



# Corporate Outlook

## Does Every Major Company Need a Chief Sustainability Officer?

By Lori Tripoli



"Every corporation needs a CSO."

Amit Chatterjee



"We are in an emerging role. The mission is to inspire, influence, and catalyze."

Kathrin Winkler

Raising the subject of an expanded C-suite that features a sustainability officer may well initiate a discussion in which participants have diametrically opposed views. Some see chief sustainability officers as absolutely vital to large corporations. To others, the position of CSO, if there is one at all, should be of limited duration: Bring the sustainability message to the corporate masses and then fall away after the workers have incorporated sustainability's principles into their daily jobs.

"Every corporation needs a CSO," maintains Amit Chatterjee, chief executive officer of Redwood City, CA-based Hara, which helps organizations assess their environmental impact. "The question is to whether it is full-time or part-time," he continues. "Even if you are a mid-tier auto supplier, you should be thinking about how to make your product more sustainable." While smaller organizations might not need a dedicated executive, more hours—and possibly even jobs—can be devoted to sustainability as the company scales up, Chatterjee explains.

"There are so many different motivators as to why a company would have a CSO," observes headhunter Jim Poe, ticking off energy efficiency, cost savings, making operations more environmentally friendly, and greening supply chains. No doubt any undertaking involving sustainability at a major corporation involves a significant amount of work. Yet the title itself—chief sustainability officer—can also convey authority before an internal audience that might just be skeptical about the "leave the planet in better shape" approach to big business.

Mike Kelley, CSO at transportation service provider YRC Worldwide, Inc., says being appointed to that position at the Overland, KS-based company "rose me up to a level where I have total interaction in the C-suite with the other officers. That chance to interact and share the value of sustainability is invaluable." Chatterjee adds: "As CSOs start to build out results in their organization, they'll be given more credibility."

Of course, CSO slots also convey quite a bit of value to the people who hold them. Pay is heavily driven

by the size of a company, observes Poe, a partner at Boston-based Polachi, an executive search firm. CSO base salaries are in the \$200,000 to \$250,000 range, he says. CSOs "certainly command the executive level pay scale of other nonrevenue generating officers," Poe notes.

Asked whether, in five years, every Fortune 1000 company will have a chief sustainability officer, Poe responds: "We're moving in that direction." He likens the position to that of chief information officers. Twenty to 25 years ago, as the economy and technology shifted, corporations didn't have CIOs, though they might have employed information technology directors or management information systems directors. The CIO slot "became not only a valued functional component of the modern corporation but a much more strategic leadership role than strictly a tactical must-have," Poe explains. The CSO position, he predicts, is trending similarly.

### What Exactly Do CSOs Do?

As with salaries, actual job responsibilities of chief sustainability officers "vary enormously by company because their environmental footprint will vary depending on what area they're in," observes Thomas Lyon, director of the Erb Institute for Global Sustainable Enterprise at the University of Michigan in Ann Arbor. While making generalizations about job duties can be difficult, CSOs do tend to be heavily involved in outreach, whether to stakeholders, government officials, or nongovernmental organizations (NGOs), Lyon observes. A lot of CSOs inherited the traditional environment, health, and safety function within a company, he adds.

"We are in an emerging role," acknowledges Kathrin Winkler, CSO of EMC in Hopkinton, MA. "The mission is to inspire, influence, and catalyze," she says of the CSO role at the information infrastructure management provider. Communicating a vision and charting a trajectory for the company for achieving that vision are also important parts of the gig, as are establishing priorities, understanding where material impacts and opportunities are, and incorporating those into a business strategy, maintains Winkler,



who blogs about her journey as a sustainability professional at [www.interconnectedworld.typepad.com](http://www.interconnectedworld.typepad.com). Serving as a subject matter expert or conduit and providing guidance to those who don't have time or resources to become experts themselves is one way that CSOs influence a business, she explains. "The catalyzing side is really driving it into the culture and into the day-to-day operations of the company and building a niche in the way we work," Winkler reports. She thinks of sustainability as she thinks of quality. "It's not just one person's job, but part of the world view," she says.

