

## Disciplined vision

Building a competitive advantage through sustainable development practices takes more than a good mission statement. A strong organizational learning focus can add a new dimension to your efforts.

**by Anne Papmehl**

Many of today's progressive companies are adopting sustainable development practices, not just for the sake of the planet but also their own competitive edge. But a truly sustainable company doesn't arise from a mission statement and a few new pollution controls: the company needs to be continuously learning, transforming and innovating to significantly reduce its environmental impact, create social value and outpace its competitors.

To build and strengthen these capacities, many sustainable North American organizations are turning to the five core organizational learning (OL) disciplines: systems thinking, challenging mental models, team learning, building shared vision and personal mastery.

"Integrating OL insights, tools and disciplines with sustainability in creative ways has the power to drive real breakthrough innovations," says Bryan Smith, co-author with Peter Senge of three Fifth Discipline OL field-books. He is also president of Broad Reach Innovations and a faculty member at the Sustainable Enterprise Academy (SEA) at York University in Toronto.

### Shifting thinking, perception and interaction

One ideal end point of a sustainable company is to become environmentally neutral or, better, environmentally restorative. Getting to that point requires different aspirations and ways of thinking. "At the core of organizational learning is a fundamental shift in the quality of the thinking, perception and interaction," says Smith, "and we believe these to be the most powerful upstream points of intervention for any organization, sustainable or otherwise."

Of the five organizational learning disciplines, none embodies this notion more fully than systems thinking. Known as the integrative discipline, systems thinking is the art or practice of seeing the system as a whole and focusing on the relationships or interdependence among the system's parts. The idea is to work with the system rather than against it to create permanent solutions to problems, and achieve shared aspirations that often seem impossible when teams start to work on them.

With a systems thinking approach, the further upstream one goes, the higher the leverage. "If you think of it in relation to pollution," says Smith, "you can add controls onto your stack at the end of the production process and try to remove contaminants there, but that's a very low-leverage way to address the problem. A higher-leverage approach is to systematically move upstream to challenge your collective thinking about the products you're producing, how you're producing them and what end result you're actually trying to deliver to your customers."

Smith recommends four key steps in applying systems thinking:

- Broaden the boundaries of the system you are considering by looking beyond your firm and your industry, to the larger economy and the needs your firm is fulfilling in society.
- Create a shared vision of your company leading change in that larger system, perhaps including restorative contributions you want to make in the environment and community aspects of the system.
- Establish three to five key leverage points in the system to focus your energy that will move your organization forward with the highest return on your investment of time, money, talent and other resources.
- Develop a strategy for each leverage point, create teams made up of the best, brightest and most energetic people in your organization and take action.

By the time Suncor Energy started working with Smith and the OL models in 2001, it had been applying systems thinking models in the proper sequence, albeit unknowingly, for nearly a decade. "When we started we had no theoretical underpinnings to follow," says Gordon Lambert, the company's vice-president of sustainable development. "It was basically learn by doing."

With climate change being the pressing issue in the early 1990s, Suncor examined the impacts and implications of it from a broad perspective. "We researched everything we could find on climate change on national and international levels, developed a network of contacts, examined the implications for our company, our industry and even for our country," says Lambert. "From there we went on to consider the inter-political and commercial dynamics as well as the technology implications, how all the pieces fit together, and then looked for where the highest leverage points were."

Suncor settled on seven leverage points, articulated in its Seven Point Action Plan in 1997. "These are a few more than what [Smith] recommends," acknowledges Lambert, "but we consider the first four to be the most significant from a strategy point of view." They are: internal energy efficiency, renewable energy, offsets and new technologies. "These leverage points allowed employees at all levels to see the issue as something that they could manage and, even though it's ambiguous, they'd see opportunities to take action."

A core part of Suncor's strategy is technical innovation, both in the emerging area of renewable energy and in the company's traditional fossil fuel business. In the latter, especially, Suncor continues to take the systems thinking approach. "We're looking at how we can take the learning from our oil sands production and extend it into the sequestration (capture) of CO<sub>2</sub>, and where that in turn might take the company in terms of future markets," says Lambert. Another technology the company is exploring is gasification, which could eliminate or reduce the need for supplemental natural gas as fuel, as well as create a new synthetic gas that could be converted into petro-chemicals or feedstock.

Suncor's early upstream response to climate change is already paying dividends. "All of this research got us into action mode sooner than we otherwise would have," says Lambert. "We did our homework at a technical level five or six years ago, and now it's suddenly front and centre for policy makers and industry colleagues. When you get this kind of thing right, you're not reacting to change; you're actually positioned to take advantage of the change when it occurs." As it goes forward, Suncor is working extensively with OL disciplines to help put more structure around the learning models it has applied so far.

### **Creative tension**

All organizations, including sustainable ones, face the challenge of what they would like to do (vision/aspiration) versus what they believe current reality will let them do. "When there is a big gap between vision and current reality, people often begin to feel anxious, frustrated or discouraged," says Smith. "A common response to this emotional tension is to try to relieve it, either by lowering the vision or by denying important aspects of current reality."

