



Organizational Structure for Sustainability

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Organizational structure is based on a firm's unique sustainability strategy, goals, and priorities



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Sustainability Vision & Strategy

Sustainability Goals & Priorities

Internal Structure

Reporting
Structure

Decision
Rights

Align
Incentives

External Structure

External
Accountability



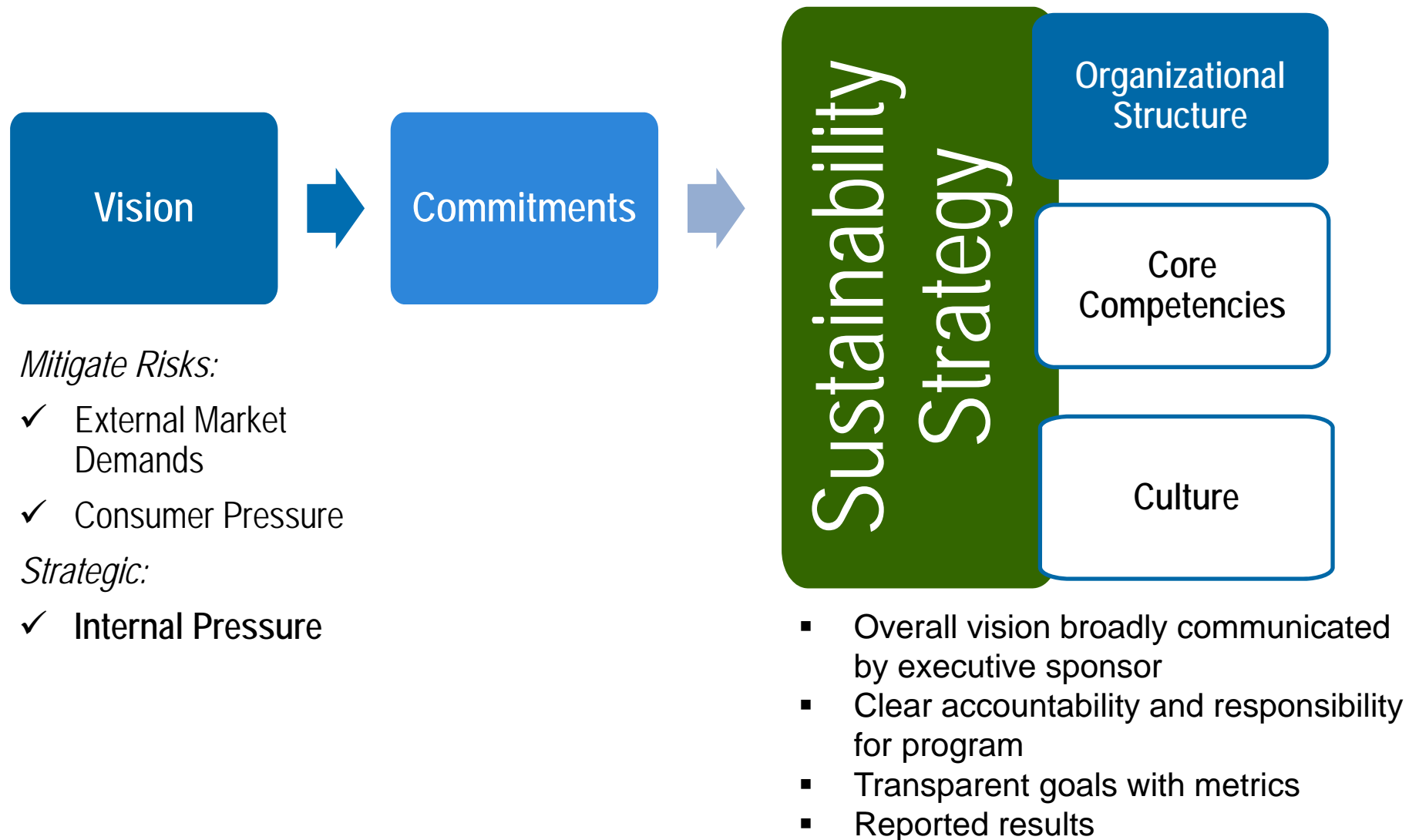
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SUSTAINABILITY STRATEGY

Sustainability strategy must align with structure, competencies, and culture of firm



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Proposed vision ties to core services and “Healthy Environments” focus



As a health insurance company, BCBSMA recognizes the relationship between healthy environments and healthy people.

