
GEMI 1st Quarter 2008 Benchmarking Survey:

Organizational Effectiveness

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This presentation regarding the Organizational Effectiveness survey covers the following topics:

- Background
- Prioritizing
- Organizing & Implementing
- Staffing
- Training
- Summary
- Next Steps
- Appendix

Note that this was an open answer survey. Data reflects only those answers that were provided by respondents.

Background

This survey explored how GEMI members organize and manage EHS personnel.

- Survey response rate was approximately 78%
 - 29 out of 37 member companies responded to the survey
 - Not all companies completed all questions
- Broad industry coverage
- Wide range in company size
 - Annual sales of participants ranged from \$3 Billion to >\$50 billion, with an average of \$22 Billion.
- Thank you to all participants!
- Thanks to Angie Grooms, Gale Tedham, Kim Gaylo and Jaime for help in developing the questionnaire.

Organizational Effectiveness

Overview

Thank you to all participants!

- 3M
- Abbott
- Anheuser-Busch
- BNSF Railway
- Bristol-Myers Squibb
- Cadbury Schweppes
- Cargill
- Carnival Corporation
- Coca-Cola
- Dow
- Duke Energy
- DuPont
- Ecolab
- Eli Lilly
- Johnson Controls
- JohnsonDiversey
- Koch Industries
- Kraft Foods
- Merck
- Motorola
- Novartis
- Occidental Petroleum
- Owens Corning
- Procter & Gamble
- Roche
- Scotts
- Smithfield Foods
- Vulcan Materials
- Wyeth

2007 Benchmarking – Special Thanks

Thank you to those companies who responded to 100% of 2007 benchmark surveys!

- **3M**
- **Dow Chemical**
- **DuPont**
- **GlaxoSmithKline**
- **Johnson Controls**
- **Occidental Petroleum**
- **Pfizer**
- **Schering-Plough**

Priorities

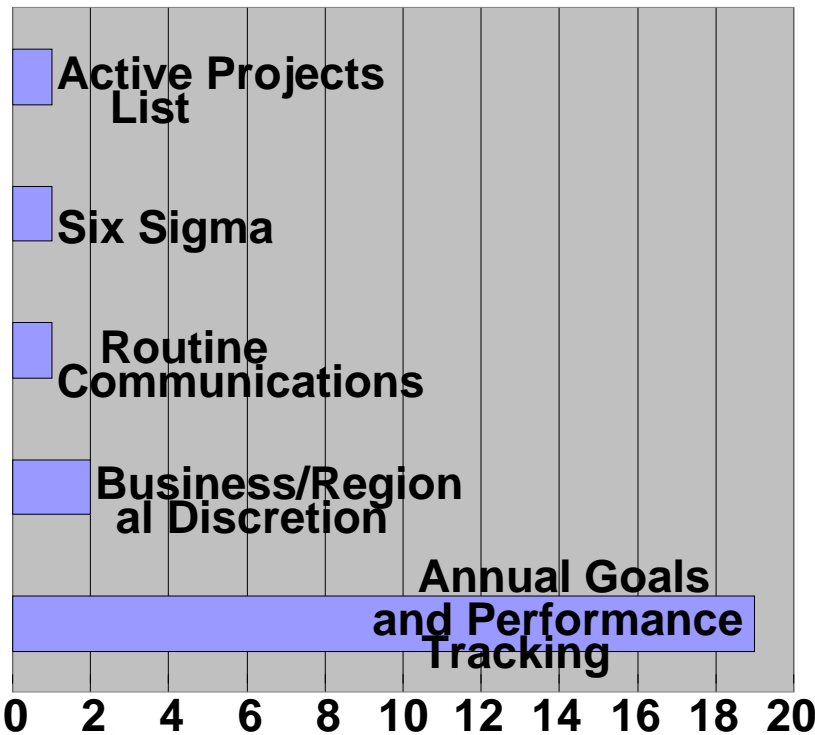
Organizational Effectiveness

Priorities

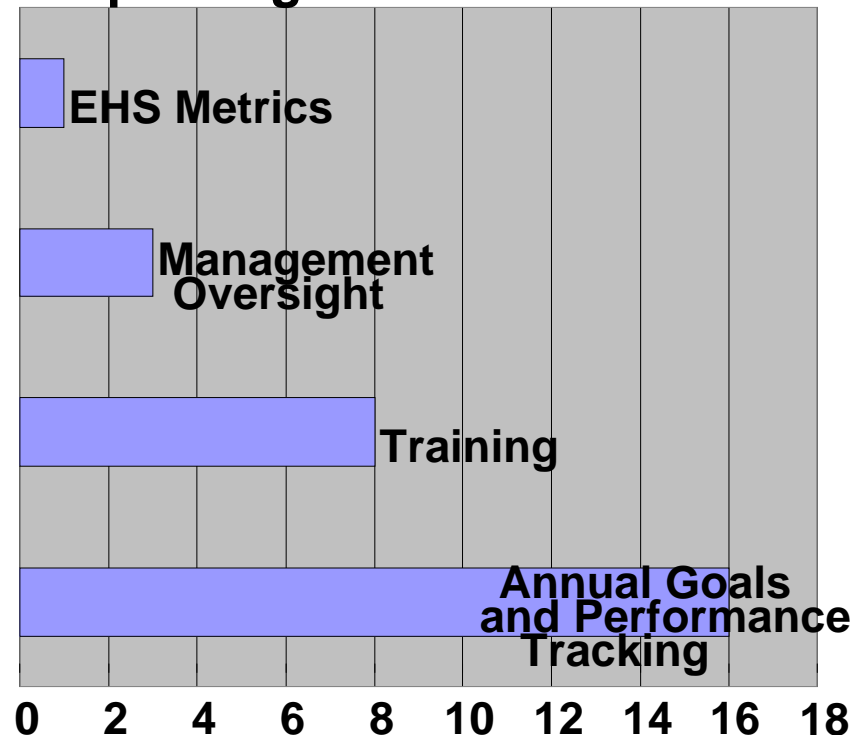
What processes do you use to prioritize and focus work among staff level EHS personnel for your overall EHS programs? (n=24)

Most companies use an annual objectives setting process to set priorities with routine reporting to check progress/make changes. Training and compensation are used to provide focus.

