# Chapter 1

# What's in It for My Company; What's in It for My World?

### In This Chapter

- Delving into what sustainable development really means
- Defining the environmental and social challenges shaping today's world
- Identifying how your company can benefit from green business practices
- Seeing how going green creates value and opportunity for your company



Major newspapers announce that "green is the new black," and advertisements encourage consumers to "get their green on." TV entices viewers to use their ecoimaginations, and bumper stickers implore drivers to "live locally, think globally." Phrases like *carbon neutral* and *global warming* are becoming everyday terms. Being bombarded with all this different media challenges people to look at their homes, cars, schools, food, and businesses with a new sense of how to live on this Earth a bit lighter.

Your business has probably experienced some shifts in the availability and pricing of natural resources of late. Perhaps you see that continued reliance on increasingly expensive fossil fuels puts your business at long-term risk. Combined with stakeholders, regulators, customers, and markets that are becoming more sophisticated about the green movement, the imperative to revisit your old business model has never been stronger. On the flip side, the opportunities for doing so have never been greater either.

You may have heard about various organizations "going green" in recent years, but the paradigm shift, as a whole, is still in its infancy. (Although some say the Green Revolution's impact on daily life will dwarf the changes caused by the Industrial and Information Revolutions combined.) Adapting to a new, green business model takes both radically fresh ways of thinking (in long-term, systems-based ways) and innovative methods for measuring success.

For companies that get it, so to speak, the rewards can be substantial — for people, the planet, and your organization's profitability. But before you can reap those rewards, it helps to know why taking the plunge into green business practices (also known as sustainable business practices) is worthwhile — and even necessary — and how exactly they can add to your company's overall value.

## Looking at the Three Ps of Sustainability

Most business managers and owners have some ideas about what sustainability is, but often can't define it. Perhaps you yourself are hard-pressed to characterize what a sustainable business is, or to identify specific actions you can take to green your own company. You have a vague sense that you *should* be doing just that — you're just not sure how to add "go green" to your to-do list. Never fear! The time has come to demystify this process and start you down the path to increasing both your profits and your contributions to the planet and its people.

REMEMBER

*Sustainability* is generally defined as meeting your current needs while allowing future generations the capacity to meet theirs. Painstakingly simply, right? *Sustainable development* acknowledges that your company's commercial achievement is intricately linked to ecological and social successes. The driving idea behind sustainability is that humans can't deplete the Earth's natural capital (water, minerals, soil, and the like) faster than its capacity to regenerate because eventually those natural resources are going to run out. Business not only needs to operate within natural capital's constraints but it also must acknowledge the potential it has to serve as a restorative force to mitigate the problems of the past.

Companies are realizing that three equally important and interrelated bottom lines each need to be maximized to achieve true long-term sustainability. This triumvirate is now recognized as the triple bottom line (also referred to in some circles as TBL, Triple E, or the Three Ps). Coined in 1994 by John Elkington, the *triple bottom line* captures the idea that a sustainable business considers the needs of *all* stakeholders (including other species) instead of solely maximizing profit for shareholders. Here's how all the various terminology relates:

| ***Three Ps*** | ***Triple E*** | ***What is it?*** |
|---|---|---|
| People | Equity | Human capital |
| Planet | Environment | Natural capital |
| Profit | Economics | Financial capital |

REMEMBER

The triple bottom line is made up of the following:

- **People:** Business viability requires healthy communities, strong supplier connections, empowered employees, and sound customer relationships. Consequently, a business that wants to succeed sustainably must have a heightened commitment to providing products or services that comply with social norms and rules while contributing to an enhanced quality of life for all stakeholders.
- **Planet:** A company that strives to keep this category in mind offers products or services that contribute to the rejuvenation of the Earth's ecosystems. It includes sustainability as a core element of its business plan and adapts to the planet's new challenges. A planet-focused business also identifies ways to mitigate some of the problems caused by past actions (climate change, pollution, overflowing landfills, and so on). Steps some businesses are taking to lighten their impact on the planet include decreasing waste flows and reducing their use of energy and other nonrenewable resources.
- **Profit:** Of course, a company must generate profit and cash flow in order to remain solvent and continue its operations. Triple-bottom-line strategy shows the deep interconnectedness of long-term profitability, strong relationships with people, and a commitment to improving the planet. For example, conducting business in a green facility improves employee productivity and health and decreases energy and water bills, thereby improving your company's bottom line. Additionally, offering ecofriendly products and services as solutions to problems and authentic needs creates satisfied customers, which ultimately results in increased profitability from an expanded product or service line that operates within nature's constraints.

