

Nortel has a 'triple bottom line'

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by Cameron Smith

There always comes a juncture when the legacies of the past and the promise of the future struggle for dominance. As this century closes, we are in the midst of such a juncture. This time, the legacy of the past is the way decisions have been made. It's a way that has resulted in corrosive global trends -- continuing poverty, global warming, population growth, ozone depletion.

The promise is that of the information age and its ability to deliver to everyone, anywhere, the means to succeed and prosper.

The big question is whether we can, in this new era, shed the legacy of the past and be less destructive.

Standing at a key point within this juncture is a Canadian company, Northern Telecom Ltd. (Nortel), which is headquartered in Brampton. It's on the cutting edge of new information technologies, a major presence in the information age. And it wants to change the way things have been done. But, so far, it hasn't figured out how reorganize itself to achieve that.

Don't get me wrong. This is not a column about failure; Nortel has had many successes. It is a column about the difficulty of making changes that are fundamental.

Nortel is big. It has 73,000 employees, it operates in 150 countries, and last year it earned \$15.2 billion (U.S.) and had a before-tax profit of about \$800 million (U.S.).

Its commitment to the environment has transformed manufacturing procedures in the telecommunications industry. First, it eliminated the use of chlorofluorocarbons (CFCs) in 1991. Then, it built the world's first telephone with lead-free circuit boards. And now it has found an alternative to chrome used for protecting metal from corrosion, which contained hexavalent chromium, a cancer-causing agent,

Nortel manufactures communications equipment and advanced digital networks, and creates software for communication systems. Its annual research budget runs around 14 per cent of its earnings, which amounted last year to a prodigious \$2.15 billion (U.S.).

However, cleaning up manufacturing processes, and doing all the other things that Nortel undertakes -- such as embedding environmental criteria in all its design guidelines, and minimizing the environmental impact of its products throughout their life cycle -- does not mean that the company is practising sustainability.

That requires it to create a framework for decision making, including how the management structure is fashioned, which ensures there is an integrated and consistent approach to meeting economic, environmental, and social needs.

But to create such a framework, Nortel has to define what sustainability means for it. Nortel has been working on a definition for a year, and so far it has not reached internal agreement on what it should be.

There is broad agreement, however, on some stepping stones to a definition. For instance, Nortel accepts that as a global company, it should confront global issues that are central to sustainability. And it recognizes that it could play a significant role in alleviating poverty, improving health, and restoring the environment.

Nortel has already ventured into these fields. It has designed systems for long-distance medical diagnosis in Brazil and China, involving transmission of X-rays and magnetic resonance tests, and the holding of face-to-face discussions with patients. It has volunteered equipment and expertise to train inner city youth in Washington. And it has transmitted professional training to remote areas of Malaysia.

These projects, together with eliminating CFCs and developing the lead-free telephone and the chrome replacement, are examples of Nortel realizing what Virginia Snyder calls a "triple bottom line" -- earning a profit, protecting the environment, and improving social conditions. She is Nortel's vice-president of corporate environmental services, and is based in Richardson, Texas.

Far more important than producing green products, she says, is having green thinking.

Sustainability is a process, a journey toward harmony, not a destination. Green thinking is where the journey starts.