

# Sector Sustainability



# Best Practice Strategy Toolkit

*Prepared for DTI and DEFRA by:*

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## **Authors Preface**

This best practice toolkit is based on the cumulative experience of some 20 sectoral organisations that participated in the Sectoral Sustainability 'Pioneers Group' pilot programme, from July 2001 to June 2002.

The sectoral participants, and other organisations that contributed to the networking events, are acknowledged at the end of this document. We are grateful for all of their contributions, patience and commitment in facing the challenge of sectoral sustainability.

The toolkit is presented in procedural style, with references to practical techniques and experiences from the Pioneers Group. However, the process of developing a sectoral sustainability strategy should be iterative and subject to regular review.

We hope that this toolkit will be useful to other sectoral organisations that are interested in the sustainability of their sector. It may also be useful at company-specific level, as much of the guidance is based on generic strategic analysis techniques.

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## **What is Sustainable Development?**

Sustainable development is about wealth creation, environmental protection and social justice going hand in hand.

The [UK Sustainable Development Strategy](#) was published in May 1999. It defines sustainable development as:

- Integrating economic, environmental and social policies to ensure a better quality of life for everyone, now and for future generations

This means achieving four objectives simultaneously:

- Maintenance of high and stable levels of economic growth and employment
- Effective protection of the environment
- Prudent use of natural resources
- Social progress that meets the needs of everyone

[www.sustainable-development.gov.uk](http://www.sustainable-development.gov.uk)

[www.dti.gov.uk/sustainability](http://www.dti.gov.uk/sustainability)

## **Why develop a sectoral sustainable development strategy?**

Sustainable development issues are becoming increasingly important to governments and consumers. This has important implications for sectoral associations in:

- Representing and promoting business sectors to policy makers
- Safeguarding and enhancing the reputation of the business sector and its member companies
- Helping member companies become more competitive

Sectoral associations that ignore these issues, or try to fend them off instead of turning them to competitive advantage, are likely to become less effective champions for their members and their sector.

Sectoral sustainability strategies provide a framework to help business sectors identify and manage economic, environmental and social risks in an integrated way and to unlock opportunities to improve competitiveness and enhance reputation. There are some key points to remember about such strategies:

- They are business-owned and therefore an important step in enhancing the profile and effectiveness of voluntary business action
- There's no blueprint – approaches reflect the individual circumstances and priorities of each sector
- They build on existing activities and don't start from a blank sheet of paper
- It's a long-term process of continuous improvement – all about learning by doing

There are clear benefits to sectoral associations in developing sustainable development strategies:

