



Leadership Perspectives:

EHS Success Depends on Internal Engagement



Articles authored by:

Tony Shea, Director of Environmental Compliance; NRG Energy Inc.

Ryan McMullan, Manager of Sustainability, Environment and Safety; Toyota Motor Sales Inc.

Jenna Newcombe, Senior Engineer; Geosyntec Consultants Inc.

While there is general agreement that developing a workplace culture to support environmental and safety performance is crucial, effective tactics to build engagement can be difficult to articulate. In these peer-authored articles, NAEM members reflect on their experiences of building engagement at all levels of an organization.



Welcome to the first edition of NAEM's leadership perspectives series, a new format for NAEM members to share articles and case studies on environment, health and safety and sustainability best practices. Like so many others, this initiative began when a member approached NAEM with the idea of creating a peer-curated publication to showcase some of the solutions and lessons learned along the way.

For this first year, NAEM assembled a committee of emerging leaders from among its membership and Affiliates Council, who collaborated in teams to brainstorm topics, outline article ideas and edit one another's work. The two publications that emerged from this process reflect the perspective of the actual practitioners who created them.

In this first issue, the authors share specific strategies you can use to engage employees and build a supportive culture for EHS and sustainability inside your companies. As you read through these articles, I encourage you to jot down your questions, take note your feedback and share your thoughts with the authors.

We also encourage you to come up with your own ideas for an article you'd like to share with your fellow members. Since the beginning, NAEM has been a community for collaborative problem-solving. We hope you'll use this as an opportunity to both learn as well as contribute to the community of practice.

Sincerely,

A handwritten signature in black ink that reads "Carol Singer Neuvelt". The signature is fluid and cursive.

Carol Singer Neuvelt
Executive Director
NAEM



About NAEM

The National Association for Environmental Management (NAEM) empowers corporate leaders to advance environmental stewardship, create safe and healthy workplaces, and promote global sustainability. As the largest professional community for EHS and sustainability decision-makers, we provide peer-led educational conferences, benchmarking research and an active network for sharing solutions to today's corporate EHS and sustainability management challenges. Visit NAEM online at www.naem.org.

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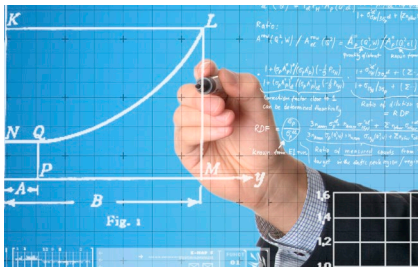
Tony Shea, Director of Environmental Compliance; NRG Energy Inc.



NRG’s environmental compliance program has evolved over the years as the company continues to find opportunities for improvement. Many of these changes have focused on new ways of engaging its workforce.

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Employee engagement is critical during the development of a new environmental management system.

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Tony Shea is the Director of Environmental Compliance at NRG Energy, Inc. Tony's group manages environmental compliance programs for NRG, focusing in particular on its fleet of fossil-fueled and renewable power generation facilities. This includes development and implementation of NRG's environmental policies and procedures, performance metrics, audits, etc. Tony has 20 years of experience in environmental compliance and the power generation industry.

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Communications, Commitment and Teamwork: The Pillars of Creating an Engaged Culture within NRG's Operations

by Tony Shea, Director of Environmental Compliance; NRG Energy Inc.



NRG's environmental compliance program has evolved over the years as the company continues to find opportunities for improvement. Many of these changes have focused on new ways of engaging its workforce.

"I'm from Corporate and I'm here to help." You've heard that in jest before, right? While it may be true that corporate groups (mine included) develop new programs and requirements for operations, there can be real results when the plant employees take ownership of implementation. I have found that as long as we can explain why a new program makes sense and why it will help support compliance, our employees are more than willing to jump on board and make it happen.

As NRG's Corporate Director of Environmental Compliance, I develop programs, policies and initiatives to support improved environmental compliance performance across the company. I recognize, however, that regardless of the ideas and programs that my group develops and champions, the real implementation is done by our operations personnel. Their support and awareness, therefore, is critical to our efforts.

In 2007, we implemented our EKPI program to measure environmental compliance performance at the plant level. The bonus potential for every employee at the plant is tied, in part, to that environmental performance. Because the entire plant staff has skin in the game in terms of the bonus payment, this has helped enforce the culture that environmental compliance is everyone's job, not just the job of the environmental personnel.

