

A SUSTAINABILITY BLUEPRINT FOR THE 99%

A Practical Approach to Sustainability for Small and Midsized Businesses.

RAPPORT

ABSTRACT:

Sustainability measures for small and midsized businesses (SMB) need not be complicated. SMBs have as much potential as large companies to reap the businesses benefits of sustainability, including higher profits, an enhanced reputation, and more engaged employees. This brief lays out a practical blueprint for SMBs to develop their own bottom line-based sustainability strategy.

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One day, after running a sustainability consulting firm for 14 years, I came to a realization.

MOST – LIKE 99% -- OF BUSINESSES DON'T NEED A SUSTAINABILITY CONSULTANT.

And yet, the data shows that the vast majority of SMBs are under increasingly acute pressure to respond to one (or more) of the three classic drivers of sustainability – competitive, financial, and social. But, as I came to see, the solutions for these companies rarely require the highly specialized knowledge or compulsory hand holding afforded by expensive, external consultants. In fact, these consulting engagements may dramatically limit progress by pricing out companies that cannot afford them.

So, here's a simple, straightforward blueprint that can help any SMB leverage sustainability to leap ahead of competitors, improve its bottom line, and burnish its reputation among its employees and community.

But first, let us define *sustainability*. It's a slippery term, subject to vastly different interpretations, uses, and motives. Consulting firms, NGOs, governmental groups, politicians, marketers, and businesses harness its broad connotations for their own purposes. Usually, these interpretations are rooted in maintenance.

As in, *let's just do no worse*.

The 1987 U.N. Brundtland Report produced what has become a widely accepted definition of sustainability in this tradition: "*meet[ing] the needs of the present without compromising the ability of future generations to meet their own needs.*"

In other words, *maintenance*. Not bad. Not overly romantic. Not particularly demanding.

But for SMBs, this interpretation may be a wasted opportunity. How should an SMB consider itself in this context of future generations? A definition mired in theory or walled-off in academia is usually not practical for business. Small and midsized operations in particular need a solution that's practical, actionable, and beneficial to the business in the near-term and beyond. Don't get me wrong, sustainability is and should be about resiliency for the long-term. But it can also be harnessed for seizing the day as well.

And on an individual organizational basis, it's vastly more productive to work with a definition of sustainability that helps a business thrive while simultaneously integrating operational protocols and goals to minimize impact.

As such, I work toward two outcomes when developing sustainability programs for SMBs:

A. *The reduction of environmental footprint in the greatest possible and measurable amount.*

This usually results in:

1. Lower operating cost (saving money)
2. Healthier employees and customers (greater productivity and market share)
3. Decreased environmental footprint (ecological benefits, goodwill, reputation)

B. *The improvement of social footprint in the greatest possible and measurable amount.*

This usually results in:

1. Positive social license to do business (brand and reputation enhancement)
2. Happier employees and customers (greater productivity and market share)
3. Expanded social footprint (societal benefits, goodwill, reputation)

The operative words here are *reduction* and *improvement*. Within this framework, we can draw a direct, quantifiable connection between sustainability and a business's bottom line. Of course, there is a corporate context for the triple bottom line concept, which considers people, planet, and profit.

But, in most small and midsized businesses, the single bottom line trumps all out of necessity. And data and experience has convinced me that *reducing* the impact on the planet and *improving* the impact on the people inevitably generates higher profits. In short, SMBs can leverage sustainability as a tool for improving its financial position, enhancing its reputation, and extending its longevity.

In the simplest terms, sustainability for SMBs can be boiled down to spending less money on environmental resources (e.g. energy, water, waste) in order to be loved and respected as a great community partner and employer.

If that doesn't sound appealing to you, stop reading now.

If that sounds like where you want to go, let's look next at how to set up a sustainability program that is right-sized for a small or midsized business.

First, let's establish some foundational building blocks for driving sustainability:

1. **Strategy.** Understand why you want to leverage sustainability as a business tool.
2. **Impact.** Determine the areas within your operations that represent the most fertile ground for reducing waste.
3. **Stakeholders.** Identify the audiences and participants you need to engage and communicate with to share your impact, goals, and progress.
4. **Benchmark.** Accurately measure your footprint to establish a baseline.
5. **Targeting.** Find the low hanging fruit (i.e. projects and initiatives) that will have the greatest impact in reducing your footprint and operational costs. (Hint: if you're new to this, it's all low hanging.)
6. **Share.** Communicate your impact, goals, and progress with your stakeholders.
7. **Lather, rinse, and repeat.** Follow these steps again and again, until you have achieved the maximum measurable impact.

OK. Let's take a quick look at each of these steps in more detail.

STRATEGY. UNDERSTAND WHY YOU WANT TO LEVERAGE SUSTAINABILITY AS A BUSINESS TOOL.

There are three primary pressures driving small and mid-sized businesses to embrace sustainability.

1. **Belt-tightening.** Industry research shows that 67% of companies focus on sustainability to reduce operational costs.
2. **Customers demand it.** As the market pressure to "be more sustainable" seeps down from very large companies to more small and mid-sized businesses, an increasing number of corporations are requesting – and, in some cases, requiring – their suppliers to provide data to be included in the measurement and reporting of their own environmental impact. (An increasing population of retail consumers are looking to "vote with their wallet," buying from those businesses that reflect and support their own social and environmental values.) Research shows that 64% of companies cite customer demand as a driver of sustainability.

