

# The ROI of Sustainability in 2023

Understanding the Benefits of Being a Green Business



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# EXECUTIVE SUMMARY

There is general consensus among business leaders and investors that business success today requires a commitment to sustainability.

Customers, employees, partners, communities and shareholders all benefit from a commitment to sustainable practices which seek to protect the planet, treat employees with respect, and engage with the community in a positive manner.

Business sustainability also delivers a positive Return On Investment (ROI). In fact, ROI and sustainability go hand in hand, as many sustainable business practices save money, create a competitive advantage, open new markets and attract customers and employees.

## The ROI Model for Sustainability Programs

Companies need to get serious about sustainability if they want to prosper and maintain growth. This paper provides an overview of the business benefits and return on investment (ROI) of corporate sustainability. Like any investment a company makes, the potential return on an investment in sustainability should be considered before making the investment.

The old adage, “measure what you manage to get things done”, definitely applies in sustainability. When done right, sustainable business practices deliver a positive return on sustainability investment (ROSI).

The ROI Model for Sustainability typically defines and tracks results in 4 categories:

1. **Cost Savings**
2. **Increased Sales**
3. **Employee Recruitment and Retention**
4. **Risk Reduction**

# THE BUSINESS BENEFITS OF SUSTAINABILITY

Many companies choose to develop sustainable business practices based simply on the intuitive understanding that operating a greener business is ‘the right thing to do’. Helping protect the environment and address climate change are worthy causes that all companies need to rally around.

But a shift to sustainable business practices is also good for business and the bottom line. New greening policies, procedures and initiatives can actually have a very positive impact on the financials of a business. Sustainable practices can improve operational efficiency, reduce waste and lower overall costs. Being a more sustainable business can also drive revenue growth by elevating a brand and uncovering new customers. It can also attract new employees and engage current employees, improving morale and strengthening your workforce.

## Sustainability Roadmap

Every business, from small companies to large national corporations, should take steps towards reducing their carbon footprint, minimizing their impact on the environment, becoming more socially responsible and giving back to society. No matter what industry, what geography, or where employees are working, at an office or remotely, efforts can be made towards being more environmentally and socially responsible. A strong and effective sustainability program is the key that provides a framework to manage initiatives, set priorities, track progress and measure results.

It starts with establishing a vision, mission, and goals that lead to changing policies, procedures, products, and operations. Large corporate organizations may take things a step further and make formal commitments and pledges.

Others may choose to adopt a green certification like LEED, ISO 14001 or [Green Business Bureau](#). No matter the sustainability strategy and certification choice, getting a positive return on sustainability investments starts with making the formal commitment to being more sustainable.

According to [Governance & Accountability Institute](#), 92% of the S&P 500 companies published a sustainability report in 2020. [Research from Harvard Business School](#) saw more than 10,000 publicly listed companies creating corporate sustainability reports in 2021, up from fewer than 20 firms in the 1990s. Bottomline, sustainability has become a core part of business.

*92% of the S&P 500 companies published a sustainability report in 2020.*

## Executive Alignment and Support

As we've mentioned, having a passion for the environment is commendable but in most cases an ROI argument is also required for launching a sustainability program. Sales and profitability growth are at the top of mind for most senior executives. The good news for green business leaders and internal champions is that taking steps to becoming more sustainable will not only create positive change for the environment but result in tangible ROI. A sustainability program will in fact improve profitability. If a business case is needed to invest in sustainability, the ROI model described here may be just the ticket to get the stamp of approval from the CEO or board.

