



Sustainability from Scratch

How to Get Started and Why You Need to Get Going Now

By Lori Tripoli

Don't know how big, or even where, your company's environmental footprint is? Good news: 1.) You're not alone. 2.) There's help. A recent study showed that many companies are thinking about sustainability but haven't started doing anything about it, observes Daniel Mahler, a partner in the sustainability practice of A.T. Kearney's New York City office. While 58 percent of large companies surveyed in 2007 by A.T. Kearney and the Tempe, AZ-based Institute for Supply Management (ISM) have a corporate sustainability strategy, a whopping 42 percent don't.

"There are no perfect companies," says Bob Sheppard, chief operation officer and director of the corporate program of the Portsmouth, NH-based Clean Air-Cool Planet, a nonprofit that works with corporations, universities, and communities. Indeed, when a reporter recently called a Fortune 500 corporation hoping to write a full-length feature on the company and its new line of green products, she was spurned. A corporate spokesperson, flouting the public relations maxim that any media coverage is good, graciously declined all requests for interviews. The reason? Despite the existence of an environmentally benign product line, the company hasn't exactly been proactive in greening its own operations. Apparently, its leaders are fearful that someone will find out.

Given recent media interest in all things sustainable, there's a reason management should worry if a major corporation hasn't become environmentally friendly. The number of news articles on climate change and sustainability has spiked, observes Thomas Basile, managing director of the New York City-based Middleberg Sustainability Group, a sustainability public relations and strategy practice. While some reporters inevitably focus on "fluffy, 'Gee-whiz, isn't that green?' articles, the new trend is going to be, 'Show me what you've done,'" Basile observes. And even if the mainstream news media doesn't dig deeper to pursue a lack-of-sustainability story, some blogger inevitably will.

Corporations that have been blissfully unaware that competitors, consumers, suppliers, and interest groups have embraced sustainability can't afford to wear blinders much longer, experts caution. Nevertheless, the challenge with multi-billion-dollar companies with tens of thousands of employees and operations in hundreds of countries can be figuring out where on Earth to begin.

"Corporations need to look at sustainability as a process," Basile says. "It's critical that they understand that becoming more sustainable is not just about doing one thing," he explains. "It's about exploring a series of tactics over a period of time." Indeed, sustainability will not just magically spring forth from a company overnight.

Baby Steps Are OK

Corporations must proceed through several stages before reaching "the nirvana state of sustainability," Mahler says. First up? Recognizing that there's a problem. The realization that something needs to be done often starts at the top, but awareness can't stop there, cautions Mark Pettegrew, director of remediation and environmental, health, and safety audits at the Shelton, CT, office of Pitney Bowes, a mail-stream technology company.

Sometimes, top-tier managers get a jarring dose of sustainability after "a CEO comes back from an industry conference and says, 'Everyone is going green. What are we doing? I want a plan,'" reports Clean Air-Cool Planet's Sheppard. Corporations that have been slow to achieve sustainability lift-off should demonstrate that they have an integrated strategy and are taking a very methodical, deliberate approach to the issue, Basile suggests.

Take Inventory

Identifying goals for making products, operations, and even supply chains more environmen-

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tally appropriate can't really begin until emissions are inventoried and tracked. "You can't manage what you don't measure," Sheppard says.

"Start with a sustainability audit," suggests Basile. "Understand the footprint of your business. If you don't know where you are today, you don't have a hope of knowing where you'll be in the future," he explains. "The process needs to start with a clear account of existing conditions," echoes Pettegrew. "That account needs to be defensible, and it needs to be reviewed." Once a baseline is established, strategies for improving both internal operations as well as a company's products can be developed.

Companies tend to set goals that are generally easily achieved, Sheppard says, such as reducing baseline emissions by 10 percent by 2015. Bolstered by initial success—and realizing a cost savings—corporations can then make more stringent sustainability resolutions.

"We encourage corporations to commit to a greenhouse gas reduction strategy," Sheppard says. Indeed, "many corporations jump to global warming and CO₂ footprints," Mahler observes. Excessive carbon dioxide emissions aren't every big corporation's dirty little secret. It could, instead, involve fair trade, agricultural practices, or disposal of manufacturing byproducts.

Employee Education

Getting the rank-and-file to buy into a sustainability program takes some dedication. "Corporate edicts don't work," says Neil Hawkins, vice president for sustainability at the Dow Chemical Co. in Midland, MI. "It's important to integrate sustainability into business culture," he notes. Making a good business case for it helps, as does education and goal-setting.

"Senior management needs to express commitment and a sense of urgency," Pettegrew maintains. That commitment, in turn, "needs to be translated into actual expectations," he notes. Should step one be installing a chief sustainability officer? Not necessarily. A CSO "can't work in a silo and must be prepared for cross-functional collaboration," Mahler says. "The point is not to vest responsibil-



ity in a single person," Pettegrew observes. Instead, educate and track sustainability and vest responsibility for it throughout the business.

