

УСТОЙЧИВОЕ РАЗВИТИЕ И ПРОЕКТЫ

Первый организационный стандарт устойчивого развития управления проектами P5. Особенности управления и внедрения

Sustainability in Project Management. Governance and Integration of the P5 Standard

DOI: 10.12737/18807

Получено: 11 октября 2015 г. / Одобрено: 15 ноября 2015 г. / Опубликовано: 17 марта 2016 г.

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Аннотация

В 2012 г. на конференции Организации Объединенных Наций по устойчивому развитию «Рио+20» все внимание было сфокусировано на устойчивом развитии, которое зависит от государственного и частного секторов, эффективно использующих механизмы, поддерживающие продвижение инициатив в области устойчивого развития, принимая во внимание важность корпоративной социальной ответственности (Рио, 2012).

Цели развития тысячелетия Организации Объединенных Наций, которые должны быть достигнуты к 2015 г., сменяются целями развития на период после 2015 г., которые должны определить приоритеты и стратегии для следующей эпохи.

Сфера управления проектами имеет в настоящий момент уникальную возможность. Данная статья освещает ключевые вопросы интеграции стандарта устойчивого развития управления проектами *GPM P5 Standard for People, Planet, Profit, Project Products and Processes*.

P5 предлагает сопоставительный анализ по всей отрасли и существенно помогает организациям продемонстрировать их участие в устойчивом развитии, позволяя заинтересованным сторонам лучше понять вклад организации в устойчивое развитие.

Ключевые слова: устойчивое развитие, управление проектами, устойчивое управление проектами, «зеленое» управление проектами, сертификация в области устойчивого управления проектами.

Abstract

In 2012, The Rio+20 United Nations Conference on Sustainable Development centered on the notion that sustainable development is dependent upon both public and private sectors being fully engaged by leveraging frameworks that support the advancement of sustainable development initiatives, taking into account the importance of corporate social responsibility (Rio, 2012).

With the United Nations Millennium Development Goals set to expire in 2015, giving way to the Post-2015 Engagement Architecture, a framework that is expected to establish priorities and strategies for the next era.

Project management is uniquely positioned to drive these efforts through both governance and use. This paper focuses on the key integration points for sustainability to project governance and methods using the GPM P5 Standard for People, Planet, Profit, Project Products and Processes.

P5 provides for useful benchmarking across industry and fundamentally helps organizations demonstrate the reality of their commitment to sustainability by allowing stakeholders to better understand the organization's contribution to sustainable development.

Keywords: sustainable development, project management, sustainable project management, green project management, certification in green project management.

Introduction

Extreme Weather, Melting of the icecaps, and rising sea levels are topics that frequent the news, social media, and conversation. According to the US Environmental Protection Agency, scientists have pieced together thousand of years of the earth's climate history and environmental problems prior to the industrial revolution in the 1700s can be explained by natural causes while warming since the mid 20th century cannot be. (US EPA, 2014)

While there is no quick fix, there are lessons that we can learn from our past to ensure that our today and our children's tomorrow is not compromised beyond repair.

Organizations are increasing the importance of sustainability as a survey conducted by Accenture with the support of the UN Global Compact of 1000 CEOs from 27 industries across 103 countries concluded with 93%

regarding sustainability as the key to success. (Accenture, 2013) This same study uncovered that:

- 68% of CEOs do not believe the global economy is on track to meet the demands of a growing population
- 67% report that business is not making sufficient efforts to address global sustainability challenges
- 62% believe they cannot quantify the value of their sustainability initiatives
- 37% see the lack of a link to business value as a barrier to accelerating progress

The United Nations Post-2015 Engagement Architecture (UNGC, 2013) outlines the core functions necessary to for corporate sustainability to play a positive role in sustainable development and provides the foundation for sustainability reporting standards such as the Global Reporting Initiative's G4 Framework.

