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COMPANY CULTURE AND EHS / SUSTAINABILITY PERFORMANCE

What you don’t know can hurt you

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Recognizing and managing your company’s culture is critical to understanding and managing EHS and sustainability performance. Performance is driven by employee behaviors, and employee behaviors are driven by the intangible aspects of your company’s culture that are not written down in policies, programs and procedures. All behavior is rewarded, whether it is desired or unwanted behavior, whether an employee recognizes it or not, whether a manager recognizes it or not, and it is the intangible aspects of employee perceptions, beliefs, values, motivations and attitudes that guide and drive employee behaviors.

Every company has a culture; the question is whether the culture supports your EHS and sustainability objectives and how you manage that culture.

In this white paper, we look at the initial steps of defining and assessing your company culture and how to take those results, reshape your company culture, and drive EHS and sustainability performance to the next level.
INTRODUCTION

What does company culture have to do with EHS or sustainability performance? And if company culture does affect performance, what can I do about it? And by the way, what is “company culture?”

In traditional environment, health and safety (EHS) and sustainability, managers spend significant time developing and implementing policies, programs and procedures; developing and implementing management systems; training employees; auditing for compliance; monitoring and measuring performance; reporting on progress and other EHS and sustainability metrics. This is all necessary; however, sometimes all of the best-in-class documentation, training and auditing does not result in best-in-class EHS or sustainability performance – why?

At the foundation of EHS and sustainability performance is the company culture. Without a strong supportive culture, EHS and sustainability performance will never reach its full potential.

So what is company culture? Every company has a culture. It starts with the company-defined organizational structure along with the documented framework of policies, programs, and procedures. But the true factors that create a company culture are the intangible aspects that are not written down on paper:

- Perceptions
- Beliefs
- Values
- Motivations
- Attitudes

“Either you will manage your culture, or it will manage you.”

- Roger Connors and Tom Smith
  Change the Culture, Change the Game

Figure 1. Company Culture
Employee behaviors drive EHS and sustainability performance. All behavior is rewarded, whether it is desired or unwanted behavior, whether an employee recognizes it or not, whether a manager recognizes it or not, and it is the intangible aspects of employee perceptions, beliefs, values, motivations and attitudes that guide and drive employee behaviors. It is the perception that production is more important than safety that leads an employee to cut corners on a start-up safety inspection. It is the belief that the company is just paying lip service to water conservation that leads an employee to drain and refill the final rinse bath more times than needed. Every company has a culture; the question is whether the culture supports your EHS and sustainability objectives and how you manage that culture.

In this white paper, we look at the initial steps of defining and assessing your company culture and how to take those results, reshape your company culture, and drive EHS and sustainability performance to the next level.

ASSESSING YOUR COMPANY CULTURE

So if company culture is critical to performance, where does a company start in understanding its culture and its influence on performance? A cultural assessment will provide valuable insights and uncover gaps in the intangible aspects of a company culture that drive employee behaviors. From the assessment results, a company can develop targeted plans that focus on changing specific employee perceptions, beliefs, and values and driving improved performance.

Starting at the Beginning – The Vision

The first step in the process is to define the desired company culture. Having a vision of the desired culture will help guide the survey and provide a framework for developing action plans beyond the survey.

As a starting point for defining the desired culture, considering reviewing corporate EHS and sustainability policies and use these policies to define the desired employee beliefs, values, and perceptions that will bring these policies into life within company operations.

This is a good time to identify and begin to engage a small group of key stakeholders in the company. Consider these individuals to be long-term stakeholders that will help define and drive the desired culture within your company. In fact, the initial step of beginning the discussion with these stakeholders is a step towards managing and reshaping the culture.
Getting Ready for the Survey – The Planning Phase

Conducting a meaningful culture assessment begins with several key planning steps. Continue working with key stakeholders, engage them in the planning process and get their buy-in. Failure to get buy-in from a key stakeholder can further entrench a negative perception within the company culture.

Consider the following questions to help establish the framework and boundaries of the study:

**Which aspects of EHS and/or sustainability will be included in the survey?**
- Using the vision of the desired company culture, review company performance and identify target areas for the survey. Develop the survey questions around specific target areas, and consider asking key questions in different ways.

**How will survey questions be asked? What is the desired format and structure of the answers? How will results be quantified and compared in the data analysis phase?**
- Outline the data analysis process and design the structure of the survey questions and answers so that answers will lend themselves to quantification. Develop a preliminary scoring system and decide on how each answer will be scored. Consider weighting factors, as appropriate.

