

US EPA ARCHIVE DOCUMENT



## 5. Conclusion and Next Steps

Project XL is based on innovation and experimental learning that can lead to better environmental performance. From its inception, Project XL was designed to use site-specific experiments to produce new solutions with broad applicability. Project XL's greatest potential, and its greatest challenge, is learning from its successes and failures to move from pilot projects to systemwide practice.

Adopting a new idea, even when it has obvious advantages, is often very difficult. Innovations can require a lengthy period, often many years, from the time they become available to the time they are widely adopted. Thus, a common problem for many organizations, including EPA, is how to speed up the rate of diffusion and adoption of an innovation.<sup>22</sup> One critical factor in increasing the rate of diffusion is transferability.

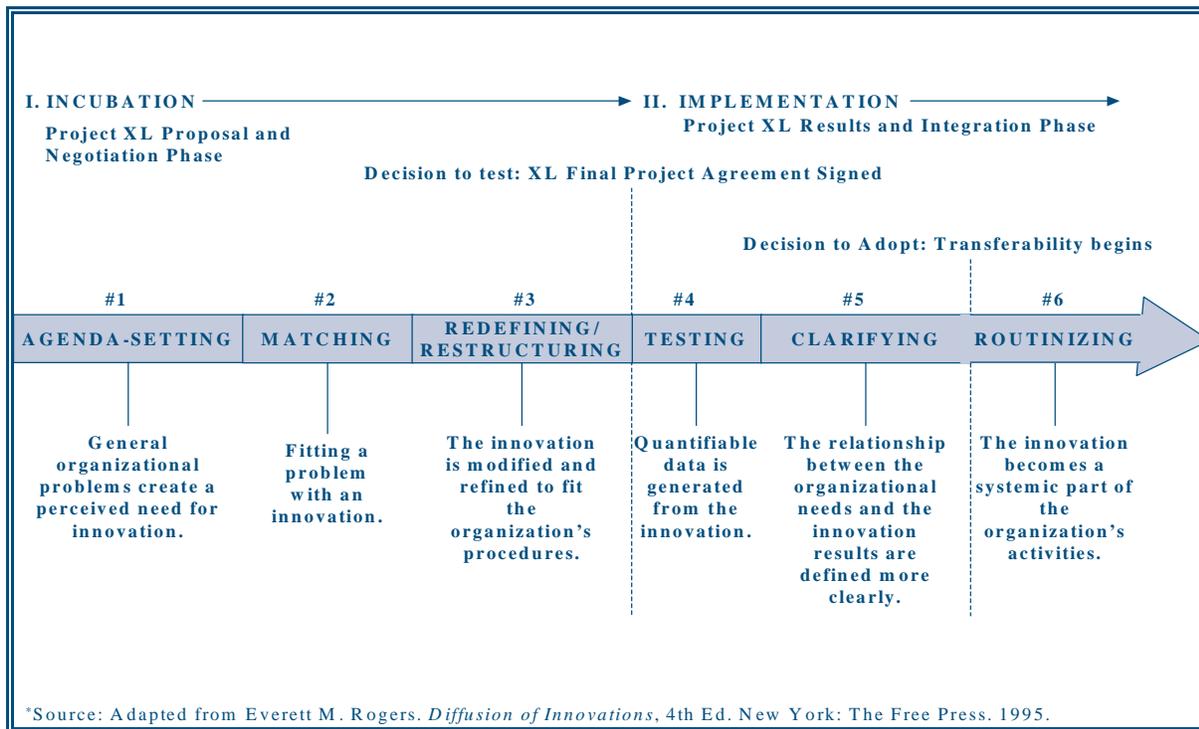
Transferability is therefore one of the fundamental Project XL criteria. Before accepting an idea as a pilot project, EPA and the project sponsors must agree that the innovation being tested is capable of being transferred to other EPA programs, industries, or facilities within an industrial sector. Successfully transferring an XL innovation is predicated on other criteria such as superior environmental performance, feasibility, and increased cost savings. We have begun to address transferability issues in this Report and to assess the innovations' potential for adoption. The Intel project in Chandler, Arizona, for example, set a precedent for making facility-based environmental information publicly available on the Internet, and the coregulators and public stakeholders involved with the Intel project have largely endorsed this approach. However, there are still important issues to consider (e.g., public

access without computers and appropriate data standards) before this approach can become widely adopted. Information on XL innovations will expand exponentially as more projects reach the implementation phase. As confirmation and reinforcement of their benefits occur, the adoption of innovations will take place on a larger scale.