More recently, we added fleet-wide and region-wide performance metrics to the EKPI. Now our employees are incentivized to not only perform well at their site but to help out other NRG locations that may be working through an issue.



‘Environment-Over-Production’ Policy

Another pillar of our program at NRG is our long-standing Environmental Policy & Procedures Manual that requires compliance with all environmental laws. It’s one thing to have a policy from the environmental group requiring compliance; it’s another to have a similar message relayed across all of operations from operations management.

In 2012, our head of Plant Operations authored a new ‘Environment-Over-Production’ policy, which he shared through a required computer-based-training program for all operations employees. Speaking to all operations staff, he made it clear that compliance is not just our policy, but it’s a priority. Operators were then empowered to make the right choices to maintain environmental compliance, knowing they would be supported by their management and the company.

Once our plant employees knew what was expected, we wanted to make sure they always knew the requirements. After all, decisions often need to be made in the middle of the night or during a weekend or holiday – not just when the Environmental Compliance Specialist is on site. To provide that guidance, we worked with every site to develop what we call an ‘Environmental Operator Box,’ a site-specific table listing all the environmental requirements and permit limits that an operator would need to know. This resource, which is posted in the Control Room, has helped to set our plant employees up for success.

Environmental Risk Review

Who would know best what risks might exist at one of our sites? Me or my team? No way. Plant Operations leadership? Nope. It’s the people at that site, who are out in the field every day. They are a wealth of knowledge and to get some

great input from them we found out that all we had to do was ask. We asked for a team from each plant to spend some time thinking about what environmental risks are out there to encourage them to think through the ‘what if’ scenarios. This has now become a routine process at each of our plant sites through which we continue to learn and continue to improve.

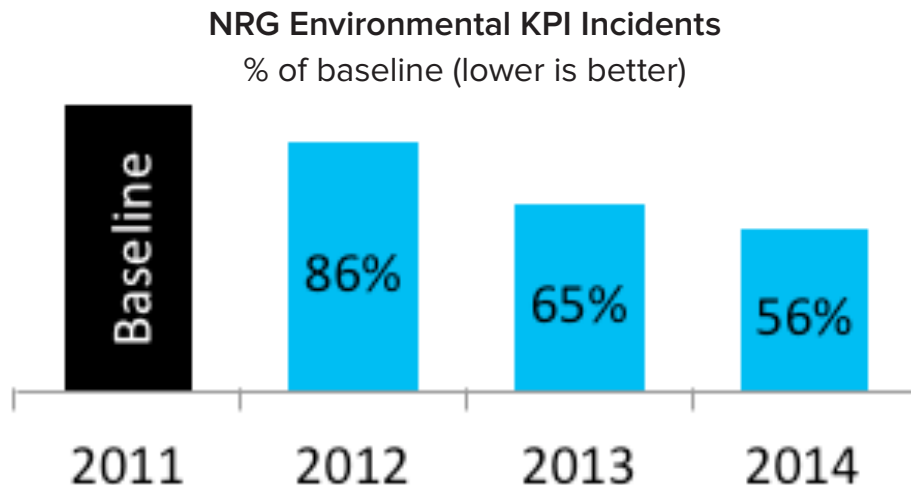
Environmental/Operations Team

In an effort to capitalize on the knowledge available at the plants, we asked for volunteers to support our development of company-wide environmental initiatives. This group includes environmental specialists and engineers from the plants. They help review data, and, based on their experiences at their plants, they help identify meaningful and appropriate programs and deadlines that we can roll-out across the fleet. In addition to providing this group with another leadership opportunity, the new programs can be more readily accepted elsewhere because plant representatives were involved.

In summary, we use these various programs to:

- Establish clear measures of success and tie it to compensation
- Cascade the policy through operations rather than just from the environmental group
- Give people the tools they need to be successful
- Ask operations to identify and address risks
- Ask for volunteers to help set the direction of company-wide initiatives

Thanks in large part to a more engaged workforce, we have been able to demonstrate significant performance improvement in recent years. Here’s a snapshot of what we’ve achieved.



Toyota's Green: Creating Middle Management Engagement through an Environmental Action Plan

by Ryan McMullan, Manager of Sustainability, Environment and Safety; Toyota Motor Sales Inc.



Much has been written about creating EHS culture and engagement at the top levels of the organization as well as the front lines. But the crucial remaining link is middle management.