**Which employee demographics will be included in the survey?**
- We recommend surveying every employee demographic to obtain a complete picture of the company culture. Often, the gaps between senior management and hourly workers are the most surprising and informative in identifying areas for improvement.
- Establish clear definitions for the different employee demographic categories, especially if your company does not have well-established categories. Categorizing survey responses in the correct employee demographic category will be very important in the data analysis.

**How will you conduct the survey?**
- The two most common types of surveys are the interview survey and the “on-line” survey. There are advantages and disadvantages to each survey type. The interview method allows for opportunities to clarify responses and will likely yield a more in-depth diagnosis, but the interview process is labor and time intensive. The “online” survey, or a series of questions with established answer sets, can be used to survey large employee populations.
with minimal effort but may not yield the in-depth analysis of the interview method.

- For the interview process, make sure that all interviewers are trained on the question context and the scoring system to ensure consistent and comparable results. Consider providing background information or examples for each of the questions and associated scoring method.
- For online and paper surveys, consider including a section for the employee to provide general feedback, in addition to the specific survey questions.

For multi-national companies, will local languages be used for the survey?
- Consider the employee demographics to be included in the survey and the level of English comprehension for specific employee demographics. Translation fees are minimal and may be well worth the cost.

Conducting the Survey – The Mechanics

Once the survey framework has been established, the next step is developing the plan for conducting the survey. Consider the following questions and suggestions in designing the survey process:

Who will send out the initial communication about the survey?
- The very fact that you are asking for employee opinions sends a very powerful message to the workforce about the importance of the specific survey topic, whether it is safety or energy conservation. Consider the initial survey communication as a very powerful statement to the workforce and an important opportunity towards reshaping your company culture. Consider who the communication will come from and the underlying message in the communication.

If hourly workers are included in the survey, will they be paid for their time?
- Will the company shut down production to allow hourly workers to complete the survey?

What level of anonymity will there be for survey responses?
- For candid responses and true insight into employee perceptions, there must be a minimum level of anonymity.
- For surveys conducted by interview, it is best if the interviewer is a third party not associated with the employee or the local operations. This is easiest to accomplish by using an outside company to conduct the
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interviews. An internal interview team can be established under careful conditions and clear directions.

• For online and paper surveys, it is best if the employee does not need to provide their name.
• Even though survey responses will be anonymous, it is important to determine the employee demographic for each survey response, which will be critical to the data interpretation.

Provide a resource to answer anonymous questions and collect feedback during the survey process.

• Questions may range from simple administrative issues - how do I log on to complete the survey? - to more in-depth questions – why is corporate interested in my opinion? Consider developing an FAQ to answer anticipated questions.

Set a deadline for completing the survey. After the deadline has passed, send out a message thanking employees for participating in the survey.

• As with the initial communication, the end of the survey is another messaging opportunity about the desired company culture.

Data Analysis – Trends and Gaps

After the survey is completed, the next steps are compiling the survey answers, quantifying the results, and analyzing the data to identify gaps between the desired culture and current culture. A certain level of quality control review should be built into the process. Survey responses where it is clear that the employee was not engaged in the survey (pencil-whipping) should be excluded from the data analysis or counted in a different manner.

Quantifying the results should be performed according to the scoring methodology established during the survey development. Review the scoring methodology and adjust as needed.

There are a number of ways to analyze the data from a culture survey, but we have found the following graphics to be most useful in identifying trends and gaps.

• **Spider Graphs**: Highlight the gaps between various employee demographics in different areas.

• **Bubble Graphs**: Plot culture score versus response rate, use bubble size to indicate level of participation at specific locations.

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- **Color Coded Maps – Green, Yellow, Red:** Use color codes to illustrate strengths and weaknesses across survey topic areas.

These graphics can be developed across various employee demographics and across different geographic regions to get a picture of the overall company culture and the gaps to desired culture. See Figure 2 above for examples.

**Sharing Survey Results – Last, But Not Least**

Sharing the results with employees is the last but very important step. The messenger and the means of communicating the results are very important and will send an underlying message to employees about the importance of the survey data. Think and plan carefully about how you deliver the message to the company employees.

**MANAGING THE CULTURE AND CAPTURING THE VALUE**

Changing and managing your company culture – is it possible? Yes it is, but it needs to be viewed as a long-term and ongoing process, not a one-time project to be completed and finished. This is the process during which improved performance and true value will be captured.

