9 Unexpected Benefits of Integrating Sustainability Into Your Company’s Core Strategy

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A paradigm shift in strategy

For years, sustainability has been considered as a cost component or something that will, at best, save some money on electricity and water bills. Traditionally, the emphasis has been on up-front costs. However, sustainability actually can improve profitability by reducing total costs and enabling increased sales. Businesses need to take a more pragmatic approach and stop viewing sustainability as an additional cost. Multiple studies conducted on the financial outcomes of CSR initiatives on a company using sustainable business practices have shown evidence that sustainability can pay off and drive revenues and profits.

Freya Williams, CEO of North America for Futerra, a sustainability strategy and communication firm and author of Green Giants: How Smart Companies Turn Sustainability into Billion Dollar Businesses writes,

“For the green giants, sustainability is not about how they save money, but about how they make it. They’ve shifted sustainability from the bottom to the top line — and that move has had profound implications for sustainability in the context of business. No longer are sustainability and profit at odds; on the contrary, rather than being a drag on profit, sustainability can drive it.”

This demonstrates a paradigm shift in business strategy.
By integrating sustainability into their core operations, making focused organizational changes, and embedding those in to every aspect of their organizational structure and culture, sustainable companies will be able to drive not just profits but create more value. The following diagram is an excerpt from McKinsey Report explaining what values sustainability can create for sustainable companies.²

The following article recognizes those brands that bring other such values and business opportunities that sustainability creates (in addition to financial performance). The unexpected benefits of sustainability


If any of these items keep you up at night, here are nine reasons (and real-life examples) as to why organizations, like yours, should redefine how to approach sustainability to your benefit:
1. Lower Operating Costs and Increased Profitability

How does lowering the cost of power by $360,000 a year sound to you? Intercontinental Hotels is saving $30,000 a month at two San Francisco hotels by managing peak power usage at a micro level. Installing battery banks, energy storage systems are linked to a sophisticated software system at these two hotels. The batteries recharge during cheap electricity periods, like off-peak hours. The system then curbs the amount of power the hotel buildings pull from the grid during peak hours, relying instead on the store energy in the batteries. The “smart power system” reduced utility costs drastically, resulting in complete payback within two years. In addition to the quick ROI, the hardware and services are structured as such that the equipment is paid for out of the utility savings.

As a recognized member of QuEST Forum, Fujitsu is leading the way in the “Sustainable ICT” arena. Fujitsu’s ICT solutions deliver real value in numerous supply chain and industrial areas. One example is recognizing that a significant proportion of a company’s electricity bill and resource inefficiency can come from the day to day operations of its infrastructure. These activities are also a burden on pollution levels in both the generation and consumption of electricity. To address this, Fujitsu offers a framework and sustainability consulting program that helps customers assess the environmental impact of their assets and data centers. This data center optimization service increases power efficiency, lowers the cost of data center operations and produces less greenhouse gas emissions. Using this framework, Fujitsu customers are able to reduce their energy costs by an average of 40% within the first 12 months – with no additional capital expenditure.³

2. Green Buildings Can Produce Higher Revenue Opportunities

'Green' buildings tend to be more profitable than standard construction, and not for the reason you think. Buildings with lower power requirements not only have the benefit of lower utility bills, but they also tend to
attract higher end tenants who pay higher rates for rent. CBRE Brokerage in San Diego, the world’s largest commercial real estate services firm, found in a survey that virtually all green buildings rated as Class A or B commanded 18 percent higher rents and higher occupancy rates than conventional buildings.

In addition, building owners are upgrading existing facilities and systems with more energy-efficient platforms as a way of lowering operating costs and attracting environmentally-minded tenants.

3. Increased Capital Value and ROI

In real estate, higher rents and lower turnover translate directly into higher capital values that can average 10.9 percent for new buildings and 6.9 percent for older ones. It also helps to control utility bills. Owners of green buildings reported that their ROI improved by 19.2% on average for existing building sustainable projects and 9.9% on average for new projects.

4. Leverage Investments to Create New Opportunities

As part of an initiative to upgrade its smart-grid, Chattanooga, Tennessee’s municipal utility EPB, installed a 1-gigabit fiber optic network that reaches more than 172,000 homes and businesses in the Greater Chattanooga area. By building one network for both grid and Internet traffic, EPB was able to leverage its investments and construction costs, and provide local residents and businesses such as Volkswagen and Amazon with some of the fastest internet service in the country. The ability of smart-grid upgrades to provide internet services in the same network has enabled EPB to add an additional revenue stream to its current offering. This project has become a model for many communities.
EPB’s sustainable smart grid reduces the impact of power outages, improves response time, allows customers greater control of their electric power usage and improves communication capabilities. Today, EPB continues to benefit from its smart grid investment and to add value to customers by partnering with Schneider Electric to implement additional smart grid applications.

