



Cunningham Kearney
Consultants

Introduction to OPAS Organisational Performance Assessment for Sustainability



Cunningham Kearney Consultants Ltd

Head Office: Level 3, 160 Grafton Road, Auckland 1010
Post: PO Box 12858, Penrose 1642, New Zealand

Phone: +64 9 367 1805 Fax: +64 9 357 3561
Email: info@ckc.net.nz Web: www.ckc.net.nz

1. Introduction to OPAS

OPAS (Organisational Performance Assessment for Sustainability) is a management tool designed to help organisations make sense of sustainability and what it means to their business and operations.

It does this in three steps:

1. Indicates organisation's current level of response to sustainability;
2. Indicates where the organisation's level of response to sustainability should be; and
3. Provides a targeted action plan to bridge any gap between Steps 1 and 2

OPAS can be tailored to meet the needs of whole organisations, separate departments or even individual projects. OPAS provides the framework and necessary language to deal with complex issues like sustainability and allows organisations to benchmark their performance going forward.

OPAS has been developed from tried and tested frameworks used for assessing organisational responses to issues such as climate change, environmental management and economic development (see Appendix One for further background information).

Sustainability is far from a new concept but can be difficult to grasp for many New Zealand organisations taking it into consideration for the first time. For organisations with a more advanced approach to sustainability it's easy to get lost in the detail without a clear plan of where to go next. OPAS takes the guesswork out of the equation and provides a roadmap to building an economically sound, socially active and truly sustainable organisation.

What is sustainability?

Understanding of what sustainability actually is has become increasingly blurred in recent years with it being used in reference to anything from being 'green' to simply being able to pay the bills.

The most widely adopted definition of sustainability is "meeting the needs of the present generation without compromising the ability of future generations to meet their own needs."¹

In essence, it's about making smart use of resources to ensure we never run out and never do so much damage that our natural assets can't recover and become unusable. We don't have a limitless supply of resources and the environment has a limit to how much waste it can safely take. Beyond these limits we become unsustainable and that's exactly how we're living at present.

If we were to maintain the current rate of global consumption we'll require the equivalent of two planet earths to provide the necessary resources and capacity for handling the waste. We've only got one planet of course and the outcome of failing to restrain this level of consumption is decidedly unpleasant.

We're already seeing the consequences with soaring food and commodity prices, rapid species loss, polluted waterways and a changing climate. At its most basic level we're degrading the ability of the planet to sustain us and as our population continues to grow these problems are multiplied.

Society and the Economy are secondary to the need for a healthy Environment as they can't exist without one. We have reached a crucial moment in our collective journey where we need to find new and innovative ways to develop. We can't simply do more of the same - we need to do things differently.

¹ Report of the Brundtland Commission on sustainable development and the change in politics needed for achieving it, Oxford University Press 1987.

What does this mean for my business?

The problem with issues such as sustainability, climate change and the global economic crisis is that because they are happening on such a vast planetary scale it makes our own efforts seem relatively inconsequential.

This couldn't be further from the truth. Every organisation has an important role to play in building a more resilient world and the cause and effect of these global issues are manifest at the local level. Decisions made by your organisation today set the course for the foreseeable future and it's therefore vital that these decisions are made with the necessary understanding of how they relate to sustainability.

There is also great opportunity for those businesses that choose to take a lead on issues of sustainability. The way we operate is already changing due to shifts in government regulation, stakeholder pressure and market forces. Organisations that are able to quickly adapt to these changes will prosper, those that get left behind will struggle to survive.