Figure 1-1 shows the intersection of the three elements of sustainability (people, planet, and profit). As you can see, a deep interrelationship exists between your organization's financial success and the health of the planet and its people.

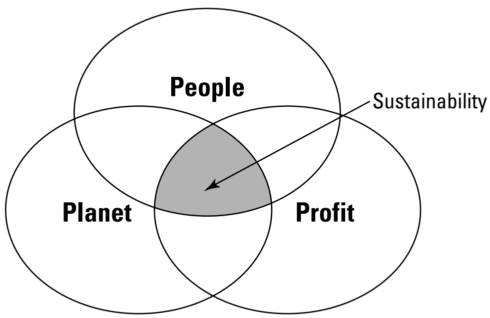


**Figure 1-1:** Long-term sustainability is the intersection of people, planet, and profit.

# Considering the Need and Opportunity for Change from a Business Perspective

Because of the tremendous challenges facing the global village, your business may be looking toward sustainable development as a way to position itself for the future. Now is definitely the time to reduce future risk, increase your access to capital, realize opportunities inherent in green innovation, cut costs through ecoefficiencies, and show your stakeholders that you're positioned to be a player in the emerging green market. Why? Because all three kinds of capital necessary for commerce — natural, human, and financial (see the preceding section) — are changing in response to the new business paradigm.

Businesses need materials to operate, and many of these natural resources are either running out or becoming much more expensive to extract. Consumers are adjusting their decisions and habits in response to increased environmental concerns and energy worries, and businesses need to react quickly to these purchasing-pattern shifts in order to take advantage of this opportunity. Formal market mechanisms integral to capitalism — such as how insurance policies are rated and priced, how access to capital is granted, and what sorts of environmental and social issues are regulated — are shifting dramatically as well. That's why today's not too late to start the process of thinking and acting sustainably. Fortunately, you can do so with minimal effort by reviewing the factors I highlight in the following sections.

## Crucial resources are dwindling

Almost all businesses rely on some sort of natural capital, so one of the biggest economic concerns for your business may be the nagging reminder that the natural resources and raw materials you need to operate are becoming more expensive and difficult to source. You probably don't need to look farther than your utility bills to see this truth in action!

One of the easiest ways to understand natural capital and its limits is to think of a trust fund. You have a chunk of change that's generating income. All's well — as long as you're living off of the interest that the fund is earning. The minute you start to spend down the principal, you're on a potentially slippery slope because the interest you'll receive next period will be less. Less interest means that next month you'll have to dip into more principal to continue your current level of consumption, thereby accelerating the depletion of your trust fund.

When it comes to the planet's natural capital, society has dipped pretty heavily into its trust fund. The various ecosystem services (such as pollination, water filtration, and flood control) that the Earth so generously provides for free are a result of natural capital. Although Mother Nature charitably produces minerals, groundwater, and fertile topsoil, she doesn't do it very quickly. Thanks to the pace of technological innovation, humanity's rate of consumption has increased much more rapidly than the planet's ability to support it.

Particularly in the United States, but in a growing number of other highly populated countries as well, people engage in a disposable-resource-intensive lifestyle. In fact, according to the ecological footprint model developed by Mathis Wackernagel and William Reese, mankind requires nearly one and a half planets to support its current level of activity, with some western nations living as if the Earth contained six or seven planets' worth of resources. Yikes!

For your business to flourish in the long term, you need to be prepared for the changes in access to natural capital. Thinking about reducing your company's reliance on fresh water, fossil fuels (particularly expensive foreign oil), and virgin raw materials today will help you prepare for the future. Companies that aren't actively acknowledging and planning for change in the global business model may find that they aren't positioned to take advantage of the various opportunities this model presents (like designing products that use recycled materials).

