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ABOUT THE AUTHORS

KRISTINA TURILOVA

Deputy Manager for the Russia Cleaner Production Program since 2009, is a task leader for the IFC Foundry Benchmarking Study. She works with real sector and subnational clients in Russia, Ukraine, and the Europe and Central Asia (ECA) region, promoting and implementing resource efficiency. Kristina joined IFC five years ago with the Sustainable Energy Finance Program, managing relationships with several financial institutions in Russia introducing energy efficiency finance.

MARIA SIGUTINA

Operations Analyst for the Russia Cleaner Production Program, joined IFC two years ago. Among her responsibilities are stakeholder communications and development of communications strategies for the program. Maria is an operational architect of the strategic communications approach for the IFC Foundry Benchmarking Study.

APPROVING MANAGERS

Yana Gorbatenko, Manager, Russia Cleaner Production Program

Ilya Sverdlov, Senior Communications Officer, Central and Eastern Europe (CEU) region

SmartLessons

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The Fight for Minds: Applying Strategic Communications to Achieve a Sectoral Transformation

How can IFC advisory teams—with limited numbers and budgets—trigger actions among multiple players to bring about an impact that reaches the scale of a country or a sector? The IFC Russia Cleaner Production Program encountered that question when initiating a benchmarking study of the ferrous foundry sector in Russia. We knew that no agent of change is more powerful than an idea. The key is to get the idea firmly planted in the hearts and minds of the participants, who then will act on it and achieve the desired impact. To engage the whole sector in converting to resource-efficiency practices, we had to approach communications strategically. Our objective: root the use of benchmarking in the minds of sector decision makers—and engage multiple stakeholders we did not have direct access to and convince them to participate in the study. This SmartLesson outlines our three keys to effective strategic communications, which can apply to any Advisory Services (AS) program with a similarly ambitious target of changing the mindset of stakeholders.

Background

In April 2008, IFC established the Russia Cleaner Production Program to stimulate investment in cleaner production and to promote best practices and policies in Russia. In September 2009, the program launched resource-efficiency benchmarking of Russian ferrous foundries (see Box 1).

Challenges

In conducting the study, we faced challenges in motivating and engaging stakeholders—challenges that are familiar to most AS teams:

- **Putting global knowledge into local perspective.** The IFC role and additionality are to introduce ideas and instruments

Box 1: About the Russia Foundry Benchmarking Study

The goal of the study was to use benchmarking of resource-efficiency performance levels to help industry players measure themselves against their peers, identify the gaps in best-practice levels, and use that information to reduce the gaps.

The study revealed that by matching European standards, Russia's iron and steel foundry industry (the fourth-largest in the world by volume) could save up to \$3.3 billion annually and reduce carbon dioxide emissions by 4.5 million tons a year.

Russian foundries use over 3 times more energy, 160 times more water, nearly 4 times more sand, and 14 percent more metal per ton of good ferrous castings product than European foundries use; and the average production volume per Russian employee is nearly 4 times lower than in the European Union (EU).

If Russian foundries were able to match the efficiency of the best-performing EU plants, the energy saved would be sufficient to power a typical Russian city of 1.5 million people. Also, by matching EU standards in water efficiency, Russia would save enough water to supply 3.5 million residents.



Inefficient Russian equipment contrasted with a modern furnace (right) used in European foundries.

that did not exist before locally. At the individual level new ideas are difficult to absorb; a change at the sector level requires a multitude of individuals to change their minds.

- **A diverse target audience.** The target audience for AS interventions is commonly a large group of small and medium enterprises or a foundry sector that combines hundreds of companies that operate under varying conditions and are run differently. How do you reach such a group in a meaningful and efficient way?
- **Achieving scale.** In any country or sector there are pioneers who can pick up the IFC idea fast, but the greater portion of the target group is inert. How do you achieve scale when it is not possible to meet and persuade every individual?

We found that there are three important aspects of framing AS strategic communications to effect a change in behavior: 1) inception of an idea; 2) coalition building; and 3) choice of communication instruments.

Lessons Learned

1) To instill an idea, make it resonate in managers' minds—with what they already know.

