



THE SIGMA GUIDELINES – CASE STUDIES

RMC

Using the SIGMA Management Framework



Using the SIGMA Management Framework

“SIGMA has helped us to innovate; to look 20 years ahead and understand how our business can develop and become increasingly sustainable and accountable. In the future we hope to be viewed not only as a sustainable building materials producer but also as a resource management business. This approach will present us with new commercial opportunities and we are already developing new activities based on this long-term view”

Tim Pinder, Environment Manager and lead on sustainable development issues.

Background to SIGMA and the case studies

The SIGMA Project – Sustainability: Integrated Guidelines for Management was launched in 1999 as a partnership between the British Standards Institution, Forum for the Future and AccountAbility. It is supported by the British Government, and advised by a multi-stakeholder Project Steering Group comprised of organisations such as Worldwide Fund for Nature, Association of Certified Chartered Accountants and the Confederation of British Industry. SIGMA seeks to provide clear practical advice to organisations that enables them to make a meaningful contribution to sustainable development, by improving their social economic and environmental performance. A full copy of the SIGMA Guidelines and further information about the project can be found at www.projectsigma.com.

This case study is one of a series. It reports on the progress and organisational learning of a diverse group of organisations from industry and local government who have trailed the guidance and tools contained in the SIGMA Guidelines for sustainable management.

About RMC

RMC Group p.l.c. is a leading international producer and supplier of materials, products and services essential to the construction industry. Its core products are aggregates, cement and it is the largest manufacturer of ready mixed concrete in the world. The Group has over 31,500 employees, operates in 27 countries, and its policy of both organic growth and acquisition has seen it become the world's fourth largest building materials group, by annual turnover. See <http://www.rmc-group.com/> for more information.

RMC UK Ltd (RMC) produces aggregates, concrete, cement and provides waste services. It is this organisation that piloted the SIGMA guidelines on behalf of RMC Group p.l.c.

RMC and Sustainability

RMC first produced a corporate environmental report in 1998 and a sustainable development report in 2001, updated the following year on the internet. A number of RMC operating companies such as Rugby Cement also report publicly on their environmental performance. The extractive nature of many of RMC's activities means

there is a strong emphasis on being responsible stewards of its landholdings, of exhibiting care and concern for the implications of its activities in the communities where it operates and to seek to limit, or eliminate, the detrimental impact of its activities.

Environmental and sustainability policy and strategy is determined by the Board but the day-to-day responsibility for its implementation is devolved to local operating businesses. These operate management systems based on an internally identified risk monitoring framework in place to help them to limit RMC's potential environmental impacts and enhance relationships with stakeholders.

RMC has a policy of openness and dialogue with all its stakeholders and has encouraged individual businesses to build effective communication channels with relevant stakeholders. More information on RMC's sustainable development work in the UK can be found at:

<http://www.rmc.co.uk/downloads/RMCUKSustainableDevelopmentReport2001.pdf>

SIGMA Pilot Project

The pilot project's objective was to develop and implement, a plan to integrate and enhance RMC's current sustainable development management approaches using SIGMA's four-phase Management Framework. The key element of this was to understand where and how enhancements could be made to existing management systems and approaches. The company has a very strong health and safety, quality and environmental management system culture with various systems applied across the group in line with local conditions and priorities.

One part of the pilot mapped the backwards compatibility of the SIGMA management framework to understand alignment to existing systems. During 2003 many RMC businesses are upgrading existing management systems to the ISO9000/2000 quality management system; in addition roughly 100 sites (out of 600) are already registered with the ISO14001 UK EMS, while two sites have EMAS registration. A culture change programme is supported and an integrated system (EQ) (Dual certification) certification is being introduced. Investors in People status has been awarded on some sites, but it is not co-ordinated. The UK operation is also currently undertaking GRI reporting -and a similar Group report is expected.

The focus for RMC during the pilot was on the first two stages of the SIGMA management framework: Leadership and Vision; and Planning (the other two being Delivery and Monitoring, Review and Report). In particular, as RMC continues to integrate sustainability considerations into its strategic approach, the management framework provided a way to draw together strategic and tactical initiatives and to understand how they contribute to the overall business strategy. Strengths, weaknesses relationships of existing initiatives became clearer and helped to focus planning activity.

Management and Outcomes

To facilitate the pilot project internally, RMC developed a matrix to assess just how aligned companies within the Group were with Group sustainable development policy. It has been used to compare company:

- sustainable development initiatives with business priorities, policies within RMC
- stakeholder dialogue activities with RMC projects
- sustainable development opportunities and risks and so enable the communication of how they fit to other initiatives. This has been further developed with an improved understanding of assessment criteria behind the matrix.

Besides the development of the matrix, at an operational level the pilot project has been used to trial the incorporation of new tools and topics into existing integrated management systems. Existing management systems were successfully used to deliver sustainable development improvements. To facilitate these improvements the following activities were carried out:

- Training sessions
- Key performance indicator development
- Reporting process - questionnaires, performance indicators, extra data, above and beyond that normally collected by management systems
- Management system development

Key Lessons

The key objective of using the SIGMA four-phase Management Framework to expose the strengths and weaknesses of RMC's approach to sustainable development was accomplished by the pilot study. RMC found the Management Framework helpful in providing a clear and simple structure for the Group's strategic sustainability work but, less helpful at the operational level where RMC used many different approaches. However, in this instance SIGMA's backwards compatibility and integrational approach offered RMC the chance of aligning this diversity. RMC were able to rely on the robust nature of SIGMA's Management Framework which is based on established sustainable development principles. This avoided the need to reinvent the wheel; saving time and money and aiding the integration with existing RMC sustainability structures.

Following the end of the pilot study RMC have continued to use SIGMA as a basis for its sustainable development management system. Progress has included: mapping further RMC elements onto the Guidelines; creating a management framework graphic, additional diagrams and using RMC's terminology to broaden the understanding of project. RMC see the pilot as just a beginning, SIGMA has provided RMC with direction for the long-term.

RMC Top Tips on Sustainable Development Management Systems

1. Alignment with existing management systems is essential
2. Time spent on a vision, mapping and future proofing is well repaid
3. Don't throw away existing systems
4. Don't try to implement all parts at once, consider prioritising
5. Avoid jargon at all costs
6. Stakeholder engagement processes need carefully planning
7. Choose company evangelists carefully to provide leadership (both senior managers and at operational level). Must have a high-level owner overall to provide the leadership
8. Ensure effective internal communication/workshops to get buy in

Duration of pilot project *October 2002 - April 2003*