



Entry Points

Better Decisions, Real Value toolkit Version 1.1

www.forumforthefuture.org/projects/better-decisions-real-value

This is Version 1.1 of the Better Decisions Real Value toolkit. We hope you find it useful.

We'd really like your feedback to help us improve it.

- What do you like about the toolkit?
- What don't you like about the toolkit?
- How could we improve it?
- What would you need to help you use the entire toolkit in your organisations?

Please send your thoughts to bdrv@forumforthefuture.org

For more information on the project and to download the latest versions of the toolkit visit:

<http://www.forumforthefuture.org/projects/better-decisions-real-value>

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introducing the Better Decisions, Real Value toolkit

Why do businesses need to make better decisions for real value?

Climate change, resource shortages, a rapidly growing global population – sustainability challenges like these are transforming the world in which companies do business.

Successful companies need to understand these trends, which in many cases are already affecting short-term performance. They need to recognise the threats and opportunities ahead and understand how they can safeguard long-term profitability by becoming more sustainable.

The Better Decisions, Real Value toolkit is designed to help sustainability professionals understand the many business cases for sustainability and win support to put them into practice. We want to help companies make better decisions which create real value.

winning support for sustainability

Sustainability professionals need to implement a range of activities but they often find it hard to make the business case.

The complexity and uncertainty of sustainability challenges and the way they will affect each company create major barriers:

- Numbers are much “softer” than decision-makers are used to
- Companies get stuck in a vicious cycle: they want a business case before giving permission for action, but the business case can only be generated from the experience of going ahead
- Financial tools are ill-equipped to deal with the uncertainties of sustainability

The Better Decisions Real Value toolkit provides a set of tools designed to help companies overcome these barriers and build successful business cases for sustainability projects.

the Better Decisions, Real Value toolkit

version 1.1



Foundations

Foundations. This sets out the general business case for sustainability, equipping you with the arguments you need to start making your case.



Entry
Points

Entry points. This is a step-by-step guide to winning permission to go ahead with a sustainability project.



Pathways

Pathways. This summarises the different ways sustainability can create financial value and gives guidance on how to collect evidence to make your business case.



Ready
reckoner

Ready Reckoner. This helps you assess the most important pathways for your project and calculate numbers good enough to get the go-ahead.

overview of 'Entry Points'

introduction

This is a step-by-step guide to winning permission to go ahead with a sustainability project.

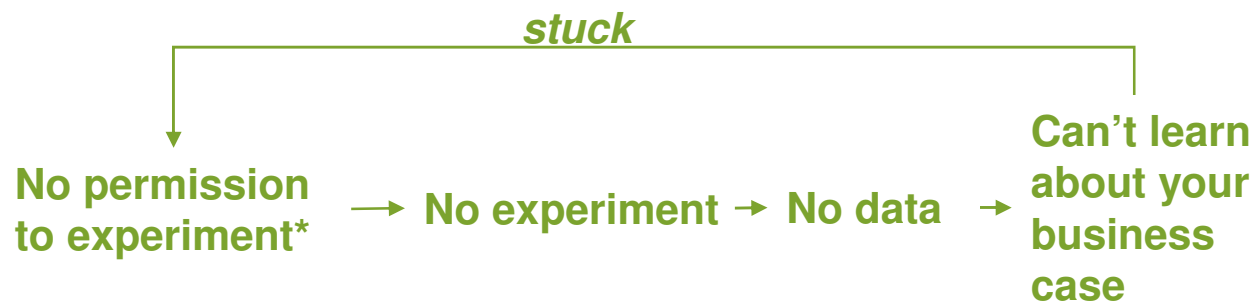
Many sustainability-related business initiatives ('experiments') fail at the first hurdle. The company wants a business case before giving permission for action, but the business case can only be generated from the experience of going ahead.

Our experience is that good preparation is the most important step in breaking out of this vicious circle. Therefore, the guide focuses on how to prepare, with a checklist of questions to think through before you start.

