





Building the Future

As chief safety and sustainability officer for Carillion, **David Picton** is adding £40 million to the bottom line by ensuring a profitable—and lasting—green legacy takes shape.

BY SARAH FISTER GALE
PORTRAITS BY JON ENOCH

SOME EXECUTIVES

spend their entire careers knowing exactly what kind of legacy they want to build. That was David Picton—until his career took a sharp turn.

For nearly 30 years, Mr. Picton built a name for himself in logistics and supply chain management, working for the British Royal Air Force, Motorola and U.K. entertainment media company Sky. Then he joined Carillion, a £5.2 billion British multinational integrated support services firm. He signed on as supply chain director in 2012, but one year later everything changed when Carillion's executive team asked him to join their ranks as chief sustainability officer (CSO). It seemed like a natural fit because the company's goals—which go far beyond going green for goodwill—were so directly tied to supply chain management and industry partnerships.

Suddenly, Mr. Picton was responsible for contributing £40 million to Carillion's bottom line by the start of the next decade. The strategy aggregates all sustainability efforts across Carillion's 48,500-employee operation, which includes offices and projects throughout the United Kingdom, the Middle East and Canada. And the company was serious about its strategy: In 2011, even before Mr. Picton arrived, Carillion created a 2020 Sustainability Strategy for achieving measurable targets at all operational levels. It is driven by six outcome categories:

1. Enabling low-carbon economies
2. Protecting the environment
3. Supporting sustainable communities
4. Providing better prospects for employees
5. Leading the industry
6. Building a successful business

Executives at the launch of Carillion's 16th annual sustainability report, in May 2016



Each category includes ambitious targets, such as reducing the amount of water used and waste generated on a project and sourcing materials from local suppliers, as well as employee education targets, such as establishing apprenticeship programs and setting goals for volunteer hours in the community.

"Businesses without visionary engagement, inspiring stories, responsible compliance or public trust are businesses without competitive futures," he says. "For Carillion, sustainability is how we shape our future, how we add value and how our people create even more inspiring stories for a better tomorrow."

Before Mr. Picton could begin his reign over Carillion's sustainability efforts, however, he needed to get up to speed on the subject.

"There was simply so much to know in such a vast area of expertise, views, opinions



PHOTO COURTESY OF CARILLION

and knowledge,” he says. To ramp up, he read as much as he could about business strategies; attended relevant discussion groups, events and presentations; and talked to employees throughout the company about how Carillion’s priorities impacted their roles. “I learned quickly and soon had the key priorities clear in my head.”

Mr. Picton also spent time thinking about what his own legacy would look like. The beginnings of Carillion’s sustainability strategy had already taken root prior to him ascending into the CSO role in 2013, and it had a clear business focus that people generally understood and rallied behind. “I recognized that I didn’t have to ‘sweep a new broom’ across everything and stamp my mark on it, just for the sake of change,” he says.

So Mr. Picton decided to focus his efforts

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—David Picton, chief safety and sustainability officer, Carillion

A man with a beard and glasses, wearing a dark suit jacket over a striped shirt, stands with his arms crossed on a wide set of stone steps. In the background is a large, dark brick building with several windows. The scene is lit with warm, golden-hour light. A thin blue rectangular box highlights a portion of the stone steps on the right side of the image.

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3 Questions With David Picton

1. How do you stay on top of the latest industry trends?

Networking events, daily news feeds and strong links with trusted think-tank partners.

2. What is the best piece of advice you have ever received?

A slower day is not coming, so live for today or this week. You never want to turn around one day and regret something you didn't say to someone or do with your life. That's my motto—and my Twitter synopsis.

3. How do you take your mind off work?

Mostly just being with my two teenage girls and my wife. They are my rocks and my reasons.

where they really count—on the bottom line and on inspiring people to engage with sustainability.

Breaking From the Pack

Carillion is hardly the first company to make bold claims about charting a new and sustainable path forward. Over the past 15 years, most large organizations have adopted similar goals at some level. According to KPMG's 2015 Survey of Corporate Responsibility Reporting, 92 percent of the largest 250 companies in the world publish corporate responsibility reports, and nearly 3 in 5 of the world's largest 100 companies include corporate responsibility data in their financial reports.

The growing popularity of sustainability as a business driver has been both a help and a hindrance to Mr. Picton's efforts. On the positive side, it has made it easier to engage stakeholders in achieving the company's vision outcome goals, find cost-effective materials and solutions, and connect with partners who help the company measure its impact and set new stretch goals.

But the fact that so many companies now claim to be pursuing such initiatives has diluted the concept. "There is a lot of criticism levied at the sustainability space right now," he says. "People say it's greenwashing or just another 'nice to have' program."

