child, Kitty, who was then a baby. It was April and it began to rain. I thought that the rain might contain radioactive fallout, for I had just heard the news of Chernobyl, and I feared for her. The world seemed small and vulnerable.

At that time I was following a mainstream career path – marketing, finance, corporate strategy. Very slowly at first, but then with increasing confidence, I let go of what I had been doing and came to focus my life on sustainability issues. I became a successful environment manager for a while and myself produced early environmental reports. I studied and practiced in the field of organisational change and learning, which I believe to be have great relevance to sustainability issues, while also working on more mainstream environmental issues. I began academic research into sustainability themes. I teach mature university students on the same subject. Along with my dear wife, Susan, who is here today, I designed and edited a climate change website, www.changingclimate.org. And I have many years of experience in working with the environmental and sustainability agendas as consultant.

In all that time I have had successes and many frustrations and failures. It strikes me that many of you will have your own stories to tell, your own reasons for being in your roles, your own heartfelt hopes and fears for the world and particular human beings, your own successes and failures. I sincerely hope that this conference might give you a chance to share your stories.

Themes

I think that the challenge of achieving a sustainable and worthwhile human society on this planet is so great that it will probably not be understood in our lifetimes. We understand bits of this challenge quite well, but there is a great deal that we do not recognise yet, let alone understand. I believe current reporting practice and initiatives are reasonably appropriate for the bits that we do understand but that very different approaches are needed for the rest.

The reporting movement arose from the response of the business community to two shocking tragedies – Bhopal, which led to the Toxic Release Inventory, and the Exxon Valdez, which led to the CERES Guidelines and thence to the Global Reporting Initiative. I have spent a lot of time working on such reports and in my

experience they are usually helpful to companies in pursuing environmental improvement. However, while respecting the good that has come from them, my intention today is to point out some of their limitations and invite us to report in more innovative ways.

Some assumptions behind mainstream environmental reporting

'Mainstream' environmental reporting typically covers issues like energy use, emissions of VOCs, progress of environmental training, implementation of management systems, greenhouse gases, prosecutions and awards, good news stories, etc.

Typically, reporting organisations:

- Use both process measures (such as progress towards setting up a measurement system) and performance numbers (energy use, etc);
- Say they will move towards more measurement of results;
- Are beginning to understand the work involved in doing this and so are setting up systems to collect data;
- Wish to move towards some clear numerical targets and to report performance against them over time;
- Express a wish to apply disciplines similar to financial management – for instance annual reporting and assurance.

I think that many benefits come from careful work in these areas. But it is worth picking out some of the implicit assumptions.

Before doing so, I would like to remind us that any good statistician will ask for a whole series of readings covering many periods before allowing us to conclude that anything we have done has caused change in a system. At the very least we need enough time to establish measures of variance.

Bearing this in mind, a few of the assumptions that I can see include the following:

- We know what is important;
- We can measure it;
- We will go on measuring it in a consistent way;
- We can define goals;
- We will use difference between plan and outcome to change what we do;

You can probably see other assumptions if you look.

I suggest that the emphasis here is on what we might call 'rational management'. And I think that this is indeed a part of the story. But only a part.

Why sustainable development is a different type of issue

Let us take a moment to consider what is implied by sustainability of human societies. I will do so by using figures from the authors of the Living Planet Report 2002. There are other excellent sources, but this one puts the issues clearly.

The productive land and sea available to the average human being was around 4.25 hectares in 1954 when I was born. There were about 3 billion people. By 2000

population had more than doubled to over 6 billion. That leaves around 2.1 hectares per person.

The absolute minimum *biodiversity reserve* that should be set aside to meet the needs of all other species has been estimated at between 12 and 25% of this average earthshare. That leaves between 1.6 and 1.9 hectares per person for humans.

The authors calculated that the average human is currently using about 2.3 hectares per person – some 20 to 40% above what is available. This is being used to grow food, to provide raw materials for our possessions, and the like, but also on building and operating infrastructure to meet social needs – hospitals, railways, roads, factories, and so on. We have been able to do this by using up so-called 'natural capital', such as fossil fuels and fish stocks, and by putting wastes into the biosphere.

Incidentally, they claim that they are being very conservative with their figures.

Of course land use is not equal between societies. The average European uses almost four times as much land as the average African or Asian, the average North American nearly twice as much again. It is not too much to say that a small part of the world is living off the poverty of others. And many believe that this injustice cannot continue.

But before we blame the Americans too much, we should remember how big their continent is. Though their footprint is indeed far too high, many Europeans are more wasteful compared to their territory.

The median of population projections for the year 2050 is a bit higher than 9 billion. If this happens, the land available to the average human being falls to between 1.0 and 1.2 hectares per person.

From the laws of thermodynamics, we cannot use natural capital sustainably (i.e. for long) above the rate at which it can be recreated by the sun's energy working on productive land and sea.