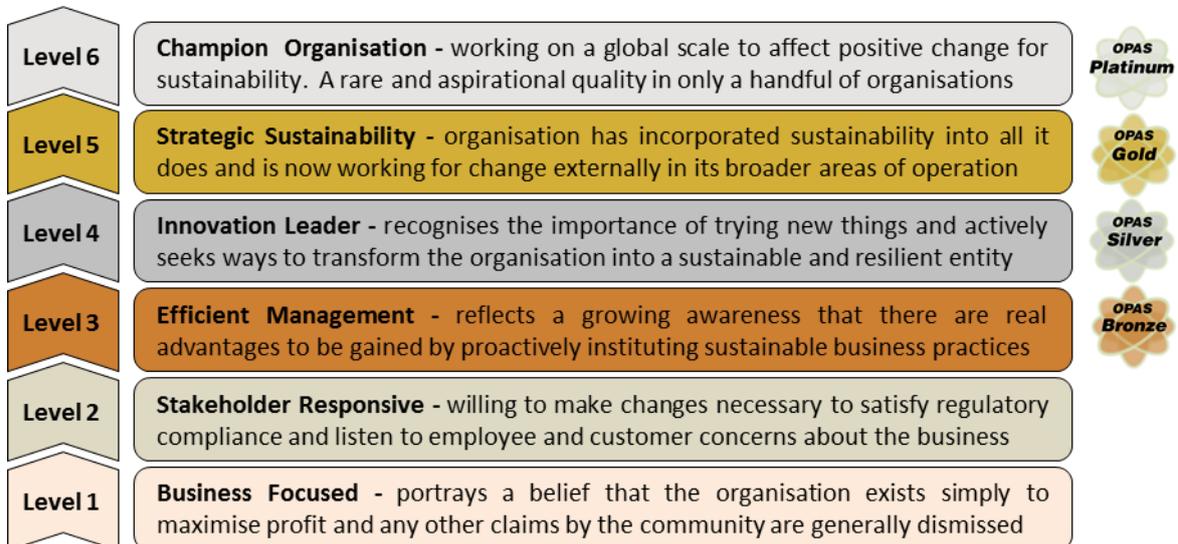
OPAS is designed to provide your business with the tools and knowledge to make informed decisions. Decisions that are not only good for the profitability of your business but also for the community in which you operate and the environment that supports us all.

How does OPAS help organisations improve performance on sustainability?

Responses to sustainability can be measured in set definable stages. OPAS identifies six levels of response, each of which builds on the understanding and actions acquired at the previous level. As an organisation progresses up the levels, their capacity to incorporate sustainability into their operations is increased.

As mentioned above, OPAS assesses organisations in three steps. The first is to determine where the organisation sits in their overall level of response to sustainability as outlined below.

The six levels of response:



The majority of New Zealand organisations are likely to be assessed at Level 1 or 2 when first starting out on a programme to improve their sustainability performance. At these levels sustainability is seen as more of a compliance issue rather than a future business risk or opportunity. Consistent performance at higher levels receives an annual OPAS accreditation.

The second step of the OPAS review is to assess at which level the organisation needs to be at. This is based on a number of factors including size of the organisation, the industry it operates in and aspirations for the future. A key indicator is the types of decisions an organisation

makes. For example, organisations that make decisions affecting longer term development projects, infrastructure or the wider community need to operate effectively at a high level, generally Level 5, Strategic Sustainability.

A small business that operates locally without great reliance on overseas supply chains might only need to be a Level 3 or 4. Once the target level has been identified we're able to conduct the third step in the OPAS framework which is to produce a targeted action plan for addressing any gaps in performance highlighted by the previous two steps.

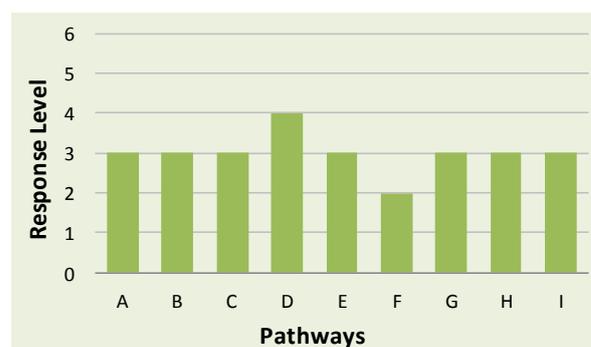
Targeting performance across the developmental pathways

The six response levels are just one part of the OPAS equation. A second dimension is added to assess how organisations perform across nine developmental pathways. The pathways have been selected to represent the key performance areas of an organisation and are based on a significant body of research into organisational behaviour. The pathways are:

- A. Awareness.** The grasp of what sustainability means for society, for the organisation and its mission, and for particular areas of responsibility, now and into the future.
- B. Agency.** The capacity to spot, prioritise and develop opportunities for meaningful and timely action on sustainability.
- C. Leadership.** The extent to which a formal leadership team has developed a strategic vision and engages with, supports and legitimises its implementation.
- D. Change Agents.** How an "ecosystem" or group of champions is identified, developed, empowered and supported so that they can be effective agents of change.
- E. Industry Engagement.** The capacity to participate in, learn from, and act in collaborative partnerships with internal and external groups.
- F. Learning.** The extent to which the organisation generates and responds to feedback from innovation, even on a small scale, and makes use of new information to improve procedures, strategies and guiding vision.
- G. Operations.** The embedding of procedures to get to grips with sustainability in a systematic way to ensure that intentions and policies turn into action.
- H. Programme Scope.** How far projects sit within a strategic programme of action suited to the scope of what the organisation is trying to achieve.
- I. Expertise.** Ability to identify, access and deploy the necessary technical intelligence and relevant data to make informed decisions and positive change.

Combined with the six response levels, the nine developmental pathways provide a useful tool to graphically illustrate how an organisation is performing. The response levels form a vertical axis and the pathways run along the horizontal to be represented in a simple chart such as the example given below.

Example OPAS performance chart:

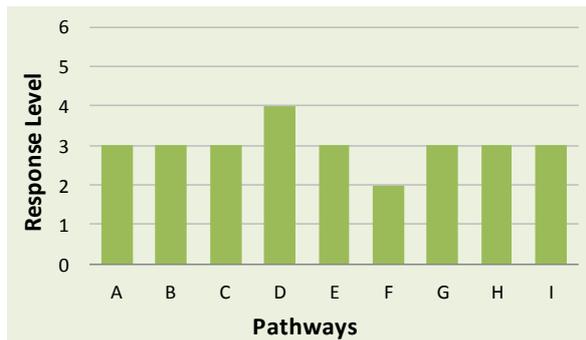


The pathways are interrelated and activity is required across all for an organisation to be sufficiently strong at any given response level (RL). Similarly, to move up from one level to the next, an improvement in performance is required across each of the pathways. If performance in any one pathway lags behind, it is likely to impair the overall response to sustainability.

In the example above, the organisation in question has been assessed to be predominantly solid at RL3, with one pathway (D) forging ahead to RL4 and another pathway (F) to be slightly lagging behind at RL2. This is a common pattern for organisations and is called a stable system. There are three patterns seen most often when using OPAS to assess organisations and each presents a different challenge when recommending an appropriate course of action. Examples are given below:

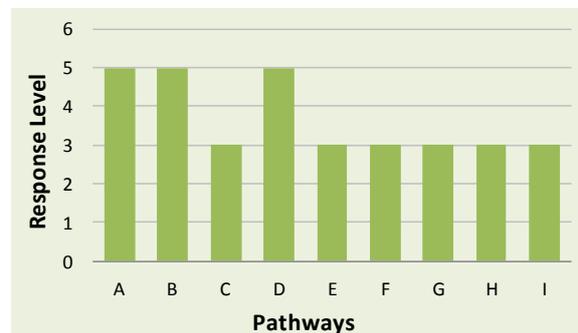
A stable system (Pattern A)

In this pattern, the pathways reinforce each other which indicates good, solid performance across the board but can also make instigating change a challenge. The task here is to unfreeze, change and consolidate. A way of doing this is to identify an opportunity for innovation on a project or working with a single department to break the mould and use the experience as a model to move forward on all pathways at the same time.