Establish Priorities



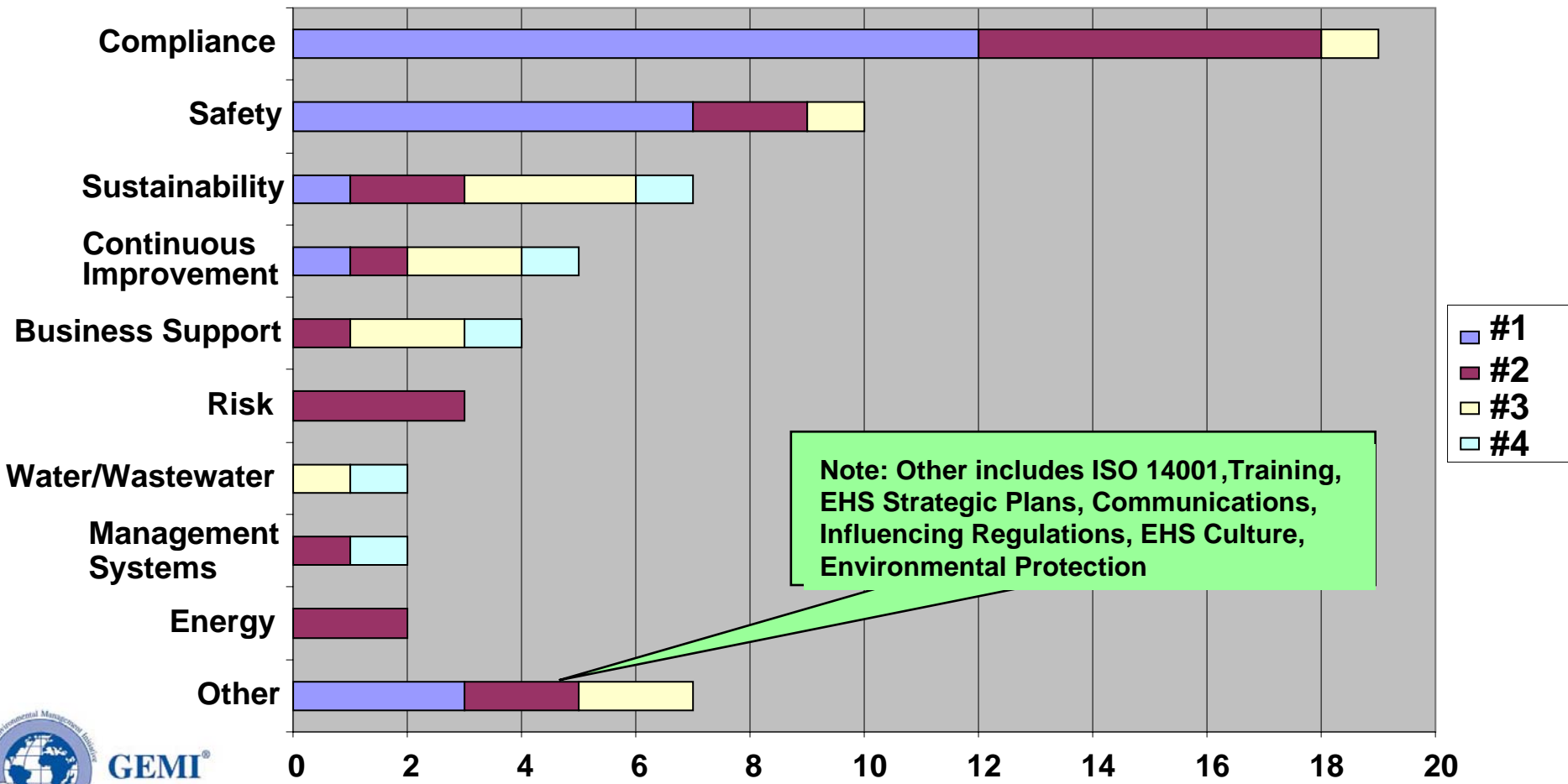
Improving Focus



Note: Some companies provided more than one answer

What are the highest priorities for EHS personnel? (n=24)

Compliance and Safety are the highest priorities.



Note: Most companies provided more than one answer

What type of scorecard or dashboard measures do you use to track EHS performance? (n=21)

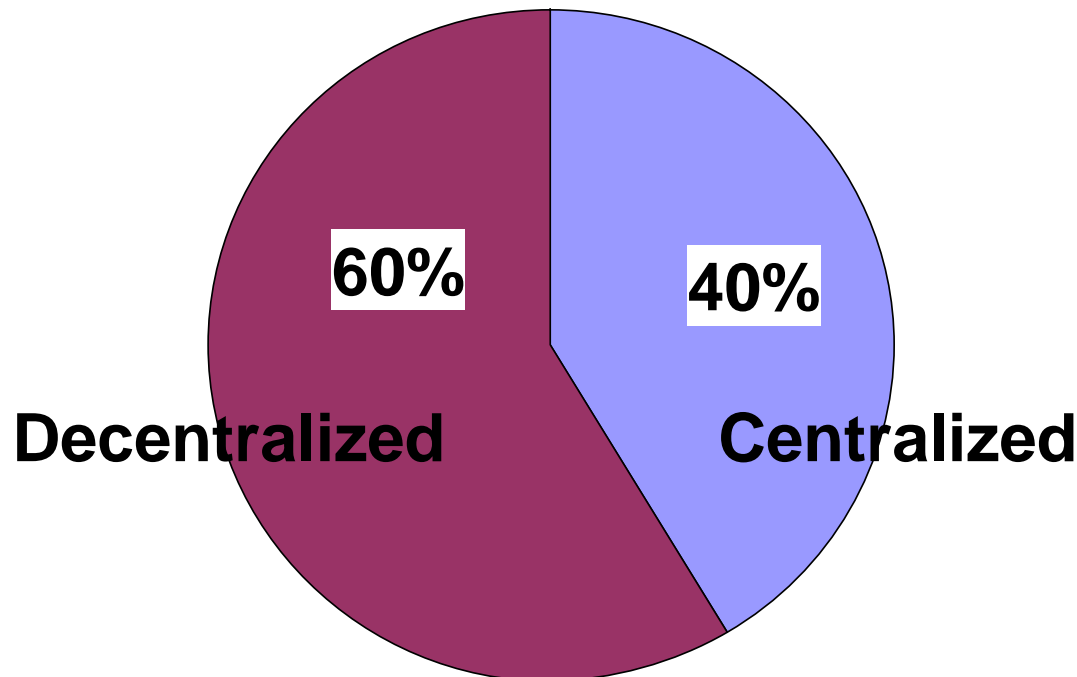
- **Most companies track EHS metrics on a monthly basis with quarterly and annual roll-ups as appropriate.**
- Types of metrics varied widely.
- Some require immediate reporting and updating.
- Most are tied to corporate goals with several operational goals such as TRR and compliance.
- Some had escalation systems in place when metrics indicate that goals may not be met.
- Many have manual systems such as Excel spreadsheets and some had automated systems.
- Many indicated that they were developing automation systems for metrics to reduce workload.

- **How are priorities changing in your company?**
- **What changes are you making as a result?**

Organization & Implementation

Does your company have a centralized or decentralized organization? ? (n=28)

Most companies have a centralized EHS organization that defines policies and standards. Regional or business units manage EHS on a day-to-day basis. Note that one company is in the process of centralizing and two are decentralizing.