# THE ROI MODEL DEFINED

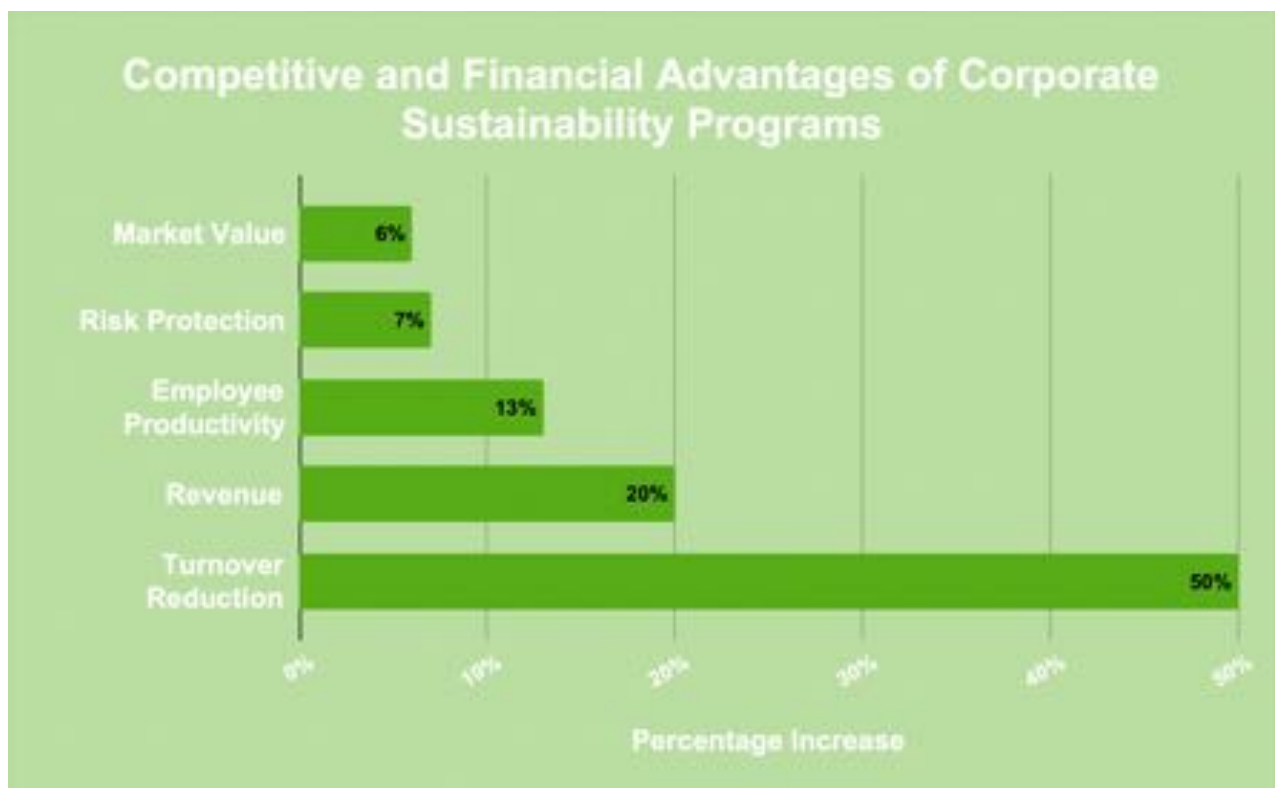
Return on investment in business is typically categorized into two buckets: **cost savings and revenue enhancement**.

In the case of sustainability, this typical ROI framework also applies. A sustainability program and the associated initiatives, when planned and implemented correctly will both lower costs and increase revenue.

A [Project ROI report](#), *Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability*, shows the return of high-performing sustainability initiatives.

This far-reaching study summarized over 300 leading research studies and concluded that well-run corporate sustainability programs consistently bring multiple types of benefits, including increased sales, growing market value, higher employee productivity, and reduced risk exposure, among others.

Specifically, the study finds that well-run corporate sustainability programs at publicly traded companies increase revenue by as much as 20%, increase market value by as much as 6%, increase employee productivity by up to 13%, reduce the company's turnover rate by up to 50%, and provide risk protection of up to 7% of company value.