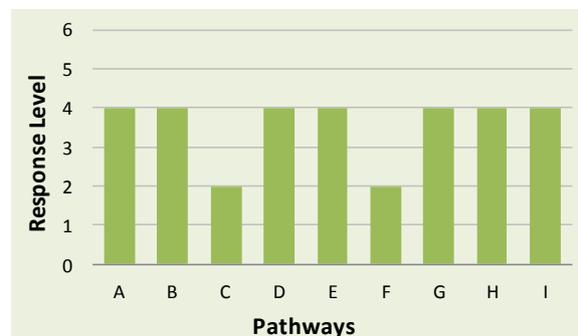
Some pathways forge ahead (Pattern B)

In this pattern, progress along some pathways is significantly more advanced than others. This is an indicator of some great work being done but there is a danger of it becoming isolated and at risk of failure without the support of the other pathways. In this instance a typical course of action is to protect the leading pathways and use them as the guide and inspiration for improving progress across the others.



Some lagging pathways (Pattern C)

In this pattern, one or two pathways are found to be lagging behind the others. Lagging pathways act as a brake on overall progress and the payoffs from improving them are likely to be high. In this situation it's imperative to focus efforts on getting the lagging pathways up to speed before expending more time and effort on trying to improve the leading pathways. Once these areas have been addressed overall progress is free to move, often with a significant boost in the level of organisational performance.



The goal of each OPAS assessment is to determine where your organisation sits on this chart. This enables us to tailor the most appropriate course of action to improve performance on sustainability and build business resilience.

Appendix One - Background to OPAS

The OPAS framework is based on a significant body of work carried out by researchers and practitioners over the past few decades.

In particular, a methodology for benchmarking adaptive capacity to climate change was produced as part of the ESPACE (European Spatial Planning: Adapting to Climate Events) extension programme conducted in 2007/2008.

The framework developed as part of this project made use of an important piece of work presented by Dexter Dunphy, Andrew Griffiths and Suzanne Benn in their text on *Organisational Change for Corporate Sustainability* (2003). The six response levels we use to highlight the various stages of organisational response were adapted from this work for use on ESPACE and subsequently for the OPAS tool.

The nine developmental pathways were also identified and described in the framework used for ESPACE and their interrelationship is based on a branch of organisational research known as Complementarities Theory. The source for much of the work here was taken from *Innovative Forms of Organizing: An International Perspective* (2004) edited by Andrew Pettigrew and Richard Whittington.

Complementarities Theory suggests that the key to unlocking successful innovation lies not in piecemeal change but by developing a number of related factors at the same time. Furthermore, it stipulates that focusing on performance in only one area, without attention to other key components, risks disrupting a system that could be working well to the eventual detriment of overall performance.

Put more positively, by identifying necessary actions across a range of key performance areas (the nine pathways in OPAS), significant positive change can be created and sustained indefinitely.

Following ESPACE, the lead contributors to the framework, Alexander Ballard Ltd, further developed the tool which came to be known as PACT. Whilst primarily focused on the issue of climate change, PACT has also proved to be powerful in providing insights to the overall sustainability of organisations. The PACT framework has been used extensively in the UK and Europe to assess both private and public sector organisations and was used as the key measurement tool on the government led UK2012 Climate Change Risk Assessment for assessing the adaptive capacity of UK businesses.

The development of OPAS takes this underlying framework in a new direction and focuses the assessment criteria on the broader question of sustainability. Climate change is an important issue for New Zealand businesses and remains a core component of the OPAS assessment. We have found that to be most effective for New Zealand businesses we also need to consider issues such as water quality, environmental degradation, community involvement and energy efficiency.

We've also found that New Zealand businesses are generally at a lower level of progression towards sustainability than many of their counterparts overseas. This is due in part to our isolation from overseas ideas and less pressure from central government to make significant strides in this area. Many New Zealand organisations are new to sustainability and require help in finding out what it means to them and how they should begin to incorporate it.

OPAS has been designed to meet the needs of organisations at all levels of response to sustainability, from those just starting on the journey to industry leaders looking to go further. The tool also learns from the experiences and activities of each organisation that makes use of it and the goal is to use this method of research in action to steadily improve the sustainability of New Zealand business and the country as a whole.

Appendix Two – Key Personnel Profiles

Tim Cunningham

Tim is a founding director of Cunningham Kearney Consultants (CKC) and brings over 20 years of business experience encompassing corporate strategy, sustainability, finance and communications.