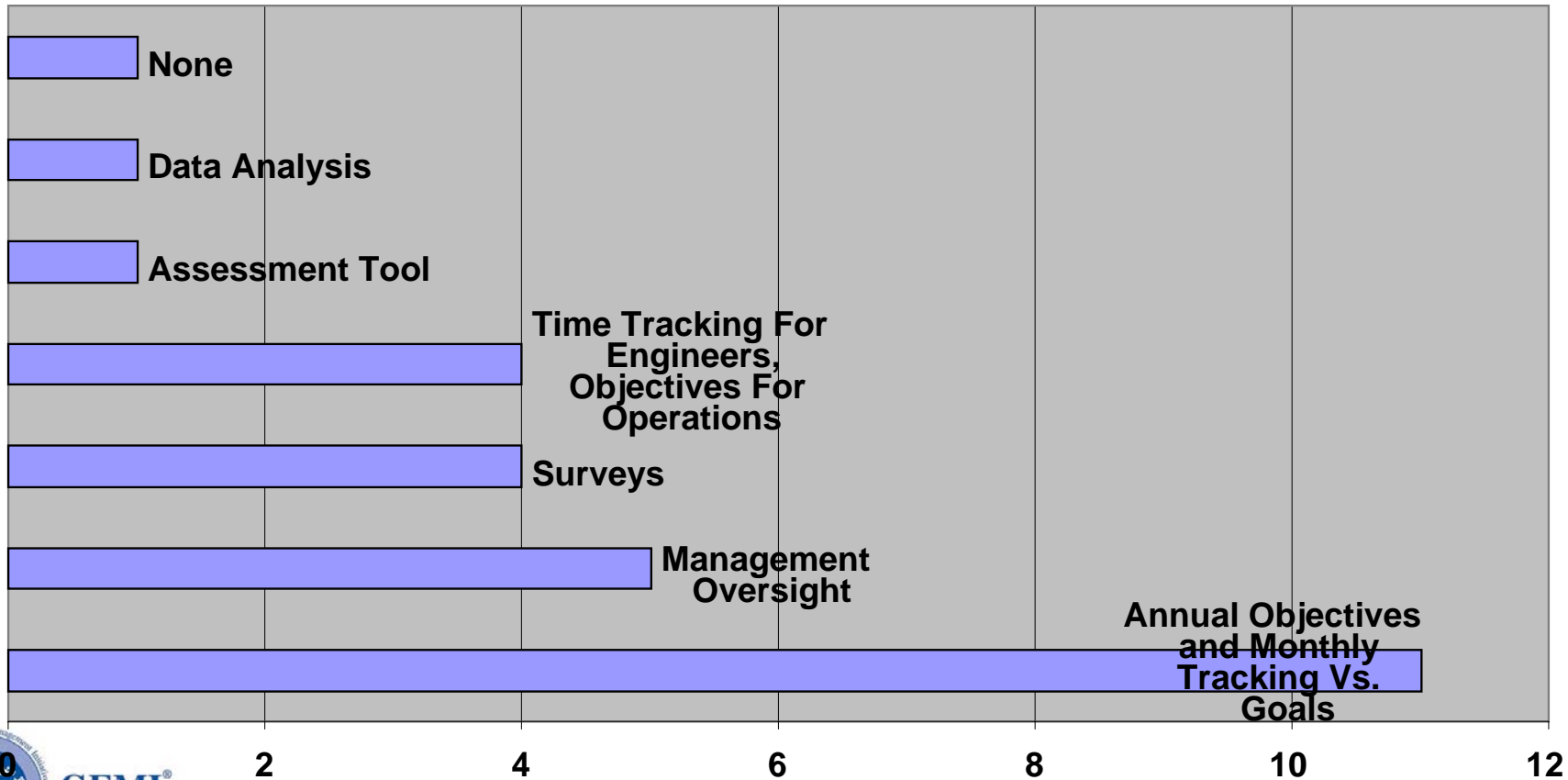


Organizational Effectiveness

Time Tracking

What techniques does your company use to understand how EHS people are spending their time? (n=24)

Most companies set annual objectives and track performance/ metrics or use management oversight. About 1/3 indicated that they use time tracking/surveys to collect detailed data.



Note: Some companies provided more than one answer

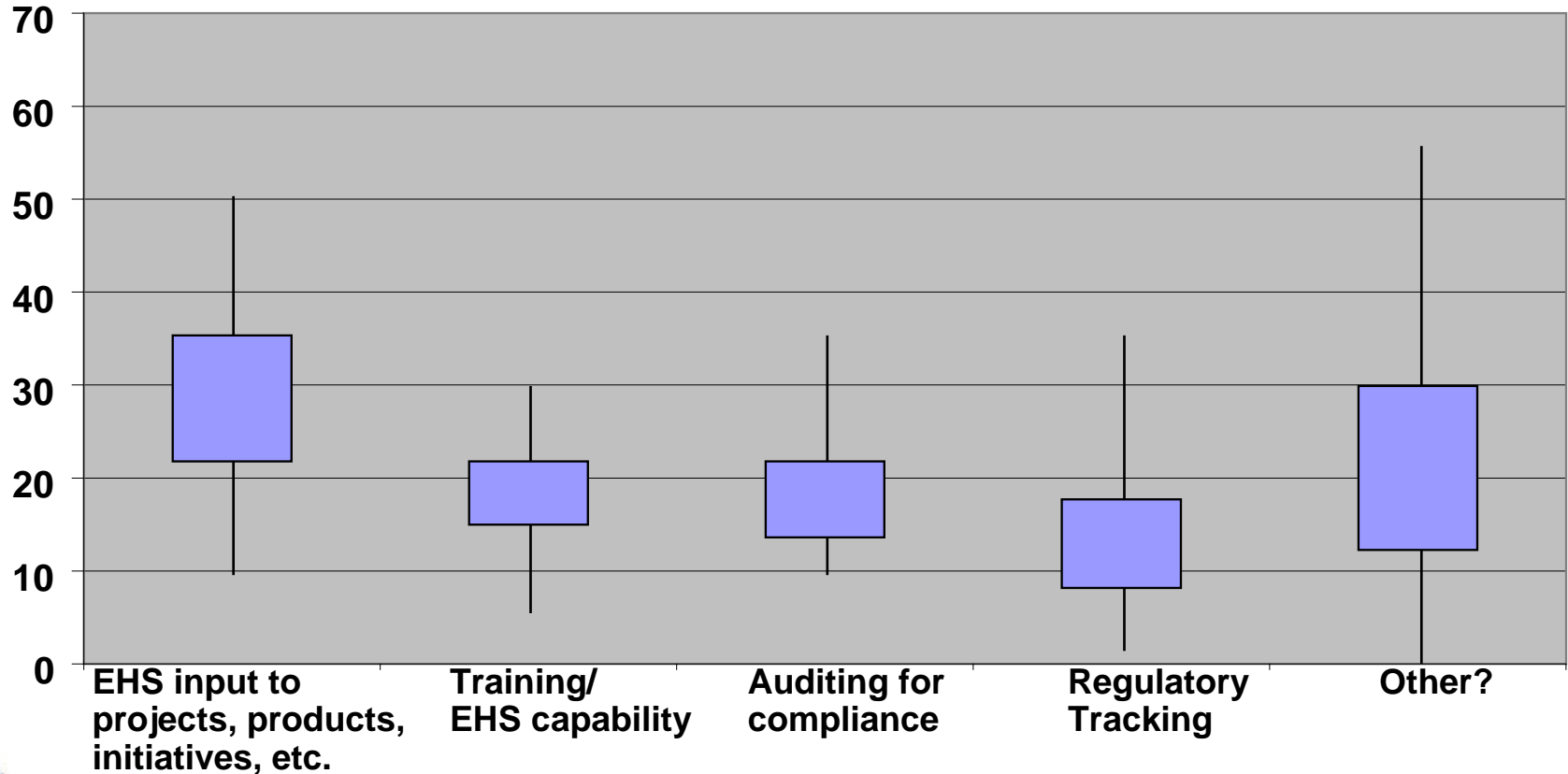


Organizational Effectiveness

Time Tracking

What approximate % of time is spent on the following? (n=21)

Highest amount is spent on product/project input, with training, auditing and regulatory tracking following.

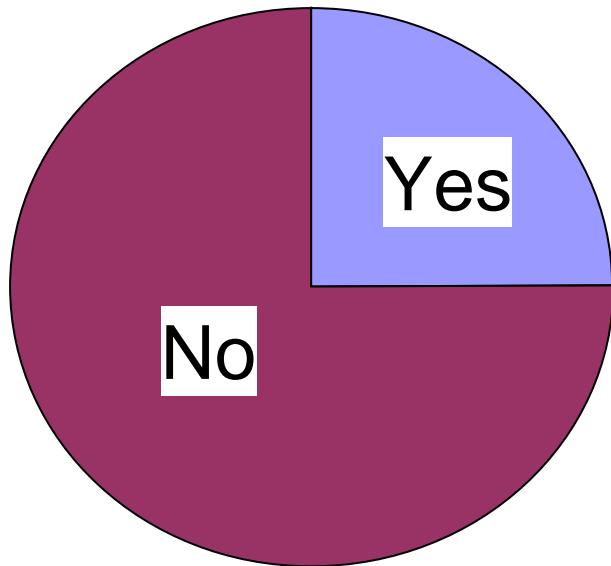


- **What are the benefits and drawbacks of Centralization vs. Decentralization?**
- **How does this impact the organization's ability to focus on the highest priorities?**

Staffing

Does your EHS organization have issues with professionals spending significant amounts of time on clerical work – copying, typing, mail, etc.? (n=24)

75% of companies do not report having an issue with EHS professionals doing significant clerical work.