5. Stronger Brands Outperform Their Competitors

Sustainable and “meaningful” brands outperform their competitors by 120 percent. Seventy-five percent of retailers say sustainability has strengthened or alleviated their brand. Today, only about 20 percent of brands worldwide are projected to meaningfully and positively improve quality of life for the consumer⁴. Positive brand messaging with emphasis on solving social and environmental problems resonates for consumers. Family, value and savings, stability, safety and health are increasing priorities for them. Findings show that companies with higher Meaningful Brand Index (MBI) scores build stronger brands, gain stronger brand equity, and show greater loyalty preference with emotional attachment.

6. Talent Acquisition and Retention

Workers younger than 25 years consider an employer’s reputation as an important criterion for a job.⁵. Consider the case of sustainability pioneer Unilever. Not only are Unilever’s sustainable living products more profitable than standard products, they also drive other top-line benefits. “When people are proud, they’ll share it – they’ll spread the word. When you see your role in this light, talent acquisition moves beyond bringing in great talent and into being a prime mover in leading a sustainable growth strategy,” said Stephen Lockheed, Vice President, Global Talent and Resourcing, Unilever.⁶

Another representative from Unilever says. “This sense of purpose and our Sustainable Living Plan attracts and retains talent. We are LinkedIn’s top 3 most sought-after employers globally, and 50 percent of
graduates cite our sustainability credentials as the main reason for wishing to join us.”

Top companies acquire top talent and sustainability is what leads the way.

7. Lasting Customer Patronage & Cost Savings Through Better Lighting

Studies show, consumers are prone to stay longer at stores that have been built or retrofitted using LED lighting. Anecdotal evidence is also being collected about higher sell-through rates. The ambience and pleasant LED lighting significantly enhance the overall customer experience at a store. Moreover, recent integration of LED fixtures with network control of each fixture and lighting-management software are showing improvements in efficiency that provide 100% of the light at 10% of the energy cost.

8. Improved Employee Performance, Health and Wellness

Workplace and building design can have a direct impact on motivation, employee satisfaction and productivity. The result, of which, is enhanced employee performance. An eco-friendly building can positively affect ability by providing comfortable, ambient conditions and reducing health and safety risks. A green building can positively affect motivation by providing conditions that promote positive, affective functioning, psychological engagement and personal control. Hewlett-Packard found that lighting controls can reduce migraines. Data also shows that respiratory problems drop in retrofitted buildings.

9. Data Center Performance

Data center managers are some of the biggest believers in sustainability, as electricity can consume up to 30 percent of their operating budget. They are making impressive strides to reduce the carbon footprint of the cloud by considering factors like energy.
transparency and commitment to the deployment and advocacy of renewables.

Google claims it has saved over $1 billion through energy efficiency measures in its data centers. Lowering wasted heat extends equipment lifetime and reduces failures. Even innovations such as flash memory storage systems (versus traditional spinning disks) reduce power consumption, speed up networks, and reduce costs by allowing companies to be more productive with fewer machines.

Apple is now the largest private owners of solar facilities in the United States and leads the industry by powering its data centers with 100 percent renewable energy. Apple’s new headquarters at One Infinite Loop is one of the largest green buildings in the United States. Another Quest Forum Sustainability Award Winner, Argent Associates, has also become a supply chain innovator. In 2015 the company integrated their quality, environmental, health and safety and recycling management system into one platform that allowed them to streamline and provide better visibility into their business processes, performance metrics, policies and key initiatives. This initiative not only allows them to support the business but does it by addressing their environmental impact. They furthered this initiative by launching their G-Argent independent subsidiary to ensure their business evolves in a way that contributes to the long term sustainability of their business, community and environment.

How to Get Started Reaping the Benefits of Sustainability?

To reap the above benefits and more, companies will have to adopt sustainable solutions and best practices to make their operations sustainable. Although this may seem like a daunting, expensive task, there is help on the market today. Organizations, like QuEST Forum and member companies epi Consulting, British Telecom, and AT&T provide businesses with practical solutions to assist with in these efforts.

In fact, a new cloud-based tool was recently developed by the above companies to allow users to benchmark their sustainability approach against best practices, providing them with a rating on how they perform against those best practices in ten different areas of sustainability, as well as customized recommendations for
improvement. The new tool, called **Quest Assessor**, is the first of its kind to streamline the entire benchmarking process to about 15 minutes. This allows for rapid improvement that will impact the bottom line and take your sustainable processes beyond the point of compliance in to the realm of business excellence.

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**Read more about Quest Assessor** or contact the company for getting access to the tool by going to **www.questassessor.com**

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**About QuEST Forum**

Quest Forum is a global association of companies dedicated to impacting the quality and sustainability of products and services in the ICT industry. QuEST Forum unifies the ICT community through the implementation of TL 9000 (an ICT specific quality management system that is built on ISO 9001), performance benchmarking, and a broad array of common metrics that support rapid industry adoption of new technologies and consistent quality of communication networks around the world.

The QuEST Forum Sustainability Initiative was launched in 2014. The primary goal of the Sustainability Initiative is to create a TL 9000 measurement class that sets the industry standard for the effectiveness and maturity of a company’s sustainability program. The measurement class enables peer benchmarking and best practice sharing amongst participating companies.

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**Sound interesting? Read more on Quest Forum’s Sustainability Initiative at**

**www.questforum.org/sustainability/**
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