



# HOW TO BE GREEN AND STAY LEAN

*How Being Sustainable Can Save Your Business Money*

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*(Sam's Club is a division of Wal-Mart Stores, Inc. (NYSE:WMT))*

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## **DEFINITION OF A GREEN BUSINESS**

A “green business” can be defined as an organization that tries to meet the triple bottom line by measuring social, economic, and environmental impacts. By doing things such as conserving energy, recycling, and buying locally, you are helping to implement sustainable practices into your operation.

While the above is the more formal definition of a green business, the definition of sustainability really varies by user. When referring to a simple business model, the term can be a synonym for viability. But for the foodservice industry, sustainability goes beyond economics to examine an operation’s long-term impact on the environment, as well its social responsibility. *Source: True Restaurant Sustainability: More Success, Better Future; NetWorld Alliance*

## **THE BIG PICTURE: BEING GREEN IN THIS ECONOMY**

The notation of a “green economy”—economic activity by companies and customers in the form of products, services and business models that promote economic growth, reduce environmental impacts, and improve social well-being—gathered steam in 2008. One key driver was the United States (U.S.) presidential campaign, the first ever where both major-party candidates discussed accelerating investments in alternative energy, electric vehicles, green jobs, etc. The conversation accelerated when the economy worsened and unemployment rose. Suddenly, a green economy was seen as a pathway out of the current economic situation.

Studies in 2008 found that 2 million jobs in two years could be created from adopting green practices, and 4.2 million green jobs by 2038. Globally, the United Nations predicted that renewable energy could create 20 million jobs by 2030.

It remains unclear, however, as to when and where, exactly, the green-job boom will take place. One reason for the slow growth of green jobs could be that many companies are hiring from within or repurposing existing staff, netting out with fewer jobs. Another challenge is a lack of qualified workers. Employers are applying 20<sup>th</sup>-century hiring expectations to 21<sup>st</sup>-century industries, such as asking for years-long experience in fields that are relatively new.

But the recession is changing the rules, and many believe that the Obama administration will embrace a range of policies and initiatives to jumpstart America's clean-tech sector, with green-job creation joining energy independence and national security on the docket. America's largest retailer, Walmart, is setting the example by launching a green jobs council in partnership with many of its leading suppliers of goods and services—all in an effort to help rebuild and retool America's workforce.

In a survey of more than 100 primarily fortune 500 companies, 47 percent said that they were increasing their investment in green product development this year. The same survey found, however, that 46 percent of companies' environmental, health and safety budgets will remain the same in 2009 as they were in 2008, despite the economy. These statistics highlight the challenge today's companies face when trying to make changes to become more socially responsible on the same budget. *Source: [www.stateofgreenbusiness.com](http://www.stateofgreenbusiness.com)—State of Green Business 2009 Report*

But there are ways of gaining access to investment capital. One out of every nine dollars under professional management in the U.S. is involved in socially responsible investing, adding up to more than \$2 trillion. That number represents a huge pool of money being invested in companies that are working to become more sustainable, as reported by [Merchant Circle](#)—an online community dedicated to connecting local businesses and their customers. This goes to show that capital investors are looking for companies showing green platforms in which to invest.

On the flip side, many companies have found cost savings by looking into conservation strategies and finding there was much fat to be cut. For example, through energy conservation and the use of renewable energy, IBM claims it has saved more than \$100 million since 1998, while simultaneously avoiding more than 1.28 million tons of CO<sub>2</sub> emissions. Xerox's new \$60 million manufacturing plant, which will produce a more environmentally friendly toner, is expected to boost toner production capacity by 175 percent, thanks to "smart" manufacturing principles. And Walmart estimates it will save \$7 million annually on electricity by replacing incandescent light bulbs in its stores' ceiling fan displays with super efficient compact fluorescent light bulbs. Companies that have adopted alternative fuel and energy solutions are

able to lower their exposure to oil price volatility while increasing energy efficiency. *Source: It's Not Easy Being Green, By C.J. Prince, Issue Date: January/February 2008*

It's easy to see significant savings at large companies, but greening a business no matter what the size will have positive benefits for the environment and for the bottom line.