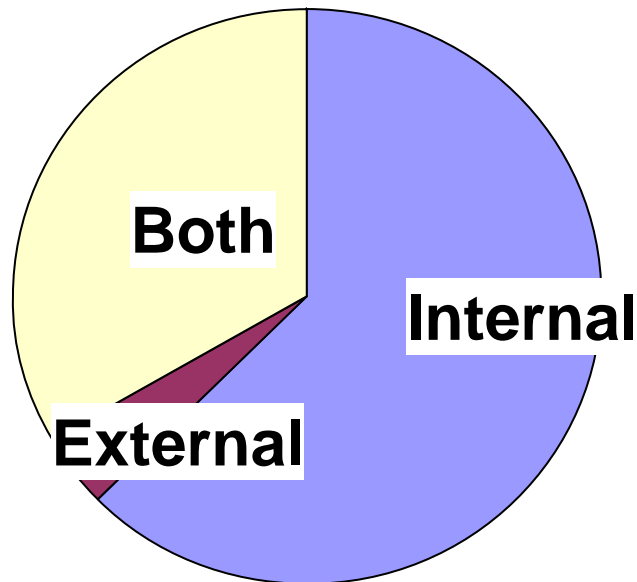
Q11. Have you developed any processes for minimizing clerical workload for EHS roles?

Companies cited the following:

- Standardized reporting and metrics
- Corporate roll-up systems
- Business tools to improve efficiency (trip planner)
- Electronic tools and IT systems to automate repetitive tasks – TRI, deviations reporting
- Hire sufficient clerical staff in the first place!

Do you cross-train internal resources due to budgetary constraints or can you hire externally for EHS positions? (n=24)

Most companies hire internally and fill needs externally when internal candidates are not available or for specialized or short term needs. Many cited retention issues with EHS professionals.



What effective means have you found to educate and retain cross-trained individuals?

Companies cited the following:

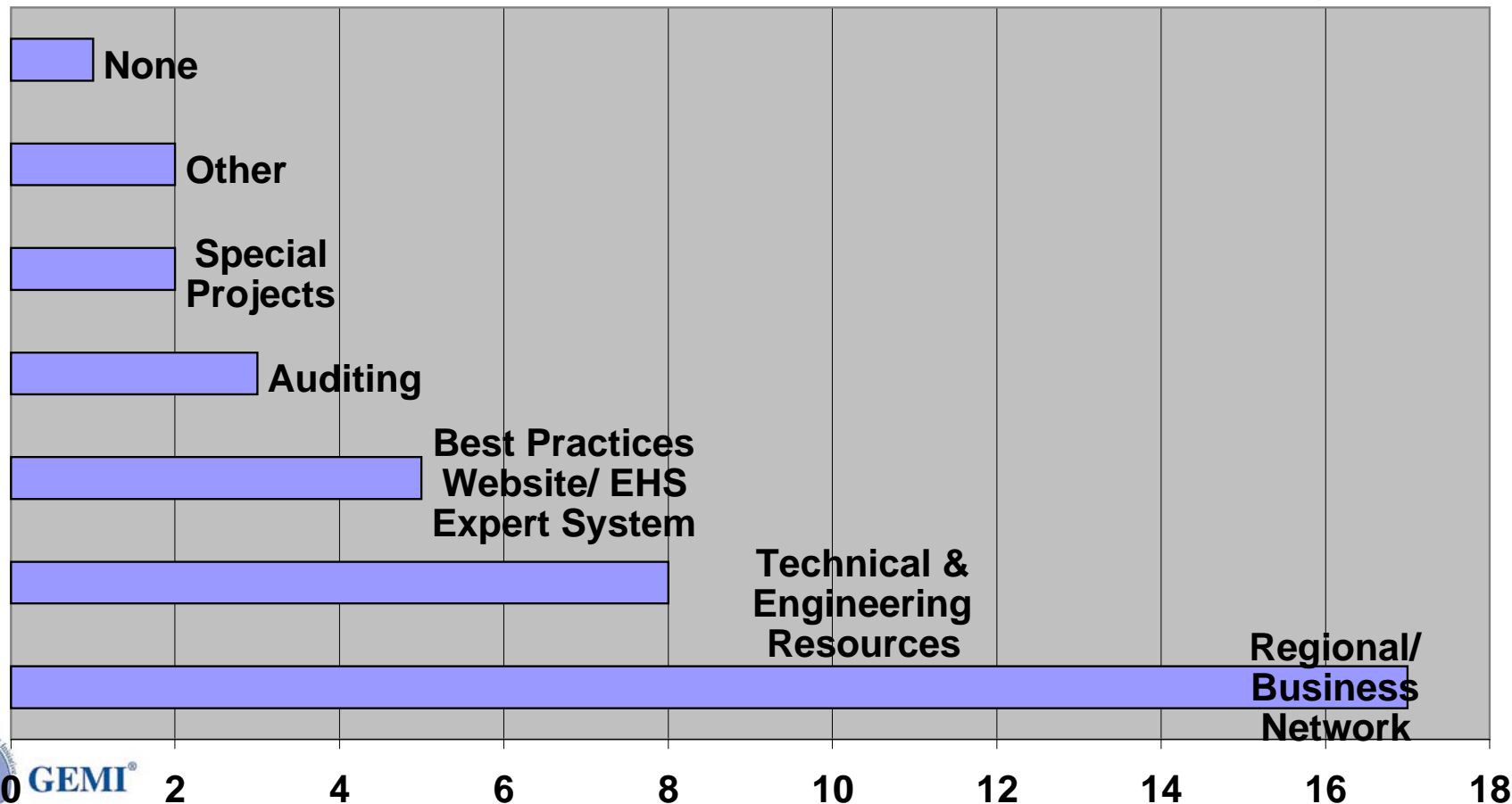
- Formal On-The-Job training, mentoring & education
- Informal/ad hoc training and mentoring
- Talent review and development process
- Retention plan under development
- Ensure adequate Compensation
- Strong Co-op program

Organizational Effectiveness

Staffing - Leveraging

**What systems do you have for leveraging internal resources?
(n=24)**

Most companies use regional or business networks for leveraging. Other solutions are centralized technical resources or IT systems.