The challenge to project management, the discipline that's sole purpose is to manage and deliver change, is that our current working practices do not readily align with this new architecture or reporting framework and therefore our collective inability to drive global change as active contributors to the achievement of sustainable development goals means that we are not in line with the needs of society or the direction that the global economy is moving in.

This paper aims to outline a concrete method to align project management with the architecture and the Glob-

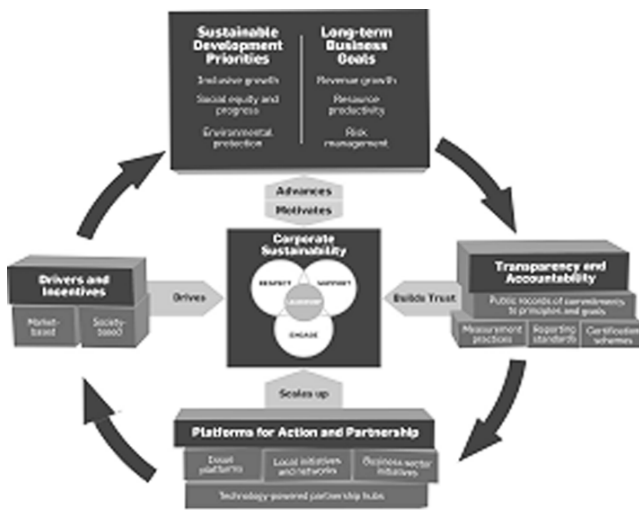


Fig. 1. The Post 2015 Engagement Architecture and Sustainability Reporting

al Reporting Initiative's G4 Framework for sustainability reporting to enable projects to be measured and managed in ways that directly correlate to sustainable development goals.

In order to align governance and delivery of portfolios, programs and projects to sustainability objectives it is we must first understand how the UN's Engagement Architecture functions. Below are four of the key building blocks that are illustrated in figure 1 (UNGC, 2013) that will serve as the framework to drive sustainability initiatives in organizations worldwide.

1. **Sustainable Development Priorities / Long Term Business Goals** — the opportunity to advance sustainable development goals is strong motivation for business to integrate sustainability into strategies and operations. These motivators drive long-term business strategy as the understanding of the growing convergence of public and private interests.
2. **Transparency and Accountability** — as more companies increase their sustainability reporting efforts, the need

to compile thorough and legible records becomes critical.

3. **Platforms for Action and Partnership** — In order for corporate sustainability to have the impacts on a global scale that is necessary, collaborative platforms such as the UN Global Compact, Global Reporting Initiative, World Business Council for Sustainable Development, World Economic Forum, and Business for Social Responsibility must be supported and work in collaboration with a shared objective.
4. **Drivers and Incentives** — a growing driver for corporate sustainability can be found within each market the company operates. Stakeholder, investors, employees and consumers are demanding more sustainable solutions.

The four core blocks are the framework that supports an organization's ability to identify, prevent, mitigate and account for any negative impacts it may have on society and the environment by incorporating these principles into corporate strategy and then reported on.

Sustainability reporting is increasingly becoming the key platform for communicating organizational, economic, environmental, social and governance performance, reflecting positive and negative impacts. A Governance & Accountability Institute study found 72% of the top 500 companies ranked by Standard & Poor issued a report on their social responsibility and sustainability initiatives in 2013 up from 53% in 2012 and 20% in 2011 (GA, 2014).

As of June 25th, 2014, 6,321 organizations having submitted over 15,234 reports to the Global Reporting Initiative alone (GRI, 2014).

In sustainability reports, information related to an organization's product/service impacts to society and the environment are an ongoing challenge. In the GRI G4 Reporting Framework, there are five aspects in relation to products that are required (G4, 2013).

1. Customer Health and Safety
2. Product and Service Labeling
3. Marketing Communications
4. Customer Privacy
5. Compliance

Presenting to the European Chamber of Commerce in Beijing, Timothy Hui, Head of Focal Point GRI for China stated that the volume of reporting is increasing which is positive, however so is the volume of information in each report. Information is submitted on topics such as employee health and safety programs to carbon emission reduction goals to philan-

thropy initiatives (T. Hui, Presentation, May 27th, 2014). These are all worthwhile topics however they are operationally focused and the emphasis needs to focus on what the organization produces from a product and service perspective.

