

Richer

«Measurable, fair, objective and pragmatic»

Dr Werner Sohn is founder and director of the company Richer. Measurable, fair, objective and pragmatic – these are the criteria with which the top-flight manager, who worked for a leading transport and logistics enterprise until recently, wants to test service providers on their sustainable development track record. Dr Sohn explained his method to ITJ editor-in-chief Tim-Oliver Frische.

Dr Sohn, you want to approach the topic of sustainability from a completely new angle. Please tell our readers more about it.

Sustainability has now become a buzzword – almost every company has something to say about it. However, if you take a closer look and start researching the subject, you realise that there are a great number of inconsistencies about it. Sustainability is a political issue, and the current debate is driven more by hype than by solid facts. I have studied the sustainability reports of major companies, particularly from the logistics and transport industry, the big players as well as the medium-sized companies. I have also discovered that if you want to assess which company really delivers a sustainable performance in the relevant categories of employees, economy, environment and social commitment, you are overwhelmed by a plethora of individual pieces of information that are incredibly difficult to evaluate and compare. And this is something we definitely have to change.

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So, my first idea was to create something like a «product test of sustainability». Applied to the logistics industry, which is in the services sector and thus doesn't produce a physical end product, we wanted to examine the way in which logistics companies deal with their employees, how much impact they have on the environment and how much time and effort they invest in social issues. Such an evaluation of the current state of affairs is more than overdue for the logistics industry.



Photo: Andreas Haug

Dr Werner Sohn, the managing director of the German company Richer, and **Tim-Oliver Frische**, the ITJ's publishing director, met in nature to analyse some of the overflowing information on the subject of sustainability.

Measure sustainability? Do people still do that nowadays?

This question leads us to standard measuring tools, such as Dow Jones' sustainability index. These are rating institutes which choose the world's really big players that are quoted on the stock exchange, study their sustainability reports, provide a subjective assessment of their performance in this field and also publish evaluations on the organisation of the company and its plans for the future.

All this sounds good and reasonable to a certain degree, but it has major drawbacks. It is subjective, only refers to the big players and contains assessments that are not necessarily based on figures, data or facts, but rather on editors' or employ-

ees' estimates of these institutes. This was when I realised that something was missing. Investors, the key target group of Dow Jones' sustainability index, aren't the only ones who want to be on the ball on this subject. An interested public, and well-qualified employees would also like to gain clear and comprehensive information on the efforts made by companies – small and large – to deliver a sustainable performance. And with my long years of experience in the field of benchmarking I took up the challenge.

And what was the result?

I decided to draw up a catalogue of criteria for these four categories, that is to say criteria that can be scaled and measured.

Because only by taking measurements can you actually compare big companies with medium-sized companies in a way that enables you to make a statement such as: measured by its overall capacity, this company has reached this level of sustainable development.

In other words, you measure the performance in relation to the overall capacity of a company. And I also avoid including projections into the future in my evaluation, as for example «we have so many plans. We have created 23 new projects. And everything will be fine.» You will not find such words in my index. I only include what the company has actually achieved in the past year. A very simple but rigorous approach.

«The issue of sustainability has been on the social agenda for a long time, but our method and our measurability are comparatively new.»

The last point in this list – besides fair (scalable) and objective (based on figures, data and facts, no subjective assessments by rating agencies) – is pragmatic, which means that I've drawn up a clearly-defined catalogue of criteria by which companies must be measured if they want to take part in the evaluation. This catalogue requires information, most of which a well-managed company should have in its files already. I therefore provide a clear-cut plan.

What about false pretences in this context? For example, a company submits a sustainability report that is deliberately vague or confusing in order to create a subjectively better impression of its performance than what actually happened? Have you come across any such instances during your research?

Dr Werner Sohn

Werner Sohn has held various management positions in the logistics and transport industry for 20 years. He worked for Lufthansa Cargo, Danzas and DHL, amongst others. His focus was and remains on process optimisation, performance management and benchmarking. These skills enable him to provide highly practical inputs into the global projects he works on. One of these involved running the setting up of efficient shared service centres in Asia and the USA.

I would rather not comment on that, precisely because I do not want to be subjective and give value judgments. On the contrary, the purpose of the index I have developed is to allow the figures to speak for themselves. Anyone who looks at the figures and the relative performance of the company concerned can see whether it is good or bad in terms of sustainability and how well its performance correlates with the company's marketing campaigns. My index makes that quite clear.

Let me put the question another way: What reactions do you get when you arrive at the door with your questionnaire?

That's a good point. Just think about how many companies publish sustainability reports of their own accord. The Fraunhofer Institute recently conducted a study of this in the internet, to assess which transport and logistics companies published an appreciable amount of information on sustainability.

Of the 150 companies surveyed, about 50 published such data. So, 30% of these companies take a proactive stance and make this type of information open to the public. The rest either makes no comment at all, or remains vague, and makes, to put it in bald terms, wishy-washy statements such as «the employee is our most important asset» or «we minimise the use of resources in order to reduce our impact on the environment.» These are just empty, common-place statements, which are of little use and show only a general attitude rather than a real performance.

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How long is your questionnaire?

It contains about 70 criteria. I can give you some illustrative examples. In the category employees, for example, we look at the areas of training, further training, women's quotas, age diversity, but also at the difference between the salaries of managers and those of employees.

So the index addresses issues that are part of the political debate today. The employee component is weighted most heavily in the index. That's why we collabo-

rate with Personalunion (see box below). In the category environment we analyse emissions, as well as the measures taken to compensate for inevitable emissions. However, as in the other categories, it is the scale that is important. How many percent of its revenue does the company invest in this field? That is the way the index works.

What are your next steps, how do you intend to propagate the index?

The issue of sustainability has been on the social agenda for a long time, but the method with which we treat the topic and our measurability, fairness, objectivity and pragmatism are comparatively new.

We will therefore contact the companies directly, in order to fill in the catalogue of criteria with them as accurately as possible. This will give us a ranking, and the companies will receive a fair evaluation of where they currently stand. And I would like to launch the project in the field I know best, the transport and logistics industry.

Dr Sohn, thank you very much for your time.

www.richer-world.com

Personalunion



Personalunion is a personnel and consultancy firm founded by Uwe Borowy in Hamburg in 1997. Its core expertise lies in recruiting top executives and highly-qualified up-and-coming young management professionals for the transport and logistics industry and for companies in the public transport sector. Personalunion's worldwide customers include both small and medium-sized enterprises as well as international corporations. Over and above these jobs, the consultancy provides answers to questions that may arise in the process of making acquisitions or entering into mergers, purchasing a stake, finding a successor and in carrying out outplacement tasks. Personalunion supports the idea of a sustainability index and will open doors in the transport and logistics industry to further the project.