"Employee messaging is critical," Sheppard says. Corporations can pull together a green team with members from multiple disciplines—from manufacturing to distribution to research and development—to brainstorm about sustainability. Incentives, such as cash or contests, can be provided. Verizon Communications rewarded an employee with a trip to New York City for lunch with CEO Ivan Seidenberg, Sheppard says.

Get Guidance

Recognize that expertise in sustainability lies outside a corporation's C-suite, and, indeed, beyond the walls of the home office itself. Wanting to be more proactive on sustainability, Philadelphia, PA-based Rohm and Haas began working with the Natural Step International, a global research, education, and advisory organization founded in Stockholm that develops systematic, science-based approaches for organizations to become more sustainable.

"For more than a century, our company has maintained a sharp focus on delivering high-performance, profitable solutions to our partners in the myriad industries we serve," Rohm and Haas President and CEO Raj Gupta said in January when the specialty chemical company's collaboration with the Natural Step was announced. "This partnership with the Natural Step will be a catalyst for further sustainable product innovation, business management practices, and corporate leadership, and will build on our existing commitment to apply the principles of sustainable development and green chemistry to develop innovative technologies to address critical societal needs," Gupta continued. He cited environmentally friendly building and construction products, technologies to improve the accessibility of drinking water, improved agricultural crops, and innovative solutions to meet growing energy needs.

A sustainability roadmap will vary depending on the size, scope, and output of a company. The Natural Step "tailors its approach to meet the needs of a company," explains Alan Barton, executive vice president at Rohm and Haas. At the outset, what Rohm and Haas might—or should—look like at some distant point in the future is considered, and then the steps that would have to be taken from today onward to reach that desirable future point are identified. Recognizing the importance of consensus-building, the Natural Step has been conducting workshops and undertaking other educational efforts to educate Rohm and Haas's 16,000 employees, Barton reports. Outreach efforts with stakeholders, including customers and suppliers, are also in the works, along with the development of goals and metrics.

A Sustainable Revenue Stream

Remembering the profit component of the triple bottom line isn't wrong-headed. "A corporation can do a systematic assessment of opportunity as it relates to revenue. Look to what degree sustainability can be a growth platform," Mahler suggests. "It's very important that a business case be made for sustainability to be successful," says Hawkins.

Offering earth-friendly products can help customers become more sustainable. Among Dow Chemical's 2015 sustainability goals is using chemistry to improve its own environmental footprint and that of others. "Our insulation and building materials help downstream customers reduce their footprints," Hawkins says. Likewise, a Dow foam used in car doors is highly impact-resistant—thus improving safety—while reducing the weight of the car and improving its fuel efficiency, Hawkins says.

Another merchandise-oriented approach to sustainability is to implement product recycling programs. "Pitney Bowes has an asset return program, in which a high percentage of products, such as meters and scales, are returned for repair and refurbishing," Pettegrew reports. Arthur Pitney and Walter Bowes founded the company in 1920 after the postage meter they created was the first to be approved by the U.S. Postal Service.

Still another route to becoming sustainable is to green a corporate product line by buying an eco-friendly competitor. "Some companies might acquire other companies because they don't have a sustainability portfolio themselves," Mahler explains. For example, in 2006, consumer products giant Colgate-Palmolive of New York City bought an 84-percent stake in Kennebunk-based Tom's of Maine, known for its natural toothpaste and other personal-care goods, for \$100 million. That same year, Paris-based L'Oréal purchased the Body Shop, a United Kingdom-based beauty and cosmetics manufacturer and retailer that does not test products on animals.

How Green Is Your Workplace?

Of course, environmentally friendly merchandise is but one prong of a sustainability effort. "A lot of people start with a green product, but that product is produced in a facility that is an energy hog," Basile observes. Once you know your footprint, you can begin to improve corporate operations.

Begin with pragmatic solutions, Sheppard suggests. Installing programmable thermostats or simply making a point to turn off the office lights at the end of the business day can reduce energy consumption right away.

Grocery stores, given their refrigeration needs and long business hours, tend to use a lot of energy. Clean Air-Cool Planet helped Shaw's Supermarkets,

a New England-based chain that has 200 outlets in six states, reduce energy use through lighting retrofits and high-tech monitoring of electrical use within stores, Sheppard reports. If use is spiking for an unanticipated reason, corrective action can be taken quickly. The result? Carbon dioxide emissions are down more than 32,500 tons per year.

With the price of fossil fuels skyrocketing, some companies are hoping to find alternative energy sources for sustainability's sake and for cost-savings. Portland, ME-based Oakhurst Dairy, which heated its home office with oil, looked into alternative energy and is developing a system that will be the largest solar project in New England, Sheppard reports. When the project began, Oakhurst was looking at a return on investment of eight-and-a-half to nine years, Sheppard says. Now, given the price of oil, that time period will be shortened, Sheppard says. About 2,700 square feet of panels installed on the roof of the company's headquarters will save 5,000 gallons of oil each year.