*Data from Project ROI report, [Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability](#)*

## Tangible and Intangible Benefits of Sustainability

The ROI on sustainability will come in the form of both hard and soft dollars, tangible and intangible benefits. Tangible benefits can be calculated in exact dollars: lower costs/expenses and higher sales.

**Table 1. Tangible Benefits**

LOWER COSTS	HIGHER REVENUE
Lower energy and water bills	Increased market share via differentiation
Risk reduction	Higher premium prices, new products
Lower material and input costs	New customer segments
Lower packaging costs	Increased customer loyalty
Lower business travel costs	New revenue from waste byproducts
Green tax credits, better financing terms	New contracts for sustainable vendors only

Intangible benefits will come from a stronger brand, improved reputation, higher customer and employee satisfaction, better employee recruitment, higher morale, and lower attrition. Both tangible and intangible benefits need to be considered and tracked.

**Table 2. Intangible Benefits**

MARKETING IMPROVEMENT	WORKFORCE IMPROVEMENT
Elevated brand	Improved talent attraction
Improved reputation	Higher employee engagement
Word of mouth marketing	Higher employee morale
New leads	Lower employee churn

# TANGIBLE BENEFITS: LOWER COSTS

To begin looking at cost savings, let's examine some of the lower costs from the tangible benefits table in detail. At the heart of becoming more sustainable is becoming more efficient and reducing resource use and waste. Sustainable business also involves changing what resources you use and how you dispose, re-use or recycle them. The cost benefits from sustainability include:

- **LOWER ENERGY BILLS** - More efficient energy usage, efficient lighting, timers, alternative energy sources can all lead to lower energy bills.
- **LOWER WATER BILLS** - More efficient water usage, water conservation programs, and water reuse can all lower water bills.
- **LOWER MATERIAL AND INPUT COSTS** - Paying attention to how you source materials for your operations and products can make a big difference in costs.
- **LOWER WASTE MANAGEMENT COSTS** - Minimizing waste, improving inventory and reusing materials can all lead to cost savings.
- **LOWER PACKAGING COSTS** - How you package your products for shipping and delivery matters. Minimizing packaging, recycling and reusing packaging are ways to lower costs.
- **LOWER BUSINESS TRAVEL COSTS** - Traveling is expensive. Eliminating not critical travel is now possible with the use of video technology and collaboration software.

## Target All Departments and Functions

To achieve the highest ROI, organizations/companies looking to become more sustainable should consider all departments and all business functions. Each area within the organization will have opportunities to make changes towards a greener environment. Keeping in mind the type of organization, number of buildings and even remote employees, below are the areas that should be considered for sustainability policies, initiatives, and actions.

- **Manufacturing** including production, sourcing, fulfillment, distribution, and logistics.
- **Facilities** include buildings, cleaning and maintenance, bathrooms, food service, heating, air conditioning, landscaping, lighting, solar and wind power.
- **Engineering** including product design, materials and end-of-life management (e.g. the product's reuse and recycling potential).
- **Waste Reduction** including inventory management, green procurement, use of recyclable materials, and food waste management.
- **Green Office Services** including employing green vendors for cleaning, supplies, and landscaping.
- **Finance and Accounting** including applying carbon credits, minimizing paper billing and printing, and remote working.



- **Customer Service** including remote service and product repair that uses spare parts for replacements.
- **Human Resources** including video conferencing interviews, hiring of employees that are purpose-driven and committed to sustainability.
- **Information Technology** including your servers, data center, hosting providers and use of digital technologies to replace paper and travel.
- **Sales and Marketing** including business travel, printing of marketing materials, shipping, packaging, and sustainability evangelism.
- **Executive Team** including establishing a company purpose, green mission statement, green culture, and the right values.
- **Facilities** including reducing your physical real estate via remote workforce and all the costs associated with buildings (lighting, heat, water etc).
- **Corporate Travel** including use of technology platforms to attend virtual meetings vs in person.