A more productive approach is to hold the vision while simultaneously acknowledging current reality. "This generates an enormous amount of energy that actually draws current reality toward the vision. You are then more able to take effective actions to create the results you want," says Smith. This is called creative tension, which Smith sees as the fundamental organizing principle underlying all of the organizational learning disciplines and central to his work on sustainability with progressive firms.

In 2002, Suncor was facing a mediocre health and safety record. In response, the company introduced a program called Journey to Zero. The vision was to become accident and illness free within a short time. "It caused all sorts of grief at the beginning, from the senior levels right down to the plant floor," reports Lambert. The prevailing mental models centered on the impossibility rather than the probability of the goal.

With the help of OL disciplines and guiding principles, Lambert challenged the mental models of the employees. "We held workshops with employees, focusing on information on their values and beliefs that we collected from earlier surveys, and that data informed a lot of our workshops," says Lambert. Gradually the impossible came to be seen as possible, and today, three years later, there are pockets within the company that are accident and illness free. "When you intervene on the level of employee values and beliefs, or mental models, rather than at the level of the safety programs themselves, it's much more powerful."

While challenging mental models is a stand-alone discipline, it is often paired with team learning. Together, these are known as the collaborative organizational learning disciplines. "They are so named because they focus on building the crucial skills required for truly productive conversations, deeper dialogue between people with very different views, collective intelligence and commitment," says Smith

A newcomer to sustainability, BASF Canada recently established a Sustainable Growth through Innovation Team (SGI Team) to help incorporate the concept into its day-to-day processes, operations and decisions. "Just bringing people together in a team situation to think about sustainability challenges mental models and forces people to be creative," says Kerry Bowman, director of BASF's Polyurethane and Styrenics Business Unit.

One exercise the company has used to good effect is scenario planning. "Scenario planning enables you to not only challenge your mental models and assumptions, it also helps you see the inherent threats and opportunities in the future and formulate strategy," says Smith.

BASF's Building and Construction Group is the first of the company's many units to use it. "We really tried to think way out in an informal group session," reports Kay Schaltz, director of Intermediate and Performance Chemicals. "We asked ourselves questions around what the housing industry could be like 25 years from now, in terms of energy efficiency, aesthetics and new products ó basically everything from the roof down to the foundations." While the group has not yet arrived at the strategy formulation phase, Schaltz reports that the creative tension and excitement around the exercise are extremely energizing to the group.

The two remaining disciplines of building shared vision and personal mastery are seen as the aspirational disciplines. Like their collaborative counterparts of team learning and mental models, these two disciplines are often paired, with people first developing their personal vision, then working with others in the company to forge a true shared vision. Plug Power, a U.S. fuel cell company, has an underlying goal or vision to produce technology that will result in a more sustainable lifestyle worldwide. The company also has the goal to become a learning organization. But, as the company found, looking at these goals in such a broad scope can be overwhelming, "so we work to have longer term visions, but also shorter term goals, with very specific objectives," says Marie Schnitzer, the firm's program manager.

One way the company is working with shared vision and personal mastery is through group projects. For example, the company had a social goal of building a large, on-site sports complex that could also be used for employee fitness as well as employee seminars. However, being in the early stages of product development, their current reality suggested this investment might be unwise.

The company looked at the assets it had, which included strong employee commitment to building a community that works and learns together, and some dedicated volunteer employees. "Over a two-year period, we were able to accomplish some smaller projects that support fitness and community, including a basketball court, horseshoe pits, and a weight and cardio room for employee use," says Schnitzer. "A number of employees donated their time and equipment and the company financially supported some of the projects as well."

The creative tension around the goal meant the company didn't have to abandon its vision entirely. "Although the aspiration was for a great sports complex, the current reality didn't let us reach that point," says Schnitzer, "but because of the creative tension around the vision, we could still generate energy and do something on a smaller scale." Schnitzer reports that the company has been transferring organizational learning from exercises like this one into its business areas like product development, technical innovation and problem solving.

### **Seeing the gaps**

In each of these cases, Smith attributes the breakthroughs and successes to the leaders' ability to be honest about where they were and where they wanted to be. "We believe truth to be at the core of successful learning, innovation and change on sustainability," says Smith. "Unless you can be honest about both current reality and the vision, and the gaps between the two, you're just not going to get credibility and support inside or outside your company," says Smith.

He says it's equally important for people to be honest about their mental models. "By looking at them deeply and questioning them you make them subject to change and improvement." This is not always easy and, ultimately, only individuals can challenge their own thinking. "If people choose to defend their way of thinking, they're pretty much bullet proof to change," says Smith. But one thing is for certain. We are not going to achieve a truly sustainable future through 'business as usual' thinking. "Working with the five OL disciplines can give people at all levels in business a tremendous boost to creating the future they want."