3. **A moral imperative.** Research shows that 62% of companies cite pressure to “do the right thing” as a rationale for their sustainability activity.

Your own particular priorities will drive the next decisions you need to make.

IMPACT. DETERMINE THE AREAS WITHIN YOUR OPERATIONS THAT REPRESENT THE MOST FERTILE GROUND FOR REDUCING WASTE.

Is your company a big time energy user, water hog, or consumer of fuel for transportation? Your largest impact likely offers the greatest potential for improvement -- otherwise known as cost savings -- through the activation of some simple best practices.

A helpful first step is to segment your organization into its natural functional components. This will help you estimate the impact of each functional group.

For example:

- Do you have a sales team? Do they account for 90% of your airline travel?
- Does manufacturing use more natural gas than the warehouse?
- Does packaging generate more trash than administration?

Next, make a list of your impacts – also known as the natural resources consumed (e.g. energy) or produced (e.g. carbon emissions or solid waste) by your organization. Then, estimate the percentage associated with each function; for example, the distribution center consumes 25% of the natural gas purchased by Company A and produces 45% of the company’s solid waste.

Here’s a list of common environmental impacts and organizational functions to get you started:

CARBON

Electricity
Natural Gas
Fuel Oil
Gasoline
Propane
Vehicle Miles
Air Travel

Marketing

Sales

Manufacturing

Shipping/Receiving

Packaging

Maintenance

Retail

Distribution

WATER

WASTE

Non-Recycled
Recycled

STAKEHOLDERS. IDENTIFY THE AUDIENCES AND PARTICIPANTS YOU NEED TO ENGAGE AND COMMUNICATE WITH TO SHARE YOUR IMPACT, GOALS, AND PROGRESS.

Organize your stakeholders by order of importance. And focus on the two or three most important ones to start.

Examples:

Customers

Employees

Investors

Board members

Government/regulators

Non-governmental organizations

Community members

BENCHMARK. ACCURATELY MEASURE YOUR FOOTPRINT TO ESTABLISH A BASELINE.

Now comes the (relatively) hard part. You need to gather some information. The first time around it can be time consuming. Once you get caught up, however, data up-keep is pretty easy.

Most of the information can be found on utility bills and service provider invoices. We think it best to upload your metrics in a system like Rapport that supports decentralized data entry, can accurately handle all of the environmental calculations (greenhouse gas and CO2e conversions, etc.), generate visually engaging dashboards, and provide meaningful analytics to drive decision-making.

In a pinch, however, an Excel spreadsheet will suffice. Ideally, you will have at least 12 months of data on your most important environmental impacts, including the following information:

1. Date ranges -- to benchmark against seasonality and other timeframes
2. Volume -- to track absolute amounts consumed and produced
3. Cost -- to track the cost savings resulting from reduction

TARGETING. FIND THE LOW HANGING FRUIT THAT WILL HAVE THE GREATEST IMPACT IN REDUCING YOUR FOOTPRINT AND OPERATIONAL COSTS.

Once you have the data and can see both your total impact and the respective impacts of your various organizational groups or functions, you can select areas to target. These are most commonly the areas with the highest costs (i.e. where you can save the most money) and largest environmental impact. Usually, they are one and the same.

There are many online databases full of industry-specific best practices for operational improvements; scan 'em and find those most directly related to your impacts and business environment. Practical, relatively simple-to-implement tips on saving water and energy or recycling may represent hundreds, thousands, and, in some cases, millions of dollars to your bottom line.

Best practices can be identified through research and employee brainstorm sessions. Once you have a handful, plot them on a grid based on your own assessment and knowledge of your operations and culture.

Build out an implementation plan starting with the ideas plotted in Area 1. Then move on to 2, 3, and 4.

Examples:

- Replace older, glass door freezers with EnergyStar-certified models to reduce energy use. This can save up to \$375 annually, per freezer.
- Replace incandescent bulbs with LEDs in all 50 light fixtures reducing Co2 emissions by 202,450lbs for a total savings of \$14,787 per year.

SHARE. COMMUNICATE YOUR IMPACT, GOALS, AND PROGRESS WITH YOUR STAKEHOLDERS.

Sharing takes many forms. It can come through a traditional sustainability report, validated by a third-party like the Global Reporting Initiative. It could be a brochure or Webpage. It could be an infographic or Rapport dashboard displayed in an employee break room. Your intended audience will inform the best method for sharing.

LATHER, RINSE, AND REPEAT. FOLLOW THESE STEPS AGAIN AND AGAIN, UNTIL YOU HAVE ACHIEVED THE MAXIMUM MEASURABLE IMPACT.

Keep tracking. Keep reducing. Keep sharing.

Let me be perfectly candid: the further you go, the harder it gets. But the rewards grow proportionally, as well. And nothing could be more worthwhile.

Sustainability has been set up as a quest for perfection. It is not. It is a business strategy with concrete positive impact. It has also been put on a technology shelf reachable only by large businesses with deep pockets permitting a longer payback horizon. No longer. Sustainability can be, and is now, a straightforward business strategy available to small and midsize businesses.

About the Author

John Rooks has 20 years of experience in the environmental and sustainability space. He is the founder of The SOAP Group, a sustainability consulting firm, and is certified in Global Reporting Initiative (GRI) protocols. Rooks is a frequent speaker on the topics of sustainability, culture change, employee engagement, and the relationship between data and people. He is a co-founder of Rapport, a software company that's democratizing sustainability for millions of small and midsized businesses around the globe. He can be reached at john@rapport.io.

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