As you can see, taking a holistic approach in sustainability across all functions and departments will maximize cost savings and the ROI of sustainability. This includes investments in both people, process, and technology. [According to a recent study](#), 92% of business leaders agree that emerging technologies can boost both ROI and sustainability.

## Lower Energy and Water Bills

The typical first step in any sustainability program is to reduce energy consumption through efficiency measures. This typically starts with reducing the energy necessary to operate facilities and reducing fuel for service vehicles. Now let's take a closer look at ways we can implement cost-saving initiatives.

Here are some of the most common ways companies can reduce their energy, water and operational costs:

- Use green energy like solar, wind or hydro to replace fossil-fuel energy sources.
- Use energy efficient lighting to reduce spending, and these lights last longer and require less electricity to operate.
- Eliminate elaborate packaging that is more costly than eco-friendly packaging.
- Minimize harmful waste products such as emissions and toxic byproducts. Safe disposal and containment fees are reduced or eliminated. Fines and penalties are also reduced through green manufacturing.
- Water reuse offers additional cost savings by reducing the amount of fresh ground water needed. Recycled water can be used to meet various needs from cleaning equipment to watering the lawn.
- Use of non-toxic chemicals in the manufacturing process reduces the amount of water needed for production and waste disposal.

## Case Study: The Frugal Flower



The Frugal Flower is a service-oriented, innovative florist in Sudbury, Massachusetts that has been delivering the freshest flowers and beautifully designed arrangements for big events and everyday occasions since 1988. The Frugal Flower's greening efforts are a core part of its efforts to be a leader in their industry and provide the highest quality products and services.

The company prides itself on exceptional customer service and adaptability to the ever-changing floral marketplace – which is why The Frugal Flower understands just how important sustainability is to their current and prospective customers.

Their investment in sustainability has also yielded cost savings for The Frugal Flower. During their first year as a GBB Member, they completed three initiatives which translated into \$1200 in cost savings for that year. Upgrading to energy-efficient and well maintained refrigeration units and implementing a no-idle policy for its delivery fleet has significantly reduced the company's fuel bills.

The Frugal Flower continues their sustainability journey every year with additional green initiatives such as installing more recycling bins throughout their facility, offering organic and local flower options and upgrading to LED lighting. Their annual savings from green initiatives is up to \$4,300 annually.

## Measuring Energy and Fuel Usage And Savings

The simplest way to calculate the hard dollars saved from energy efficiency is to track your electric, gas, and oil bills. In addition to dollar expenses, which may vary by season or time, you can also monitor actual usage and look for anomalies, trends, or opportunities for change. A more detailed approach is to install Internet of Things (IOT) measuring sensors that can break down electric consumption for each device across your organization. A spike in use might signal a maintenance issue.

Alternative green energy sources like solar and wind can also lower your operational costs. Although there is a major investment upfront, the future savings typically pay for the investment in less than 10 years. Bottomline, focusing on energy efficiency and green energy will lower your operational costs.

McKinsey research has found that lean, more efficient operations can affect operating profits by as much as 60 percent. The study cited a major water utility that achieved cost savings of almost \$180 million per year thanks to lean initiatives aimed at improving preventive maintenance, refining spare-part inventory management, and tackling energy consumption and recovery from sludge. This report also cited FedEx, which aims to convert its entire 35,000-vehicle fleet to electric or hybrid engines. To date, 20 percent have been converted and reduced fuel consumption by more than 50 million gallons.

## Case Study: EnergySage



EnergySage allows users to compare solar quotes and speak directly with advisors on choosing the best solar systems to meet their needs. California-based manufacturer, Jackson Enterprise, used EnergySage when making the switch to 100 % solar, including the lighting, heating and cooling of their 10,000 sq. ft. building. The total net investment of the system was \$49,000. Although the upfront gross cost of the solar system was \$84,000, Jackson Enterprise received \$2,500 in rebates and \$35,280 in tax credits. The bottom line was an annual savings of \$11,558.