Oakhurst is now working with local farms to help them go solar as well. "We are committed to continually finding ways to make positive changes within our company and reduce our carbon footprint," said Oakhurst President Stan Bennett when the installation of the solar panels was announced in April.

Supply-Side Sustainability

Corporations can become more sustainable by shifting to environmentally friendly products and cleaning up their own in-house pollution problems. Another step toward eco-awareness is to "green your own operations' supply chain," A.T. Kearney's Mahler says. "Look at what suppliers do within their own four walls," he suggests. That's the path on which Bentonville, AR-based Wal-Mart has embarked. "We have 66,000 suppliers, and by changing how they get their materials and dispose of them, we can have an enormous impact," said Matt Kistler, Wal-Mart's senior vice president for sustainability, in a speech earlier this year. "We are working with our suppliers to make our products more sustainable," CEO H. Lee Scott Jr. has said. "But we are also helping them become more sustainable businesses in their own right."

Six years ago, only 17 percent of companies would deselect suppliers for failing to meet sustainability criteria. By 2007, that percentage had risen to 60 percent, according to an A.T. Kearney/ISM survey. A company can no longer afford not to be green. "People are gravitating toward companies that are making a concerted effort," Basile says. Which is why even those corporations that have been sleeping through the past decade's sustainability show need to tune in to it soon. Caught off guard, a corporation can take some immediate steps to promote sustainability and maintain—or improve—its credibility before customers, shareholders, and even the media.



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Need Green Guidance?

A.T. Kearney

www.atkearney.com

Eighty-two-year-old consulting firm with a broad knowledge of business issues, specializing in automotive, aerospace, chemicals, communications, commercial, financial, government, pharmaceutical, process industries, steel, transportation and utilities. Has offices in the United States, Europe, Asia, and the Middle East.

Clean Air - Cool Planet

www.cleanair-coolplanet.org

Portsmouth, NH-based nonprofit organization's main focus is on solving the global warming problem, developing economically efficient and innovative climate policies, and encouraging people and businesses to implement practical climate solutions. Works primarily with companies and universities in the Northeastern United States.

HDR Engineering, Inc.

www.hdrinc.com

A 90-year-old, employee-owned architectural, engineering, and consulting firm with more than 6,900 professionals in 150 locations worldwide. Headquartered in Omaha, NE.

Middleberg Communications LLC

<http://MiddlebergCommunications.com>

A public relations firm based in New York City that specializes in brand and reputation management. The Middleberg Sustainability Group keeps a pulse on the sustainability industry by maintaining active relationships with analysts, academics, policymakers, bloggers, researchers, watchdogs, gatekeepers, and journalists. The two-year-old company analyzes these viewpoints to help clients find direct and indirect ways to make an impact on key constituents through speeches, articles, events, and other channels.

Natural Capitalism Solutions

www.natcapsolutions.org

This Eldorado Springs, CO-based firm's goal is to educate senior decision-makers in business, government, and civil society about the principles of sustainability. Specialty areas include climate protection, corporate social responsibility, economic development, energy, and sustainability leadership and manufacturing. Regularly works with green universities such as The Presidio School of Management in San Francisco and the University of Colorado in Boulder to deliver sustainability-based lectures to future managers and business owners.

The Natural Step

www.thenaturalstep.org

Specializes in helping companies, communities, and governments implement sustainable practices, such as reducing the use of natural resources, develop new technologies, and facilitate better communications among employees and members. Natural Step members are leaders from business and nonprofit communities. Has offices in the United States, Europe, and Australia.

Second Nature

www.secondnature.org

Founded in 1993, Second Nature has worked with more than 4,000 faculty and administrators at more than 500 colleges and universities to help make the principles of sustainability the foundation of all learning, practice, and collaboration efforts with local communities. Boston, MA-based Second Nature is currently helping to launch the Higher Education Associations Sustainability Consortium, and supporting 30 leading youth-led organizations aimed at reversing global warming through the Campus Climate Challenge.

SustainAbility

www.sustainability.com

Established in 1987, corporate think tank SustainAbility advises clients on the risks and opportunities associated with corporate responsibility and sustainable development. Specializes in the sustainable development agendas of emerging economies, particularly Brazil, China, India, and South Africa. Has offices in London, New York City, Washington, DC, and Zurich.

Thrive Unlimited

www.thriveunl.com

Thrive focuses on applying social responsibility and strategic sustainability in ways that create new ideas and drive large increases in efficiency, innovation, human experience, customer satisfaction and loyalty. The company works on the premise that in the 21st century, understanding how the planet works will be a requirement for any business, local or global. Clients include Sun Microsystems, Home Depot, McDonalds, Nike, Bank of America, the Green MBA at Dominican University of California, and the Green Fusion Design Center.

—Alan Naditz