Kelley likens the job to that of a symphony conductor. "A CSO makes interpretive decisions and then communicates that information to those with the instruments to make it happen," he says. Areas of opportunity for sustainability he sees include corporate assets, personnel, energy use, and stakeholder involvement. His company's primary focus, not surprisingly, is emissions reduction.



Motivating employees to modify their behavior plays no small role in a CSO's job. At shipping company YRC, for instance, limiting speeds to 63 mph or below saves millions of gallons of diesel fuel, Kelley maintains. Reducing truck idling also helps. "Driver behavior is the next big area for us to address," he says. "They have a huge opportunity to move the needle not to the red zone but to the green zone."

"Employees are absolutely your best advocates to all of your stakeholders," observes Winkler. Environmental and social sustainability principles are a common ground that workers bond over, she says. That bonding, in turn, facilitates cooperation over all aspects of the business, she notes. Retention, attraction, and productivity are all enhanced by a corporation's sustainability initiatives.

CSOs are not only tasked with changing their business; they're also responsible for changing their industry, Winkler observes. She sees her role as being an external bridge to her peers at other companies. Part of her job is learning about best practices in the industry and bringing them back to the company, she says.

## Evolution of the Position

Not many people have climbed the rungs of the corporate ladder toward a CSO position given that it hasn't exactly been around for a long time. Asked how he got his job as CSO of Walldorf, Germany-based software company SAP, Peter Graf responds, "I made it." Graf, based in Palo Alto, CA, has been with SAP for 14 years, during which time he has had roles in strategy and marketing. As a computer scientist, he understands how systems are developed, and he has developed product lines. Although not officially appointed as CSO until March 2009, he worked on sustainability "in stealth mode for about a year before that, setting up strategy, talking to about 100 customers, identifying priorities, and making a business case for sustainability," Graf explains.

Working for a company that makes software that helps companies manage their own sustainability performance, "we have a moral obligation to start with ourselves and ensure that our business operates in a transparent and accountable manner, leaves a minimal environmental footprint and reaches out to improve the social situation of others," said co-CEO Leo Apotheker when Graf's appointment as CSO was announced. SAP, once known as Systems Applications and Products, was founded by a handful of former IBM employees in the early 1970s. Today, it has more than 47,000 employees globally. The company is, indeed, being forthright: When "we went public with our annual earnings call on Jan. 27, we also communicated that we reduced our carbon footprint in 2009 by 15 percent and we saved 19 million euros in doing so," Graf reports. "We are very aggressive in communicating our targets, and we always tie them to financial savings. We want to be the exemplar or role model for our customers," Graf says.

As CSO, he's responsible for steering SAP's own sustainability as well as for developing solutions for customers to improve theirs. "It is important to have that dual role," Graf says. "You want to tie sustainability to where a value is created in an organization. That was a prerequisite for me to take" the job, he notes.

Companies seeking to hire a CSO aren't finding a big pool of candidates since the position is so new, observes Poe. Some have repurposed their environmental health and safety directors, he reports. "Others, depending on the operating culture and



At shipping company YRC, limiting speeds to 63 mph or below saves millions of gallons of diesel fuel.

Mike Kelley



"You want to tie sustainability to where a value is created in an organization."

Peter Graf





"Green teams emphasize how people can make a difference, both at home and at work."

Rich Widdowson



"I have been creating an overall environmental strategy for the bank to pursue, based on classic sustainability strategies."

Frank Sherman

executive culture of the business, have sought people with far more strategic, functional, and experiential backgrounds," Poe says.

## A CSO by Any Other Name

Other companies are hiring people to provide the services that a CSO would but are refraining from creating a position with that exact title. For instance, Schneider Electric, an energy management company based in Rueil Malmaison, France, with operations in 100 countries, has a vice president of sustainable development based out of Paris, explains Rich Widdowson, senior vice president of health, safety, and environment at Schneider Electric North America in Chicago.

Not surprisingly, given the company's business, "energy reduction is our key focus area," Widdowson says. Recycling as much as possible, reducing the consumption of water, and tracking volatile organic chemicals, Widdowson and his team of five directors—who each have people working for them as well—also make sure that Schneider Electric is in general compliance with environmental requirements. The company is also focusing on infrastructure—installing more efficient lighting and improving heating and air conditioning systems. "Green teams," established at each of the company's North American sites, emphasize how people can make a difference, both at home and at work, Widdowson says. The teams, each with six to 12 volunteers, are given corporate support to conduct events to draw other employees in. The biggest challenge, Widdowson says, is modifying human behavior—convincing people that it's important to turn off machinery when it's not in use, and so on.