## Lower Manufacturing and Input Material Costs

Many individuals and organizations alike find that one of the first steps towards green efforts is looking at the amount of waste that is being produced and how efforts may be shifted to a more environmentally friendly option. Thinking about the old adage of “reduce, reuse and recycle” can be a smart place to start. The EPA suggests these simple steps:

- **Reduce:** Organizations can modify their current practices to reduce the amount of waste generated by changing the design, manufacture, purchase, or use of materials or products.
- **Reuse:** Reuse of products and packaging prolongs the useful life of these materials, thus delaying final disposal or recycling. Reuse is the repair, refurbishing, washing, or just simple recovery of worn or used products, appliances, furniture, and building materials.
- **Recycle or Sell:** Organizations can recycle excess material or end-of-life products into new usable material, as well as sell or donate materials or products to others who need and can use them.

## Case Study: School Specialty



Since becoming a member of Green Business Bureau, School Specialty has made exponential progress in their sustainability goals, creating the focus and momentum needed to drive their mission forward and to become a stand out green business. In addition to past initiatives of recycling office supplies and granting remote work opportunities to staff, School Specialty has taken on several more ambitious projects such as launching Green Business Bureau’s Zero Waste Initiative at all four of their locations across the U.S.

This initiative thus far has generated a **cost savings estimated at \$62,000 per location annually** and more value is anticipated as the program matures across their network.

School Specialty's transition to LED lighting at their Nashua, New Hampshire location has also yielded a significant ROI since completion. School Specialty is actively converting to LED lighting and implementing other energy consumption best practices at their other locations that will contribute significant return over the next 12-15 months.

The savings that come from efficiency improvements and waste reduction has allowed School Specialty to invest in other parts of their company and sustainability goals.

## Lower Travel Costs

Minimizing business travel is one major way that businesses can significantly mitigate their environmental impact and lower their costs. Consider all the travel via plane, train and car related to the following:

- The daily commute
- Deliveries and customer service appointments
- Conference meetings
- Corporate events, exhibitions, trade fairs, etc.

Replacing physical in-person meetings and events like advisory boards, training sessions, and sales and marketing conferences with virtual events reduces costs. New approaches using video technology, collaboration software and best practices make it possible to have these online events without losing engagement, interest, and interactivity.

## Case Study: Impetus Digital



In early 2021, due to COVID-19-related safety concerns and travel and social distancing restrictions, GBB Member, [Impetus Digital](#), "virtualized" their nationwide, multi-day, multi-business unit internal event with 375 attendees.

Costs, emissions, and waste associated with hotel rooms, meal catering, and venue rental were eliminated by virtualizing the meeting, resulting in a sustainable and cost-effective event with a higher attendance rate than if the meeting had been held in person.

The flow-through cost-savings vs. an in-person event of the same size were estimated to be approximately \$600,000 USD, including: \$384,375 for meeting room rental, AV rental, food & drinks, and meeting materials; \$225,000 for hotel rooms for all participants; and \$31,500 for flights. In addition, costs associated with taxi rides, parking fees, and gasoline for those driving were also eliminated.



*Case Study Example: Impetus Digital  
Total flow-through cost savings of virtual event vs. in-person event*

## Lower Employee Attrition

Human Resources departments are often challenged with making sure that employees are satisfied and feel supported, are engaged and feel proud to be a valued part of their work environment. The implementation of a sustainability program and related activities around it will contribute to a more engaged and purpose-driven company culture. Keeping current employees is a top priority. Being environmentally and socially responsible will help companies create the ideal culture for today's workers. Green projects and sustainability programs have been shown to improve employee morale and reduce attrition. In fact, reducing employee churn is one element of the ROI of sustainability that companies often miss. Finding, hiring, and training new replacement employees is a costly endeavor. Sustainability can lower attrition and lower those costs.