What is Material for Sustainability Reporting?

Materiality in the context of the GRI G4 reporting framework include topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large as shown in figure 2 below.

Influence on Stakeholder Assessments and Decisions	Medium to High Materiality	Very High Materiality
	No or Low Materiality	Medium to High Materiality

Significance of Economic, Environmental, and Social Impacts

Fig. 2. Materiality Matrix based on GRI G4

The threshold for defining material topics to report should be set to identify those opportunities and risks which are most important to stakeholders, the economy, environment, and society, or the reporting organization, and therefore merit particular focus in a sustainability report (GRI, 2013).

In this context, project management processes and their resulting products are material, as they do not live solely within the confines of the environment in which they were intended. Project impacts on society and the environment in which they are utilized must be accounted for as a measure of project success (GPM, 2014) as well as a factor for sustainability reporting.

Bringing Project Management into Focus

The GPM P5 Standard for Sustainability in Project Management takes into consideration the product’s life cycle from a social, environmental, and economic perspective. According to the standard, during each project phase sustainability should be accounted for to ensure the project’s product from the time the idea is conceived until it is handed off in its final form, including planning,

product realization, designing and developing production, and servicing (GPM, 2014).

The standard outlines an impact analysis that is conducted during project initiation with incremental updates throughout the project life cycle to define and prioritize sustainability risks and opportunities in order to improve a project’s value; the impact to the environment, society and economy as well as the project’s alignment organizational strategy.

The comparison chart below shows the project elements that P5 measures from a process efficiency and maturity & product lifespan and servicing standpoint to the topics from the GRI G4 framework and the mapping of both to the UN Global Compact’s Ten Principles (UNGC, 2013).

The placement of X in the matrix (Figure 3) are areas of sustainability reporting that can be strengthened by including project-based information as suggested in the P5 Standard.

The Project Environment and Governance

Figure 4 below is a diagram view of project management concepts and their relationships (ISO, 2012). It depicts benefits derived from operations being realized by organizational strategy and originating as an opportunity that is carried out in the project environment in accordance with project governance, the framework by which a project organization is directed and controlled.

Project Governance commonly is responsible for defining the policies, processes and methodologies to be practiced as well as reporting, which can include:

- Managing and maintaining the project methodology
- Setting up and providing training and competence development
- Ensuring that Resources are balanced appropriately among projects
- Providing recommendations on project governance
- Offering support to project owner/project board
- Overall administration in support of projects (tools, software, templates etc.)
- Maintaining Project Documents and archives
- Providing insight/consult to organizational leadership
- Providing information to increase overall organizational knowledge
- Ensuring that projects are in alignment with current organizational strategy

For sustainability to be woven into the fabric of project governance, its prioritization must be driven from