His career began in business development with a highly successful New Zealand forestry investment firm and continued in the UK (2001 to 2010) with work in financial services and consulting on sustainable business and climate change. During this time Tim successfully launched and completed numerous projects requiring a breadth of strategic development skills with roles encompassing Investment Management, Marketing, Sustainable Business Strategy and Compliance.

In 2007, Tim graduated from Bath University with an MSc in Responsibility and Business Practice. The Bath MSc is viewed as a world leading programme on sustainable business and corporate responsibility and Tim was awarded a distinction for his work on sustainable innovation. Tim also holds a BCA in Management from Victoria University of Wellington (2001) and is currently completing a Post Graduate Diploma in Environmental Management from Massey University.

For the past seven years Tim has focused his attention on strategies for sustainable business. He has contributed to work on building adaptive capacity to climate change in the UK utilities sector and has presented on sustainable innovation and climate change to a range of audiences from the United Nations Development Programme to the UK ACCA Accountants Network.

He worked with Hampshire County Council on developing a programme for learning and responding to the impacts of climate change. He helped develop a world leading management tool for assessing organisational responses to climate change and was the communications lead for the Defra funded UK2012 Climate Change Risk Assessment. His international experience includes work on sustainability in Europe, North America and Australasia.

Tim returned home in the latter half of 2010 with a determination to help New Zealand businesses strive towards sustainability. He worked with Fonterra to develop a suite of sustainability and environmental communications and contributed to the communications plan for the newly amalgamated Auckland Council.

In 2011 he cofounded CKC with Shaun Kearney to offer sustainability services to a broad range of New Zealand businesses from SMEs to large corporations and public sector organisations. He has been instrumental in the development of OPAS (Organisational Performance Assessment for Sustainability) which is a management tool used to build business capacity towards sustainability.

Tim's passion for sustainability is underpinned by a firm belief that solutions to many of the issues we face can be found by employing sound business practice. Helping organisations recognise that the protection of our environmental assets is fundamental to supporting a strong economy and vibrant society is a core component to his work with CKC.

Shaun Kearney

Shaun is a founding Director of CKC and specialises in business development, corporate governance and strategic management. Shaun excels working in analytical roles with an emphasis on results and innovative solutions.

Shaun is a Director and Trustee for several different organisations in the Auckland Region as well as a consultant. Shaun has experience as treasurer for lobbyist committees and has experience consulting to several of New Zealand's largest telecommunications, construction, engineering, and land development firms as well as involvement with local and central government bodies.

He also acts as both an advocate and mediator in a range of dispute and conflict resolution situations. Shaun has successfully managed and contributed to a large variety of complex projects in which his insight and analytical skills have been crucial to overall success.

Shaun is a member of the Management Institute of New Zealand, the New Zealand Institute of Directors, the Resource Management Law Association, and is an affiliate of the New Zealand Institute of Chartered Accountants. He works actively with local business associations, community groups and organisations as a passionate supporter of community projects assisting in their management and operations. Shaun has a degree majoring in Ethics from the University of Auckland and has completed a Diploma in Business.

In 2011 Shaun cofounded CKC with Tim Cunningham in order to offer sustainable business solutions and advice to the New Zealand public and private sectors. Shaun emphasises sustainability as a business and ethical principle that's a source of both financial and social value when incorporated correctly into an organisation's strategy.

Many organisations already recognise the causal link between their financial and non-financial performance, particularly in the public and customer focussed arenas. An organisation's performance in sustainability not only measures their efficient use of resources but is also a measure linking to customer confidence.

Shaun strongly advocates that developing leading sustainable industry and business practices in New Zealand is essential to a successful future in the competitive global market. Shaun has assisted in the development of OPAS (Organisational Performance Assessment for Sustainability) as a management tool used to build business capacity towards sustainability.

OPAS is an effective tool used to guide individual business practices and also aimed at raising industry standards overall. Businesses that use and implement OPAS recommendations can be assured that they will carve a clear and distinctive competitive advantage as they move towards becoming an industry leader.