# TANGIBLE BENEFITS: HIGHER REVENUE

In addition to cost savings, sustainability can drive new business and sales.

Sustainable businesses can target new customers that are seeking out green companies. Sustainable businesses can all increase their market share by using sustainability as a competitive advantage. In some cases, sustainability will allow you to bid on business and contracts that were not possible in the past because bidding required proof of sustainability. Here's a list of benefits related to increased sales.

- **NEW CUSTOMERS** – Being known as a green business will attract new customers, specifically consumers and companies who seek out sustainable businesses, products, and services.
- **COMPETITIVE DIFFERENTIATION** – Being sustainable allows you to stand out when competing for business. In fact, it is common today to see requests for proposals requiring sustainability information from competing vendors bidding on a contract.
- **CONTRACT and BID ELIGIBILITY** - Companies putting RFPs and RFIs out may require proof of sustainability commitment in order to bid.

## New Sales from Eco-Conscious Consumers

Consumers are now taking a stand on who they purchase from by choosing organizations that are making a positive environmental impact. This “Eco-wakening” is putting pressure on companies to make changes. According to the [World Wide Fund for Nature](#), demand for sustainable goods has increased especially in high-income countries. In the U.S., Google searches for sustainable products grew by an astounding 450% between 2016 and 2018. But this trend can also be seen in emerging countries. In China, 41% of consumers say they want eco-friendly products, and in India, sales of ‘natural’ [organic] products have grown by 13% since 2018.

In addition, more and more customers want their purchases and consumer habits to support their sustainability and ethical beliefs. Companies can play a positive role in helping consumers feel fulfilled in this way when they purchase from environmental green brands. If your brand isn’t helping your consumers [improve their environmental and social footprint](#), then you’re in danger of disappointing 88% of them. Brands can influence consumer behavior, aspirations, insecurities and even the definition of success and happiness. That level of creative power is potent.

### Case Study: Ablitt's Fine Cleaners & Tailors



[Ablitt's Fine Cleaners & Tailors](#), the largest dry cleaner in the Santa Barbara, California area, is an industry leader in environmental sustainability, education, customer engagement, and green certification. Ablitt's exclusively uses a GreenEarth dry cleaning process that is non-hazardous and non-toxic to the environment, as well as resource-efficient. This enables them to utilize less energy and water than traditional dry cleaners.

One of the biggest environmental issues that Ablitt's sees in their business and dry cleaning in general is around the recycling of film plastic. Many recycling centers are not able to recycle film plastic, but Ablitt's launched their Planet Protector program to give customers an easy way to recycle film plastic and keep these materials out of the landfill.

As a result, Ablitts has established a brand that is committed to sustainability and a company that is taking real measures to be eco friendly. This has helped them grow their business and attract over 10% in new customers looking for green dry cleaners.

## New Contracts from Eco-Minded Companies

Some companies prefer or only do business with sustainable companies. Their Requests for Proposal (RFPs) will call out sustainability expectations and requirements. Competing for these new accounts will require your business to be more sustainable and hence sustainability becomes critical to winning new contracts.

Even if it's not a formal requirement, today's vendor selection processes often include sustainability and social responsibility as part of the decision criteria. Not being sustainable and green certified may actually cause you to lose business and customers.

In the public sector, you will find that sustainability requirements are very prevalent. Most government RFPs require some level of sustainability in place by potential vendors bidding to win the contract. Massachusetts, California, New York, Oregon, South Carolina, Washington State, Maine, Vermont, and Colorado, to name a few, have all issued executive orders or passed some form of legislation to ensure that environmental impact is accounted for by companies bidding on projects. The stakes are high. The California government alone awards over \$10 billion in contracts annually. This can take many forms, but the baseline for firms wishing to do business in these states is a demonstrated commitment to sustainability and in many cases official green certification.

