Going Green, Saving Green

No matter what your company's environmental motivations may be, the bottom line is still the bottom line.

By Lauren McKay

There may be no such thing as a truly "green" enterprise—mastering all elements of environmentally conscious activity. But there are certainly shades of green. The desire to flip the ecoconscious switch may be intensifying in corporate America, but that doesn't suddenly mean there's a simple solution to reducing a company's environmental footprint.

In a recent Forrester Research survey, 85 percent of responding corporate-technology leaders said they considered environmental concerns "very important" or "important" in planning their company's technology operations. Going green, however, involves more than mere technology initiatives. Opportunities are present in a company's use of paper, its travel policies, and its energy consumption; more significant, though, may be the need to address the overarching corporate culture.

The idea of sustainability might now be resonating in the C-suite, but it's hardly effective without enterprisewide support. Add to that the question of who "owns" sustainability in the enterprise, and you've got all the makings of yet another breed of siloed efforts. Doug Washburn, a Forrester Research analyst specializing in green technology, says that for the past decade ownership of green projects seemed to reside with corporate technology departments. That's begun to change, though, as companies start to see green projects falling under the rubric of social responsibility. Under those precepts, green initiatives are now likely to be guided by management and the business side. But there's another key reason CEOs are taking notice: the other kind of green. "We find, a lot of times, that business executives are using 'green' [initiatives] to purge costs," Washburn says.

Although it might seem counterintuitive, Washburn says that the recession may not have slowed the pace of sustainability initiatives. Quite the contrary: "Overall, we don't see the recession cutting into spending and green [technology] plans," he says. "The recession has been an excuse to ramp up to reduce operating costs, reduce energy costs, and reduce hardware and capital costs." The larger the organization, he adds, the greater the possibility for savings.

Although corporate-technology professionals are often quick to blame the data center for energy-consumption woes, a Forrester survey indicates that distributed technology may be the real culprit. Moving beyond the data center allows a view of what Forrester calls "Green IT 2.0"—a perspective, Washburn says, that "is not really about reducing the environmental impacts of [corporate-technology] equipment, but…about using [that technology] to reduce…the broader impacts." In other words, the effort means more than just taking out unneeded servers—companies must rethink such arenas as supply-chain processes, corporate travel, and training.

At Arizona State University (ASU), for example, in-person training programs run by the Alliance for Construction Excellence (ACE) group were racking up hefty costs. Training and certification in various construction seminars required individuals to travel to ASU's campus—neither environmentally friendly nor easy on the wallet. Something had to be done, however, to provide more classes while slashing costs—and the combination of the recession and the need to scale up training created a perfect "greening" opportunity, says Gary Aller, ACE's director.

The think tank turned to video conferencing and online training programs from vendor iLinc to alleviate some of the burdens. Cost savings were a priority, Aller says, but the green aspect was also critical—especially given ASU's reputation as one of the nation's greenest universities. Through iLinc, ACE now has visibility into savings—both financial and environmental—generated by putting training programs on the Web. "The iLinc platform…calculates the distance, the savings, and the cost [of average travel]," Aller says. "It's incredibly powerful to help the organization think, 'Do we really have to travel? Do we really have to be in the same location for a meeting?' Also, when you go back to your boss, you can say, 'I can show you how much money we saved.'" And how much is that? ACE estimates that each virtual training session saves $9,000. (For more on ACE's use of iLinc, see "Classroom in the Clouds," a case study in this month's Real ROI.)

In customer service, one particular trend is gaining traction not only for its low operating cost, but also for its environmental advantages. The hot trend in contact centers, according to many industry analysts, involves work-at-home agents (WAHAs)—a setup otherwise known as homeshoring. (See our October 2008 cover story, "There's No Place Like Home," for more on WAHAs.)