The pressures on middle managers are to meet goals and targets relevant to the core business, so when they are engaged on other topics, it often leaves them wondering why they're being asked to do what looks like another "coffee-mug-of-the-month program". There are several methods to get program compliance from these managers, including performance reviews, compensation, and accountability to their leaders. But to truly achieve engagement requires a different approach.

First it would be helpful to offer a working definition of engagement relevant to this approach (there are many ways to define engagement after all). For these purposes I will define engagement as when a coworker brings ideas to you as an environmental change agent, rather than just being

receptive to your ideas. Here's a good example of this in action from my very first days with the company when I was still a graduate student:

My first experience with Toyota was as a summer intern during my graduate degree program. My manager was going out on maternity leave three days after I started and one of the key projects she assigned was the Toyota Environmental Action Plan. This task required going to senior managers throughout the company, asking them for a status on previous year's targets and requesting they set new targets for the current year. How was I, the new intern, going to wrangle busy senior managers and get them to commit? Taking a deep breath I picked up the phone and called the first senior manager on the list.

During our short conversation he gave me the results of the previous year – target completed. When asked for the next target I got something like “Study the possibility of creating a plan to evaluate (some new operational technology).” I faithfully recorded it, but felt like it wasn’t much of a target, so I reviewed it with the head of our department. “Isn’t there anything we can do to make them set a real target?” I asked with the zeal of youth. “Sure,” he replied. “We could have our VP talk to their VP. She could make their non-target very uncomfortable for them. And that would work, for this year.” He pulled out an A3 document, carefully folded in the Toyota way, “But this is a five year plan and after that we’ll do another five year plan. We need them to take this seriously, but also to get comfortable with the subject – we’re in it for the long haul. Give them a call back and ask if we could kaizen (improve) their target. Start by asking them what they do – it’ll be a good opportunity to learn the business.”

The method used at Toyota Motor Sales for building environmental engagement among middle management is the Five Year Environmental Action Plan. This is a fixed, five year plan which requires the creation of targets in all departments that have some environmental impact or opportunity. For instance, the company is currently in its FY12-16 five year plan, which contains 126 targets from groups around the company, covering activities ranging from introduction of environmental products (hybrid and advanced tech vehicles, remanufactured parts, etc.) to the use of environmentally preferable materials (recycled-content paper, returnable packaging, etc.) to outreach goals (training, dealerships, philanthropy, partnerships, etc.).

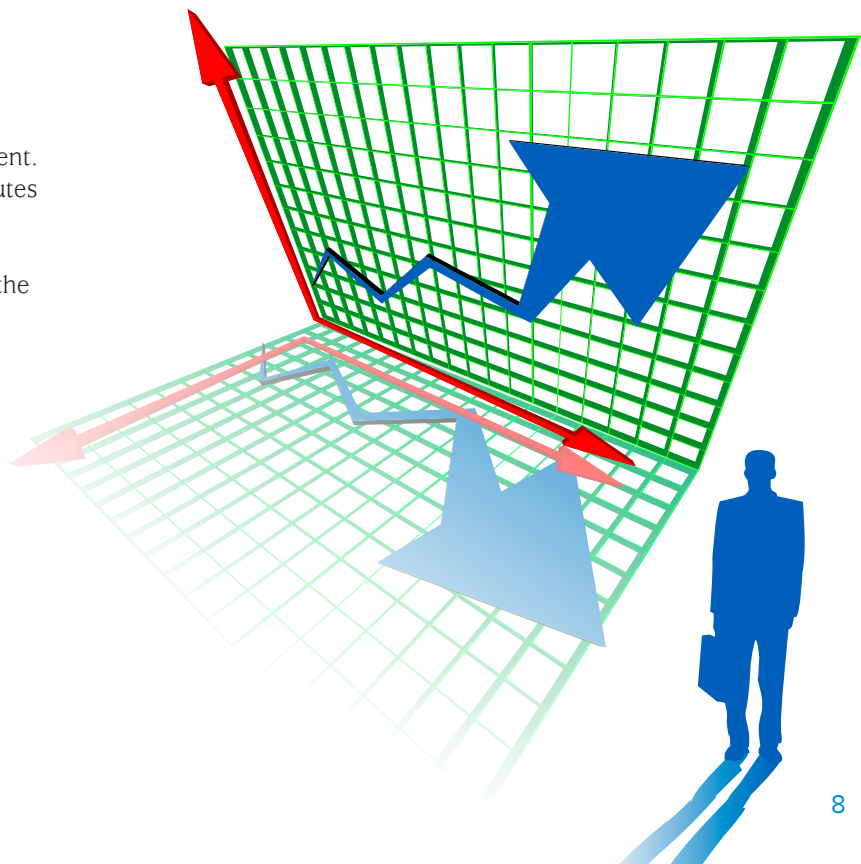
Plan The Right Plan

The act of target setting does not, in itself, build engagement. Toyota’s Environmental Action Plan has five crucial attributes that enable proper deployment to build engagement:

1. **Top Management Support:** The top management of the company (up to the global parent company) puts this forward as a requirement (not optional).

2. **Themes:** The top management also picks specific themes, such as recycling-based society, low-carbon society, awareness and outreach to provide focus and inspiration.
3. **Open-ended Targets:** Targets are not prescribed. Rather, guidance is issued and starting places are offered, but ultimately the managers of each group set both the format and performance level of targets.
4. **OK to Fail:** Targets are encouraged to be challenging and they need not have a planned method for achievement when set. If a target is not met, but progress and learning has been displayed toward it, then there is no punishment or bad reflection on the manager. (Targets that are outright ignored, however, have negative consequences).
5. **Repeated:** When managers realize that this activity is not going away and you will talk with them about progress at least once a year, they realize they can’t “ignore it and hope it goes away”.

These five attributes do not ensure that middle managers will start bringing you ideas (i.e. being engaged, willing partners) – they just hold open the possibility. Actual engagement requires careful deployment of the action plan by the environmental team.





Engagement Is The Goal (at first)

Before delving into this, it's important to put yourself in the shoes of a typical middle manager faced with the idea of setting environmental targets in what may be perceived as unrelated business areas. Typically, they do not have any particular environmental expertise, nor do they have experience with where to start outlining environmental metrics and targets. They may not even know what's possible for environmental improvement within their activity. If approached with an authoritative approach the environmental leadership can set themselves up as the adversary trying to distract the manager from their core business.

Instead, think about this target-setting interaction as a coaching opportunity. It gives you an opportunity to 1) understand the manager's business activity, and 2) educate the manager on ways they can contribute to the company's environmental performance. Share the themes defined by top management to give them more specific ideas (more than just "environmental"). It's important to not jump to targets just yet; just illustrate the environmental impacts and opportunities that are relevant to their business activity.

To create a comfortable space for the manager to engage with environmental topics, it's important to bring three approaches to the discussion:

Approach 1: Play Teeball. After coaching the manager on the environmental aspects of their business activity, have a range of ready-made, "just swing at it" targets handy they can adopt, in case they don't know where to start. They may not take them, but it helps illustrate some possibilities for their business.

Approach 2: Play Slow Pitch Softball. Many managers, when faced with new targets, will try to offer up non-targets ("Consider a plan to prepare a study to reduce X, where feasible"). While it is important to work with them to make the target meaningful, it is important to lob slow, easy opportunities and not force them into targets that are too uncomfortable, too soon.

Approach 3: Play the Long Game. When negotiating a given target, do so with the long-term goal of engagement as the first priority. If you have to sacrifice the outcome of the current target to build long-term engagement (even for all five years of a first five year plan) by allowing a lightweight target, do so. This will afford the manager time to get comfortable with the topic, learn, and eventually bring their own spin on it using their knowledge of their business activity.

Specifically, do not play hardball. While you may be able to negotiate a better performance outcome of a given target in the short term, you have sacrificed the opportunity to build engagement and often put yourself in the position of facilitating the goal (costing you time), rather than the manager taking ownership and learning.

Help Them Help You

Finally, it's important to address the 'What's in it for me?' If you can help managers meet their professional goals while helping you, you become an ally, rather than a distraction. Here are three ways to provide personal value from engaging with environmental topics:

Demonstrate Leadership: If they do take on challenging or visionary environmental targets, be sure to feature them to their own management. Describe their achievement in terms of general business attributes such as 'thought leadership', 'business insight', and 'building company reputation'. These are terms managers value and understand, and can apply to non-environmental areas), rather environmental terms like 'reduced impact', 'pollution avoidance', or 'reduced compliance risk'.

Feature Successes: When they do succeed on targets, try to feature those accomplishments to others, both internally and externally. Common methods include internal company newsletters and announcements, external awards, the public environmental report, and news releases. Be sure to send managers a note when they are featured so they know their efforts are appreciated and impactful (and they're getting some limelight).