So by the year 2050 the land used by the average human needs to fall by about 50%. A crunch is coming at some stage.

Many people believe that it is feasible that we might be able to live very attractive lifestyles on around 1.0 hectare per person. But few are doing it now. Those with attractive lifestyles usually live on far more. Those who live with a very light footprint often cannot meet basic needs.

It is relatively easy to say what we need to achieve within a couple of generations – to find a way of living fulfilling lifestyles within the energy budget received from the sun each year. But I have not yet met anybody who knows how we might achieve that transformation.

I like the next quote because it comes from a Republican, William D. Ruckelshaus, who worked as EPA Administrator under Presidents Nixon and Reagan – hardly the extreme green camp!

"Can we move nations and people in the direction of sustainability? Such a move would be a modification of society comparable in scale to only two other changes: the Agricultural Revolution of the late Neolithic and the Industrial Revolution of the past two centuries. These revolutions were gradual, spontaneous and largely unconscious. This one will have to be a fully conscious operation, guided by the best foresight that science can provide…. If we actually do it, the undertaking will be absolutely unique in humanity's stay on the Earth".

The comparison with the Industrial Revolution is interesting. Who can seriously think that that transition was driven, or even helped, by reports of how much charcoal people were using, or how much horse dung was piling up on the streets of London, Rome, New York? No, this was a different type of process altogether!

A managerial map of these different issues

If you will forgive me, I would like to introduce some recent management theory. Professor Ralph D. Stacey and others in the field of complexity studies have expanded our understanding of transformational change (see Figure 1). He fully recognises the rational model implied by most environmental reporting but sees it as a special case.

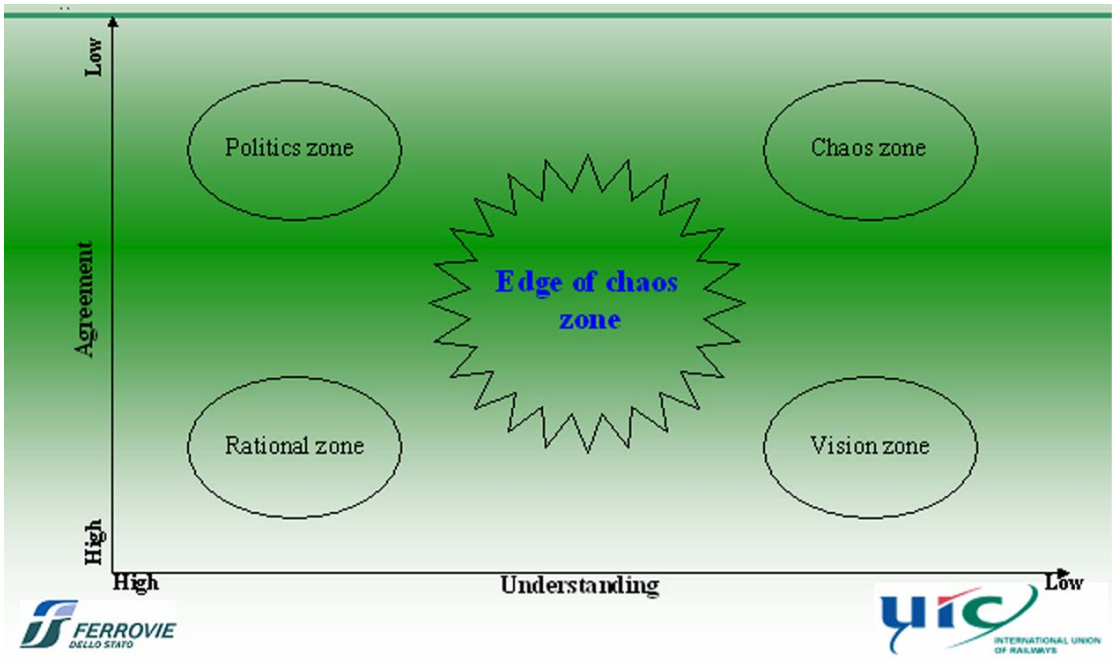

Figure 1 – Strategic management by Professor Ralph D. Stacey

In the bottom left hand corner we can see the 'rational zone'- high understanding, high agreement. We have plans, budgets, goal-seeking control systems and the like. This is what helps when we have agreed a contract, when we understand how to achieve it. Everyone involved in projects knows how important this is. I think that the environmental reporting model comes out of that area of the chart.

In the opposite corner we see the 'chaos zone'. People neither understand what is going on nor agree what to do. In this area, organisations and projects fail, relationships fall apart. I guess we all know that area to some extent! And it is not all bad. We often look back and see how breakdown frees up energy for new things.

Stacey also finds a place on his map for vision-led planning (where we agree but don't understand) and for politics (where we understand but don't agree).

So where does sustainability sit?

