



Environmental News for You™

9 Purely Business Reasons to “Green” Your Company

Becoming more “green” is a recognized business issue. Savvy companies who have comprehensively addressed the issue have taken advantage of core business value opportunities. This article presents 9 purely business reasons why a **robust “green” program will benefit a company’s bottom line** with real life examples.

1. Making the Monetary Case

Reducing greenhouse gas (GHG) emissions is most commonly achieved by reducing fossil fuel combustion and electricity usage. Given their high costs (>\$4/gallon gasoline), such reductions result in significant cost savings. If an energy audit saves your company \$100,000/yr, what is the sales equivalent? At 10% profit, sales would need to be increased by \$1 M/yr. Which is easier? The answer differs for each company, but for most raising sales is more difficult (i.e, staff, ads, etc.). Also, energy reductions save perpetually; sales must be repeated each year. Finally, there are financial incentives to pay some upfront costs of the efforts and tax rebates later. **Example:** DuPont reported investing over \$200 M in energy reduction projects in the 1990’s. These projects now save them over \$300 M per year in energy costs. Reducing GHG emissions can also result in sellable carbon credits. The U.S. voluntary market can result in real revenue if reductions are certified properly.

2. Create New Products and Sell More

Re-branded “green” products can give you a competitive sales edge. **Example:** GE’s Ecomagination is an example of re-branding existing products as “green”, leading to doubling of sales in three years.

3. Meet the Expectations of Customers and Suppliers

More customers care about product “carbon” data. **Examples:** Walmart requires many suppliers to submit GHG emissions data for eventual posting. According to *Automation World*, T-Tek Material Handling sells a beverage pelletizer using less energy than competitor’s. Being “green” as its main selling point, sales soared.

4. Raise Employee Morale

Replacing an employee (find, train replacement) and worker motivation are major business issues. Firms with “green” programs have reported that many employees develop a new devotion to work and the company. **Example:** Ray Anderson, Founder of Interface, “I have never seen anything equal to sustainability as far as attracting, motivating, and bringing people together.”

Also, a company implementing building upgrades to meet LEED green building standards will likely see an increase in productivity and reduction in sick days.



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5. Fast-tracking Future Projects

Green programs can be used as the moral high ground to negotiate for a project that some may dispute. **Example:** In the proposed buyout of TXU power plants, implementation of a climate change program was a major factor in the agreement for a proposed expansion. A number of ardent environmental groups signed on to allow new coal-fired plants because a robust climate change program would be implemented. This ultimately saved TXU much money and time in avoided litigation.

6. Improving Efficiency

A “green” program resulting in reduced fuel and electricity use while growing operations will result in better operational efficiency throughout the company’s business, spanning all operational aspects. This results in improved profit margins, as well as avoidance of tripping other environmental limits.

7. Evaluating Climate Change Risks

Scientists have forecast potential grave climate change effects, such as more intense storms, water shortages, and disease outbreaks. How may these affect your business? How may more frequent and intense storms impact your ability to bring product to market? What would the effects of hotter weather, tropical diseases, water shortages be on consumer confidence in your products? **Example:** A major tobacco company performed a modelling study of future tobacco production and determined that it will need to shift existing farming area and have flexible contracts. A climate change risk program can allow you to strategize to minimize risk.

8. Improving Your Image

A growing number of people use environmental image in product purchase decision making. **Example:** Toyota is using its hybrid Prius to counter its recent poor image due to product recalls. Your company can use “green”, with an undeniable metric (GHG reductions) to show a positive image in reports and website. Several registries exist to show certified GHG emission reductions.

9. Company Valuation

A recent published study shows among S&P 500 companies that those that emit lower quantities of GHGs have a higher value, based on stock price, than those that emit more carbon. Lower emissions may indicate to the market that those companies are more efficient, effective, and business savvy.

Read more useful material in our blog: www.CCESworld.com/blog

CCES has the technical knowledge and real life experience to help all kinds of firms set up “green”, climate change, and sustainability programs that result in many of the benefits listed here. We can help you organize your program, as well as gain the maximum financial benefits possible. And we can help you get the most publicity out of the program results and train you to run your own program independently in the future.

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