Is Going Green Profitable



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Sustainability is a trending topic within companies of all sizes throughout the world. Many companies have come to the realization that traditional methods of doing business are not as effective as they once were. Thus, they have turned to sustainability to seek more effective ways of doing business.

**Sustainability in Business Defined:**

Sustainability in business occurs when the economic, environmental, ethical, and social facets of an organization are working together synchronously to obtain maximum efficiency and social responsibility for the long term.

**Executive Overview:**

There is a movement to look to the tech industry to find more innovative and efficient production methods to enhance profits and position the company for long term growth. Consider these facts and trends regarding sustainability within the global business arena:

• 76 percent of executives surveyed say sustainability contributes positively to shareholder value in the long term, and 50 percent see short-term value creation (McKinsey & Company).

• $1 out of every $9 under professional management in the United States now involves an element of ―socially responsible investment‖ (Geoffrey Heal, Columbia Business School).

• Over 2,600 organizations registered sustainability reports with the Global Reporting Initiative (GRI) through 2010.

• Over 3,000 organizations voluntarily submitted data regarding greenhouse gas emissions to the Carbon Disclosure Project (CDP) in 2010

(Oracle.com)

To accomplish sustainability companies must consider the needs of all stakeholders including their customer, employees, shareholders, and the communities in which they operate. Running a socially responsible company, improving performance, and increased profits are the upsides of sustainable business. Challenges will include incorporating sustainability into the company culture, decision making, operations, and materials. Additionally, new roles would need to be defined to ensure that sustainable business practices are being implemented, monitored, and tracked.

**Potential Gains from Sustainability**

So, why are so many companies investing in the future by deploying sustainable business practices within their company and what are some of the perceived benefits? There are many potential benefits to implementing a sustainability strategy:

· Reduced Costs in Doing Business

· Enhanced Operational Efficiency

· Improved Worker Safety

· Less Waste

· Improved Community Relations

· Enhanced Worker Productivity

· Encourages Innovation within Company

(iveybusinessjournal.com)

**Consider these case studies and the associated benefits:**

[**Advanced Composite Structures: Lean Manufacturing**](http://ws680.nist.gov/mepmeis/SearchSS.aspx?ID=3015)

“Using the Value Mapping Process, New Mexico Manufacturing Extension Partnership analyzed and reviewed the production process and the layout of the company’s production area. ACS was able to eliminate excess movement, materials, and tooling to help create a more streamlined product flow. The company reduced costs by 65%, increased production from 20 units per shift to 45 units per shift, reduced its production facility size by 73%, and reduced scrap rates from 24% to 1.8%.”

[**Besam North America/Assa Abloy: Energy Management**](http://iac.rutgers.edu/redirect.php?rf=NC0431CaseStudy)

“NC State University Industrial Assessment Center and the NC State Industrial Extension Service’s E3 (Economy, Energy, and Environment) initiative collaborated to provide Besam with targeted energy, waste, and productivity surveys. Besam followed several recommendations from the energy management survey, including replacement of metal halide lighting with fluorescent fixtures with occupancy sensors, installation of high efficiency lamps and electronic ballasts with occupancy sensors, reduction of compressor air pressure, and repair of compressed air leaks. Total annual savings from these efforts was 233,555 kWh/$25,776.”

[**Bureau of Land Management: Energy Savings Performance Contract**](http://www1.eere.energy.gov/femp/pdfs/blm_espc_cs.pdf)

“The U.S. Department of the Interior Bureau of Land Management (BLM) successfully implemented an energy savings performance contract (ESPC) with Johnson Controls, Inc. (JCI) to implement energy efficiency improvements at remote BLM sites. This $3.6 million project covered small BLM facilities across six western states (Colorado, Idaho, Montana, Nevada, Oregon, and Wyoming), which make up half of the states that the BLM covers. In addition to energy savings, BLM achieved the following emissions reductions.”

(EPA.gov)

**Concerns Regarding Sustainability**

Sustainability practices can be costly to implement. Many times the past data needed in order to properly measure the effectiveness of the programs is not available. In order measure the effectiveness of sustainability companies will need to add additional head count. Additionally, the metrics that need to be measured can be complex and confusing on how they relate to business. There is no guarantee that consumers will respond positively towards sustainability efforts.

There are many parts to sustainability and its applications can be quite complex. Here are a few questions that I recommend your organization consider:

**How will you know where to invest our resources first? Will the measures taken and resources used towards long term sustainability cause a decrease in effectiveness in resolving short term or immediate issues?**

Many companies share the concern that by investing in sustainability to fix long term problems that they will suffer losses in the short term. The ROI for sustainable programs can often times be a long-term gain. The concern is that long term gains will be mitigated due to lost revenues in the short term.

Employees have be trained to on the sustainable practices implemented. Training employees a new skill is costly in both the resources needed to implement a new training program, and lost productivity by taking away employees from their day to day job responsibilities. (WSJ.com)

**How Does One Go About Implementing a Sustainability Program?**

Most companies don't have experts in sustainable business already on their staff. Thus, it is essential to consult with outside experts in sustainable business. Consult with an independent sustainability firm that will able to help develop a plan and implement sustainable solutions into your business that will be within budget and one that will help to address both immediate business needs, as well as, long term goals. I recommend bringing in 3 firms to evaluate their services, and the impact they can make. From there, you will be able to decide on a partner for your business that will best meet your specific business needs and provides the best ROI for your budget.

**Recommendations on a Sustainability Plan**

With many companies seeing declining profits, increased competition, and ever evolving market demand, I strongly recommend your company consider a sustainability strategy. With increased competition there is a need to become more innovative to continue to be competitive in the marketplace. A sustainability plan will inherently make your organization more innovative, and give you the ability to stay current with market demands as they evolve over time. Within all companies there is a need to look inward to do a comprehensive evaluation of processes and work flows in a concentrated effort to seek more cost effective ways of doing business. It is my firm belief that the potential gains with implementing sustainability far outweigh the potential losses.

Does your company have a sustainability strategy? If so, how is it working out? If not, what has holding you back from doing so? Please join this conversation below.

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