Remember, understanding and changing company culture is a long-term process and a work in progress. Changing human behavior takes time, consistency, and hard work.
Develop short and long-term plans and keep reinforcing the beliefs and values that will drive improved performance.

**Initiating Change – You Have Already Started!**

Just the very process of conducting the survey is a very powerful beginning to reshaping the culture. The process of initiating discussions and engaging with stakeholders and communicating with employees sends powerful messages throughout the company about the importance of EHS and sustainability.

**Driving Change – Developing and Implementing Action Plans**

Based on the gaps identified during the culture assessment, action plans should be considered at the facility, regional, and corporate level. Do not try to do too much at once. Focus on a select number of topics and develop detailed action plans around each topic.

A key part of every action plan should be the communications plan – who, what, when, and how will information be communicated to the workforce. The communications plan will reinforce desired perceptions, beliefs, and values towards the desired culture, desired employee behaviors, and improved performance.

Remember, all behavior is rewarded whether it is a perceived reward or an actual reward. For each action plan, build opportunities to publicly recognize and reinforce desired employee behaviors that lead to improved performance. Include stakeholders in developing and implementing change and build “champions” for change to help reinforce messages about desired employee behaviors and culture.

**Monitoring Change – Continuous Improvement**

As action plans are implemented, monitoring existing and new performance indicators will provide understanding on how employee behaviors are changing and company performance is improving.

Consider periodic culture surveys to systematically monitor changes in employee values, perceptions, motives, and attitudes and continue to drive improved performance.
## CASE STUDY #1 – ABBOTT NUTRITION

Abbott Nutrition is a division of Abbott Laboratories, a global, broad-based health care company devoted to discovering new medicines, new technologies and new ways to manage health. Abbott Nutrition has built its reputation on nutritional excellence through solid scientific advances developing nutritional and related health care products that advance the quality of life for people of all ages. It is a worldwide leader in nutrition science, research, and development —providing a vast array of nutritional and therapeutic products that help babies and children grow, work to keep bodies strong, and support the unique needs of patients with chronic illnesses. Abbott is headquartered in Chicago and has nearly 90,000 employees and their products are sold in more than 130 countries around the world.

### Project Inception

Abbott Nutrition has a goal of zero incidents and has longstanding and established global policies, programs and procedures to advance this goal. A core value of Abbott Nutrition is that all incidents are preventable. Global EHS performance, when measured on the traditional metrics of Lost Time Incident and Recordable Rates, consistently outperforms those of peer organizations. However, incidents were still observed and EHS performance seemed to hit a plateau. Senior EHS Management cited culture as both the driver and the cure for this performance. The management held that a change in the Division’s perceptions and beliefs towards EHS would in turn lead to world class EHS performance.

From the idea that a culture change was in order led to the question of what is “EHS Culture” and how do we measure? Like many other businesses Abbott Nutrition had the ability to measure programmatic and regulatory gaps in the form of audits however, a complimentary program to measure culture did not exist. To address this conundrum of how to measure (and therefore manage) culture, Abbott Nutrition teamed up with Antea Group to develop a tool and method to ascertain culture at each of its global facilities. The goal of this process was to establish a common perspective for the state of EHS culture at each site, region and across the Division. Secondly, this project set out to quantify culture and identify gaps against an ideal state. Finally this process was to identify organizational gaps in perception of EHS across the layers of the organization – staff level employees – mid managers and senior managers. The end result was the current culture survey tool that is still in place today which examines EHS culture across 13 Elements:

- **Visible Commitment of the Site Management Team**
  1. Clear EHS Policies and Values
  2. Challenging EHS Objectives and Targets
  3. Responsibility of the Line Organization
  4. Integrated Organization of EHS
  5. Supporting EHS Personnel
  6. Performance Standards, Rules and Procedures
  7. EHS Observations/Inspection Rounds
  8. EHS Communications
  9. EHS Training
  10. Motivation
  11. Incident and Near Miss Reporting and Investigation
  12. Risk Analysis

### Survey Description and Method

The culture survey process was piloted and refined at 2 US-based facilities at the end of 2008 and rolled out to all global facilities in 2009. For each of the 13 elements, there were sets of specific questions to support the main element. These questions, or touch points, contained descriptors of varying levels of EHS Culture, a maturity path, that was an integral part in determining current state and serves as a guide in cultural improvement. In total, there are approximately 65 questions as that comprise the assessment tool.
Abbott chose to conduct interviews with a random but representative sample of employees at each facility. These interviews used the culture assessment tool as structure to the interview. Interviews were kept confidential and interviewers received training in the process and in techniques to maximize allotted time given. Following the interview, a score was given to each question based on the response and how it fit into the maturity path.