The innovation process in an organization can be divided into two broad activities—incubation and implementation.<sup>23</sup> Incubation is defined as collecting information, conceptualizing, and planning for the innovation's testing, all leading up to the decision to adopt. During the incubation phase, the organization must recognize the need for innovations and have a matching willingness to experiment. For Project XL, incubation includes the steps leading up to the signing of the FPA. The decision to test an XL innovation separates the incubation phase from the implementation phase. Implementation consists of all the events, actions, and decisions leading to the adoption of an innovation. In the implementation phase, the organization must produce results to verify the innovation's potential, clarify results as the innovation is put into more widespread use, and routinize the innovation into its regular activities. In Project XL, the implementation phase begins once the FPA is signed. The innovation process is complete when routinization of the innovation occurs. Figure 2 portrays this innovation model.

<sup>22</sup> Everett M. Roberts. *Diffusion of Innovations*, 4<sup>th</sup> Ed. New York: The Free Press. 1995.

<sup>23</sup> Ibid.



**Figure 2: The Diffusion and Transferability of Innovations**

With this understanding of the innovation process, EPA will continue to seek innovative and alternative approaches to environmental problems, and strive to endorse those approaches that have the most merit.

Project XL's goal of having 50 pilots in negotiation or implementation is a milestone, not an end, to the EPA's interest in experimental learning. Beyond the milestone, EPA's need to test new tools and new solutions will continue. Our stakeholders will continue to have innovative ideas for achieving cleaner, cheaper, and smarter solutions to environmental problems. EPA is committed to providing the means for testing and implementing new concepts.

EPA is now developing the next phase of Project XL and making changes in our current system of environmental protection that help put Project XL's lessons into full practice. This important phase coincides with a renewed Agency-wide effort to learn from this and other reinvention efforts and open doors for experimentation.

The next generation system of environmental protection will be based on motivating and rewarding environmental excellence, while designing new strategies that incorporate a range of options to address compliance issues. EPA is interested in

exploring the development of a performance track to encourage and recognize environmental leadership. Project XL can inform the design and implementation of the higher tiers of any performance based system.

As current projects move from pilots to practice, EPA will continue to seek innovative proposals that build on the performance of top organizations. As we look at the development of a performance track, one issue that remains to be resolved is the role of previous voluntary environmental action in meeting the requirements for environmental benefits. How could a company that substantially reduced VOC air emissions prior to an XL proposal receive credit for those actions? Could XL be used to create a new regulatory climate that rewards companies that show long-term as well as near-term commitment to environmental improvement.

A blueprint for the next phase of experimentation and learning within the Agency is not yet established, but as this next phase is being developed, EPA expects that:

- The EPA Office of Policy and Reinvention (OPR) will be the Agency gateway and accountable home for innovation and experimentation;
- EPA will build on the lessons learned from Project XL as the higher tier performance track

for environmental excellence is being developed;

- Appropriate performance measures and evaluation will be an essential component of any innovative reform proposal; and
- Collaborative stakeholder involvement will be an integral part of any forthcoming initiative.

Throughout the experimentation process, EPA remains committed to the basic principles of Project XL. Experiments must show superior environmental performance and meaningful involvement of interested parties, and they must pursue pollution prevention options and offer transferability potential. Project XL results indicate that we can create better environmental outcomes when all affected parties work together toward a common goal. EPA will continue to provide opportunities for testing environmental solutions that can address complex issues and result in higher quality public health and environmental protection.