We are committed to improving the health of the communities where we live and work and to reducing our environmental footprint through corporate policies, green business practices, and employee initiatives.

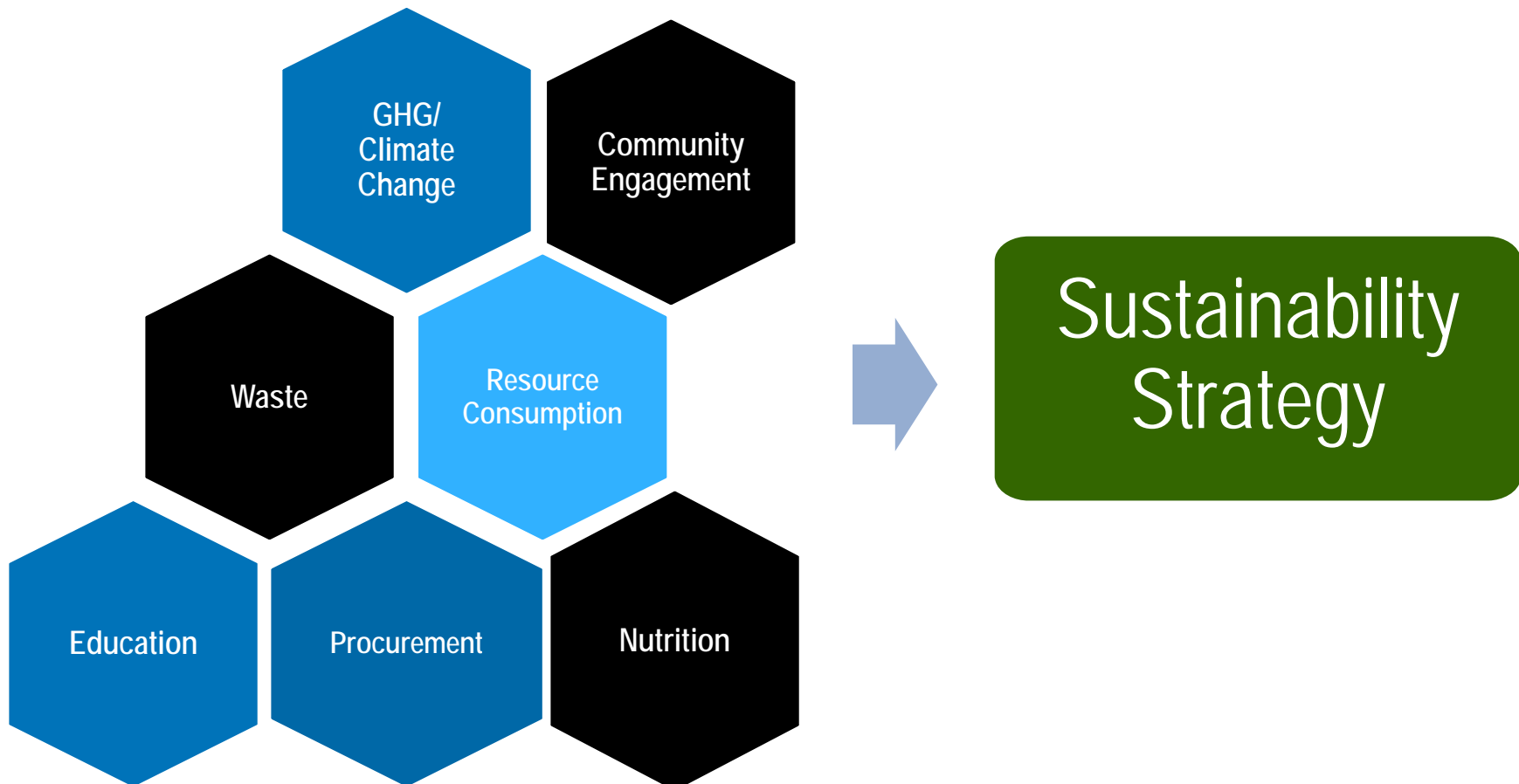
Communication of this vision from a high level will increase awareness, buy-in, and participation towards a common goal.