## Key stakeholders are a-changin'

As access to affordable natural capital diminishes and education about environmental and social problems increases, key stakeholders in commerce are becoming much more astute, proactive, and demanding. I clue you in to these stakeholders from the larger entities on down to individuals in the following sections.

### Government and regulators

You're probably already well aware, but policymakers at federal, state, and local levels are influencing how you conduct business.

- Tax incentives are being employed extensively to encourage the development of renewable energy, waste-reduction systems, green buildings, and water/energy conservation initiatives.
- Additional tax burdens are in the works for carbon emissions and waste-stream creation (and in fact, they already exist for pollution).
- Trade policies are being created to encourage local economic development, alternative fuel creation, and other sustainably oriented projects.

Companies that are pursuing sustainability are no longer satisfied with simple regulatory compliance. Instead, they're constantly being proactive with policy and taking a leadership role in developing new methods for reducing regulatory burden by greatly exceeding expectations.

### Activist shareholders

They're passionate about the environment, they're educated, and they hold shares of stock in your business. In recent years, activist shareholders have driven many companies to go green and stop certain nonsustainable activities, so you can easily imagine how you might one day be affected by them, if you haven't been already.

Institutional shareholder activism in particular is on the rise, with big players demanding that companies disclose their carbon exposure, environmental records, and labor practices. Although this scenario may be far up the feeding chain from your organization, trickledown occurs quickly. Look for the trend to continue and filter down to the many small and mid-sized companies that provide products and services to the larger multinational corporations.

TIP

If you're part of a smaller organization that supplies the big guys, you may have a great chance to position your company as a sustainable vendor on their supply chain lists. You benefit from a steady stream of business, and your customers benefit from telling their shareholders that they're greening their supply chain. In short, everyone wins — people, planet, and profit.

### Consumers

Decreasing thermostat temperature, turning off electronics when not in use, and flipping off lights when not in a room are the most common of American consumers' modest behavior changes, according to the Natural Marketing Institute, which tracks green behavior patterns. But these changes are affecting more than just household behaviors — they're increasing the demand for products with green attributes. Need proof? Fifty percent of Americans polled by Information Resources say that they consider at least one sustainability factor when making purchases.

People are simultaneously looking for ways to insulate their pocketbooks from escalating natural resource prices and align their purchasing behavior with their newly green values. Hence the resurgence in local commerce and green purchasing (and the downfall of *conspicuous consumption* — buying fancy objects to show off your wealth or status).

Consumer demographics can be stratified to the nth degree, but a good starting point is to look at the three major categories of green consumers:

- **Pine Greens:** These uber-informed consumers are astute and sophisticated about market niches such as ecotourism and whole foods. What's more, they're growing in number after stagnating for many years.

  TECHNICAL STUFF

  Pine Greens are also identified under a more formal market demographic known as *LOHAS,* or the Lifestyle of Health and Sustainability sector. An estimated 60 to 70 million Americans who actively support green and ethical businesses and products fall into this category. LOHAS consumers purchase products primarily because of their healthful and sustainable attributes, and they spend more than $200 billion annually on green goods and services, an amount that's expected to double in size by 2010 and quadruple in size by 2015. (LOHAS spending is still a spot on the wall compared to annual consumer spending of $10 trillion, but the speed at which it's growing is what's garnering attention.)

- **Jungle Greens:** Trendy and ecofriendly, the Jungle Greens will grow in number in the coming years. Why? Because they're professional, educated, have disposable income, and are hearing a *lot* about green these days in the popular media.
- **Moss Greens:** At the bottom of the green buying chain, Moss Greens (the environmentally apathetic consumers) are either unconcerned with social and ecological issues or unmotivated to change their behaviors or spend money on sustainable products and services. They typically only enter the green marketplace in search of ways to stretch their dollars, such as seeking out energy savings.