- We have included obvious questions because we have found that everyone misses something.
- We also give some guidance on what to consider in the steps after you have won permission.

the ‘no permission-no evidence’ vicious circle

we have found many companies are stuck in a vicious circle...



*'experiment' here can mean any sustainability-related business initiative:

- product or service change (eg a launch or new campaign)
- an operational improvement (eg investing in new fixed assets for efficiency savings)
- a programme of internal activity (eg employee engagement)
- bringing sustainability into functional strategies (eg branding, procurement or innovation)
- applying sustainability to a business unit or corporate strategy

...but it possible to create a virtuous cycle



Preparation is key to getting unstuck:

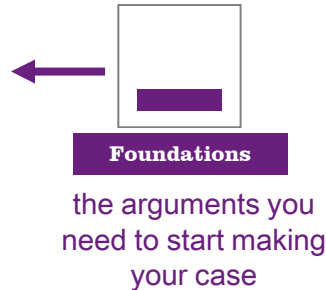
- having a clear purpose to guide you
- understanding how to align your experiment with the organisational context
- having a plan that considers key questions, so you can limit surprises
- knowing key internal stakeholders and how to influence them

preparation



1. Prepare

- define 'determining and articulating your business case' as a change programme



2. Ask permission to experiment

- engage decision-makers so you can start experimenting

3. Experiment

- do the experiment, setting up the info systems to collect data on financial performance

4. Get data

- collect the data on financial performance

5. Learn about your business case

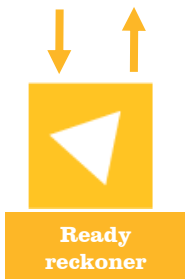
- use the data to learn about your company's business case, and about how to make decisions about it

6. Ask permission for better experiments...

- the next circle: use results and the credibility you've built up to carry out a better / bigger experiment

7. Ask permission to improve decision-making and to build capacity

- use results and the credibility you've build up to embed sustainability into financial decision-making, and to build capacity in the finance department



assess the most important pathways and calculate good-enough numbers



different ways sustainability can add financial value

creating a virtuous circle

To create a virtuous circle you will need:

- clarity of purpose
- understanding of the organisational context
- a plan for the possible experiment
- a plan to influence internal stakeholders

This prepare stage can be iterative, eg a better understanding of what will satisfy internal stakeholders will influence the scope of the experiment.

Other elements of the Better Decisions, Real Value toolkit will help you get permission:

- **Foundations** – explore the arguments you need to make the business case
- **Pathways** – find different ways your experiment may add to financial value
- **Ready Reckoner** – get numbers good enough to get the go-ahead

clarity of purpose

Why you need this

In a complicated and unpredictable world, clarity of purpose is a guiding star for you and the people you want to influence over time.

Key questions

1. What are you trying to achieve?
2. What will be evidence of those outcomes?
3. What are you trying to learn about:
 - your company's business case?
 - how to make decisions about your company's business case?
4. How do you want to use the results?
5. What capacity to understand sustainability are you trying to build through this experiment?

understanding organisational context

Why you need this

To get permission for your experiment you need to be able to articulate the (potential) business case in way the organisation understands.

Key questions

1. What do people believe drives financial performance? Potential sources:
 - internal documents such as strategic plans or this year's objectives
 - communications with investors or other financial stakeholders
2. What are the underlying assumptions about the company, your business context or the future that drive decision-making in the company?
3. What do these answers mean for how you should present the financial case for sustainability in your organisation?

a plan for the possible experiment

Why you need this

Working through the key questions below can prepare you for the common parts of getting permission, and limit surprises

Key questions (1/3)

1. Where is there a potential business case for sustainability?
 - For more help on this, see the Prioritise step in the Ready Reckoner tool
2. What sort of experiment are you most likely to get permission for?
 - Product or service change (eg a launch or new campaign)
 - An operational improvement (eg investing in new fixed assets for efficiency savings)
 - A programme of internal activity (eg employee engagement)
 - Bringing sustainability into functional strategies (eg branding, procurement or innovation)
 - Applying sustainability to a business unit or corporate strategy

a plan for the possible experiment

Key questions (2/3)