Common commitments unite all business units and functions



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Corporate Commitments





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INTERNAL STRUCTURE

Four important considerations for internal structure



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Executive Sponsorship

- Level of employee and business unit engagement is accelerated when the CEO drives the sustainability vision.

Sustainability Program “Home”

- The most recognized sustainability programs are based in divisions with decision-making power or close ties to stakeholders (i.e., legal, corporate, or public affairs).

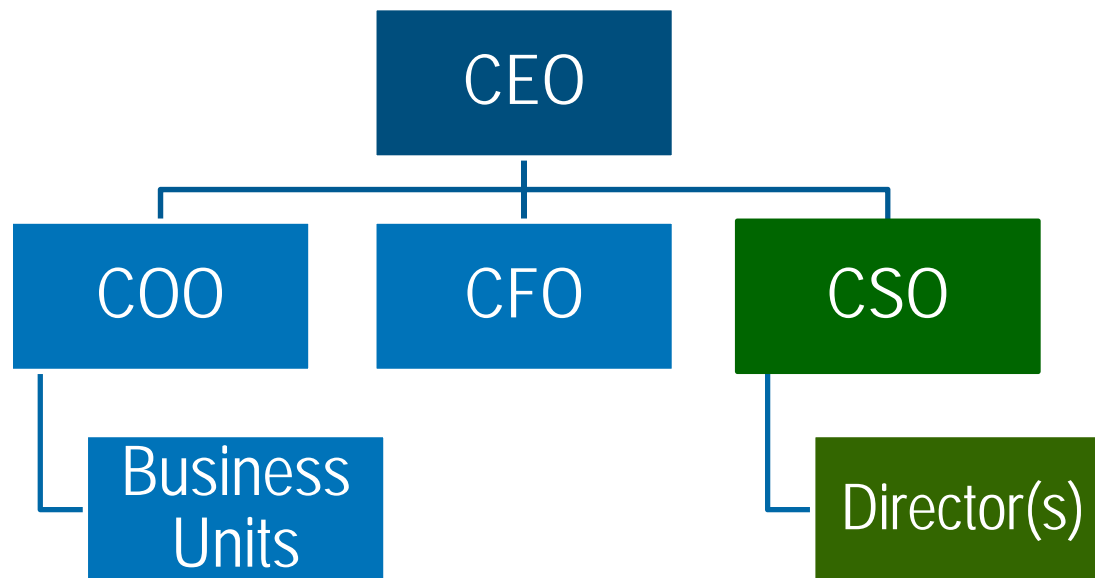
Reporting Relationship with CEO and Board

- Elevated position improves the ability to reach and engage high-level managers, and signals importance of program to employees and stakeholders.

Interaction with Business Units and Employees

- Three distinct structures (stand-alone, integrated, embedded) provide different levels of interaction with employees and business value.

Stand-alone Structure



- + Specialized skill set in role.
- + Sole focus and responsibility to implement initiatives and activities.
- Lack of organization-wide integration.
- Limited buy-in from employees.
- Funding challenges – focus on cost cutting, not business development.