## **HOW BEING GREEN POSITIVELY AFFECTS YOUR BOTTOM LINE**

### *Create Interest and Loyalty*

Employing greener practices in your place of business creates interest and loyalty from a variety of sources:

Consumer/Customer—According to [The Hartman Group's](#) model—a research group that specializes in understanding how consumer attitudes and behaviors lead to purchase—consumer adoption “starts with what you put in your body, then on and around your body, and then beyond your body.” For example, sustainable food and beverage products in particular are gaining more consumer acceptance because those types of products interest users who are invested in the personal benefits of sustainability.

The National Restaurant Association (NRA) also supports this theory: “[There is] growing interest by consumers in wanting to frequent restaurants or feeling more positive about frequenting restaurants that are instituting green practices,” said Sue Hensley, senior vice president of communications for the NRA. “I don't see consumers' interest waning in that area.”

Employees/Investors—Adding/improving upon more socially responsible service offerings also increases public image and stakeholder engagement. A company with a positive reputation often has the competitive edge. According to [Merchant Circle](#)—a company dedicated to building relationships between local business owners and their customers—this is one marketing opportunity that businesses can easily take advantage of.

Employees—Another business-building advantage reported by [Merchant Circle](#) is the opportunity to create meaningful work for employees, which in turn allows employers to attract and retain quality associates. And employees who have more respect for their places of employment are known to stay in their positions longer.

### *Showcase Your Sustainable Efforts*

In addition to the capital gained through improved interest and loyalty, there are other ways to make money in this “Green Economic Revolution” and create a sustainable competitive advantage. The following steps, as outlined by [Pizza Fusion](#)—a company dedicated to upholding the highest level of integrity in all they do—are compelling:

- Make sustainability the core element in your product design, cost management, and branding to increase your margins and gain competitive distinction.
- Identify and supply those green specialty products that mean something special to customers searching to buy green.
- Invest in [technologies](#) that reduce costs and emissions to gain sustainable cost control and reduce exposure to higher fossil fuel and water prices.
- Doing green, versus going green, creates binding customer loyalties, generating sustainable revenues.

Try incorporating these four green elements into your business. You may be surprised to find your customers and associates have been waiting on you to capitalize on their enthusiasm, creativity and loyalty. *Source: Restaurants produce green profits, Bill Roth, June 16, 2008. Bill Roth is president of [NCCT](#)—a San Francisco-based consulting firm that facilitates innovations in sustainability marketing and green business strategies.*

### *Offset Climbing Energy Costs*

A restaurant’s profit is typically only 3–9 percent of its total revenue. The money saved on operating costs adds directly to the bottom line, so saving 20 percent on energy operating costs through no-cost, low-cost and investment energy improvements can increase your profit as much

as one-third. Source: [www.fypower.com](http://www.fypower.com), *California's statewide energy efficiency marketing and outreach campaign*.

It's true that energy costs are climbing, but here are some inexpensive ways to help offset those costs. Check out a full list of best management practices for your business sector at [www.smallbiz-enviroweb.org/Industry/bmp.aspx](http://www.smallbiz-enviroweb.org/Industry/bmp.aspx).

- **Use fluorescent light bulbs**—Replace incandescent light bulbs with fluorescent ones. This simple step can save you up to \$21 a year per light fixture for dimmable bulbs, and up to \$34 a year for non-dimming bulbs, according to the Environmental Protection Agency ([EPA](http://www.epa.gov)). Not all fluorescent lighting is alike, however. If you use standard fluorescent lights and magnetic ballasts, the EPA recommends replacing them with T-8 fluorescent lamps and electronic ballasts, for an annual savings of \$16 per light fixture.
- **Turn off the switch/unplug**—It may seem like common sense, but remembering to turn off lights and appliances when they're not needed can save you up to \$1,000 a year, according to the EPA. Also unplug items when not in use.
- **Print smarter and go paperless when possible**—The average U.S. office worker goes through 10,000 sheets of copy paper every year. Make it a habit to print on both sides of paper and avoid printing in color whenever feasible. Consider switching to a lighter stock of paper or alternatives made from bamboo, hemp, or organic cotton. In lieu of printing, house items online for others to review.
- **Purchase smart office supplies**—Buy office supplies such as chairs and desks that are made from recycled materials, and provide reusable coffee mugs, plates, silverware, etc., for your employees. Invest in filtered drinking water to reduce bottled water waste.
- **Fix Leaks**—Repair leaky faucets and toilets, and stop air leaks by caulking and insulating around leaky windows and doors.
- **Rethink your travel and your commute**—Use public transportation, look for hybrid rental cars, invest in video conferencing capabilities, carpool, and allow your