REMEMBER

As for what consumers consider when deciding whether to purchase a particular good or service, the following three factors play a huge role:

- **The product/service itself:** How a product performs, the quality of a service, and the price of that product or service are still strong motivators in your customers' purchasing decisions. On the other hand, factors such as a product's amount of packaging, recyclability, and whether it came from virgin raw materials are important considerations for more and more consumers all the time.
- **The seller's and/or manufacturer's practices:** Four out of five Americans agree that companies need to be not only profitable but also mindful of their impact on the environment and society. More consumers are punishing companies they'd previously purchased their products from by switching brands after hearing about a business's sweatshop labor practices or its relocation of manufacturing facilities to a country with sparse environmental laws. The effect is often immediate when a company's poor corporate social responsibility (CSR) is publicly spotlighted. (*CSR* refers to pursuing commercial success while emphasizing your company's environmental and social contributions.)

  In recent years, this negative publicity has been primarily due to the spate of media about abhorrent business ethics, sweatshop labor, out-of-control executive salaries, and excessive profits at the pump. In contrast, Whole Foods (a sustainable grocery chain that caps executive salaries at 19 times the lowest earner, features organic food, and sports a strong corporate citizenship profile) has experienced phenomenal growth over the last decade, whereas most grocery store sales have remained fairly flat.
- **The origin of the product:** Many consumers these days prefer to buy regional or local goods. The business model of days gone by relied on extremely cheap oil to transport items back and forth across the ocean for production in order to exploit inexpensive labor. Nowadays, consumer

concerns about huge trade deficits, unsafe products from foreign countries, and the loss of many local businesses are creating the renaissance of farmers' markets, community finance, and local shops that provide building supplies, clothes, crafts, and household items. The U.S. Department of Agriculture tracks farmers' markets and shows an almost 19 percent increase nationally in the last decade, which illustrates the phenomenal growth of a distribution channel that's making locally grown food very accessible.

As you can see, the opportunities for taking advantage of this growing consumer shift are vast. Just check out Table 1-1, which shows the growing green presence in almost every industry sector, to see where your organization may be able to find its green niche.

**Table 1-1 Greening of Existing Industries**

| *Traditional Industry Sector* | *Niche Market Riding the Green Tidal Wave* |
|---|---|
| Accounting, business consulting, & legal services | Sustainability reporting, environmental management systems, and green business design and support |
| Appliances | Energy Star certification |
| Automobiles | Hybrids, electrics, scooters |
| Clothing | Ecofashion (hemp and organic textiles, recycled clothing) |
| Financial products | Socially responsible investment, microfinance |
| Grocery | Organics and naturals |
| Housing | Green buildings |
| Lawn & garden | Nontoxic and biobased products |
| Medical care | Naturopathy, acupuncture |
| Travel & tourism | Ecotourism |
| Wood products | Sustainably harvested forestry, reclaimed wood products |

## Markets are moving

Traditionally, access to capital has been based on short-term profitability projections, usually presented on a quarterly basis. You present your cash flow projections to a lender, and the lender grants credit based on those forecasts. For investments to produce sustainable yields in the long term, however, you need to conduct a thorough internal review of all of your company's environmental and social impacts. This internal analysis may turn up potentially litigious areas and identify places to cut costs through ecoefficiencies, thus increasing your business's long-term solvency potential.

Sustainable business practices equate with proactive risk management in the eyes of investors, creditors, and financiers. In addition to understanding financial returns, these sources of capital increasingly want to know how your business is positioned to respond to environmental and social challenges. I delve into these subjects in more detail in the following sections.

### Increasing access to capital

Four of the United States' biggest banks (Citigroup, Bank of America, JPMorgan Chase, and Wells Fargo) and 60 institutions worldwide have adopted the *Equator Principles.* These voluntary principles help financial institutions manage the environmental and social risks of their projects and give equal consideration to each aspect of the triple bottom line when making financing choices (see the "Looking at the Three Ps of Sustainability" section, earlier in this chapter, for more on the triple bottom line).

Capital sources are actively asking investees about how they're prepared for a carbon-constrained future. The next time you apply for a line of credit or a loan, or find an underwriter for your equity offering, be ready to answer questions regarding your renewable energy goals or energy-efficiency targets. Look for loan applications to ask about your environmental performance and benchmarks and internal lines of accountability for triple-bottom-line performance. Not considering these questions may make you less competitive for capital. If you run a nonprofit, you may have noticed that many grants are now including allocable points based on your sustainability efforts. Again, if these are issues you haven't even considered, you may find yourself losing funding from previously stable revenue streams.