### Case Study: Hit Promotional Products



A leader in the promotional products industry for over 50 years, Hit Promotional Products is ranked among the top 5 suppliers in the nation. With over 1,400 items and over 500 new items per year, Hit Promotional prides itself on being a one stop shop for promotional products and ideas. As an active member within the Green Business Bureau community, Hit Promotional has helped many GBB Members with their sustainability programs and won the "Best of Green Business Bureau Award" in 2020.

Not only has Hit Promotional elevated their brand, they have differentiated themselves from their competitors. Hit Promotional has won several new contracts based on being the most sustainable vendor bidding.

## 2021 PERFORMANCE SNAPSHOT

**GLOBAL SUPPLIERS**  
in 9 countries.



**OVER 1,200**  
permanent employees  
in 20 U.S. States

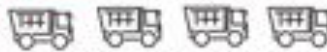


**1.4 MILLION**  
sq ft of manufacturing/  
warehouse space

Purchased  
Renewable  
Energy  
Credits **~90%**  
to cover  
of emissions produced  
from electricity use



**1470 TONS** waste diverted  
from landfills



Including 80 tons that directly  
replace fossil fuel use



**100%**  
SHIPPING  
EMISSIONS  
OFFSET  
for HIT UPS accounts

**OFFERED**  
**OVER 50**  
unique products  
made from  
post-consumer  
materials



**SECURED**

**INVESTMENTS**

for improvement  
in our Environmental  
Health and Safety programs



**DONATED**

**OVER 700 PALLETS**  
**OF SUPPLIES**

to a global non-profit



Aligned business practices  
with the UN's

**SUSTAINABLE DEVELOPMENT GOALS**

Source: *Hit Promotional Products Sustainability Report 2021*



## Increased Market Share from Competitive Differentiation

Being known as a green business will attract new customers, specifically consumers and companies who seek out sustainable businesses, products, and services. Being sustainable allows companies to stand out as the #1 option when competing for business among customers.

One way to achieve this goal is by reaching customers who are like-minded in that they are passionate about environmental efforts. Nearly 70% of consumers in the US and Canada think it is important that a brand is sustainable.

*Globally, nearly 8 in 10 consumers surveyed say they value sustainability.*

In addition, thinking beyond our own backyard, the environment is a priority to customers all around the world. Globally, nearly 8 in 10 consumers surveyed say they value sustainability. Over 70% of these respondents would pay, on average, 35% more for eco-friendly brands.

According to one study, 9 in 10 business leaders said consumers would hold them accountable for the environmental impact they make through their business — an even greater ratio than shareholders, employees, or government regulators.

Almost 80% of North Americans want to know the origin of the products they buy, and 69% of these consumers would pay a premium for brands that provide this information.

## INTANGIBLE BENEFITS: MARKETING IMPROVEMENT

Sustainable business also improves marketing. Improved reputation, brand and market positioning can translate into higher value and your ability to charge more and increase bottom line profits. The two main components of sustainable marketing:

- **ELEVATED BRAND** – Nothing is more important than your brand. Letting people know your business is committed to the environment and society will associate “good” with your brand and improve your overall brand identity. Sustainable businesses are also perceived as being more honest, with higher quality products and services. Major brands with purpose report double sales growth compared to those with no perceived purpose.
- **IMPROVED REPUTATION VALUE** – Companies that are greener tend to be perceived as more ethical, reliable, and responsible.

## Elevated Brand

Educating customers on business practices around environmental efforts and “corporate responsibility” with brand marketing will improve overall brand identity. Sustainable businesses are perceived as being more honest, with higher quality products and services. Companies that maintain a solid social pillar tend to build more trust and develop a better brand image.

Sustainable marketing works because it promotes the core values that a business and its stakeholders actually value – environmental wellness, human health, resource security, fair trade, social equity, etc. As a result, it makes your company’s advertising stand out in a market that is still dominated by the traditional “put-down” style of advertising. By engaging in sustainable marketing, a business will earn the trust of consumers and in turn, their loyalty. In today’s market, loyalty is the biggest competitive advantage of them all.