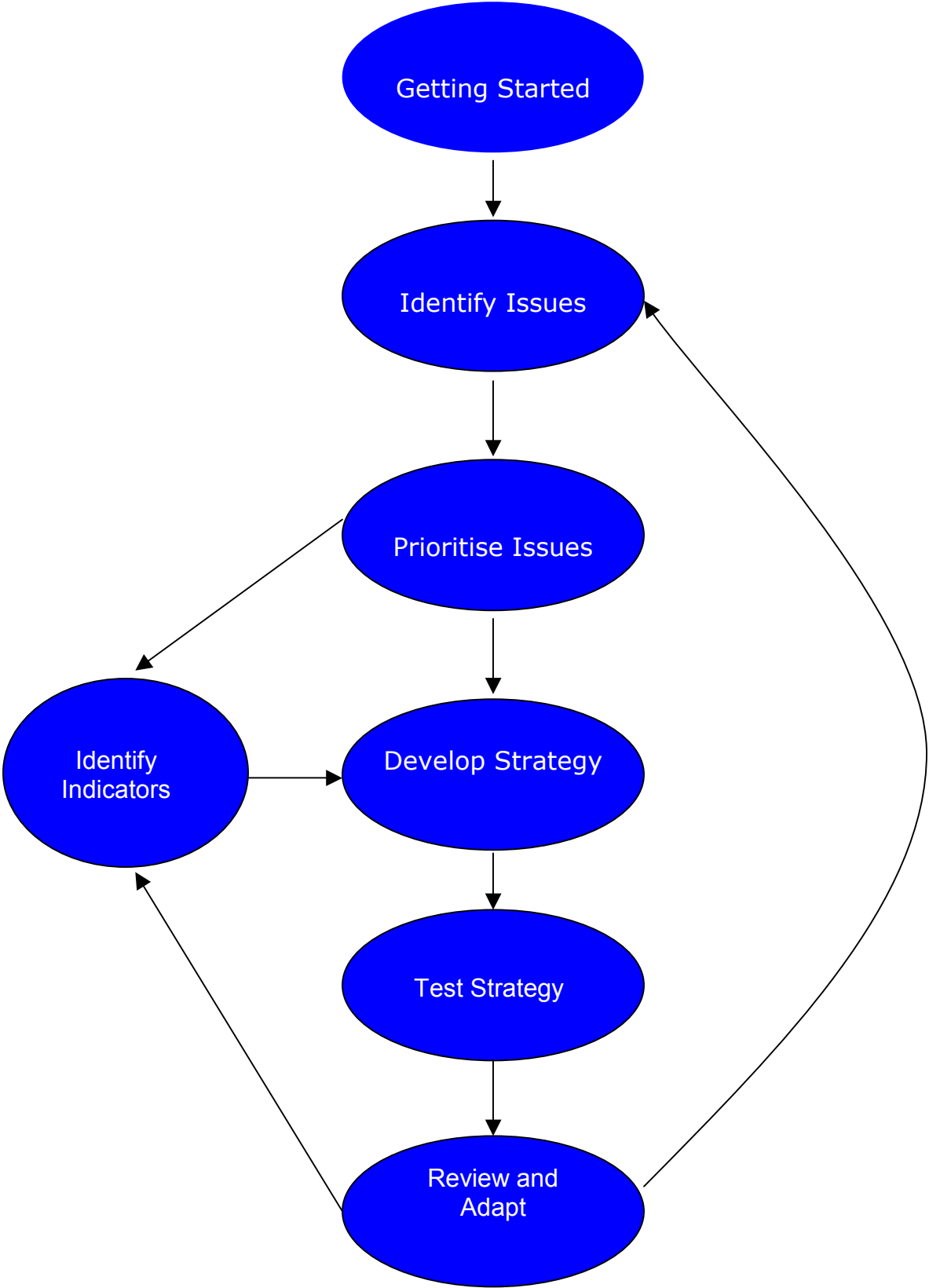
- Setting new industry standards for sustainability, benefiting companies and consumers alike
- Improving the reputation of the UK sector domestically and internationally
- Developing and sharing sector-specific toolkits for assessing and improving sustainability
- Giving members reassurance that they are not working alone in new areas
- Helping members avoid risks inherent in unsustainable behaviour
- Representing their members better by knowing and understanding the issues
- Influencing Government and other agencies more effectively to pre-empt or inform future regulatory action

Sectors are diverse, with different mandates and priorities. The success of a sector in producing such a strategy will depend on the commitment of its members.

PIONEERING: The Strategic Route to Sector Sustainability

DTI / DEFRA / SDC

(<http://www.sd-commission.gov.uk/pubs/pioneering/index.htm>)



## GETTING STARTED

### 1.1 Recognise that 'Sustainable Development' is a strategic business issue

Environmental and social issues are having an increasing impact on business performance. Effective management of these issues - alongside traditional economic and financial issues - can help minimise risks and unlock new opportunities and business benefits. Many business decision makers mistakenly confuse sustainable development with environmental regulations and costs, and this can create a barrier to buy-in.