Want to diverge from the traditional funding routes? Then you'll be glad to know that institutions are sprouting up specifically for the purpose of financing ecoentrepreneurs. New Resource Bank and ShoreBank Pacific are early examples of such lending institutions. If you're considering green product development or sustainable expansion, these are the capital sources for you.

### Ensuring that you stay insured at a price you can afford

Controlling insurance costs is yet another benefit of sustainable business practices. Some of the items that the United Nations Environmental Programme Finance Initiative (UNEP FI, a global partnership between the UN and the financial sector) considers to be the most critical in terms of risk and protection in the 21st century include

- Climate change
- Environmental liability
- Man-made risks
- Recycling

The UNEP FI report details the challenges and opportunities inherent in a business's transition to sustainability from an insurer's perspective. One thread emerges clearly and is very pertinent to businesspeople: Insurability will increasingly be linked to internal evidence that a company understands its environmental and social risks and is developing ways to mitigate them. If you're not, you may face difficulties keeping your company insured down the road.

### Recognizing the growing importance of socially responsible investing

*Socially responsible investing* (an investing model that takes environmental and social factors into account, in addition to traditional financial analysis) is becoming far more mainstream — resulting in an infusion of billions of new dollars into environmentally and socially just organizations. Investors now have a multitude of places to look if they're interested in greening their investment portfolios. Following are some of the main green investing opportunities to date to help you better understand this shift toward socially responsible investing:

- **Trading markets dedicated to sustainability:** The sophisticated needs of green investors are now being met by the Dow Jones Sustainability North America Index, which tracks the leading 20 percent of the 600 biggest North American companies in the World Index in terms of sustainability. In early 2009, the Green Exchange will offer trading capacity for environmental products designed to deal with pollution and alternative energy and offset climate change damage.
- **Green mutual funds:** At their investors' requests, almost all major mutual fund families are adding a green fund that offers investors opportunities to embrace the environment, help eradicate poverty, or contribute to climate change adaptation and mitigation. From small cap green sector funds to climate change funds based on global warming indices, the focus is on companies that can offer solutions to the major challenges facing today's world. Some of these funds focus on clean energy, some on the largest clean tech companies, and some on community participation and human rights.
- **Clean tech venture capital:** The nature of *clean tech* (or green tech) investing is that it requires highly specialized technology, lots and lots of start-up capital, and technically adept employees. Following are the five broad categories of clean tech investing:
    - Renewable energy production, storage, and distribution
    - Air quality monitoring and purification
    - Water quality monitoring and purification
    - Waste control, capture, and conversion to fuel
    - Sustainable products that reduce energy and manage resources

  Clean tech start-ups backed by venture capital have doubled in value between 2005 and 2007. If you want to take advantage of clean tech venture capital, plug that phrase into your web browser and see what pops up that's regionally appropriate. Then check out the venture capital source's Web site for business plan submission guidelines.

- **Green angel investors:** High-net-worth individuals who primarily invest in start-up companies are considered *angel investors.* They pool their money and invest in projects that are too small for traditional venture capital backing, and their number is growing. Money from green angel investors is finding its way into small social ventures and diverse areas such as media, healthcare, organic food, and renewable energy. Try doing an Internet search for "green angel capital" and your regional area to see what opportunities arise.

# Understanding How Sustainable Practices Boost Your Business's Value

The argument for sustainable development as a path to success in the 21st century is widely documented. Companies with sound environmental management systems and corporate social responsibility policies and procedures outperform businesses that don't have either. Why? Because overall, the management of an organization that considers these issues is well-rounded, attuned to global challenges, and positioned to make ethical product design choices.

What challenges you may ask? Climate change, international strife, huge trade deficits, and growing income disparity are just a few of the developments that come to mind. Quite frankly, they're all bad for business prosperity in the long term. Fortunately, fresh ways of thinking and doing business are evolving, and I share these new ideas in the following sections.

## Bettering your bottom line

REMEMBER

The most common area for a business to see immediate and tangible results from its implementation of green business practices is in cost savings. Reducing expenses clearly and directly impacts your *bottom line,* or net profit figure. Because cutting costs is the easiest sell for top management (if the suggestions are coming from some other area of the company, that is), this step is often perceived as the best place to start.