3. What would you aim to learn about the potential business case for sustainability?
4. What would you aim to learn about how to make decisions that address the financial value of sustainability?
5. Therefore, what data will you need to collect during the experiment?
Often:
 - estimated change in revenues
 - estimated change in costs
 - upfront investment

a plan for the possible experiment

Key questions (3/3)

6. What might be the next, better (and/or bigger) experiment that builds on the results of this one?
7. How does the organisation normally investigate the financial case for something like this?
8. Are there any relevant past experiences you can learn from?
9. What internal management or processes already exist or could be adapted to achieve your purpose?
10. How can you limit the demands on the finance team?

plan to influence internal stakeholders

Why you need this

You need to influence the senior people who can decide whether to give permission for your experiment.

Key steps

- You should plan to influence senior decision-makers by framing the experiment in terms that they understand and fit their agendas.
- As with any engagement, you start by identifying the stakeholders and understanding each in turn. The table on the next slide will help.
 - After the table is a slide on what your finance department might want.

plan to influence internal stakeholders

Who?	What are they trying to do?	How would proposed experiment help them?	What persuades them (incl. if influenced by certain people)?	What need to do to engage them	Priority order
Finance Director?					
Financial Controller?					
etc...					

plan to influence internal stakeholders

What you finance department might want	How you can address that need
Confidence that your motivation is the success of the company, rather than getting sustainability to happen	Position sustainability as about driving the success of the company (see the leadership case in the Foundations tool). Don't overclaim the benefits.
Direct, provable benefits	Be clear on how the experiment will lead to direct, provable benefits
Clear links with the drivers of financial performance (eg turnover growth)	Use the Ready Reckoner to identify and prioritise ways in which the experiment adds financial value. Where possible, match the experiment with what people believe drives financial performance.
Confidence that the requirements on the finance dept are bounded and fit with any regular management routines (such as monthly reporting)	Be clear on what you will need from the finance team. Position as a development opportunity for an up-and-coming member of the team?
Confidence that any data collection for the experiment will not be onerous	Be clear on data needs. Where possible, use data which is already being collected.

next steps

2. Ask permission to experiment

- What to do in this step will be different for every reader of this guide.
 - How to ask permission will vary by organisation, experiment and more.
 - It depends on your answers to the questions above.
- Principles are:
 - assemble your arguments
 - approach stakeholders in the right order with the right arguments that hit their hot buttons
- Consider using the Ready Reckoner to create a rough financial case that will give you permission to experiment, working with finance staff where you can

3. Experiment & 4. Get data & 5. Learn about your business case

- As you set up the experiment, consider what data you will need to learn about the business case and how to collect it (see steps 5 & 6).
 - For instance, if investing for energy efficiency gains, have baseline data on energy use and costs and then collect data over time to be able to monitor improved performance of both.
- Also consider what data you can gather which will help you make future decisions about your company's business case (see step 7)
 - For instance, are some financial benefits of sustainability ignored in the organisation's financial tools?

6. Ask permission for better experiments...

- Hopefully you will now have built up:
 - some evidence of where there is and is not a business case
 - some credibility with internal stakeholders about the links between sustainability and financial value
- So, you can try to get permission for a bigger and better experiment.
- Return to the Prepare stage and look again at designing your next experiment that creates a bigger and better virtuous circle.

7. Ask permission to improve decision-making & to build capacity

Embedding sustainability into financial decision-making

- What changes can be made to normal financial decision-making to support better decisions for real value?
- Have you found any 'blind spots' – ways that the decision-making techniques unintentionally prevent better decisions for real value?

Build capacity in the finance department

- Looking back at the internal stakeholders you identified:
 - who would want to learn more about what sustainability means for their role?
 - who could help you if you built their capacity to understand sustainability and act on that new understanding?

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