That has put pressure on Mr. Picton to deliver groundbreaking results. He has had to ensure that every declaration the company makes about its accomplishments is provable and linked to the company's financial performance. To avoid getting bogged down in arguments about the cost-benefits of individual initiatives, Mr. Picton implemented strict outcome goals that are measured monthly. These have helped the company achieve many of those goals ahead of the 2020 vision schedule, including a 37 percent reduction in operational water use since 2012, a 95 percent diversion of waste from landfills and a 34 percent carbon footprint reduction. The company also now spends 55 percent of its supply chain spend on local suppliers.

What makes these accomplishments particularly impactful is that Mr. Picton can translate them into specific financial benefits. Carillion's annual sustainability report includes a financial metric called "profit contribution through sustainability strategy" that links the company's endeavors to bottom-line results. It breaks out specific savings related to individual initiatives, such as costs avoided by diverting waste from

landfills, using less water, reusing materials and implementing innovative technologies. In 2016, the company attributed £36.1 million in savings to its sustainability programs, surpassing its target of £34 million for the year and making progress toward its 2020 cost-savings goal.

Savings are being achieved across Carillion's footprint. For example, the company saved £212,000 by reusing materials on project sites in the Middle East and North Africa in 2015. "Being an international company means having a strategy that's flexible enough to allow for regional adaptation and relevance," Mr. Picton says. "It also gives us a chance to share some really clever and often simple ideas across three continents."

To confirm all targeted practices are being followed on each of the company's construction and services projects, Carillion includes a carbon-reduction plan and a community-needs plan in all of its operations. Mr. Picton and his team then audit projects at key milestones and calculate annual savings. "The audit process is how we can be sure our expectations are being met," he says.

Mr. Picton acknowledges the company does not always achieve each and every goal. "In cases where we haven't met our targets, we engage people to focus on that activity and then work toward it over the following year," he says. For example, Carillion set a 2015 goal of having 22 percent of employees participate in volunteering, but only reached 18 percent. So leadership worked with multiple business units to identify more volunteer opportunities and barriers to participation. In 2016, the company achieved 30 percent, exceeding its goal.

This has become a differentiator for Carillion in winning work, because it shows clients how the company can do the right

£36.1
million

The amount Carillion's sustainability program contributed to the bottom line in 2016

34%

Reduction in Carillion's carbon footprint since 2011

37%

Carillion's reduction in operational water use since 2012



Carillion's sustainability report launch in May 2016

thing while benefiting financially, Carillion CEO Richard Howson has said. "Responsible business generates trust in Carillion, helps to win more work, protects the environment and creates long-term benefit where we live and work."

A Team Effort

Along with those benefits, many of Carillion's initiatives stemming from its 2020 strategy help make the business and its brand more resilient. For example, the company's apprenticeship program and paid work program targeting hard-to-reach community groups have established a strong pipeline of talent in an industry facing a talent crisis. (The U.K. Construction Industry Training Board has reported the industry needs to fill 232,000 new jobs by 2021, yet there is a huge lack of qualified applicants.)

"If we are to develop and maintain tomorrow's buildings and infrastructure, we must act today to ensure the next generation of tradespeople are suitably skilled, prepared and conscious of their impacts," Mr. Picton says. "It is another way that doing the right thing is good for business."

And because the executive team and board of directors see sustainable practices

as the best foundation on which to build a profitable business, they have been invested supporters of Mr. Picton's efforts from the start. "We know there is a sound business case for integrating sustainability into everything we do, and we believe that being a champion for sustainability is vital to the long-term success of our business," Mr. Howson said in a company sustainability report.

Mr. Picton meets with Mr. Howson and board Chairman Philip Green on a regular basis to review goals to date and discuss future projects. He briefs them on accomplishments for the month, and they brainstorm solutions when targets are missed. "It's not just about ticking a box for them," Mr. Picton says. "This matters to them on a personal level in terms of the ambition they have for our people and for our future business. If I had to fight the leadership team to get all of this done, it would have been much harder."

Mr. Picton has also built relationships with a number of nonprofit organizations to help Carillion define the best path forward, identify best practices and be sure its measurements are relevant. "If you are trying to build a legacy around sustainability, collaboration is so important," Mr. Picton says. "You always achieve more together than you do alone."

Some of the company's partners include the World Wildlife Fund, which helped Carillion establish its timber sourcing policy, and the CDP (formerly the Carbon Disclosure Project), which guided the organization in benchmarking its efforts to reduce its projects' carbon footprints and pursue eco-building design strategies in the Middle East.

But of course Mr. Picton does not have free rein to implement every tool or project that inspires him. When his team identifies a new strategy, such as using solar panels to power job sites, they have to build a business case, run a pilot and measure results—just like any other business unit. And that is a good thing, Mr. Picton says. "Asking if something is really the best way to spend our resources is in itself an act of sustainability."

Four years into his executive role, Mr. Picton feels like he has already created a lasting legacy for the company—one that is continuing to grow. In March, Mr. Picton also ascended to the company's chief safety role. His expanding C-suite vantage point has transformed his mindset as a leader, he says. "Fifteen years ago, my legacy was all about what I wanted to do. Now I think about how to help my people achieve their goals. It underpins everything I do." **IQ**

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