Business case for sustainable development  
<http://www.dti.gov.uk/sustainability/bo/sb.htm>  
<http://www.defra.gov.uk/environment/acbe/pubs/directors/default.htm>  
<http://www.wbcsd.ch/>

### 1.2 Understand what 'Sustainable Development' means for your sector

Understand and communicate the business benefits and risks to your sector (ie establish the business case for concerted sectoral action). Try to identify the wider economic, social and environmental impacts of your industry and where your action alone can make a difference. This can help to concentrate minds.

*[SWOT analysis](#)<sup>1</sup> is a useful technique to consider the opportunities and threats to your sector from sustainable development trends*

### 1.3 Identify progress that has already been made towards sectoral sustainability

Sustainable development is about continuous improvement. A good place to start might be to look at what the industry has already done and is currently doing within this area – it is easier to focus on a future strategy if members understand where the industry is today.

*[Benchmarking](#)<sup>2</sup> will allow you to assess the current position of your sector with respect to best practice.*

#### **1.4 Consult industry decision makers and influential stakeholders at an early stage**

'Buy-in' from members and stakeholder dialogue is essential at all stages of the strategy development and implementation process. You need to have a clear view from the outset of how you will involve members in the process and how you are going to get 'sign-off' of the strategy.

#### **1.5 Recognise that significant resource may be required**

A project management mentality is needed from the outset, ideally with some dedicated resource.

*Pioneer's Experience*

*In spite of limited resources, the Brick Development Association was able to develop their strategy by drawing heavily on the knowledge and experience of other sectoral members of the British Ceramics Confederation.*

#### **1.6 Think 'continuous improvement process' rather than one-off project**

Don't be too ambitious at the beginning. Be realistic as to what can be achieved with limited resources. It is more important to start by taking practical action that will produce some tangible results, and build industry commitment, than to develop a comprehensive strategy that will stand up to external scrutiny. Sustainable development strategies should complement and build on existing programmes and initiatives.

## IDENTIFYING THE ISSUES

### 2.1 Consult a representative group of progressive companies on 'sectoral sustainability' issues

This should be done as early as possible and should be flexible. Ensure that the issues are specific to the sector and not just generic statements or something that cannot be influenced directly or indirectly by the group. Start by identifying recent economic, environmental and social trends.

*[Brainstorming](#)<sup>3</sup> with a representative cross-section of the sector can be an effective means of identifying the relevant sustainability issues.*

### 2.2 Ensure that the sectoral focus is related to common sustainability issues

It is important to take care in selecting the sectoral boundaries for the strategy to ensure that the issues are common.

*Pioneer's Experience  
The Non-Ferrous Alliance, wanted to develop a common strategy for the whole non-ferrous industry but found that the sustainability issues were different for each of the four sectors; aluminium, copper, lead and zinc.*

### 2.3 Don't limit the strategy to short-term issues

It is important to consider both short and long term issues when developing a sustainability strategy. The most important sustainability opportunities and threats often come from outside the sector and its supply chain.

*[PEST Analysis](#)<sup>4</sup> is a useful technique for identifying future issues*

### 2.4 Don't ignore the most important short-term issues

Remember that sustainable development is about economic sustainability also. Many focus on environmental and social factors only, when developing their sustainability strategy. The main issue for the sector could be a need to diversify from unsustainable products or markets.

## **2.5 Consider the need for external reporting of sustainability performance and strategy**

An important issue to consider is whether the sector should be making public statements on its sustainability strategy. This could be in response to external pressures or a desire to improve the public perception of the sector.

*Useful Publication*  
*Complementary 'Best Practice Reporting Toolkit' has been produced by Sd3*  
[www.dti.gov.uk/sustainability/bo/sa.htm](http://www.dti.gov.uk/sustainability/bo/sa.htm)

## **PRIORITISING THE ISSUES**

### **3.1 Recognise the importance of prioritisation**

It is useful to concentrate on only a few of the most important issues initially in order to retain focus. There are often too many issues, making it difficult to focus. You have to be selective and understand what can realistically be achieved.

