

Mission: Possible

Environmental management is about finding real-world solutions to real-world problems

With its economy expanding at an average of nearly 11 percent a year in the 1960s, Japan overtook West Germany and became the world's number two industrial power after the United States in 1968. But economic success came at a price: Japan's cities were blanketed in choking smog and its rivers were polluted with industrial effluent. In one notorious case, thousands of people were poisoned through eating fish contaminated by the mercury that a chemical company had been dumping into the sea over decades.

Japan's current generation of business leaders were only young men back in the 1960s and 70s, but their first-hand experience of pollution has given them an acute sense of the damage that irresponsible corporate activity has caused in the past—and may cause in the future through global warming. That's not to say, of course, that Japan is the only country where rapid industrialization ever extracted an environmental toll. As globalization marches on, other countries are repeating the Japanese experience. The 1992 Earth Summit and the 1997 Kyoto World Conference on Climate Change were coordinated attempts by the global community to balance the conflicting demands of economic growth and environmental conservation.

Named and Shamed

Not coincidentally, 1997 was also the year that the *Nikkei Shimbun*, a Japanese business newspaper, started to publish a survey ranking companies according to their environmental management level. In the first survey, office equipment manufacturer Ricoh was horrified to find itself way down in 116th place. The result was even more shocking given that Ricoh had established an environmental department back in 1976. "I knew we weren't that bad," says Kiyoshi Sakai, head of R&D. "We were doing all the right things, but there wasn't the awareness among managers or employees. No one had bothered to collect the data properly."

The company swiftly established a central department to collate information on the firm's various environmental initiatives. When the second *Nikkei* survey came out in 1998, Ricoh rocketed up to

the number one slot and has never been out of the top six since. It is not only in Japan that the company's commitment to sustainability has been recognized. Germany's Oekom Research ranks Ricoh top in the Corporate Responsibility: Information Technology category, while in the U.S. the firm won the 2003 WEC (World Environment Center) Gold Medal. In Europe, meanwhile, Ricoh boasts the highest market share for copiers—and Europe, remember, is the most environmentally demanding marketplace in the world.

No Dogma, Please

Ricoh defines environmental management as "the maximization of profits with the minimization of environmental impact." Sakai provides a simple example: Ricoh copiers go into energy-saving stand-by mode when not in use. A copier on stand-by consumes almost no electricity and so provides a twofold benefit: lower bills for the customer, and less burning of fossil fuels at the power station.

Ricoh prides itself on its pragmatic, down-to-earth approach. According to Sakai, excessive idealism can be counter-productive. "We're living in the real world," he says. "Be too dogmatic and you end up rejecting partial solutions and getting nowhere. For us, any method that reduces environmental impact is legitimate. It's results that count."

The "Comet Circle" and "3P's Balance" are concept maps that Sakai's team created to provoke employees into looking at environmental problems from every possible angle. If a copier cannot be recycled in its entirety, then why not disassemble it and recycle the individual components? If some components cannot be reused as they are, what about recycling them in the form of raw materials?

Despite this emphasis on pragmatism, Ricoh's standards are high. Asked to name a conspicuous failure in his environmental program, Sakai puzzlingly cites a copier made 100 percent from recycled parts. He elaborates: "We don't see a product like that—which is environment-friendly but not profitable—as a success. We're running a business here, not a charity. We need to turn our recy-



Kiyoshi Sakai, Ricoh's Head of Research and Development

cling division into a profit centre like any other." Ricoh has been equally tough on itself when it comes to compliance with the Kyoto Protocol, setting its worldwide targets for greenhouse gas reduction at double the required level.

All for One and One for All

Grass-roots participation has played a key role in transforming the company. Ricoh was one of the first Japanese companies to issue an environmental report in 1998. The document duly grabbed the attention of investors and customers, but the actual process of compiling it had an unexpected side-effect: employees' interest in environmental issues was galvanized and they were inspired to take part in projects like the recent worldwide "zero waste to landfill" drive. Now when the president announces he wants to achieve the best sustainable environmental management in the world, it's easy for Ricoh employees to relate his message to their own experience.

Back in the days of Japan's breakneck growth, the foreign media liked to characterize the Japanese as "economic animals." Sakai still bristles at the memory. The Japanese, he maintains, have higher aims than just getting rich. They want to be respected for being good global citizens who contribute to worldwide prosperity. Ricoh seems to be managing to do precisely that. Respect.

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