Individual scores were combined with those of their peers and averaged to determine a peer group score. Peer groups were plotted on the same graph to determine gaps in perception. From these results, action plans were developed using the maturity path as a guide to define the ideal state. Sites were to manage and develop their own action plans and were encouraged to address the main themes of the survey results.

Key Results – 2008/2009 Baseline

As a whole, Abbott Nutrition gleaned a number of insights into its culture following the initial baseline surveys. As a result, many activities and improvements were initiated at individual sites. From a Division perspective, the results revealed opportunities for improving the mid-management level ownership of EHS, incident investigation process and observation and inspection rounds. From this information, Abbott Nutrition retooled the incident investigation process and implemented a behavior based safety observation program – both centered on shifting ownership from the EHS Manager to ownership by all. Implementation of these measures and focusing in on EHS culture has helped the division achieve a 48% decrease in Lost Time Incidents from 2008 – 2010.

Individual site performance improvement following the culture assessment varied and as expected, correlated to the amount of effort and commitment given to change. One such site, for example experienced a rapid and sustained turnaround in safety performance – from a site that had one of the highest incident rates in the corporation to being one of the sites with the lowest in just two years. This site, in particular, implemented multiple programs aimed at improving site moral and EHS ownership. Improvement such as conducting community/family involvement events, implementing personal EHS performance goals and modification of the site risk assessment program to include staff based employees all helped the site achieve these dramatic results.

Site feedback from the majority of the site senior managers following the initial survey was positive. The feedback from this group was the survey finally pinpointed and quantified what was previously a “gut feel.” Finally, the process gave the site senior management and EHS staff a strict measure or outline on where to focus efforts and what elements comprise an ideal/world class EHS culture.

Measure of Progress – 2011 Review

It was Abbott’s goal during the initial survey in 2008 and 2009 to conduct follow up surveys to measure effectiveness of programs implemented to improve culture every two years. These follow-up surveys were completed in Q1 – Q2 2011 and have validated much of the effort that had been initiated following the initial 2008/2009 surveys. Division-wide scores centered on Observation and Inspection Rounds, Responsibility of the Line Organization and Incident and Near Miss Reporting/Investigation improved from high active to high leading/low world class. Finally this latest round of surveys presented new challenges to the sites, regions and division on where current opportunities exist, fitting in lock-step with the Division continuous improvement ideal.
Our second case study involves a global company that manufactures high-end appliances. The company has 45,000 employees in 32 countries and sells products in 150 countries.

The company historically had regional EHS managers that managed regional EHS programs with little interaction between the regions. EHS performance varied widely between the regions, and little had been done to understand EHS performance or drivers.

The company recently appointed a Corporate Occupational Health and Safety (OHS) Manager with the goal of developing and implementing global programs to unify and bring consistency between the regions and improve internal EHS competency. The company set a goal of establishing world-class EHS performance in the next five years.

From the beginning, the Corporate OHS Manager recognized that safety was not part of the company culture. New global programs were needed as part of the framework to move forward, but employee perceptions, values, attitudes, and behaviors were not guaranteed to change simply because new programs were written.

With the assistance of GCC and as part of initiating the new global programs, the company developed an EHS culture survey to understand employee perception of EHS performance and to establish a baseline for the drive towards World Class Performance. The initial culture survey was conducted to establish baseline conditions, with the plan to conduct additional surveys over the next five years to monitor progress in changing the EHS culture, along with traditional EHS key performance indicators.