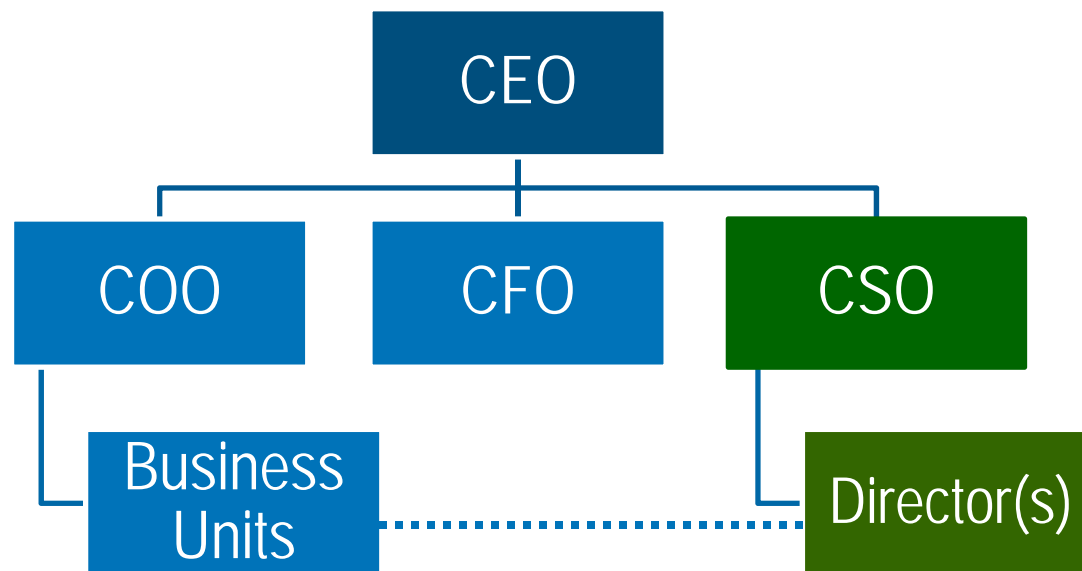
Stand-alone structure makes sense for firms new to sustainability; high level of “CSO” is important to engaging business units.

Program can be integrated through reporting relationship with business units



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Integrated Structure



- + Enables organization-wide integration.
- + Direct tie supports action at the business unit-level.
- + Encourages employee buy-in.
- Responsibility and accountability is dispersed.

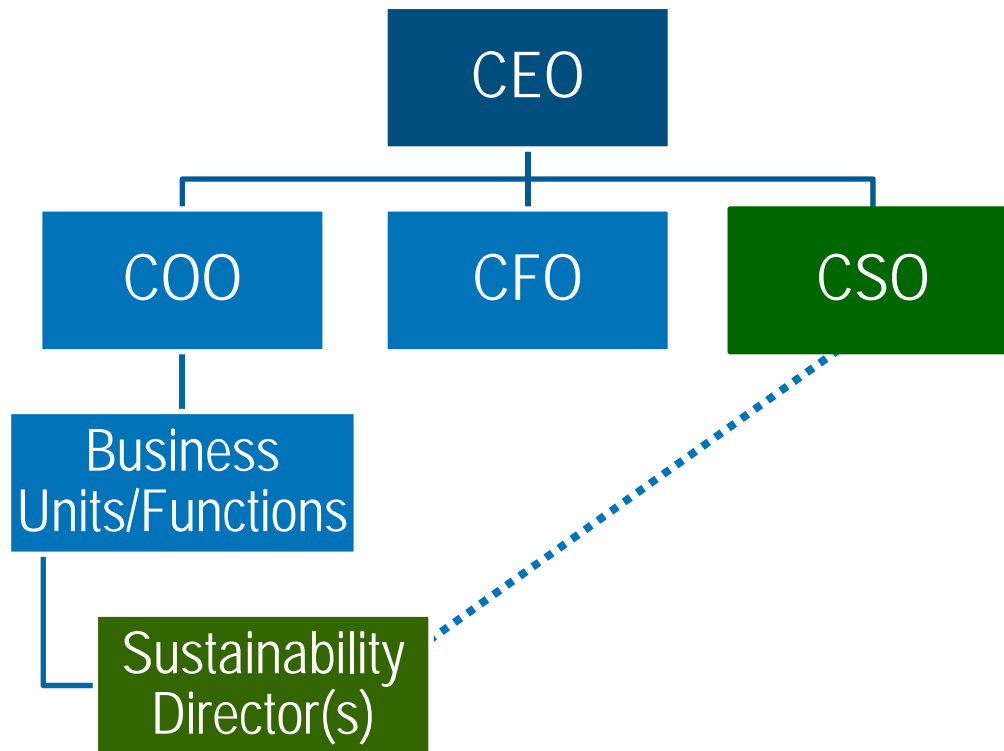
Integrated structure grants authority necessary for organization-wide integration; makes sense for programs focused on cost-cutting/efficiency.

Program can be embedded through dedicated role in each business unit/function



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Embedded Structure



- + Sustainability program able to drive business value.
- + Encourages significant buy-in from all employees.
- Coordination is a challenge.
- Efforts may be duplicated.