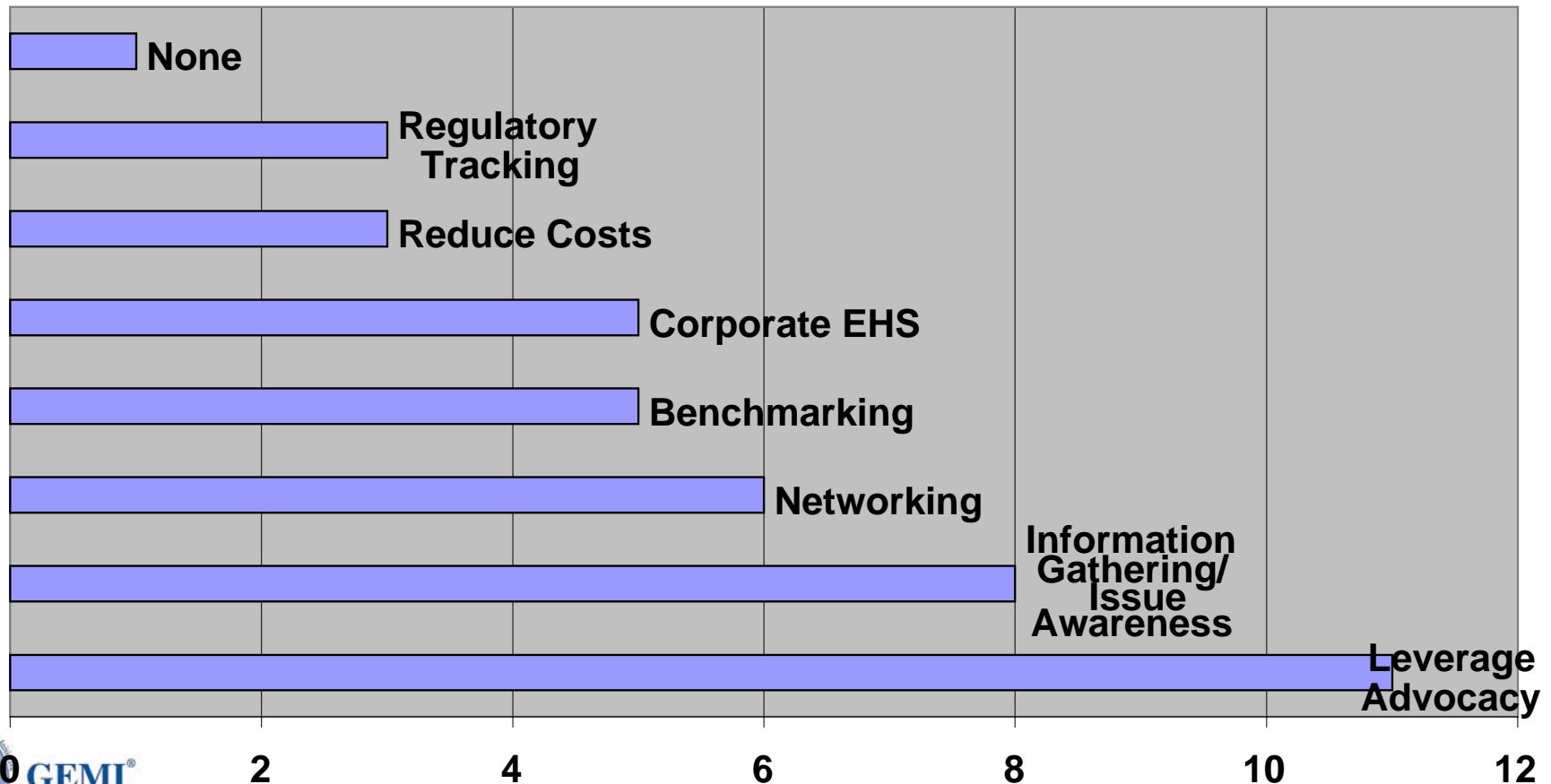


Note: Some companies provided more than one answer



What systems do you have for leveraging Industry Groups?
(n=24)

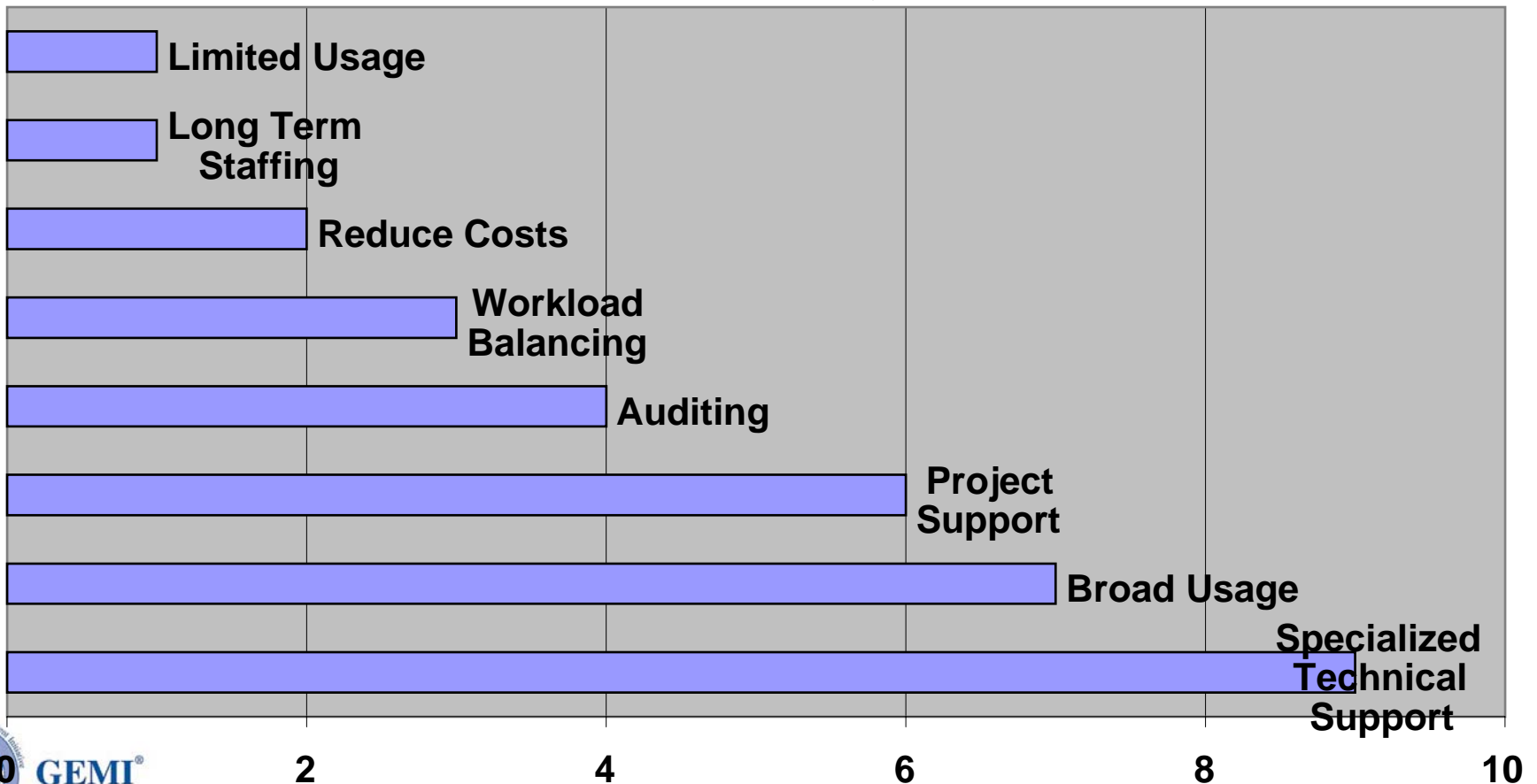
Most companies cited the use of industry groups for leveraging advocacy or for networking and gathering information.



Note: Some companies provided more than one answer

What systems do you have for leveraging Contractors? (n=21)

Most companies cited the use of contractors for augmenting skills or level of resources or for special projects.



