

Business Intelligence and Sustainability: Getting Smarter About Sustainability

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Private and public sector organizations are expected to spend billions on sustainability initiatives over the next five to 10 years. Investments of this magnitude typically demand detailed performance measurement and a clear return on investment. They also depend on clear reporting processes that deliver accurate results to stakeholders. However, a combination of opportunity, urgency and exuberance around sustainability is leading many organizations to sidestep these efforts.

Why measure sustainability performance?

Smart sustainability initiatives start with measurement. Organizations beginning their sustainability journey should start by asking: where is our greatest opportunity for sustainable investment? For an insurance company it might be office building infrastructure, for a manufacturing organization it could be supply chain efficiencies. Every organization is different, but measuring sustainability and monitoring for improvements are the first steps towards being sustainable.

Government regulations are seen by many as inevitable. In fact, mandatory sustainability reporting regulations of various types already exist in Denmark, The Netherlands, Norway, and Sweden, and are under consideration in Japan. For an organization to be in accordance with regulations, they will need to start measuring and reporting accurately.

Working with stakeholders is another important part of every organization's operation. These stakeholders range from employees, shareholders, customers, non-government organizations (NGOs), and to other business partners. Stakeholders have considerable power and influence through press, boycotts and de-investment, but there is also an opportunity to positively collaborate with stakeholders by demonstrating transparency in environmental and social performance.

In a worsening economy some organizations may consider de-prioritizing social and environmental sustainability. Smarter organizations will use measurement to identify opportunities around process, energy, waste and water to reduce costs. The most cunning, however, will see the broader picture and measure the collective benefits and interrelated dependencies of economic, environmental and social performance.

The unique challenges of measuring and reporting on sustainability

With all the benefits of measuring sustainability you might wonder why more organizations are not already well on their way. Sustainability is often broader and more complex than anything organizations have reported on in the past. Measuring it involves a web of interrelated data that cascade from the very top of the organization to the very bottom, affecting every office, factory, data centre, building, and employee - often permeating boundaries that connect suppliers and customers.

While energy usage data is relatively easy to capture and quantify, other measures such as health and safety may require capturing behavioural-related data. These varying types of measures require a mixture of sources that exist in both traditional systems and unstructured data, such as surveys, plans and relationships. This is a particular challenge for traditional, rigid reporting systems.

External suppliers and business partners introduce yet another data source gap. There is little transparency into many supply chains as few suppliers embed sustainability-related information into their data. While new standards and a handful of large corporations are beginning to challenge this, for the most part organizations and consumers alike remain blind to the sustainability of products they resell or consume.

True, some organizations have begun to set bold targets, but very few have translated these targets in a way that's meaningful to the organization. One target might be to reduce energy by 15 per cent, but how does that translate into a target for the buyer in procurement or the supervisor on the plant floor? How will they measure their contribution towards this target?

The measurement and reporting that happens today is often comprised of manual processes without the controls needed to consistently measure performance across the organization that would not stand up to any substantial scrutiny or audit.

Inaccurate or absent sustainability performance measurement results in decisions based on hunches or abstract calculations rather than real, subjective data. This uncertainty has served to relegate sustainability issues to the fringe of the organization and, in absence of conclusive data, prevents decision makers from confronting issues.

The challenge for organizations is clear - to measure sustainability accurately and drive real, lasting change. The right technology can help them achieve this goal.

Sustainability and Business Intelligence

Business Intelligence (BI) software is designed to help people make more informed decisions by aggregating many different sources of data into a meaningful format. BI is already in use in many organizations today, by finance departments to analyze financial performance, sales and marketing to identify customer trends, and operations to enhance the efficiency of supply chains. Using real data helps them answer the who, what, where, why and when of related performance.

BI addresses the core challenges of sustainability and uncertainty by enabling data-driven decisions. How much greenhouse gas is the company emitting? How much of a certain chemical is employed in production? What projects should the company invest in first? BI in conjunction with properly designed measurement processes and controls can provide answers to these questions, accurately.

To accelerate change, organizations will first need to understand how sustainable their organization is today and understand where the opportunity for improvement resides. BI has the fundamental tools today that organizations can use to measure, analyze and set targets around performance.

The Opportunity for BI and Sustainability

Sustainability is not something that is solved by a single department or the executive suite. To drive change broadly, better decisions around sustainability need to be made in every department at every level by every person. Today, business intelligence can be consumed by everyone in an organization with commonly used applications like Microsoft Office. Integration with online tools enables broad collaboration and integration into a variety of data sources. This integration can provide a single source for sustainability performance data, plans, targets and best practices. Every individual can see data that relates to them, analyze the data to identify areas of opportunity, and align their own efforts with the organizations.

Sustainability reporting is to stakeholders what financial reporting is to shareholders - both expect accuracy and verification. BI can help organizations aggregate sustainability targets and forecasts in secure, auditable spreadsheets. By using common productivity tools like Microsoft Office, targets and forecasts can be contributed to by everyone; a prerequisite for the broad reach of sustainability measures. Organization-wide engagement drives accuracy and helps individuals understand their role in achieving broader targets.

By integrating with collaboration and portal applications, BI can also provide performance transparency to internal and external stakeholders. This same portal could also be used for stakeholder engagement and feedback on performance through forms, wikis and blogs, which in turn helps businesses further refine performance and mitigate risk.

In a climate of economic instability, accurate performance data is a sustainability champion's best friend. It will require more than good intentions for investors and citizens to support sustainability investments in hard times. They need evidence that sustainability is driving value for the organization.

The path is clear - organizations need to measure sustainability, empower every person in the organization to make decisions, align the organization with targets and performance, engage stakeholders, and - most important - drive lasting measurable impact. BI is an important technology that can help achieve these goals.