



A Panagraph White Paper by Ian Johnson and Graham Moodie
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Sustainability Performance Management

How to apply simple, cost effective and proven processes when accounting for and reporting on your sustainability impact.

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Introduction

The term “Corporate Social Responsibility” first came into use in the late 60s and early 70s. The philanthropic connotation of the word “social” has in the main disappeared and the area of “Corporate Responsibility” is now one of the “must haves” for all reasonably sized organisations.

Sustainability in its many forms now dominates the transparency and reporting agendas for all major organisations – indeed the average page count available on sustainability reporting for the FTSE 100 is now over 21 and rising!

From being a “nice to have”, it is now widely acknowledged that companies who truly embrace sustainability and invest in managing their sustainability benefit in many areas including:

- Cost reduction
- Enhanced risk management
- Enhanced brand reputation
- Ability to attract better staff
- Competitive edge
- Ability to attract investment

However, for many organisations, where to start with meaningful sustainability performance management can be a confusing and complicated process. This document outlines a proven and straightforward approach that does not depend on complex and expensive business intelligence tools.

To quote a FTSE 100 organisation: “Corporate Sustainability aims at managing ecological, economic and social effects, firstly to achieve a sustainable development of the organisation and the core business, and secondly, to create with its business, a positive contribution of the company to a sustainable development of the economy and society at large.

Corporate Sustainability strives for a systematic management and co-ordination of all corporate activities and the integration of social and environmental management into conventional management.”

So how are you going to manage and report your performance?

Sustainability Reporting Trends

From being a subsection of CSR reporting, most large organisations publish separate sustainability reports (in most cases freely available). For example HSBC have a 29 page report with a link to their sustainability web site.

Although most companies have some reference to the “Triple Bottom Line” (“Economic, Social and Environment” or “People, Planet and Profit”), there is a wide variety in presentation approaches – some down to regulatory constraints and some much more blatant marketing strategies.

For example, resource dependant organisations (e.g. Shell, BP) will present detail historical facts and figures on such standard items as:

- Greenhouse Gas Emissions
- Energy Efficiency
- Safety
- Local Procurement
- Training

Other sectors (e.g. Financial Services – HSBC, Barclays etc) place a significant emphasis on their own awards, benchmarking and terminologies (Barclays use “Citizenship” for example). The interpretation and presentation of data varies significantly – the same themes are covered but with a slant on themselves and their own products for example:

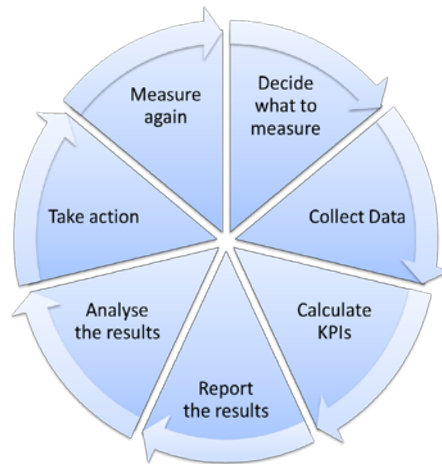
- Financing a Low Carbon Economy
- Community Investment
- Employee Engagement

Not surprisingly, nearly all organisations are claiming transparency against clear sustainability objectives. A good example is Balfour Beatty in the Construction Industry who has a “2020 vision” whose headline categorisation with example KPI areas is:

- Profit
 - Customers (*sustainability goals*)
 - Influence (*stakeholder satisfaction*)
- People
 - Our People (*safety*)
 - Our Supply Chain (*sustainability agreements*)
 - The Communities We Serve (*local labour deployment*)
- Planet
 - Climate Change (*greenhouse gas emissions*)
 - Waste (*recycling*)
 - Water (*usage*)
 - Materials (*procurement*)
 - Ecology (*protection*)

Whilst the terminology, specific analysis and level of detail vary, all responsible organisations are now stating their targets and objectives and by definition have to be seen to be measured against them.

The Basics of Successful Sustainability Performance Management



Decide what to measure

Decide what's important (*but don't fall into the trap of trying to measure everything from the off*)

- Within this ever evolving area, setting boundaries and understanding what is achievable is a key consideration. Certain areas such as transport can be a minefield and a full understanding of these difficult areas is essential.
- Ensure that everything that is measured is important and improvements in that area will impact on the triple bottom line.
- A common problem is to just measure things that are easy to measure (don't fall into that trap either).

Define your KPIs and create a KPI document

- All involved must have a clear understanding of the purpose, measurement methodology and validation techniques.
- The latest version of this information must be always accessible.