Note: Some companies provided more than one answer

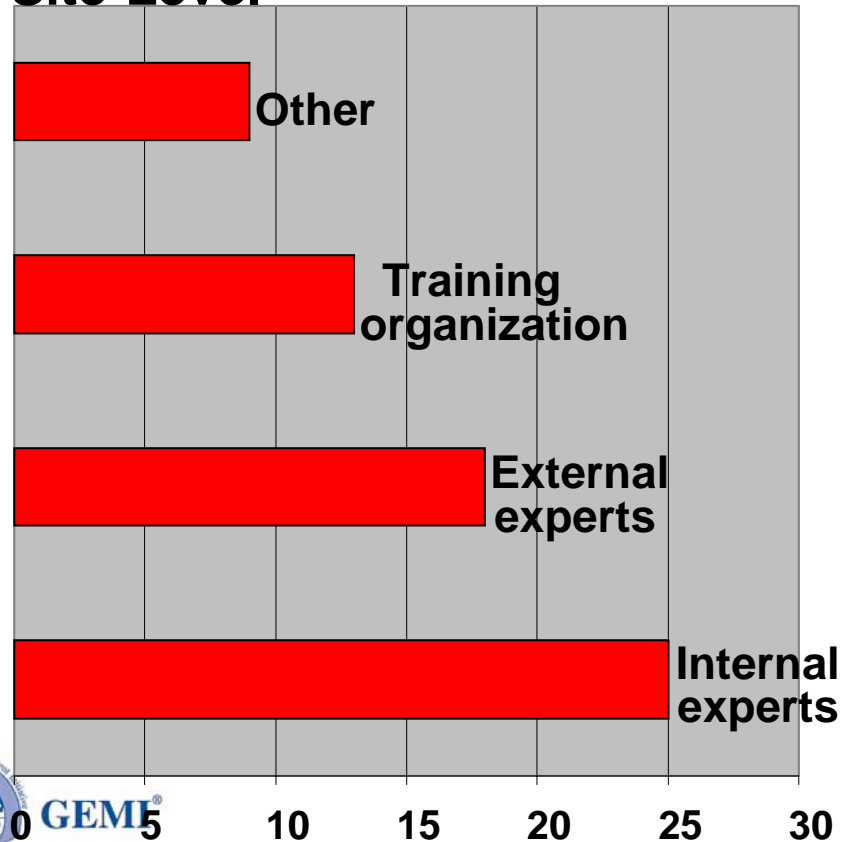
- **What staffing issues are impacting your company?**
- **How are you addressing**
 - **these issues?**

Training

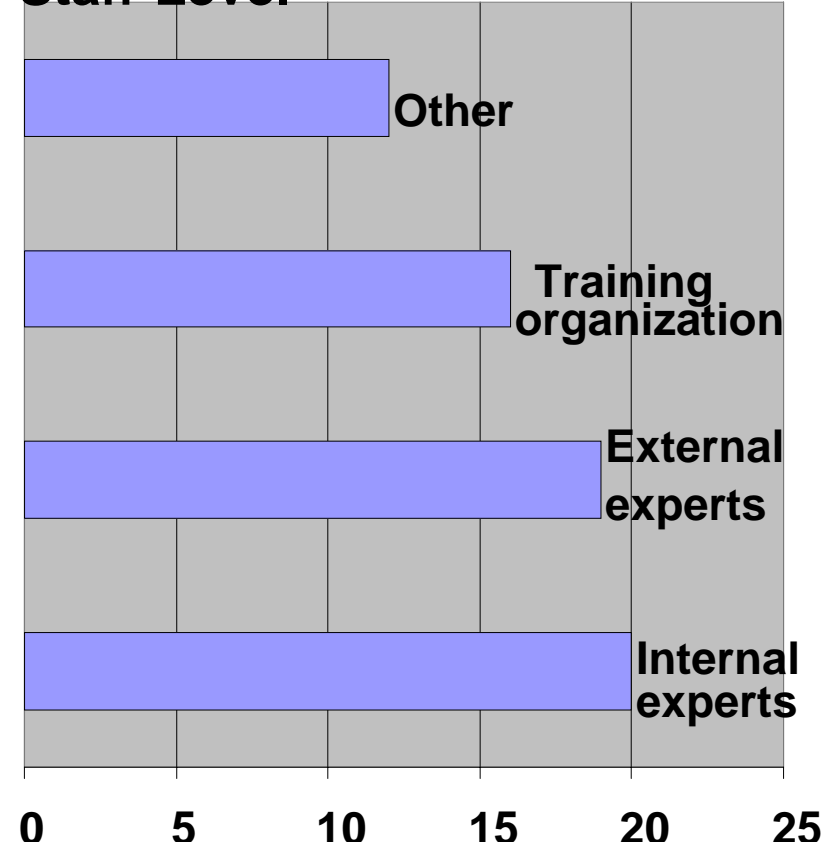
How do you train EHS personnel? (n=25)

Most companies reported using Subject Matter Experts (SMEs) from internal or external sources. ~1/2 have training organizations.

Site-Level



Staff-Level



Note: Some companies provided more than one answer

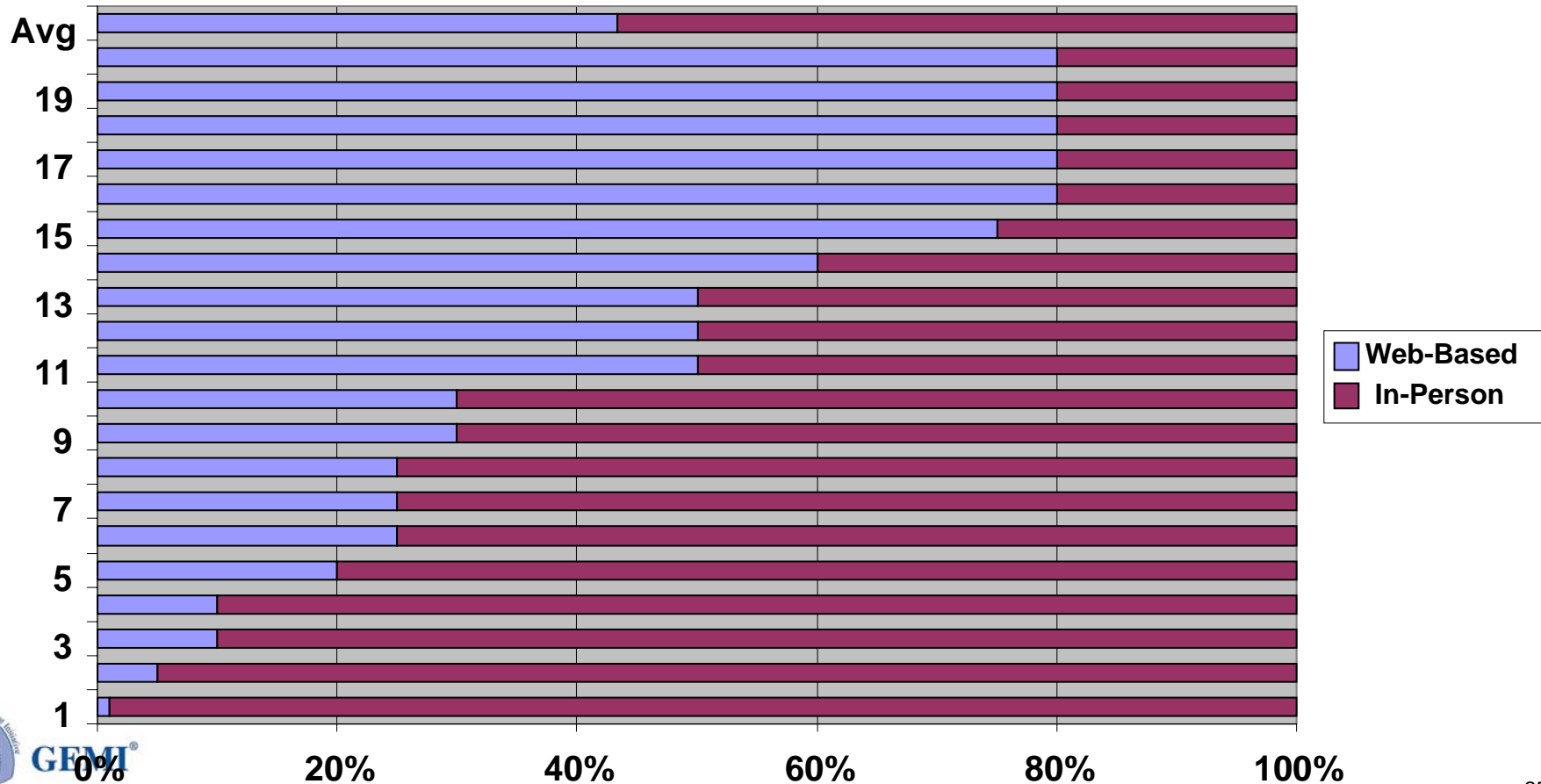


Organizational Effectiveness

Type of Training

Are you using distance learning techniques such as Webforums, LiveMeeting, etc? (n=24)