GPM P5 Elements			GRI G4 Topic Alignment	UN Global Compact Ten Principles
Economic	Return on Investment	Benefit Cost Ratio Direct financial Benefits Earned Rate of Return Net Present Value	Economic Performance X X X X	
	Business Agility	Flexibility/ Optionality in the Project Increased business flexibility	X Market Presence	
	Economic Stimulation	Local Economic Impact Indirect Benefits	X Indirect Economic Impacts	
Environmental	Transport	Local Procurement Digital Communication Traveling Transport	Procurement Practices X X X Transport	Businesses should encourage the development and diffusion of environmentally friendly technologies
	Water	Water Consumption Water Displacement Water Table impact (Quality/Quantity)	Water X X X	Businesses should undertake initiatives to promote greater environmental responsibility
	Energy	Energy Used Materials Clean Energy Return Emission / Co2 from Energy Used	Energy X X Emissions	Businesses should support a precautionary approach to environmental challenges
	Waste	Recycling Disposal Reusability Incorporated energy Waste	X X X X X	Undertake initiatives to promote greater environmental responsibility
Social	Labor Practices and Decent Work	Employment Labor/ Management Relations Health and Safety Training and Education Organizational Learning Diversity and Equal Opportunity Trained Professional Emigration	Employment Labor / Management Relations Occupational Health and Safety Training and Education X Diversity and Equal Opportunity X	Businesses should uphold the elimination of all forms of forced and compulsory labour
	Human Rights	Non-Discrimination	Equal Remuneration for Men and Women	Businesses should uphold the elimination of discrimination in respect of employment and occupation
		Freedom of Association	Freedom of Association and Collective Bargaining	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
		Child Labor	Child Labor	Businesses should uphold the effective abolition of child labour
		Forced and Compulsory Labor	Forced and Compulsory Labor	Businesses should make sure they are not complicit in human rights abuses
	Society and Customers	Community Support Public Policy/ Compliance Customer Health and Safety Products and Services Labeling Job/Unemployment Market Communications and Advertising Cultural Impact Customer Privacy	Local Communities Compliance Customer Health and Safety Products and Services Labeling X Market Communications X Customer Privacy	
Ethical Behavior	Investment and Procurement Practices Bribery and Corruption Anti-Competition Behavior	Supplier Environmental Assessments Anti-Corruption Anti-Competition Behavior	Businesses should support and respect the protection of internationally proclaimed human rights. Businesses should work against corruption in all its forms, including extortion and bribery.	

Fig. 3. P5 GRI and UNGC Matrix (See larger view on page 8)

the top (Organizational Strategy). Once the support of from executive management is given to the project organization, with the understanding that integrating sustainability into project governance is not only the right thing to do from an ethical perspective, but also the best thing to do from an efficiency and profitability standpoint, corporate sustainability that typically remains isolated from core business activities will flow naturally with project and sustainable benefits realization having been measured from the time the project is conceived, as an idea, to when it starts to provide economic value to the organization.

Benefits Realization in Comparison

Benefits derived from a project are realized by organizational leadership, as outlined in Figure 4, who make use of the deliverables in alignment with organizational strategy, most commonly for economic value. Figure 5 below shows the comparison between benefits realization with and without project sustainability integration.

According to the P5 Standard, utilizing the sustainability matrix for risk assessments (a.k.a. P5 Impact Analysis), A P5 impact analysis is performed during the initiation phase of a project in order to define and prioritize sustainability risks and oppor-