Get agreement & buy in

- Being sustainable has driven a cultural change across all sectors. Bring that cultural change into your business.
- For the whole process to be a success, it is important that all stakeholders buy into what you are doing.
- Ensure those putting data into the process see the analysis and results.
- Run workshops.
- Get as many employees involved in deciding what to measure and let them own the KPIs and the processes.

Be flexible – review & change

- Change is inevitable. Ensure you continually review what you and others are doing and if you can do something better – then change.
- Ensure the systems and processes you use are flexible enough to accommodate the inevitable changes.

Example A:-

The following highlights a typical example of how best practice was achieved by a member of a regional benchmarking group for a typical KPI within the Repairs and Maintenance Service.

Decide what to measure

The organisation decided that one of the more important KPIs within this service area measures “proportion of repairs completed right first time.”

This KPI impacts on all aspects of the triple bottom line i.e.

Economic impact – Additional visits incur added costs in relation to travel, operative time, additional materials etc.

Environmental Impact – Waste materials generated carbon emissions via additional travel etc.

Social Impact – Dissatisfied tenants.

Collect Data

Simplify collection of data

- Collect raw data where possible.
- Don’t make an industry out of collecting data – keep it simple.
- Automate collection processes where you can.
- Create robust timetables for when to collect the data.
- Install data collection aids where necessary e.g. water meters.

Validate data

- Ensure validation processes are clearly established
- Don’t make an industry out of validating data. Validate data at appropriate times (not every time you collect it)
- Ensure all data provided has “an owner” responsible for its provision.
- Flag up where data has not been provided or is late (e.g. email alerts to data owners)

Ease of input to software

- Use software with simple methods of inputting data.
- Avoid double handling data.

Example A:-

Collect data

Although difficult to collect data for this KPI it was decided that the best way to gather the data was to use tenant feedback. A question was therefore added to the Tenant Satisfaction questionnaire which read:

Was the repair carried out in one visit and to your satisfaction?

Calculate KPIs

Ideally use a tool which is easy to use and can auto-convert the raw data to provide

- KPIs
- Targets
- Averages

Example A:-

Calculate KPI

From the survey returns, the performance was calculated as the proportion of tenants who answered yes to the question.

Using appropriate software, the raw data was be inputted into the system i.e. “number of responses with a yes answer” and “total number of responses.”

The software then calculated the results.

Report the results

- Deliver results as “real time” as possible i.e. the information they deliver needs to be current.
- Ensure reports are accessible enough but with the appropriate levels of security.
- Ensure all information is easily understood – a picture says a thousand words.
- Consider how each particular audience needs to see the information and deliver in the format of their choosing e.g.
 - Charts
 - Trends
 - Tables
 - Reports

Example A:-

Report the results

The results of the KPI were then viewed in relation to the corresponding results of the other members of the group and also in relation to each member’s previous KPI score.

Analyse the results

- Targets analysis needs to be simple, meaningful and lead to actions where appropriate.
- Analysis tools should incorporate an appropriate range of:-
 - League tables
 - Red Amber Green Tables
 - National/Industry benchmarks
- Supporting information e.g. electricity readings, waste certificates etc should be available for analysis.

Example A:-

Analyse the results

With the KPI score then collated in a simple format, it was easy for the member with the poorest performance to identify the best performer and begin the process of understanding how they could emulate the best practice within the group.

It was quickly realised that the weakest performer was achieving a performance score of around 68% against the best performer who was achieving 94%.

Further analysis highlighted the fact that the best performer had adopted 2 key policies which set them ahead of the group.

- *Impressed stocks on each van. All vans carried a range of stock which through previous research would equip all operatives to deal with 96% of the repairs they attended.*
- *All operatives were multi-skilled enabling them to carry out over 90% of the jobs themselves. Each were proficient as joiners, plumbers, bricklayers, plasterers etc. to a required level to achieve a satisfactory repair.*

Take action

- Ensure a robust action planning process is in place.
- Actions should be the result of considered analysis by the appropriate team.
- Each action should have a named owner.
- Actions should be constantly monitored and deliver at milestones.
- An audit trail of all actions and outcomes should be maintained.

Example A:-

Take action

Armed with the information acquired from the analysis, the poorest performer put in place an action plan to expand their proportion of multi skilled operatives and address the stock on vans policy.

