

Company name	Solvay
Solution name	Sustainable Portfolio Management (SPM)
Year of implementation	2010



Challenge:

Understanding the meaning of Sustainable Development for any industrial company is essential, both to minimize the potential negative impact on the bottom line and to enable appropriate allocation of resources to capture opportunities in the marketplace. This necessity drives the development of the SPM methodology in Solvay that aims at visualizing and subsequently implementing strategic decisions to move to a portfolio of businesses which is balanced from a sustainability perspective.

Objectives of the solution :

The desired benefits lay mainly in two areas: economic benefits and stakeholder satisfaction.

The developed methodology at Solvay aimed to visualize, at strategic level, two potential impacts of sustainable development on its activities:

- The financial risk related to the environmental impact of its manufacturing activities;
- The extent to which its products/solutions are part of the solutions consumers are seeking to address their own sustainable development concerns (for example reduced energy bills, reduced exposure to harmful substances, and greater use of renewable energy).

Implementation process:

The demand for a study process came from the Executive Committee, and was implemented by a team of senior managers from business, production, technology fields with the help of methodology experts.

It was a clear top-down approach:

- The Executive Committee has endorsed the methodology and its deployment process and has set the overall objective to cover 80% corporate revenue and each business entity to assess a significant part of its revenue (as part of personal objectives of Business Managers);
- Top level leadership and guidance on the project was guaranteed by chemicals, plastics and research and

SECTOR

Materials

SOLUTION TYPE

Mainstreaming: Solution focuses on managing and/or measuring activities across company value chain towards business, environmental and social performance.

CSR ISSUES

- ESG disclosure and reporting
- Mainstreaming CSR

SCOPE OF IMPLEMENTATION

Global

technology group directors with the support of the sustainable development VP.

At the time, Solvay had an in-house high level of technical expertise on ecoprofiles, without a methodology to globally assess their sustainable development profile to take into account the increasing societal focus on sustainability at a strategic level. No existing methodology that could simultaneously address the environmental footprint of manufacturing and the market threats and opportunities, at strategic level, was identified.

A robust, relatively simple, but effective methodology was developed in collaboration with two external partners: Arthur D. Little for the market metrics and TNO for the operational metrics. The SPM method is based on a questionnaire with closed questions and only external authoritative evidence is accepted to support the assertions.

The SPM tool was introduced to all senior managers in 2009 and deployed in 2010 by scrutinizing 80% of the corporate turnover and 70% of the R&D expenditure. Each business unit manager (13) had a personal objective to assess 80% of the revenue of its entity, with the help of internal experts. Results of this analysis (auto-evaluations) were audited by the two consultants that helped to set up the metrics.

The deployment of the process was made as flexible as possible in order to anticipate and overcome most of the foreseeable obstacles:

- A small team of SPM experts was fully dedicated to deploying the methodology and the SPM assessment;
- Business Unit managers were first informed and consulted to identify a coordinator/facilitator for the deployment in their entity;
- SPM expert and entity coordinator fine tuned the deployment for the entity, identified people to be involved (technical, marketing, financial, etc.) and set up planning;
- Assessment of about 275 product-applications combinations took place in about 30 workshops;
- Auto-evaluation results were presented and explained to the management teams of the assessed entities;
- Auto-evaluations were submitted to the two consultants that helped to develop the metrics to get a second opinion, increasing the reliability of the data on which strategic decisions may be taken.

All together, about 300 people have been involved in the deployment of the practice, at various levels in the organization. A network of coordinators has been set up and a corporate expert for the methodology was appointed.

- The process, currently in consolidation phase, provides robust and reliable information that is included in the strategic planning process and in the management of the corporate R&D project portfolio. The process will be extended to the Capital Expenditure program in 2011.

Impact of the solution:

Solvay has for the first time a reliable and robust visualization of the key sustainability issues, using consistent metrics, so that priorities can be set and resources allocated to increase the robustness of its business portfolio.

In the first iteration (2010, January to June), the following were assessed:

- 80% of the consolidated sales revenue (objective was 80%, 275 product-application combinations);
- 70% of the R&D 2010 budget (objective was 60%, 115 R&D projects).

Targets have been set by the Executive Committee for the second iteration of the Practice:

- 80% revenue per product line (i.e. not only 80% consolidated anymore);
- 80% R&D budget;
- 60% budget of Capital Expenditures and any investment above the 5 MEUR thresholds.

A positive side-effect of the deployment of this practice has been to raise significantly awareness and visibility of Sustainable Development within the Solvay group.

Unexpected results have followed directly from the reason for existence of the development and the deployment of the SPM methodology: as no comparable methodology to assess what sustainability means for industrial companies

at strategic level, Solvay was inundated with requests from consultancies, peers, academics and authorities (European Commission, among others) to present their internally developed methodology.

As part of the strategic planning process, each year Business Managers have to present their strategy proposal to the Executive Committee and sustainability has to be addressed in this presentation now, using the SPM methodology.

Awareness of Sustainability issues is firmly embedded and Sustainable Development is now among the leading criteria for decision taking. The strategic sustainability objectives related to business (product line) portfolio management are being implemented, KPIs have been selected and the precise targets are under discussion.

This closed loop of requirements and reporting, using a unique and reliable good practice, significantly contributes to the alignment of the Group's decision makers on the sustainable development objectives, which are part of the Corporate Social Responsibility targets.

To find out more

<http://sites.google.com/site/efqmgoodpracticecompetition/home/solvay---belgium>

<http://www.solvay.com/EN/SUSTAINABILITY1/OURAMBITION/Productportfolio.aspx>

http://www.solvay.com/EN/Sustainability1/How_we_work/Assessingsustainability.aspx