Likewise, at Kraft Foods in Northfield, IL, Steve Yucknut holds the title of vice president for sustainability. Like Schneider Electric, "Many of our locations around the world have 'Green Teams'—employee-led volunteer groups that work to integrate sustainability into daily operations at local offices or manufacturing facilities around the world," Yucknut says. "Our ... biggest challenge is keeping up with the demand from enthusiastic employees and business teams," he notes.

"My role for the bank has been to develop and implement an environmental and sustainability strategy for U.S. operations," says Frank Sherman, who bears the title of U.S. Green Officer at TD Bank. "My role is very similar to what a CSO would be doing for our company in the U.S. I reside in the U.S. real estate department, but my job continues to cut across different departments and lines of business," says Sherman, who is based in Mount Laurel, N.J. TD Bank's parent company is Toronto-based TD Bank Financial Group, which does have a chief sustainability officer.

"I have been creating an overall environmental strategy for the bank to pursue, based on classic sustainability strategies, triple-bottom-line strategies," Sherman says of TD Bank, which has 1,200 facilities either owned or leased in the United States. "We have a fairly extensive portfolio that we are managing and trying to green up," he explains. "Electricity and paper are probably two of the largest things we use across the North American organization," he says. The bank, which continues to expand into new markets, has developed a high performance green building in Queens, NY, that will serve as a prototype for other locations. He's aiming to get it certified as LEED platinum.



## Core Staff

As much as the reach of the chief sustainability officer can extend across the breadth of a company, a number report having minimal, or no, staff people. "We have a matrix organization, instead of relying on a staff," Kelley says. Resources are called upon when needed.

"The idea is to embed sustainability as business as usual," TD Bank's Sherman says. "There will never be a separate sustainability department or staff just off doing their things. My role is to help people change how business is being done in the company. Part of my role is to be a change agent and to be a subject matter expert," he explains.

"My intent is not to build a big staff," says EMC's Winkler, who has a staff of one, a program manager. Ideally, she says "I go out of business." Sustainability will have been embedded in all aspects of the company. Having someone to guide it would be duplicative.

## Qualifications

When the current generation of chief sustainability officers was attending college, there weren't any sustainability degrees to be had. Not surprisingly, the educational backgrounds of the CSOs interviewed for this article were as varied as the industries they work in.



Graf, CSO at SAP, holds a masters degree in computer science and economics and a Ph.D. in artificial intelligence. EMC's Winkler is a biology major. Kelley, at YRC Worldwide, earned his undergraduate degree in political science with an emphasis in state and local government, and has an M.B.A. TD Bank's Sherman is an architect by training who stopped practicing architecture to become a green building consultant. "The opportunity to work in a large organization was compelling," he says of his recruitment by the bank. "I reached a point professionally where I wanted to shut up and do. Being a consultant, you tell people what to do. The challenge is to get in there and see if your ideas work," he says.

"Clearly, there are a lot of new programs that are producing people with sustainability degrees," observes Lyon of the Erb Institute for Global Sustainable Enterprise. The Erb Institute has been turning out students since 1995, although they do not earn a degree with the word sustainability in it, Lyon

notes. Instead, students earn an M.B.A. and an M.S. in natural resources and the environment. "Sustainability training gives people a broad perspective and helps them see where things are going for the next five, 10, 20 years, such as how would a large-scale shift like carbon price affect the company as a whole," says Lyon.

Some are skeptical about the usefulness of a degree in sustainability. "I don't believe in sustainability majors," Winkler says. Minor in sustainability is fine, but students should bring sustainability into their own disciplines, she maintains.

*Editor's note:* For more on the debate about the viability of masters' degrees in sustainability, see the Sustainability in Graduate Schools roundtable discussion on p. 90.



"Clearly, there are a lot of new programs that are producing people with sustainability degrees."

Thomas Lyon