### **3.2 Prioritise on the basis of importance AND difficulty**

Acknowledge the costs and benefits. An assessment of the core competencies and resources of the sector may help to prioritise the issues in the shorter term. Don't ignore important issues just because they are difficult to address.

### **3.3 Invite the whole industry to rank the issues by importance**

The whole industry should have the opportunity to prioritise the issues. This may highlight differences between various sub-groups. Wider consultation with industry may also raise important issues that would not have been identified otherwise. This is also an opportunity to build commitment and identify barriers to action.

### **3.4 DON'T allow specific stakeholder groups to distort the prioritisation process**

External consultation can be a good 'double check' on the robustness of the issues, particularly with regard to other parts of the supply chain. However, individual stakeholder groups may be misplaced in helping you to decide the important issues. Consultations with a representative group of external stakeholders (eg customer groups, investors, environmental groups, suppliers, regulators and government) should allow you to decide on the

optimum balance of economic, social and environmental priorities for your sector.

**3.5 DO allow external stakeholders to consider how they can collaborate with the sector to address important mutual issues**

You may need them to help you address your more difficult issues.

## DEVELOPING THE STRATEGY

### **4.1 Be clear, and honest (internally at least) about your objectives in developing a sustainability strategy for the sector**

Is the objective simply to help individual companies respond to common economic, environmental and/or social issues, or are there other reasons for developing a sectoral sustainability strategy?

### **4.2 Start by identifying options to achieve the objectives**

This is best done in a workshop format with a representative group of companies from the sector.

*[Creativity and mapping techniques<sup>5</sup>](#) can be very useful in structuring the discussion on strategic options and building ownership of the strategy*

### **4.3 Consider more radical options that will require action, or collaboration, with other stakeholders**

Differentiate between options that can be actioned by the trade association and those that need collaboration with others.

### **4.4 Evaluate each option against the most important short and longer term issues**

The strategy will need to have actions that are practical, can be measured and will actually make a meaningful difference to the industry. It should focus on the most important issues as identified previously and on an analysis of the options available to address these issues

**4.5 Conclude on the preferred strategic option(s)**

The analysis of options with respect to important issues should result in a practical conclusion on the best option or set of options.

**4.6 Identify barriers and enablers to implementation of the strategy**

Maintain the engagement of the stakeholders in order to secure their commitment and help with certain actions. Be aware of any obstacles to meeting objectives. These should be considered when developing the strategy

**4.7 Ensure that the strategy is sufficiently flexible to be adapted in response to feedback, unforeseen developments or contingencies**

Flexibility is required as the strategy is developed, reviewed and modified. The strategy should be a live and dynamic document – it has to evolve and improve as progress is made and lessons are learned. It should also have contingency options to deal with the “what if’s”.

**4.8 Develop a practical action plan for the first year, with measureable targets, resources and responsibilities**

It is important to demonstrate progress in the first year. Using tangible milestones along the timeline of the strategy can help members focus and see the progress being made.

## TESTING THE STRATEGY

### 5.1 Test the robustness of the strategy against best practice checklists and future scenarios

It is useful at this stage to review best practice guides to ensure that the strategy is sufficiently comprehensive and could stand up to external scrutiny. Consideration should also be given to the robustness of the strategy with respect to future trends and 'what if's'

*Pioneer's Experience  
UK Steel had already developed a strategy and used scenario planning to test its robustness.*

*There are a number of [guidelines for business](#)<sup>6</sup> that have been developed and can be useful for testing the strategy at this stage. [Scenario planning](#)<sup>7</sup> also offers a structured technique for testing the robustness of the strategy against future trends and uncertainties.*

### 5.2 Ensure that the whole sector gets the opportunity to comment

It is essential to build commitment to the implementation of the strategy.