In 1998 I did some work on reporting with leading figures in the sustainable development field in the UK. Their definitions of what sustainable development means overlapped but also differed. Some did not think that it is even possible to achieve it; others thought that it is possible. Some rejected the word 'development'; others thought it to be central. So even among the experts there was some, but not at all total, agreement and some, but very far from total, understanding. This puts us in the middle of Stacey's map, which he calls the 'edge of chaos zone'.

Management here is poised between order and chaos. Sometimes things will work, often they will not. There are no adequate structures to work within. Nobody quite agrees what he or she should work on. There is experimentation, loose structure. When we do things, they probably don't work out, have unintended consequences, sometimes good, sometimes bad. Sometimes there are runaway effects.

If you want to appreciate the difference between the rational zone and the edge of chaos zone, think what would happen if you were to kick a stone – quite predictable. Or (just for comparison) if you were to kick a dog – who could be sure what would happen next? And remember what happened in Hungary and East Germany in 1989.

There are limits to planning, because most things won't work out. Indeed planning can stop us from noticing the unexpected. We cannot conceive of the future that we are creating, any more than Stevenson could have foreseen the way that the railways would develop after his inventions.

We need to try things, to work in new ways with new people, to create temporary structures and organisations, to share ideas, to see what works, to live with failure and still to try again. And communication is very important.

Let me give an example from my current work with a construction company. Their clients want energy efficient buildings. But our work with client organisations shows that they do not understand how to fit this alongside other priorities any more than the contractors do, so there are problems straightaway.

The bidding process means that it is very hard to work creatively with clients and specialist designers until the contract has been won – but by that time it is too late and the rational project management process has got under way. And project managers usually have limited tolerance for new ideas once the project plan has been agreed.

No one knows how to change the structural relationship between contractors and clients. There are real barriers in the way of doing anything about it.

So even an apparently good rational target (reduce energy) quickly gets into the edge of chaos zone in the middle. And we are beginning to grapple with this issue.

While the other areas all sometimes apply, I think that the centre-of-gravity of sustainability issues is clearly in Stacey's edge of chaos zone and that this has big implications for how we manage and report.

What does this mean for sustainability reporting?

Let me return briefly to the challenge that we face. We need to reduce our use of natural resources by at least 50% per person while also developing an infrastructure capable of meeting the needs of the world's less developed economies. And we need to do it very quickly. But we don't have, indeed we couldn't have, an adequate plan.

So the assumptions behind reporting are often questionable and may not apply. We do not know for sure where we should focus our efforts. Much of what we do will probably fail before we have the measurement systems set up; our understanding of the challenge will change radically. The unexpected will arise and change our plans in a moment. Whereas in the 'rational' zone we use differences between plan and outcome to move towards our goal, on this issue we will often want to change our goals.

Is there even a place for reporting at all?

In 1998 I worked with the UK Round Table for Sustainable Development to identify how reporting might help. They concluded that the primary purpose of reporting is to help the transition to sustainability.

This could be done first by promoting learning. Not just the learning of people 'out there' but especially of those of us who produce the reports.

This could also be done by holding people appropriately to account.

I think that these two objectives fit into the Stacey map very nicely. Where we are in the rational zone, we hold to account. There is overwhelming scientific consensus on CFCs and on how human carbon emissions impact climate change, though there is debate about the detail of the latter. To put measurement systems for carbon into place, for instance, and to ask hard questions of those who are wasteful, seems appropriate. As I said, I am a broad supporter of the move to report.

I believe that one of the outstanding characteristics of the human spirit is our ability to create. When people want to do something creative, they usually ask *'How can we do this? How might that be possible?'* At present I hear all too much talk about what we ought to do, or what we have done, and much less about what we learned from the last failure, what we might try next.

I would like reports on sustainability to report above all on how the organisation now understands the challenge and how that understanding has changed and developed since the last report. I would like to hear how that understanding has been manifest in action, for understanding without action is a luxury we cannot afford. And, while I expect people to tell me about what has gone well, for we all like to boast a little, I am really much more interested in what didn't work out.

Indeed, I would like organisations to account for their learning. For what they have learned and for what they have done with what they have learned.

I cannot say this clearly enough. We are bound to fail most of the time. Indeed we are all failing, since our society today is not transforming. But failing gives us learning, allows us to see and understand differently. I want to talk with you about how our points of view are changing, how our priorities are changing, about what is working well enough and where my energy and others' might usefully be spent.

I think that corporate reporting could be a good way of doing this, though I do appreciate how different this is from current practice. Perhaps other ways of communicating are needed as well. My wife, Susan Ballard, who is in this room, can talk about how a climate change web project can promote such learning exchanges, for instance. But I would like more exciting reports!

My baby daughter Kitty is now a young woman of 17; my sons Ed and Joe are 16 and 7. This is not a task for their generation but for ours, for **this** is the time for action. We choose to act for their generation and for those of this generation who are already denied the basics of life. It is a bigger task than we can comprehend. I think that it is a task that can and should inspire us to rise to the highest creativity of which we are capable.