As evidence of the momentum developing behind the concept of homeshoring, Angela Selden, the chief executive officer of Arise Virtual Solutions, says her firm has seen exponential growth since its founding in 1997, and particularly in the last five years. The main reason for this growth, she argues, is the money saved through the use of WAHAs. "The homeshoring solution allows companies to maintain an economic parity around the cost of doing business offshore," Selden says. The green element? Sure, that's important, too, she admits—but cost is the top priority

in turning to homeshoring; the environmental aspect is merely a welcome bonus.

"For organizations [that view technology] as a cost center, not an asset, it will be difficult to move into green [information technology] quickly," Washburn warns. Green technology can have an impact on a company's bottom line, he says, but there must be some sort of greater mission and social responsibility for such a plan to take shape.

Selling Sustainability

When German software giant SAP announced a new management product in December 2009, the parameters were somewhat unusual: a solution geared specifically to corporate officers responsible for sustainability. The SAP BusinessObjects Sustainability Performance Management project—a result of "co-innovation" with printer-supply company Lexmark—tracks an enterprise's energy levels, but also provides industry benchmarks and key performance indicators to help each enterprise gauge its effectiveness in managing energy.

According to Peter Graf, executive vice president of sustainability solutions at SAP—and the company's first chief sustainability officer—the vendor had been fielding a number of requests from clients for capabilities of this sort. "Managing sustainability performance is becoming a mainstream task in the business," he says. "It used to mean phone calls, emails, and Excel spreadsheets, and people spent most of their time chasing information."

John Gagel, Lexmark's manager of sustainable practices, says that the sustainability management solution is not only a time-saver, but also necessary for any enterprisewide sustainability effort. "A major challenge with sustainability is your ability to drive deeper and deeper and truly make it part of the culture," Gagel says, adding that these platforms automate mundane tasks and bring visibility to various levels of consumption. The result, he notes, has been buy-in from the entire Lexmark team.

"The development of sustainability performance modules [is] beginning to offer up a compelling solution for companies who want a one-stop shop for sustainability," says Stephen Stokes, vice president of research for AMR Research. Stokes adds that, in many cases, increased visibility is the first step to improved processes. Sustainability management tools, however, can be expensive.

Greenwashing

Check out any corporate Web site and there's a good chance the company has a page devoted to its commitment to sustainability. (See "Jetting to Greener Pastures," for a look at JetBlue's efforts in this regard.) Unfortunately, it's often difficult to judge which companies are "greener"—or

even which activities have more impact. Say a company is trumpeting its ecofriendly materials—does its commitment to recyclable packaging trump the high levels of pollution from its factories? As companies reach the conclusion that green is what many customers care about, customers now find they must cut through the propaganda in order to recognize the efforts that matter most. (For more on this concept, see "Marketing the New Green," and the sidebar "The 7 Sins of Greenwashing.")

"There is variability in what people say is green," Washburn says. "They may say we have a formal plan, but how comprehensive is that plan?" Conversely, consumers are changing their minds as to what is important to them in terms of green products and services. Whereas the ecoconscious consumers of five years ago may have been swayed by organics and natural products, today they expect the companies they do business with to have holistic sustainability efforts.

According to a Times & Trends report by Information Resources, Inc. (IRI), for example, nearly 40 percent of consumers say they are looking for products that offer ecofriendly or reduced packaging. In a Flexible Packaging Association survey, 62 percent of packaged-goods companies said they intend to make their packaging more sustainable within a year.

IRI Times & Trends editor Susan Viamari says that there's a real push in manufacturing to improve practices that might not necessarily catch the consumer's eye. She points to Wal-Mart as an example of a company not only making efforts to reduce its own environmental footprint, but also nearly forcing the hand of its suppliers to increase their ecofriendliness as well.

At this point, it seems much of the greening of the enterprise comes down to a balance of awareness versus action. A cost-benefit analysis will—and should—always have a big role in any company's decision to go green, but improving the bottom line hardly devalues the actions themselves.

Saving green by being green—and doing well by doing good. What's good for the environment can be good for the company, good for the customers—and good for us all.