The term *ecoefficient,* coined by the World Business Council for Sustainable Development, refers to a management philosophy geared toward producing goods and services that use fewer resources. Because fewer raw materials and energy go into the production process and less waste is produced, an ecoefficient company has a clear competitive advantage by cutting its costs.

Opportunities for ecoefficiency abound at all phases of your product and company life cycle. So how do you make the most of them? To embrace ecoefficiency, you need to look at three broad objectives and identify how each functional area within your business can achieve the following:

- **Doing more with less:** Looking at ways to decrease your business's use of energy, water, and land; improve product recyclability and durability; and close the loop on raw materials usage are all ways you can strive to do more with less.
- **Reducing waste:** Business waste is a cost that has no value-added capacity. Eliminating waste always contributes directly to an increased bottom line due to expense reductions.
- **Enhancing product functionality:** By focusing on selling your customers what they actually need, you can use fewer resources while maintaining the same (if not better) product value.

Identifying ways to make your company more ecoefficient isn't a take-it-or-leave-it mechanism, once-over, or series of rigid rules to comply with. It isn't even a framework, per se, but rather a way of thinking about how exactly you can deliver value to your customers while using fewer resources — or in other words, how you can strive for continuous improvement by using less.

## Skyrocketing the top-line trajectory

Sustainability has the potential to greatly enhance your company's top line. In other words, green business practices can impact your revenue (and corresponding business value) in a number of important and tangible ways, such as

- **Enhancing your market share through innovation:** Applying sustainable principles to the product design process often leads to identifying entirely new product lines to bring to market. For example, thinking deeply about environmental and social principles while engaging in product research and development (R&D) may lead your office furniture company to consider using organic, hemp, or other plant-based textiles. This entirely new product line may open up new markets and expand your thoughts to even more fresh and creative potential.

  Innovating to solve problems is also a key component of sustainable product design. For example, when a textile firm's foreign supplier could no longer produce dyes because of European Union environmental regulations, the firm developed an alternative, nontoxic color palette that's now one of its strongest product lines.
- **Bringing the look and feel of nature into your product:** The idea that merging biological principles with product design is a visionary way to incorporate the lessons nature has already learned in nearly four billion years of evolution and adaptation is receiving more and more recognition

these days. That's why you can now find adhesives that are as strong as mollusk shells, binding agents as tough as a spider's web, and buildings with underground chambers like termite mounds for natural cooling. For more on sustainable product design, see Chapter 7.

- **Identifying massive markets in the developing world:** Still another opportunity for green product development resides in meeting the basic needs of much of the developing world. The market for water purification, environmentally benign household products, efficient fuels, and high-yield foods is astronomical in the Third World.
- **Creating a competitive advantage by differentiating yourself:** Although the proliferation of companies that are self-identifying as green has grown by leaps and bounds recently, you still have tremendous opportunity to separate yourself from the pack through your green business practices and sustainable product offerings. Being completely truthful about your effort with product R&D, operational changes, and corporate value shift makes you credible to your customers. As consumers become more green-savvy, they'll continue to ferret out companies that *greenwash* (state that they're green without taking the actions necessary to back up that statement) — and make those companies pay the price for it through lost revenue.
- **Facilitating closed-loop customer relationships:** Today's consumers are increasingly interested in developing and maintaining relationships with companies that show a commitment to corporate social responsibility. Early sustainability advocates, such as Patagonia and The Body Shop, have built fanatically loyal customer bases. Survey after survey continues to indicate that Americans take corporate citizenship and sustainable product attributes into account when making purchasing decisions.

## Fostering a desirable workplace for top-notch employees

Recruiting and retaining high-performing employees is obviously a key component of building a profitable and sustainable business. But did you know that more and more forward-thinking employees are interested in working alongside colleagues with similar values at a company that clearly promotes social and environmental responsibility?