Professional Development: Good managers are always looking for opportunities for their team members to gain professional development experiences. By framing the action plan target as a professional development opportunity you put the manager in the position of being a nurturing leader, while delegating the project to someone who's more likely to have a personal passion for environmental issues.

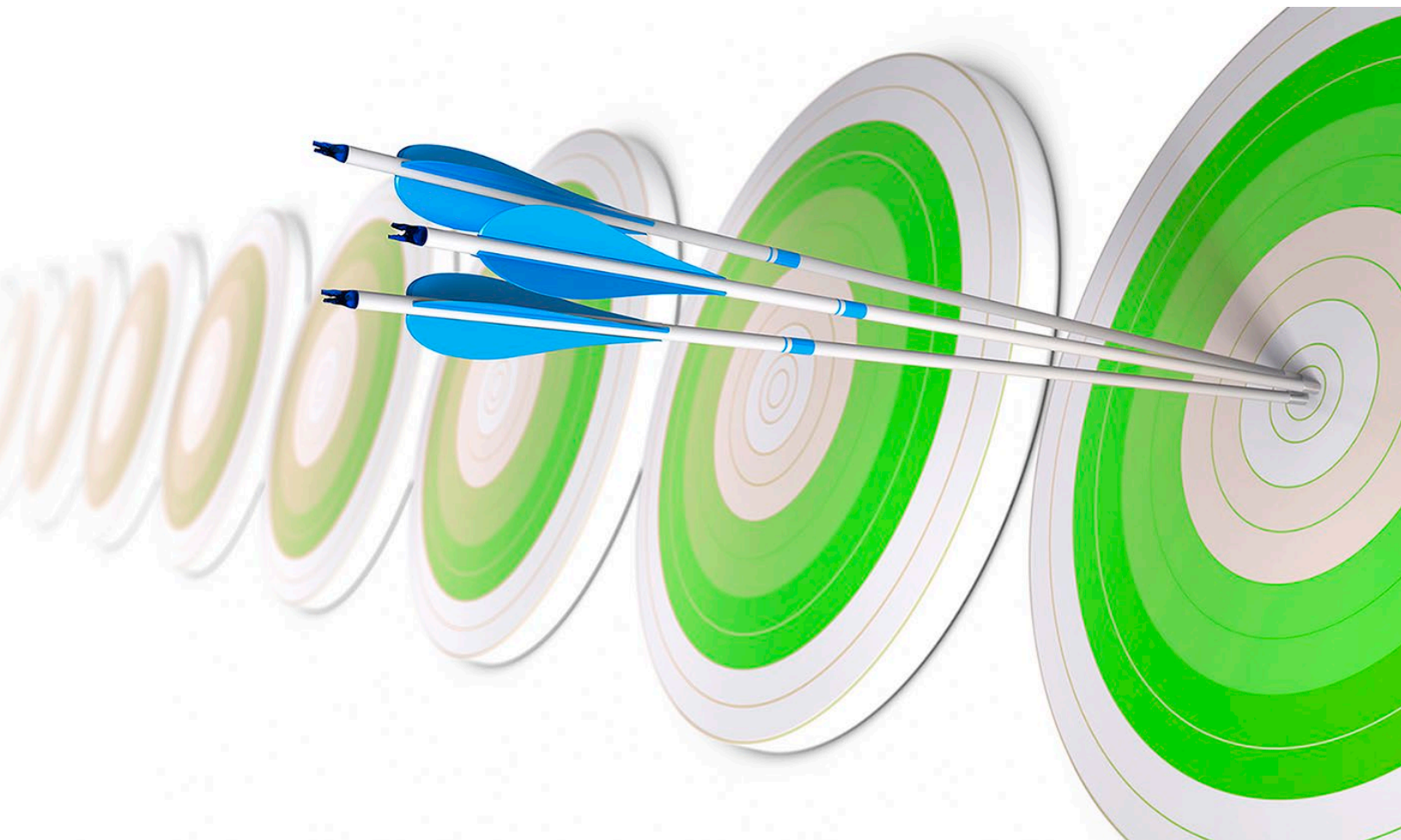
Build It and They Will Come

To demonstrate the effectiveness of this approach, the number of targets in each of our Five Year Plans has consistently increased.