We often hear from companies: *Our circumstances are different. What works somewhere else might not be right for us. We are unique—you cannot compare us with others.*

Managers have difficulty understanding how sectoral gains and a big IFC idea can be applied to their own business. IFC operates within an impact matrix of billions of dollars in savings or millions of tons of greenhouse gases avoided. Sectoral gains of billions of dollars from resource efficiency do not resonate with a manager of a company that operates within a significantly smaller realm.

To bridge this gap, you need to frame an IFC vision in way that it will become obvious and resonate with a manager. Below are some desired responses—and ways to get them:

- **"This study is useful for companies like mine."**—Describe the kind of company the IFC initiative is designed for. Articulate it in a way that helps a company see itself within the definition. For example, for foundry benchmarking we clearly mentioned that the study covers iron and steel and that we will compare only similar elements (for instance, casting for pumps will not be compared with casting for engines).
- **"This really works."**—To establish trust in the idea, show practical examples of where it has worked. We used examples of oil and gas and other industries applying resource-efficiency benchmarking successfully.
- **"I will be able to act on it."**—Very often, decision makers lack time to dig into technical details. We helped foundry plants' decision makers see the link between benchmarking and prioritizing—how comparison via benchmarking can help them prioritize their investment against gains from improving benchmarked performance. The response was immediate. Many decision makers embraced the concept and made it their "own" idea.

"My resources are scarce. I do want to improve my plant performance, but I should be really strategic in where I put them. I will make my staff be part of your benchmarking, as in this way I will get a factual picture of where I should focus more and can improve more spending less."

—General Director of a plant employing thousands of employees

Throughout our benchmarking study we managed to attract 55 agents of change who put their strong buy-in into practice and participated in the benchmarking.

2) To scale up from one to reach multiples, build a coalition.

When launching the benchmarking study, our assumption was that we would reach the target audience via industrial associations. Well, that assumption failed; associations turned out to be weak and represented the interests of specific vendors. We faced a real challenge: how to engage our target audience, who never heard of IFC

before and were, frankly, quite reluctant to listen to a financial organization talk about the foundry business.

We realized that IFC should not speak alone, but rather should involve local players who will spread the message. To put this approach into practice, we took the following steps:

- **Establish solid credibility for IFC to talk about the particular business or area.** First, the AS team educated themselves about the sector and conducted a survey of the industry to identify its concerns and interests. We ran the results of this analysis by our IFC global industrial specialists to frame the concept of the benchmarking study. In addition, we hired one of the most reputable foundry engineering companies to develop a solid methodology and support for IFC stakeholder engagement.
- **Position IFC as an independent and trustworthy counterpart.** Activities such as benchmarking run into the very sensitive issue of nondisclosure of information. IFC's assurance that no individual data will be disclosed has been a powerful message and an argument for participation within the industry.
- **Create a coalition.** Establish a consultative body for your initiative that will comprise reputable and influential companies and individuals within the industry. Use this group to test hypotheses, receive feedback, and spread the word across the industry. In our case we established an advisory board of over 20 members who are personally respected in the industry and manage well-known foundry plants.
- **Build on professionals' motivation for mastery and desire for recognition.** Professionals want to learn new things related to their profession. We positioned the advisory board for the benchmarking study as a club of professionals speaking on behalf of the sector—a lure that's hard for any professional to resist. Participation on the advisory board was voluntary, and members spent a significant amount of their own time providing feedback to IFC and participating in the process.
- **Provide a platform for the grassroots exchange of knowledge and ideas.** It is easier to deal with new and unusual information when you are not alone. Regular dialogue, transparency, and encouragement of

feedback are key factors in coalition building. As much as possible, avoid a "teaching and preaching" style that gives the impression of IFC cascading down knowledge. We found that the following measures work well to encourage an open, collegial exchange of information:

- Bimonthly meetings of the advisory board;
- Online consultation process on key stages: methodology, data collection, interpretation of results;
- Biweekly e-mails to keep everyone in the loop; and
- Workshops with smaller groups interested in specific topics.

3) To stick in peoples' hearts, your message must use the right language, visualize, relate to your audience, and be delivered appropriately.

To be captivating, a message must be simple but substantive, clear, and easy to grasp. We spent almost two months coming up with this simple formula for framing our messages:

- **Make the language right.** In English, the IFC intervention is self-explanatory: "cleaner production benchmarking study." In translation, most of the words are not comprehensible to the Russian audience. For example:

Benchmarking as a term has no equivalent in Russian. So we excluded it from our discourse and replaced it with "comparative study of efficiency potential" to emphasize the resource-efficiency aspect of the study and its comparative nature. This was language our target audience understood and bought into easily.

