

Corporate sustainability: A journey to profitability

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Companies are racing to implement [sustainability strategies that will differentiate them from their competitors](#). They face growing pressure to explain and improve their sustainability performance as it now plays an important role in analysis and investment decisions. Stakeholders like consumers and non-government organizations (NGOs) are demanding more data regarding environmental and social performance. Regulators and competition are also piling on the pressure and contemporary leaders are responding.

Competition is fierce and resources are limited – all must engage in next venture.

So what is sustainability?

That depends on who you ask. There are numerous definitions – almost too many to count. Most are too vague to have practical value, especially as it relates to a business. This explains why businesses still struggle today with what sustainability is and how to implement it – profitably.

Common definitions include “able to be maintained”, “to continue indefinitely into the future”, “to merge ecology and economy”, “living a life of dignity in harmony with nature”.

The most quoted definition from the United Nations describes sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

So how is a business to integrate these definitions into the fabric of their operations and make a profit?

The contemporary definition of sustainability came out of The Symposium on Sustainability in 2001. This definition makes the business case for sustainability: “A company’s ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental and social opportunities into its business strategies”.

Sustainability means profits.

Sustainability has emerged as a factor in determining which organizations will win in the marketplace. Shareholders are increasingly scrutinizing sustainability reports and only investing when sustainability is embedded in the management

strategy. They view profitability as closely tied to sustainability; exemplified by the growth in the Green Indexes such as the [Dow Jones Sustainability Index](#).

A new [Ceres report](#) attests that companies must make immediate and meaningful social and environmental improvements if they are to win, in the resource-challenged, 21st century. The report outlines the urgency, vision and competitive advantages for companies that fully embrace sustainability in their business as energy prices rise, water supplies dwindle, and the world’s population expands.

The business case is not always linked directly to profits. The image of a company is also important and many are striving to market their products as sustainable. They recognize the value that sustainability brings to the strength of their brand image and the competitive advantage in the marketplace. Many realize reduced liability premiums as insurance carriers increasingly recognize the risk management benefits of a sustainability strategy and offer reduced premiums.

Samplings of companies that have built strong sustainability programs that have propelled their brand image include [General Electric](#), [Royal Caribbean Cruise Lines](#) (case study), [Wal-Mart](#), [Sun Chemical](#) and UPS.

Sustainability and the potato.

How many times have you looked at a potato and thought “sustainability”? Most likely this hasn’t been the first thought to cross your mind. Fortunately for Frito-Lay, someone did. They process over 350,000 tons of potatoes annually, producing 630,000 tons of process waste in the form of steam. Potatoes are 80% water; water that was escaping into the atmosphere as steam.

The plant devised methods to capture the escaping steam and reuse the water in unique ways. They will not only reduce their water cost by over \$1m per year, they will be able to completely disconnect from the water source coming into the plant. This practice embodies the real definition of sustainability - profitability and innovation.

How often do managers ask questions about their operations?

Or have we become complacent?

The essential lesson from the potato is that we must look at the common things with a new set of eyes. As we go through our daily operations and practices look at the uncommon areas as a savings opportunity. In the case of the potato, they looked at the escaping steam as an opportunity to disconnect from the water line. Sometimes it may take a set of eyes unfamiliar with your operation to ask the 5 whys?



It's escaped no one's attention that we face critical decisions with regard to our energy resources. Rising energy prices impact the profitability of all businesses. But how often do we miss the opportunity to save energy that isn't measured by what comes "out of the wall"? Most are surprised to learn that up to 80% of the cost of water is related to the energy required to produce it, or that it takes 25 gallons of water to produce just 1 kW of energy from coal. All forms of energy including nuclear, coal, and solar require water in enormous amounts with the electricity industry the second largest user of water. Fossil fuel and nuclear energy require 190,000 million gallons per day, or 39% of all fresh water. We are as dependent upon our water to turn on the lights and cool our homes as we are on the electricity that runs them.

When you think about your operation, look for the embedded energy that isn't so obvious to the sets of eyes that look at it every day. Energy exists in all processes; in the people, in the facility, in the linens and the equipment.

It's common to look at the amount of resources (energy, water, chemicals) required to produce a pound of linen. But opportunities may be missed by not looking at the totality of all processes, from pick-up to delivery.

UPS wanted to [reduce the energy used in the delivery process](#). They implemented a right turn only policy and project savings of \$600m per year. Likewise, Wal-Mart needed to cap fuel costs to avoid raising prices of products on their shelves. They implemented a no-idle policy for their fleet and project savings between \$35m and \$50m per year.

It's been said that "It's not scarcity of oil or even energy that is today's problem. What is scarce is the ability and wisdom to use energy wisely." Henry Ford wrote in his 1924 book *Today and Tomorrow*:

"If one uses nothing then one would waste nothing.
But if we use nothing at all, is that not a total waste?"

The true waste however comes in the hands of management, and how we manage our resources.

[How do you implement sustainability?](#)

Many companies today are taking a sporadic approach to sustainability that frankly can unintentionally lead to "greenwashing". The silo approach of changing light bulbs, recycling waste, and upgrading equipment misses the not so obvious components of the processes that provide the most impact. They are focused on being "green" as opposed to the overall impact that a management system can have on the profitability, branding, risk management and competitive advantage of an organization.

Conversely, there are those companies like GE that have embraced the eco-economic gains in developing a culture that has enhanced the bottom line. They have moved far beyond the "command and control" methods of the past to managing impacts with their eye on cost reduction to become lean and green. They have implemented management systems that integrate energy, water and safety that not only make them "sustainable", but reduce their risk and improve their profitability.

Like laundry detergent from a box, a canned management system will not meet the unique needs of an organization. It must be organically grown or customized to meet the organization's sustainability goals or it will not survive. A key component of a credible management system is the ability to continuously measure the impact of sustainability initiatives in dollars saved, profits earned and the environmental benefits provided.

[About The GreenBridge Council](#)

The GreenBridge Council is a boutique consulting firm specializing in customized management systems that integrate energy, water, safety and sustainability for improved efficiencies, compliance and increased profits. We have worked with Fortune 50 companies world-wide to realign their businesses for sustainable growth and are one of the most respected consultancies in the field. For more information please visit www.GreenBridgeCouncil.com or call 770.973.6207