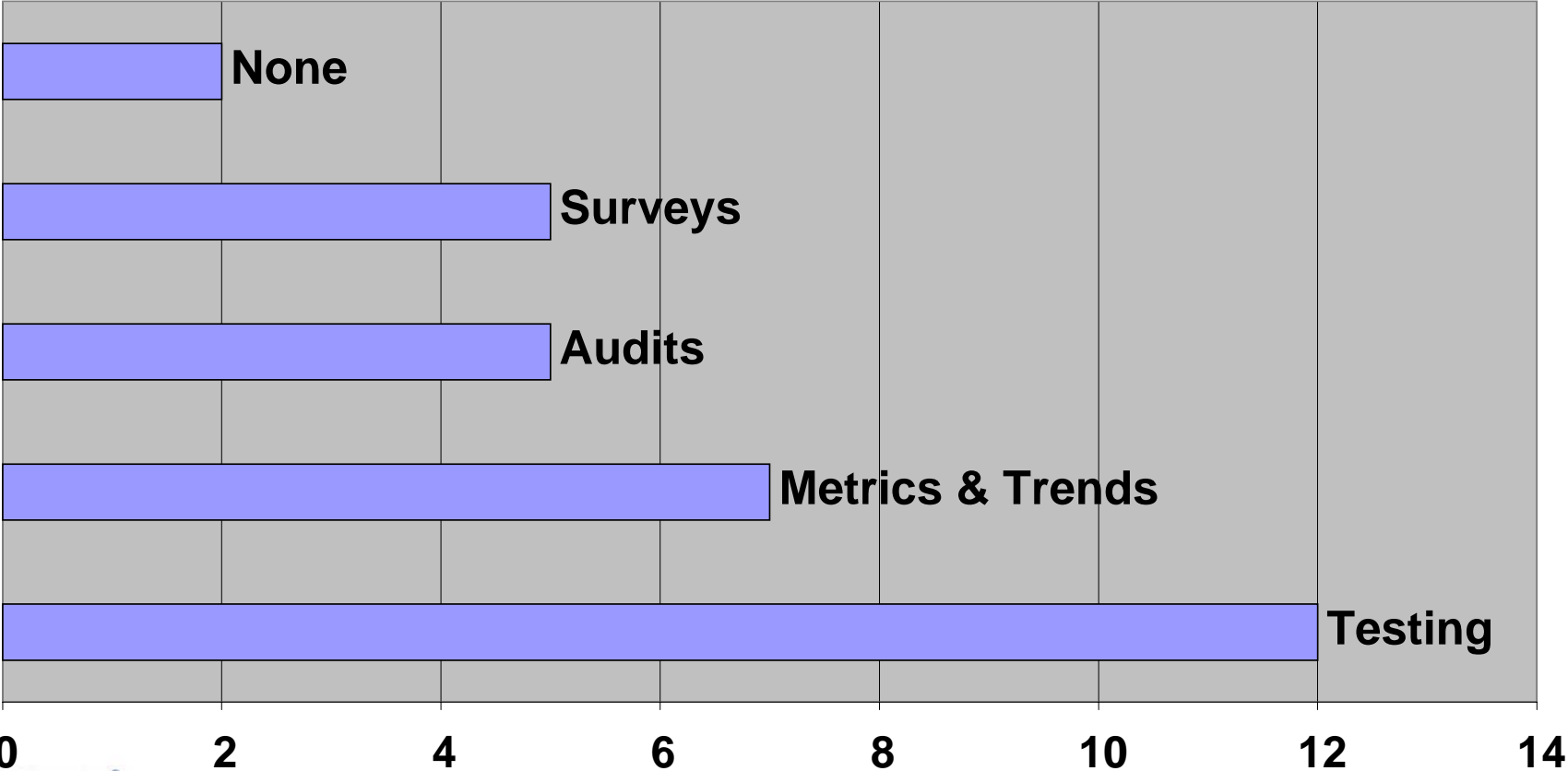
All companies use distance learning; average use is 42%, although usage varies widely.



Organizational Effectiveness *Training-Effectiveness*

How do you measure the effectiveness of EHS training? (n=20)

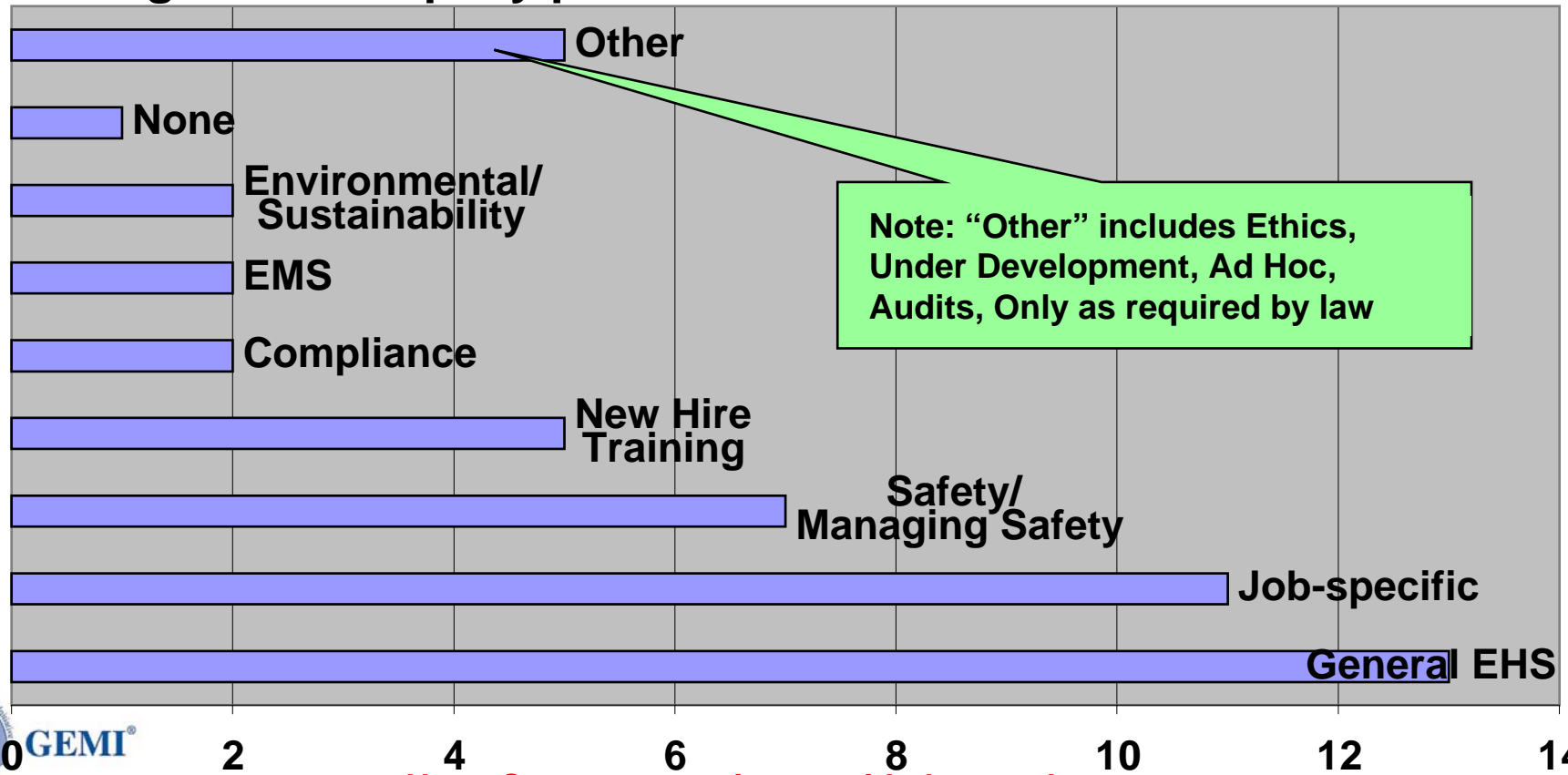
Testing is the most common measure cited, with metrics, audits and surveys used as lagging indicators.