As your lighting fixture company offers sustainable and efficient lighting education to old-timer electricians, or your small medical clinic offers naturopathic and homeopathic services in addition to traditional western medicine, you'll find like-minded employees clamoring to be a part of your progressive team. Why? Because top-notch green recruits want to work for companies that are reducing their carbon footprints and looking for nontoxic alternatives through green chemistry research. And here's how you can benefit as a result:

- **Linking sustainability with pride:** Because your company showcases its sustainability initiatives, employees become more invested in the company and stretch themselves and their co-workers to discover more creative ways to implement sustainable practices.
- **Enhancing employee productivity:** Research shows that employees who work in LEED-accredited buildings (see Chapter 8 for the scoop on this certification) or at companies with a high level of emphasis on corporate social responsibility are more likely to enjoy their jobs, have reduced rates of absenteeism, and indicate a much higher level of commitment to their employers' organizational missions.
- **Encouraging innovation:** After you start asking questions about how your business can operate in the most environmentally benign and socially just manner, creativity will be unleashed from within and outside of your firm. Just ask almost any business owner or manager who has taken this step.
- **Providing passion in the workplace:** You want your employees to be passionate about what you do, right? If your mid-sized company sells commercial real estate, you want your producers and support staff to believe in the product, your company, and its values. So why not hook up with a company that offers green mortgages and give a gift basket at closings that includes a smart power strip and a pack of compact fluorescent light bulbs? I can guarantee you that with a simple jump-start, your employees will be offering up ideas on how your business can push the green envelope even further.

# Finding the Best Focal Points for Your Business: A Preliminary Assessment

This book isn't about instituting practices and procedures to lessen your unsustainable behavior; it's about encouraging you to actively engage in redefining what the world will look like tomorrow. After all, being less bad isn't the same as being good.

Clearly all the challenges and trends the global village faces today are interrelated; fixing one stand-alone problem may easily come at the expense of exacerbating another. For example, farmland is being diverted to create biofuels in response to fossil fuel prices. In turn, grain prices are increasing, leading to more global food insecurity.

For business, developing sustainably requires looking at the whole picture and understanding the symptoms of a flawed system. When looking at your business, you need to devote some systems-based thinking toward addressing problems such as excessive waste output and over-reliance on rapidly depleting natural resources. For example, if your manufacturing process is reliant on hazardous materials, the impact of this dependence will ripple through all aspects of the triple bottom line.

TIP

To maximize effects on people, planet, and profit, you may want to consider the following types of questions to stimulate preliminary conversation about where your business has the most opportunity for change:

- **How can your company help people and the planet to flourish in the future?** Instead of focusing on changing negative behaviors, this question helps you identify new market possibilities.
- **Do your products and services fill authentic needs?** As new raw materials become harder to source and waste streams become more difficult to handle, consumption is going to steer toward items that truly meet human needs and away from purely materialistic items. Quit trying to create new products for the already oversaturated and indulged consumer and focus on determining whether your product or service can meet real *needs.*
- **Can you measure your business success by broader terms than profitability and increased sales?** Positive impact on the planet and its people is just as important as positive financial statements for a truly sustainable business.
- **Is your company making meaningful efforts to decrease its energy use through efficiency and conservation efforts?** Essentially, how dependable is your energy supply? Identifying where you can access alternative energy will position you ahead of the curve in the coming decades.
- **How reliable is your water supply?** How dependent are your production processes or facility operations on cheap and available water? What sort of efficiency mechanisms and processes do you have in place to regulate your use of water? Identifying long-term options to access water and reducing your need for freshwater is an important systems-wide concern. Particularly in arid locales, requiring tremendous amounts of water for operations is a big area of exposure.
- **What concern might your customers have about toxicity in your facilities, products, or services?** Your potential for litigation from communities, shareholders, employees, and customers is increased if your company uses hazardous materials. Systems-based thinking may compel you to explore plant-based alternatives to the toxins currently used in your business.
- **How much greenhouse gas does your company emit annually?** What are you doing to reduce these emissions, and how will your business absorb the increased cost associated with emitting carbon in the future?

- **Are your products, services, and facilities poised competitively for a carbon-constrained future?** Consider whether you offer products and services that can help consumers mitigate and adapt to global warming. You just may wind up opening the door to innovative new products and services.
- **How dependent is your business on forests, farmland, and fish?** Look at ways you can cut back your dependence on natural capital in order to preserve these precious resources.