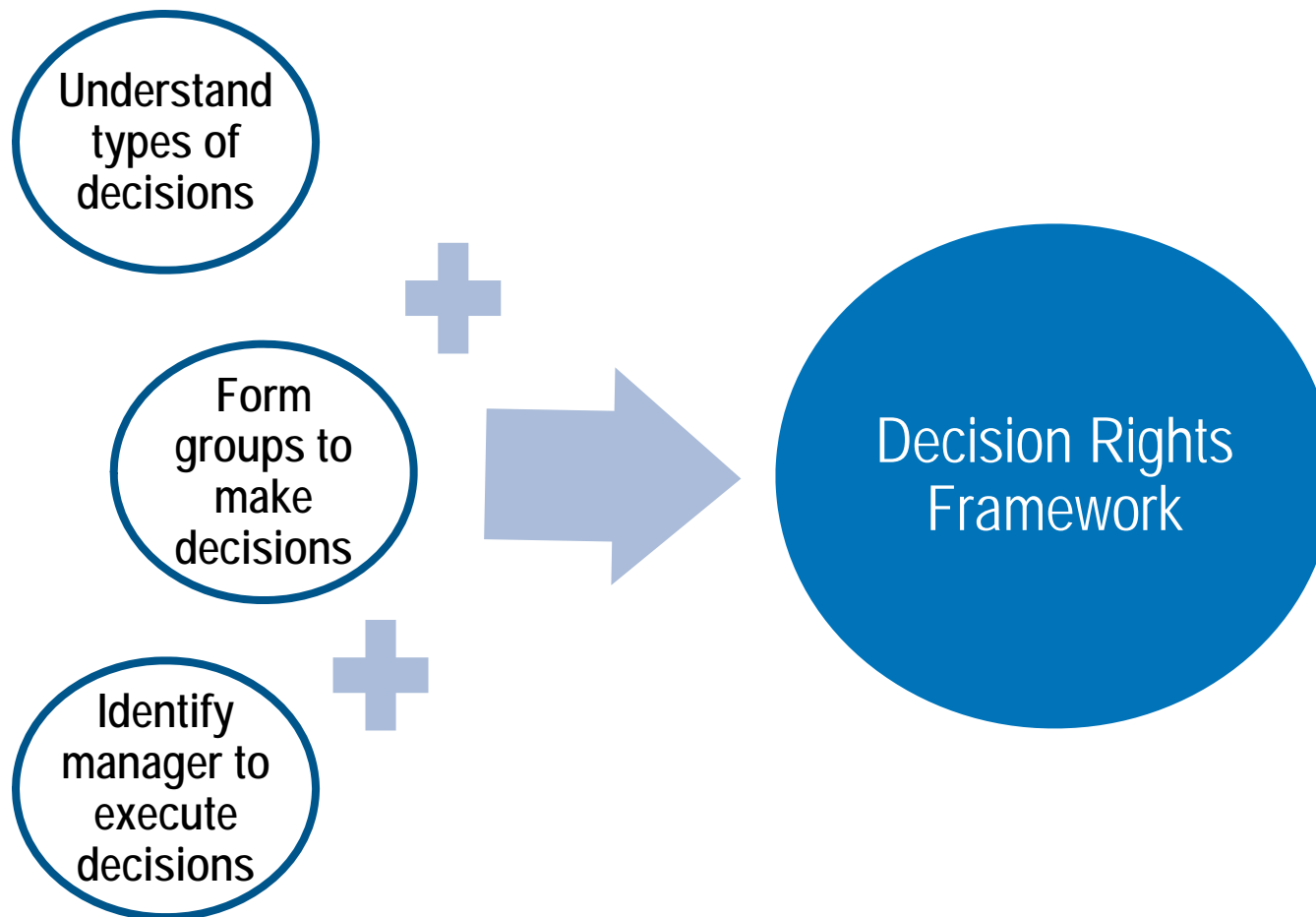
Embedded structure brings sustainability to core business; makes sense for “mature” organizations seeking revenue-generating opportunities.