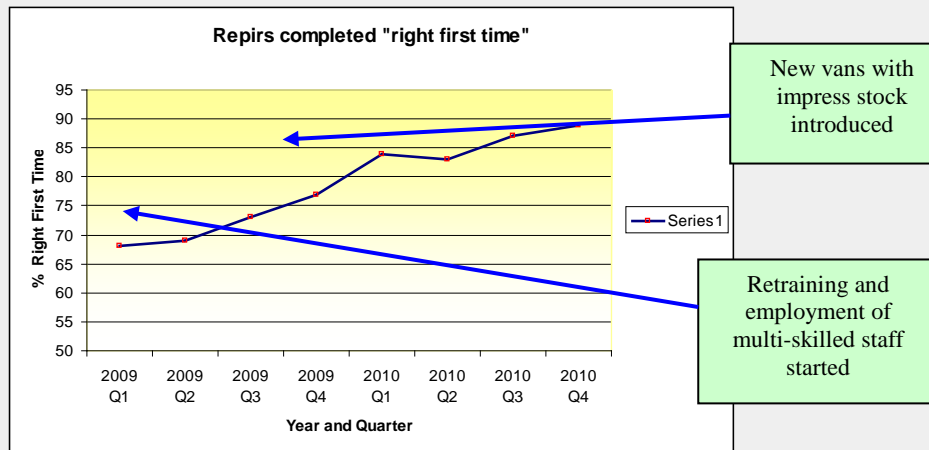
In effect, the company involved was in the process of acquiring new vans and ultimately leased larger vans to accommodate the change.

Measure again and Review

- The process should be continually repeated and appropriate cycle times should be set for the collection of the next set of data.
- Continually review what you are doing.
- Sustainability measurement and efficiency gains through actions are evolving and your sustainability management processes should be set up to develop in accordance with its evolution.

Measure again

Although a lengthy process, within 2 years the organisation involved managed to improve performance on this indicator to 89%, an increase of 21%.



Implementation Check List

Irrespective of the approach you take, there are a few key points which should be considered prior to implementation. These are covered in the following "Check List":-

- Sponsorship - board level commitment is essential.
- Implementation - timescale should be achievable.
- Measurable objectives - realistic and practical.
- Meaningful KPIs - that will be taken seriously.
- Targets - agreed and achievable.
- Dedicated project ownership - as for any project.
- Data collection – timely and rigorous.
- Flexibility – change is inevitable.
- Easy to use tool - as there will undoubtedly be many non-IT people involved.

About the Authors

Ian Johnson - Managing Director Panagraph Performance Management

Having started his career as a design draughtsman, Ian moved into construction in the early 80's. In 1986 Ian graduated with a degree in Quantity Surveying and worked as a Quantity Surveyor at Sheffield City Council for a number of years before moving into Performance Management in 2001.

His work in Performance Management with Sheffield City Council has received national recognition from Government institutions (including The Audit Commission), and has significantly contributed to both Council and project awards. His work at Sheffield is held up as an example of performance best practice for emulation within the UK Construction Industry. In March 2008, on the strength of the success and the widening interest in the Panagraph Performance System, Ian joined Panagraph Performance Management as a director, subsequently becoming their MD. From a development perspective, this allowed Ian to focus on significantly enhancing Panagraph (Version 3 – Performance Intelligence which was released in June 2009) as well as successfully attracting new customers and broadening the market focus.

One of the major changes Ian has seen over recent years is that, irrespective of the market sector in which he is working, there is the common theme that all performance management projects are looked upon with respect to their impact upon the planet, profit and people.

Ian lives with his partner Liz and has two children. His other interests include football (as an avid follower of Sheffield United), skiing and golf when time allows.

Graham Moodie – Operations Manager Panagraph Performance Management

Graham has over twenty years experience working in the IT industry in various technical and commercial roles. Having worked for Research Machines and Softease for 10 years Graham joined Panagraph in 2005 and has worked closely with Panagraph's clients to identify and specify performance management models and processes that bring real benefits to the organisation.

More recently Graham has focused on the increasingly important sustainability agenda to understand the main sustainability drivers for organisations. Working alongside environmental consultancies Graham has developed sustainability performance models and processes that are now being implemented across the UK.

With Graham's experience in project management he works closely with all of our major clients such as Newham Council and MITIE to project manage the implementation of Panagraph's software and the development of the Performance Management processes.

About Panagraph

Panagraph Performance Management was formed in 2008 and is exclusively focussed towards the delivery of award winning services in the form of performance management processes and tailored software solutions to both public and private sectors including Construction, Housing, Manufacturing, Education and Sustainability.

Panagraph acts as a critical friend and collaborative partner to its customers, assisting in the delivery continual improvement, measureable efficiencies and sustainable change.