Cleaner production and environmental issues have poor a record in Russian managers' minds, because they are associated with charges and state ecological inspections that involve burdensome compliance procedures. In fact, the terms "environment" and "climate change" are not popular in Russia among managers due to their political connotations. Our solution was to replace



Russian foundry inefficiencies: preparing metal for melting, pouring sand into the form, and finishing the casting.

those terms with “resource efficiency,” which a Russian managerial audience associates with modernization and operational improvements.

Sustainability does not have an adequate equivalent in the Russian language.

- **Visualize.** Visualization of key messages is a powerful tool. We effectively communicated the potential for improvements by showing “before” and “after” photos of a plant that had improved its performance. We included such photos in the calendar distributed to almost all foundries.
- **Relate.** Messages relating to sectoral gains do not work, because they are too generic and managers do not see themselves in these statistics. We coined a phrase that has great impact in the Russian language and translates to “Changes bring profits.” We use this phrase to show change as a process of improvements through benchmarking, which results in increased profits. Industry decision makers can relate to this message—and in Russian it gets their attention, because it runs counter to the common attitude that “change is always something negative.”



Photo from the foundry calendar, contrasting the old equipment with the new.

- **Deliver appropriately.** The message needs to be delivered through appropriate channels by people the stakeholders trust. Once again, we used members of our advisory board to deliver our messages to the industry. This channel has been most effective in inspiring companies to participate in the benchmarking

Box 2: Strategic Communications Fact Sheet for Foundry Benchmarking

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| The idea | Benchmarking of resource-efficiency performance levels can help industry players measure themselves against their peers, identify gaps in best-practice levels, and act upon the results to reduce the gaps. Improvement in the performance of individual companies cumulatively will lead to improvements in the whole sector and a larger impact than can be achieved from an IFC intervention with a single company. |
| Target audience | Managers and technical specialists of the ferrous foundry sector of Russia represent 350 enterprises that range in size from 15 to 10,000 employees, are spread across 11 climatic zones of Russia, and produce completely different final products. Some are captive within large holdings; some are independent. Many have limited access to the Internet. And this group does not have a strong professional association representing their interests. |
| Tools to relate the idea to individual foundry owners | <ul style="list-style-type: none"> • Picturing the user: Russian foundry benchmarking methodology can compare any ferrous foundry with industry sector best practices through three dimensions critical to business operations: <ul style="list-style-type: none"> • Type of ferrous metal used: iron, ductile iron, and steel; • Differentiation of 32 types of final products, covering diversity and accounting for different processes for different types of products (comparing apples to apples); and • Seven business performance indicators that cover major stages of foundry processes and are applicable to any foundry. • Developing individual reports for all benchmarking participants to showcase how benchmarking relates to their own companies. |
| Tools to make the coalition effective | <ul style="list-style-type: none"> • Voluntary advisory board: Over 20 members, including decision makers from foundry plants, Ministry representatives, R&D and engineering companies, and university professors • Regular sessions of the advisory board (four sessions during a year of the study implementation) • Transparent approach and regular information updates • Individual consultations enabling each member to provide feedback |
| Messages used | <ul style="list-style-type: none"> • Changes bring profits. • Benchmarking helps prioritize investment in areas that will bring the most gains in saving resources and reducing operating costs. |
| Coverage | 14 percent of the market (by volume) participated in the study. Over 50 foundry units provided actual data on their performance. The dissemination stage covers 80 percent of active enterprises. |

study: “My neighbor and other foundries are already doing this, so this is a right thing for me to engage in.”

Conclusion

During the Foundry Benchmarking Study we tried to influence large groups of stakeholders to buy into the idea of benchmarking, with the goal of ultimately reaching the whole sector. Our strategic communications enabled us to build a coalition of supporters—local players—and reach the broader sector, with the result that 14 percent (by volume) of the industry participated in the study. (See the table.) The industry uptake so far has been good. Also, our IFC investment colleagues selected some five foundry companies to discover investment opportunities with a climate change component.

Our next step will be to follow up on dissemination of the study results and to monitor changes in the industry—how their actions have changed and what impact those changes will bring regarding increased operating profits, energy savings, and reduced greenhouse gas emissions.



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