Decision rights framework can help firms execute and communicate initiatives



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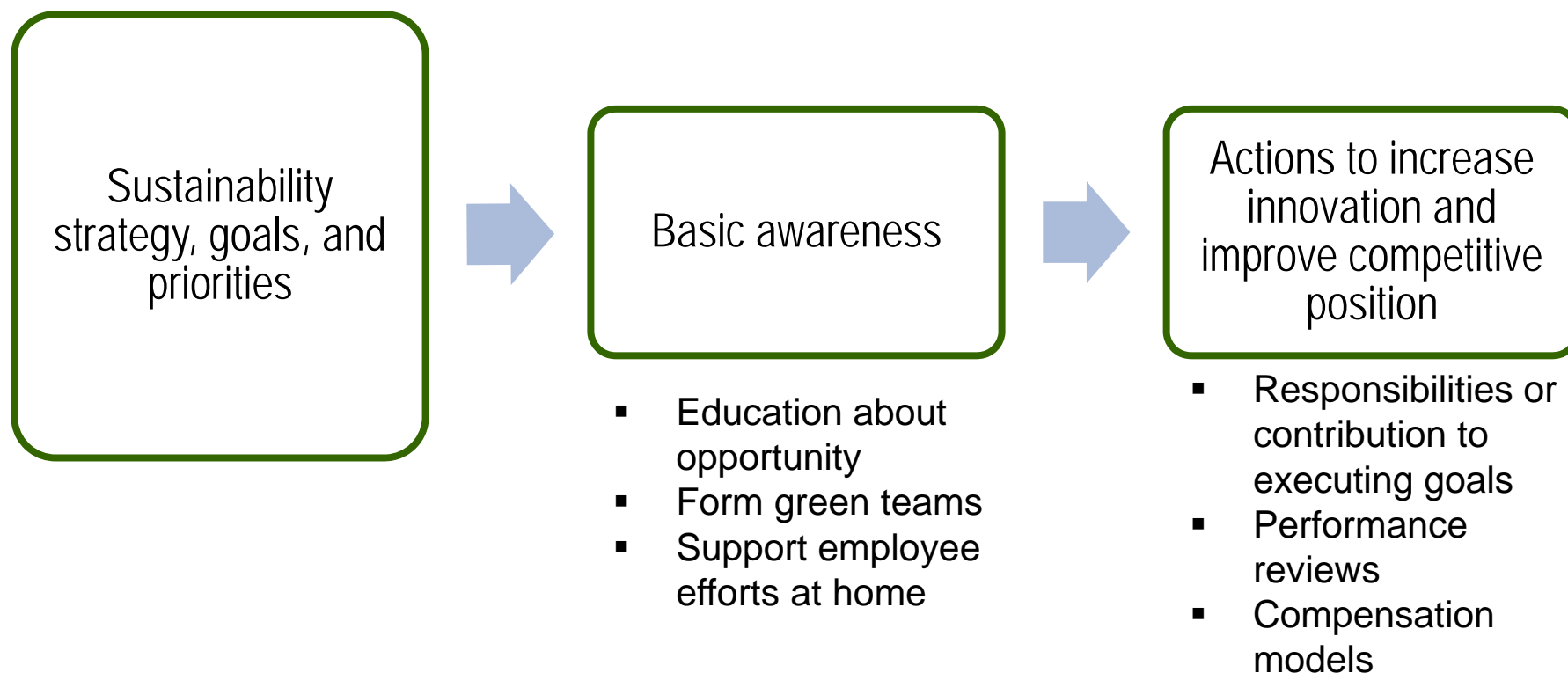
Sustainability initiatives often challenge well-established decision rights within an organization.



Sustainability performance must be integrated into day to day management and compensation



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Responsibilities, performance reviews, and compensation models (for all employees) must align with sustainability objectives to encourage and reward innovation.



Questions?

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- *Energizing Employees with Green Strategy*, Andrew Winston.
- *Organizing for corporate responsibility and sustainability*, Deloitte Consulting.
- *Should the C-Suite Have a "Green" Seat?*, Eric McNulty and Rupert Davis.
- *The Sustainability Imperative*, David Lubin and Daniel Esty.
- *Where Sustainability Lives: A Path to Integration and Innovation*, Kathee Rebernak.