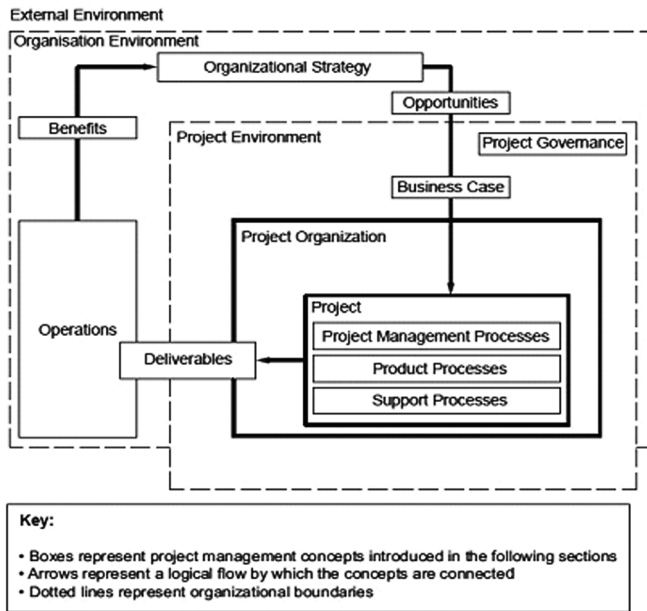


Fig. 4. Overview of project management concepts and their relationships

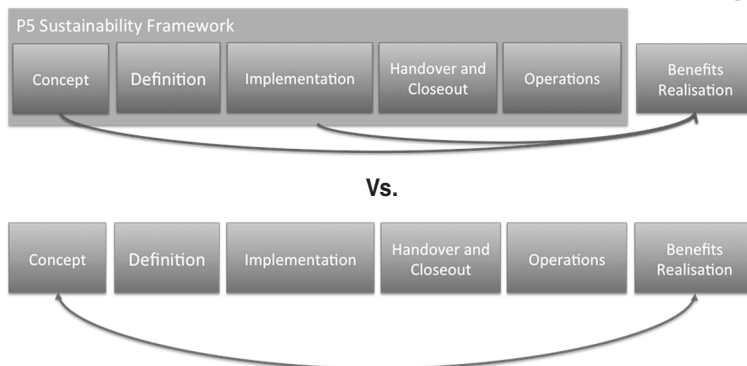


Fig. 5. Benefits Realization Model

tunities from a 360 degree standpoint to improve the project’s value; the impact to the environment, society and economy and alignment to the organization’s strategy.

The outputs give stakeholders the information they require to justify changes to the project scope so they can address social and environmental impacts that otherwise may have gone unnoticed.

By ensuring that project processes and deliverables are measured and scored for sustainability with ties to continuous improvement models adds benefit that would normally not be accounted for including but not limited to:

- competitive advantage;
- higher brand positioning;
- increased employee satisfaction;
- alignment with organizational sustainability initiatives/goals;

- risk responsiveness and aversion;
- global Reporting Initiative reporting standards & UN Post 2015 Engagement Architecture reporting alignment and reporting;
- alignment with ISO 14000 Series Environmental Management Standards;
- alignment with ISO 50001 Energy Management;
- alignment with ISO 26000 Corporate Social Responsibility;
- increased efficiency of process and increased organizational maturity.

Summary and Conclusions

This Paper introduced the UN Post-2015 Engagement Architecture for sustainable development and the framework that drives sustainability reporting, the GRI G4. It also outlines key areas that are inadequate that the discipline of project management, with a few enhancements, could strengthen.

Given the expected steady rise of climate change, regulatory pressure, changing consumer attitudes and buying behaviors, sustainable business strategy is expected to play an even greater role going forward with 93% of CEOs stating that sustainability is a key business driver.

Once companies are better equipped for sustainability reporting by aligning project governance and delivery with organizational strategy and goals for sustainable development, they will be able to provide complete cradle to cradle metrics on how sustainable the products and services they are producing are as well as the processes that brought them into existence.

We also introduced that:

- 68% of CEOs do not believe the global economy is on track to meet the demands of a growing population
- 67% report that business is not making sufficient efforts to address global sustainability challenges
- 62% believe they cannot quantify the value of their sustainability initiatives
- 63% do not see the lack of a link to business value as a barrier to accelerating progress

If the majority of these CEOs are unable to quantify the value of initiatives that are already in place are not going to stop progress because they believe the global economy is not on track to meet the demands of a growing population, are not doing enough to address global sustainability issues; then it is critical to seek out opportunities to meet demands, make the efforts, and provide a link to business value.

The Project Management Institute’s Pulse of the Profession Report (PMI, 2013) states projects and programs drive change in organizations. When they fail, organizations lose money and market share, and they become less likely to execute their strategies and squander competitive advantage.

Project management is uniquely positioned to bolster the sustainable value chain, by supplying quantifiable information on products and services that current reports are lacking and using frameworks such as the P5 Standard, and it is possible to evolve the discipline collectively to deliver positive change on a global scale.

GPM P5 Elements			GRI G4 Topic Alignment	UN Global Compact Ten Principles
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	Business Agility	Flexibility/ Optionality in the Project Increased business flexibility	X Market Presence	
	Economic Stimulation	Local Economic Impact Indirect Benefits	X Indirect Economic Impacts	
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Fig. 3. Expanded (from page 4)

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