### 5.3 Invite the most influential external stakeholders to give you an informal reaction

Involve stakeholders in the process to secure further commitment and gain a balanced view of the approach

### 5.4 Create a sense of momentum by starting implementation whilst testing the strategy

Some desirable actions become very obvious during the strategy development process and implementation should not be delayed while the strategy and action plan is being developed. Put into practice the lessons learned from going through the process by taking some early action before finalising the strategy. Get an early "result" to build commitment.

## SELECTING INDICATORS

### **6.1 Indicators should be designed to allow you to measure progress against the objectives of your strategy**

You should include indicators covering economic, environmental and social aspects of your strategy.

### **6.2 [National Indicators](#)<sup>8</sup> are unlikely to be appropriate for business sectors but can be useful in assessing the impact of sectoral action on the UK Strategy for Sustainable Development**

There is an abundance of reference material on indicators. Select the most relevant for your sector.

*[The Global Reporting Initiative](#)<sup>9</sup> is a useful source for indicators that are more relevant for business sectors*

### **6.3 Ensure that the selected indicators are practical and cover the most important issues**

Indicators should be capable of being used by the individual organisations within the sector. They should be realistic and achievable within the timescales identified. Most of the data needed for sectoral sustainability indicators may already be available at company level. The challenge may be in motivating companies to contribute data that they already have. You need to get the ongoing commitment of a representative group of members to provide data, if you cannot get commitment from everyone.

***Pioneer's Experience**  
Many of the Pioneers found that the indicators could be derived from data that was already being gathered by companies in their sector.*

#### **6.4 Don't have too many indicators**

Indicators should be at a high enough level to demonstrate that progress is being made. They should not be too operational, but can be derived from several operational measures.

#### **6.5 More care is required if the indicators will be used for external reporting**

This is a valuable process that should not be rushed. Your selected indicators will have to stand up to scrutiny from external members. It may be useful to identify both short-term and long-term indicators to show progression

*Pioneer's Experience  
The Construction Products Association developed a set of headline indicators on behalf of the various construction product sectors. This has led to consistency of strategies and avoided duplication.*

## REVIEWING AND ADAPTING

### 7.1 The strategy should be reviewed and adapted at least once every year

Don't be afraid of change, as the strategy should be evolving. Regular reviewing of the overall strategy is essential to ensure that progress is being achieved

### 7.2 Use the review process as an opportunity to engage the sector and external stakeholders in strategic debate

Feedback is essential to ensure the evolution of the strategy. It forces the sector to consider the evolving issues and keep up the debate. Involving external stakeholders in reviewing the strategy can be useful not only to provide third party validation but also to create milestones for dialogue on inter-sectoral collaboration.

*Pioneer's Experience  
Many sectoral trade associations do not have any regular liaison forum on common issues with their counterparts that represent other sectors in the supply chain*

## **Useful Techniques**

### **<sup>1</sup> SWOT Analysis:**

- SWOT analysis is a framework for analysing your strengths and weaknesses, and the opportunities and threats you face. This will help you to focus on your strengths, minimise weaknesses, and take the greatest possible advantage of opportunities available.

[www.mindtools.com](http://www.mindtools.com)

### **<sup>2</sup> Benchmarking:**

- The Benchmark Index was developed by the Small Business Service (SBS) of the DTI and was launched in 1996. It is a powerful, comprehensive business tool designed to enable businesses to compare their performance against other comparable groups of organisations and make the necessary decisions to introduce business improvements.

[www.benchmarkindex.com](http://www.benchmarkindex.com)

- CONTOUR is an environment, health and safety (EHS) benchmarking tool which gives companies immediate feedback on their management, processes and performance under eight key areas of environment, health and safety.

[www.cbi.org.uk](http://www.cbi.org.uk)

- SPeAR is an environmental indicator assessment method that has been developed by Arup Environmental as a design tool to help companies evaluate, demonstrate and improve on the sustainability of their products, projects or the organisation's performance.

<http://www.arup.com/environmental/html/whatwedo/spear.htm>

- This document describes what Best Practice Benchmarking (BPB) involves and the many benefits it can bring. It also examines the cases of several companies who are successfully using the technique to help them become as good or better than the best in the world in the most important aspects of their operations.