Some of the growth is due to new business units or added initiatives, but much of this growth is due to new ideas coming from returning managers. As they become more comfortable with the process, they bring their own ideas to the table. And with these return managers having more

ownership and self-sufficiency, it frees up time for the environmental team to expand to new business units or topics.

By structuring the action plan to maximize flexibility, deploying it in a way that promotes learning and ownership, and returning direct benefits to the manager, you are much more likely to build true engagement among the middle management of your company. And your job becomes much easier when you don't have to come up with all the ideas yourself.



community so the government affairs representative was an active participant from the start of the process; they needed to be able to communicate the program back to the citizens. While purchasing was important, their role was more important later in the process as we developed programs and procedures to be implemented, such as standard purchasing procedures for “greener” products.

The biggest challenge was getting the maintenance staff involved in the process. Their environmental responsibilities were ad-hoc; their role was maintenance, keeping the grounds and buildings maintained, servicing vehicles and clearing snow in the winter. We needed their involvement during the development because it was going to be their system to implement and to maintain. The role of the environmental group was to act as a consultant of sorts to each of the facilities. The environmental group assisted with compliance planning and permitting, but the day-to-day operations and activities were the responsibility of the facility personnel. For most of the maintenance staff, environmental compliance or going above that and becoming involved in a voluntary program, such as ISO14001, was out of their realm.

The biggest challenge on the team came from the maintenance foreman, a 25-year career employee. A typical day for the foreman was to confirm that the equipment used for grounds maintenance, such as lawnmowers and other vehicles, was running properly, to ensure that the building was kept in good condition, and to drive around the property to collect any trash or debris. Once a month the stormwater outfalls were visually inspected; the purpose of this was to check a box on a list of items that were to be completed. The development of an EMS would give these tasks a purpose in regards to environmental compliance and management.

The maintenance foreman spent the first few monthly meetings sitting by the window away from the group obviously disengaged. Admittedly the first few meetings were not that exciting; we were discussing the process and the goal of developing an EMS. For someone that just wanted to get on with their “real” job, it was probably very boring. As the manager of the program, I noticed the lack of engagement and needed to figure out how to get the entire team involved in the process because I knew our program would not be successful otherwise. Food was provided to incentivize people to attend the meetings. People attended and ate, but contributions and engagement still lacked.

Find out what matters most

As we moved into developing a list of what activities occurred at the facility and how those could impact the environment, the group started to become more interested. Items on the list included the daily tasks that they conducted, like changing fluid in vehicles, mowing the lawn, painting, and even inspecting the stormwater outfalls. The activities could have an impact on the environment and we were putting a framework around what that was. In addition, we were giving the team an opportunity to create a program and a process around their existing jobs and how those could be performed more efficiently and effectively. When we started asking for input about what their job entailed, engagement noticeably increased.

Altogether the EMS development process took about 14 months. During this time, we created a list of about 400 aspects and most of them were relevant to work performed by the maintenance group at the facility, this fact made their input essential to the process. Some of those that were deemed to be significant included:

- Fuel usage;
- Lawn mower emissions;
- Stormwater management;
- Solid waste disposal;
- Hazardous waste disposal;
- Water usage; and
- Building energy usage.



Finally the foreman became interested! He knew that in order to frame the programs that would be his responsibility he needed to provide input. The goal was not to change how they conducted all of their activities but to consciously think about how those activities could or were impacting the environment.

In the middle of our audit he asked the auditor to come into his office with him for his interview, I was not allowed to sit in. This was not typical and I was very nervous that we were not going to be certified. They were in their one-on-one meeting for about half hour. Once they were done, the foreman said he was leaving for the day. The day was not over and nor was our audit. At the end of the day, the auditor told us, that yes, we would be certified. He also told us that the foreman had asked him at the beginning of the day if we would be certified, he said that he needed to leave early and needed to know before he left.