**Survey Description**

- Survey was conducted through a combination of on-line and paper surveys, intended to anonymously survey the entire manufacturing employee population (31,500 employees).
- Production line employees without access to email represented 80% of total population. They were surveyed using paper surveys; on-line surveys were used for all others.
- A total of 35 survey questions, or statements, were developed with an answer key of “agree”, “disagree”, and “neutral.” Survey topics were:
  - Organizational commitment, governance and leadership
    *Example: Site management demonstrates their commitment to safety through leading by example.*
  - Expectations, motivation and behaviors
    *Example: If I had an EHS concern, I would report it to my supervisor.*
  - Training and competency
    *Example: My health and safety training helps me perform my job safely.*
  - Risk identification and control
    *Example: Issues or corrective actions are quickly fixed.*
  - Communication
    *Example: I understand our site EHS goals.*
  - Perceptions
    *Example: I would recommend our company to friends and family as a safe employer.*
- Survey questions were translated into 13 languages.
- Because job descriptions were inconsistent between different geographic regions, descriptions of employee demographic categories were carefully developed to ensure consistency during data analysis.
- Management decided to shut down production for 30 minutes at each of the 30 global locations participating to allow employees to complete the survey.
Key Findings

- Survey methodology (providing paid time during normal hours to complete & a significant pre-survey awareness campaign) drove excellent response rates (74% paper / 90% on-line).
- Baseline EHS culture was higher than anticipated. Employees were generally positive about their own personal safety at work; less positive regarding the overall company performance.
- Employees felt they had ample opportunities to raise EHS concerns in the workplace but found timely response and feedback on actions taken to be lacking.
- Managers/supervisors tended to have a more positive outlook than production line employees; other demographics (location, department, business line, length of service) showed little variation.
- Specific areas for improvement were identified at the global, regional and site level.
- Culture survey results trended well in regards to plant level injury/incident data. Not surprisingly, plants with poor incident rates had less positive EHS cultures than those with better performance.

A regional EHS manager was skeptical at the beginning of the survey process thinking that the survey would only confirm what he already knew to be true. At the end of the survey after communicating the results to plant managers, he accredited one of the unexpected outcomes of the survey was engaging the plant managers and having them recognize and acknowledge that safety was not part of the company culture and that change was needed.
CONCLUSIONS

Recognizing and managing a company’s culture is critical to understanding and managing EHS and sustainability performance. Performance is driven by employee behaviors, and employee behaviors are driven by the intangible aspects of a company’s culture that are not written down in policies, programs and procedures. Understand your company culture, and you can reshape and manage it to drive desired employee behaviors and achieve world-class performance.
ABOUT THE AUTHORS

**Peylina Chu** ([peylina.chu@anteagroup.com](mailto:peylina.chu@anteagroup.com)), an Associate with the Global Corporate Consultancy of Antea Group, is a master at helping companies manage the business aspects of Environment, Health and Safety (EHS). Recognizing that EHS management is much more than just compliance, and that EHS issues have the potential to seriously disrupt business, Peylina develops customized EHS programs for clients that are proactive, tailored to company-specific risk tolerance levels and incorporated into company culture from the C-suite to the hourly employee. With her 20+ years of experience, she understands that in addition to traditional regulatory drivers, today’s companies must meet public and customer expectations, investor concerns and non-governmental organization demands. Peylina’s technical expertise includes global EHS program development, implementation and management; cleaner production and sustainability assessments; EHS strategic planning; and risk management. She has experience in a wide variety of industries, including technology, specialty chemical, pharmaceutical, food, and heavy manufacturing and works closely with global, regional, and local private clients. Current clients include Oracle, McAfee, Rockwood Holdings, Harbour Group and the Healthcare Plastics Recycling Council.

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ABOUT THE GLOBAL CORPORATE CONSULTANCY

For sustainability initiatives that deliver results from strategy through implementation, leading organizations around the world trust the expertise of Antea™Group’s Global Corporate Consultancy (GCC), a management consulting firm that specializes in sustainability. Believing the best programs integrate sustainability into core business practices, the GCC team helps clients identify and act business-relevant social and environmental opportunities.

Our sustainability consultants offer a comprehensive approach that creates value at the intersection of business, environment and society. By sharing knowledge and expertise in sustainability initiatives, we help companies set priorities and accelerate their sustainability efforts through relevant and practical solutions. The GCC’s demonstrated methods and tools move the sustainability business case from the anecdotal to the tangible.

We listen. We take time to understand our clients’ business and culture. We answer by delivering fit-for-purpose solutions unique to each organization. Through our innovative solutions, clients benefit from reduced business risk, new opportunities and long-term competitive advantage.

The GCC is a business of Antea Group, an international engineering and environmental consulting firm specializing in full-service solutions in the fields of environment, infrastructure, urban planning and water. By combining strategic thinking and multidisciplinary perspectives with technical expertise and pragmatic action, we do more than effectively solve client challenges; we deliver sustainable results for a better future. By understanding today, we are improving tomorrow.

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