<http://www.dti.gov.uk/mbp/bpbt/bpbt.html>

### **<sup>3</sup> Brainstorming:**

- This site provides a complete brainstorming toolkit and training material for basic and advanced brainstorming techniques. It covers the principles and the processes involved and has software available online.

[www.brainstorming.co.uk](http://www.brainstorming.co.uk)

- Brainstorming is a method for developing creative solutions to problems by deliberately pushing the ideas as far as possible.

[www.mindtools.com](http://www.mindtools.com)

### **<sup>4</sup> PEST Analysis:** *(also known as STEEP)*

- This site highlights some of the processes and techniques used within the government's foresight programme. The social, technological, economic, environmental and political drivers that impact on the foresight planning process is one aspect covered here.

[www.foresight.gov.uk](http://www.foresight.gov.uk)

### **<sup>5</sup> Creativity and Mapping Techniques:**

- There is a wide-range of structured techniques that can be useful in strategy development. Some insights into these techniques can be gained from the following websites.

[www.mind-mapping.co.uk](http://www.mind-mapping.co.uk)

[www.mindtools.com](http://www.mindtools.com)

[www.innovationtools.com](http://www.innovationtools.com)

[www.creativityatwork.com](http://www.creativityatwork.com)

[www.creax.net](http://www.creax.net)

### **<sup>6</sup> Guidelines for business:**

- The Sustainable Development Commission (SDC) has produced a self assessment guide to 'Sectoral Sustainable Development'.

[www.sd-commission.gov.uk/pubs/sag/index.htm](http://www.sd-commission.gov.uk/pubs/sag/index.htm)

- BSI, Forum for the Future and AccountAbility have been developing a set of integrated guidelines (SIGMA Guidelines) to facilitate the management of sustainability issues by organisations.  
[www.projectsigma.com](http://www.projectsigma.com)

### **<sup>7</sup> Scenario Planning:**

- This paper highlights the practicalities of scenario building and their use within the government's foresight programme. The background to scenario planning is explained, along with details of the process.  
[www.foresight.gov.uk](http://www.foresight.gov.uk)
- The European Commission is sponsoring a 'Futures' project through its Joint Research Centre in Seville.  
[www.jrc.es](http://www.jrc.es)
- Global Business Network (GBN) is internationally acclaimed for its leadership role in the evolution and application of scenario thinking and strategic conversation.  
[www.gbn.org/public/gbnstory/scenarios/index.htm](http://www.gbn.org/public/gbnstory/scenarios/index.htm)

### **<sup>8</sup> National Indicators:**

- The UK Strategy for Sustainable Development and National Indicators can be found at:  
[www.sustainable-development.gov.uk/indicators/national/index.htm](http://www.sustainable-development.gov.uk/indicators/national/index.htm)

### **<sup>9</sup> Key Performance Indicators (KPI):**

- The Global Reporting Initiative (GRI) is an international, multi-stakeholder effort to create a common framework for voluntary reporting of the economic, environmental and social impact of organisational-level activity.  
[www.globalreporting.org](http://www.globalreporting.org)

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Brick Development Association	Envirowise
British Cement Association	Institution of Civil Engineers
British Ceramic Confederation	Non-Ferrous Alliance
British Constructional Steelwork Association	Packaging Federation
British Marine Industry Federation	Printed Circuit Interconnection Federation
British Property Federation	Property Environment Group
British Retail Consortium	Society of Motor Manufacturers and Traders
BSI	Steel Construction Institute
CBI	Sustainable Development Commission
Centre for Historic Buildings	UK Forest Products Association
Chemical Industries Association	UK Steel Association
Construction Products Association	United Kingdom Offshore Operators Association
Engineering Employees Federation	University of Sussex
English Heritage	Water UK
Environment Agency	WBCSD
Environment Council	Wood Panel Industries Association

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