Engagement Success

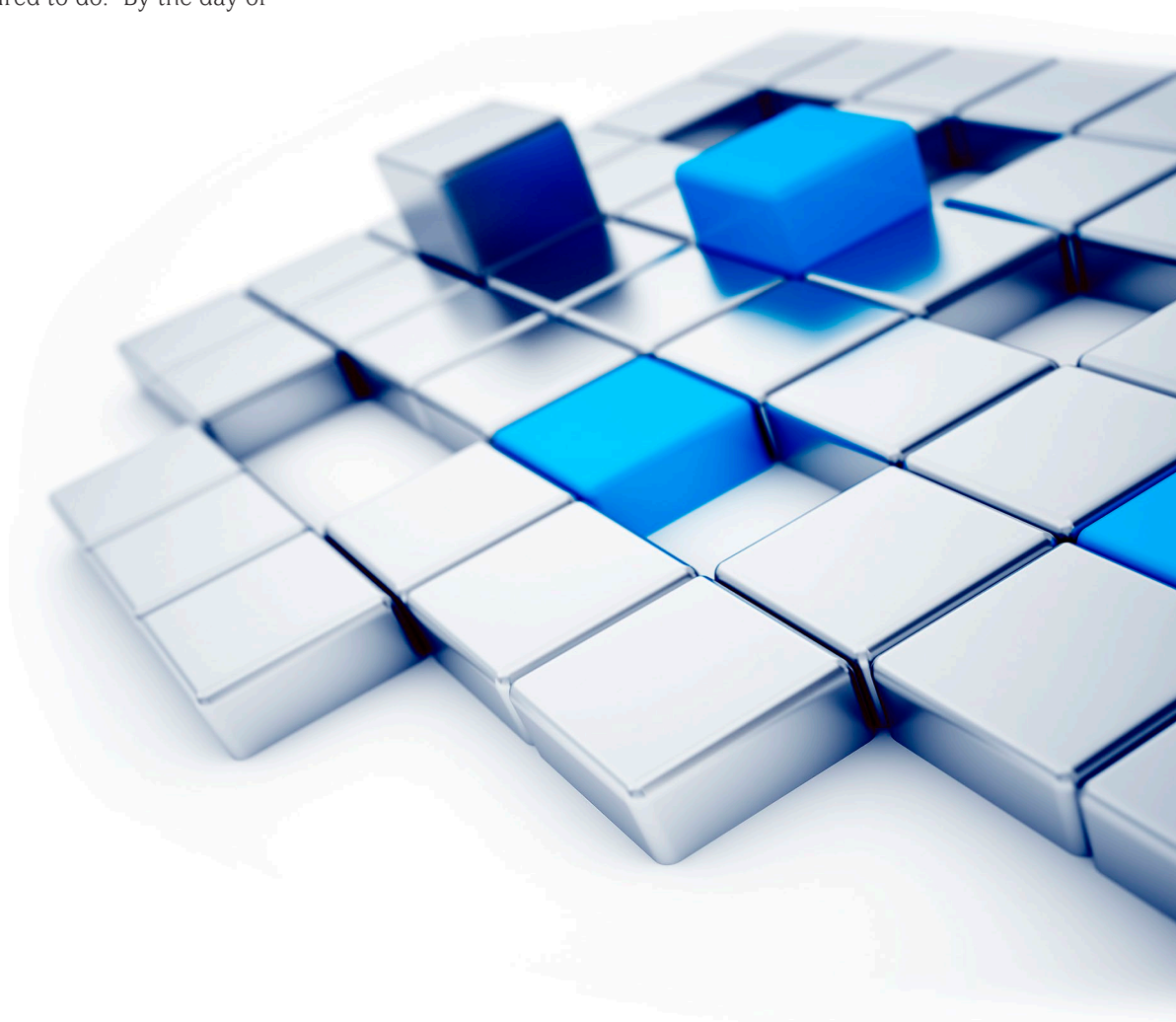
His actions were at first self-serving, trying to save his group from being saddled with extra tasks and also to keep control of what they were required to do. By the day of

our certification audit his interest and buy-in was clearly demonstrated. For the eight years following our initial certification, until his retirement and my departure from that job, he was fully engaged. He took an active role in the analysis of the program and the EMS and wanted to make it better.

This engagement process was not a corporate strategy or program that we had assessed and analyzed, it happened organically by “management” demonstrating that the employees input really did matter. Giving people an opportunity to participate in building a system proved to be a successful. Ultimately, the development of the EMS:

- Integrated environmental into the organization;
- Decreased environmental violations; and
- Increased continual improvement of environmental programs.

But for the employees it showed them that they do have a vital role in the process and that their input and participation helped to create a successful program.





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About this Series

NAEM's new Leadership Perspectives series provides peer-curated and peer-authored articles and case studies on best practices in environment, health and safety, and sustainability management. If you have an idea for this series and would like to join a team of authors, please contact Elizabeth Ryan at elizabeth@naem.org.