Note: Some companies provided more than one answer

What types of EHS training do you provide to non-EHS professionals, including management? (n=24)

Most companies provide general EHS and job-specific training. Only about reported providing management or new hire EHS training. One company provides none.



Note: Some companies provided more than one answer

- **What Best Practices has your company developed for training?**

Summary

Summary

The key learnings from this survey include:

- **Most companies have centralized organizations.**
- **Priorities are usually set and managed using annual objective-setting processes vs. time tracking.**
- **Compliance and safety are the highest priorities.**
- **Most companies hire internally and fill needs externally as needed. Capabilities and learnings are leveraged through internal and external networks, industry groups and contractors.**
- **Most companies do not have an issue with EHS professionals doing too much clerical work.**
- **Training is primarily conducted by Internal and external SMEs, with some usage of training organizations.**
- **In-person training is more common than distance learning.**
- **Testing is the primary means of evaluating effectiveness of training; followed by lagging indicators.**
- **General EHS and job-specific training are the most common type of training provided.**

Next Steps

How should GEMI respond to the issues raised by this survey:

- **Nothing?**
- **Network?**
- **Work Group?**
 - **Tool?**

Next Steps

Please indicate any suggestions you have for future GEMI benchmarking topics. (n=15)

- Wellness plans for associate's family
- Risk-reduction through engineering for customers (use of our products)
- "Energy Conservation:
 - (a) Corporate strategy for energy conservation (b) Corporate building, for both offices and laboratories, design standards in regards to energy use. (c) Energy efficiency targets for Corporate offices and laboratories
- GEMI members' management of supply chain sustainability. Supplier and customer expectations for measurement of sustainability performance
- Transportation of finished goods, DOT-reportable spills/non-conformances
- Climate change mitigation ideas, projects, use of reporting, carbon trading, offsets, sequestration, etc. (3)
- Sustainability reporting practices.

Next Steps

Please indicate any suggestions you have for future GEMI benchmarking topics. (n=15)

- Environmental Key Performance Indicators and methods for collection and compilation
- Product stewardship,
- HSE IT strategy,
- HSE aspect analysis (identification/prioritization)
- Environmental marketing claims and use of product logos/certifications
- Environmental management systems
- 3rd party auditing/validation of sustainability metrics for external reporting
- Footprints of sites for sustainability measurement

**What should be the subject of
the next GEMI benchmark survey?**

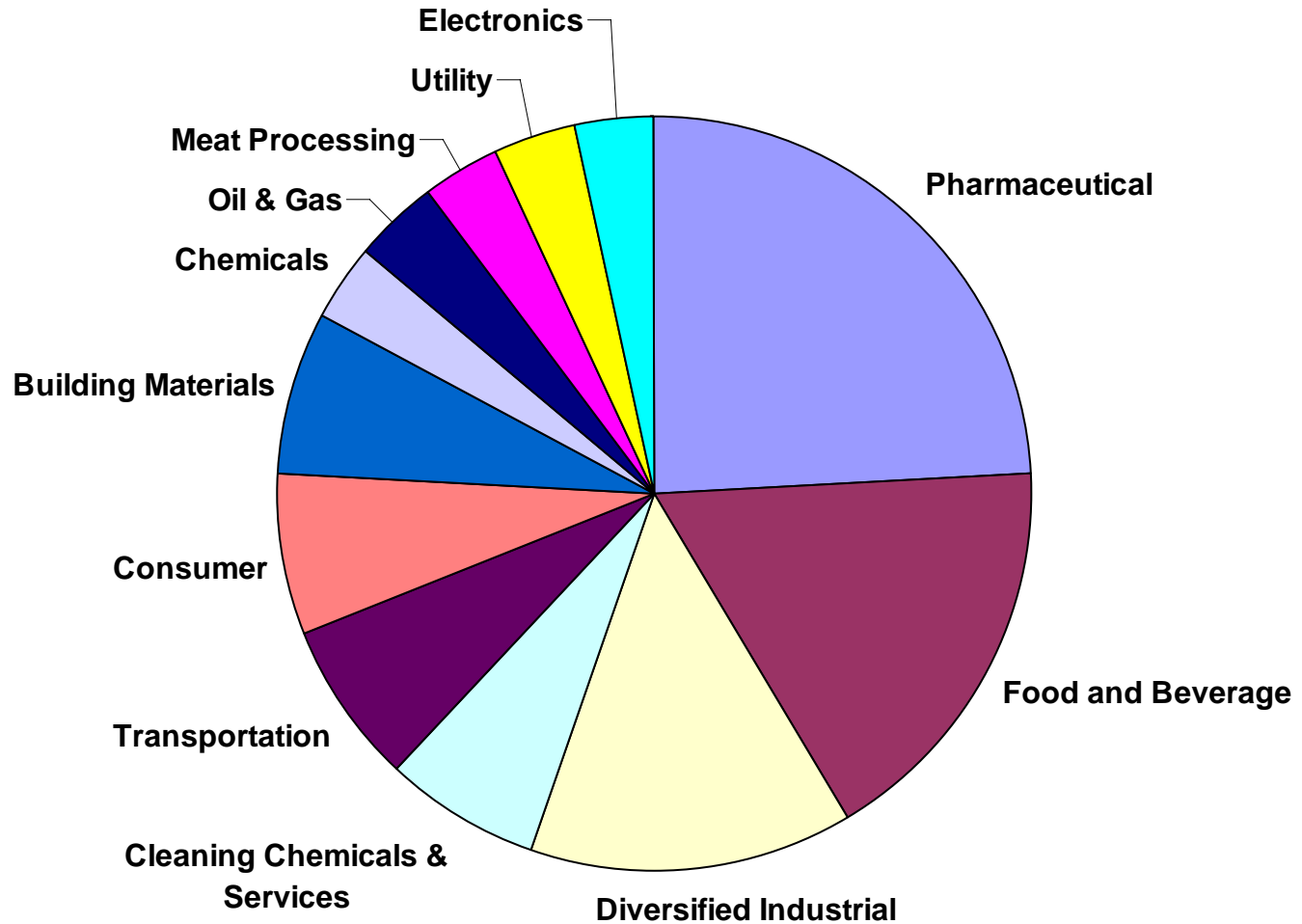
Next Steps

Please share with us any additional suggestions re: GEMI future surveys. (n=4)

- Open answer' type surveys may need to be somewhat more specific to generate usable results.
- My vote is to make it multiple choice, which I feel would ultimately provide better results.
- Please publish and track which GEMI companies responded to this and future surveys
- This is an impossible questionnaire. It puts the EHS function into a compliance box and if we are to serve our company's best we must also move on to managing risk and identifying opportunity. The questionnaire is not well suited to a company of our size, global reach and diversity. I'm not sure that any of the data will be reliable or relevant.

Appendix

Q4. What Industry segment best describes your company? (n=29)



Q5. What is the annual revenue of your company? (n=27)

Revenue - \$B