employees to work from home. This will cut down on travel time, saving those effects on the environment.

- **Reduce, Reuse, Recycle**—Follow the “3 R’s” of sustainability: reduce waste and energy consumption, reuse whatever possible and recycle paper, plastics, etc.

The key for a business owner is to still provide goods and services at a profit, while sustaining the environment. “The green companies that go out there and try to guilt people into it or try to create fear ... that’s not right ... I don’t think the market is ready to be [totally] green. They still want you to be a business. I buy that. I subscribe to time and money,” said Spencer Brown, founder and owner of [Rent a Green Box](#)—America’s first zero-waste pack-and-move solution with a mission to provide earth-friendly packing and moving alternatives that will save time, money and the Earth.

### **AVOID “GREEN WASHING”**

Part of being profitable while being green is gaining a loyal customer base and creating interest. It is easy for consumers today to be skeptical of all of the “green” talk that is going on. Below are a few steps from Lindsay Holloway, [Entrepreneur’s StartUps, June 2009 edition](#), that you can take to help ensure consumers know your company is sincere.

- “Be honest, authentic and transparent. Be clear about who you are, what you’re doing and who you’re targeting,” says Charisse McAuliffe, founder and CEO of Fort Collins, Colo.-based [GenGreen](#)—an online database of green businesses and organizations.
- Establish credibility. Join relevant associations, network in the green space and apply for certification seals (but be wary of dishonest certification groups).
- Do your homework. Research the market to make sure your product is relevant and useful, uncover which competitors and companies may have already tarnished their reputations, and verify that your suppliers, partners and distributors are in the clear.
- Educate. “Green entrepreneurs are responsible for educating their customers,” McAuliffe says, adding that it’s important to educate today’s budget-conscious consumers on the money-saving aspects of purchasing sustainable products.

- Practice what you preach. [Purely Products](#)—a company with eco-friendly product and process alternatives—uses recycled containers for packaging and has a comprehensive recycling program that uses an EPA-certified recycler.

## **TIPS TO GET YOU STARTED**

Even small businesses have an opportunity to make a big impact in the green arena. Below is a list of some of the key elements to start thinking about when first creating a sustainable operation.

- Set goals—Identify your purpose, whether your goal is to cut costs or to be environmentally responsible, or both.
- Watch the bottom line—Implementing sustainable practices that provide no return on investment are not practical or wise.
- Start small—Look at reducing energy, even if it's as simple as unplugging charges while not in use. Switch to CFL or LED lighting—you don't need to wait to phase these in; your overall energy reduction justifies the immediate switch—and then progress to purchasing energy-saving appliances. Realign procedures to maximize energy efficiency.
- Look upstream—Find sustainable suppliers and sourcing. Know the environmental impact all your sources have on your business.
- Look downstream—Examine your waste stream. Look for ways to reduce, reuse and recycle.
- Build green—Implement green building practices. There is even an option to seek a Leadership in Energy and Environmental Design ([LEED](#)) certification.
- Invest in people—Investing in the community and your own employees is an essential component to sustainability.
- Learn more—Join and support sustainable organizations and attend their education events.
- Get certified—Invest in a [Life Cycle Assessment](#) or seek an audit from a third-party certifier, if applicable.

- Tell others—Share your story with customers so they know not only where your products originate, but also why they should buy your product over others, especially if it costs more. *Source: True Restaurant Sustainability: More Success, Better Future; developed and published by [NetWorld Alliance](#)*