Some of these benefits are:

- Attracting customers from the growing market of sustainability-minded consumers
- Gaining employees who are passionate about making a difference in the world
- Winning more bids as a supplier, as large companies and governments are starting to look for suppliers who are socially and environmentally responsible
- Building a strong brand reputation
- Building a purpose-driven culture through employee engagement

### Case Study: Watson Gloves



With humble beginnings as a small business selling to Vancouver’s dock workers in 1918, Watson Gloves is now Canada’s largest manufacturer and distributor of gloves to the industrial and retail market. The large volume of gloves used in the industrial market means that often gloves are thrown into the garbage after they are soiled or worn out. With the vast amount of waste that comes from single-use PPE and regular long-term wear, Watson Gloves is focusing on beginning-of-life and end-of-life manufacturing initiatives to help divert much of this textile waste by developing gloves using innovative sustainable materials.

In 2020, Watson Gloves launched a glove line made from WasteNot™ yarn, a 100% RPET GRS Certified yarn made from single-use water bottles diverted from landfills. Since then, they have diverted over 3 million water bottles.

In 2021, they were the first to introduce biodegradable nylon seamless knit gloves to the market. Also using the Reclaim™ additive, these will biodegrade in approximately 5 to 10 years in modern landfill conditions and generate renewable biogas (anaerobic biodegradation testing standard, ASTM D5511, showed up to 24.1% biodegradation in just 233 days). Regular nylon yarn can take anywhere from 30+ years to degrade.

Watson Gloves now offers over 80 sustainable items in their catalog. This unique product line has differentiated their company from their competitors and elevated their brand. When people think of Watson Gloves, they now think of both durable products and positive environmental impact.

The ROI in improved marketing and sales has been extremely positive because Watson Gloves was able to keep the cost of input materials the same as non-sustainable sources. They have raised prices on some sustainable products and proven that retail customers concerned with the environment will pay more.

## Improved Reputation

Companies that are greener tend to be perceived as more ethical, reliable, and responsible. A nationwide survey commissioned by *Sealed Air's Diversey business* found that:

- 70% of U.S. adults agree that environmental certification of a company facility would enhance their opinion of the business.
- 49% of U.S. adults feel better about doing business with a company whose facility is certified by a third-party environmental organization.
- 48% of U.S. adults indicated that third-party environmental certification of a facility improves their image of a company.
- Younger adults, ages 18-54, are more likely than those ages 55 and older to agree that third-party environmental building certifications enhance their opinion of a business.

Given the direction the world is heading in terms of corporate social responsibility, incorporating the sustainability ethic into your business strategy and engaging in sustainable marketing is the best way forward for companies. Businesses need to communicate their sustainability efforts openly and create a more trustworthy relationship with all stakeholders, employees, customers, partners, investors, and the local community.

## Case Study: CyberArk



CyberArk, a member of Green Business Bureau since 2018, is the global leader in privileged access management- a critical layer of IT security. The company is trusted by the world's leading organizations, including more than 50 percent of the Fortune 500, to protect against external attackers and malicious insiders.

By using the Green Business Bureau online sustainability framework and EcoLibrary to implement green initiatives, CyberArk, a publicly traded software company, significantly improved their ESG score. CyberArk initially received a very poor ESG score from Morningstar and promptly decided that they needed to improve this area of their business to ensure long-term feasibility and investability.

With the help of the Green Business Bureau's online tools, CyberArk was able to implement numerous ESG initiatives the following year. The next time the company was assessed for their ESG performance, they received a top-notch score, **raising their ESG performance 25% and their rating up a full letter grade** in the MSCI ESG Rating and ISS ESG Corporate Rating.

# EMPLOYEE RECRUITMENT & RETENTION BENEFITS

Is there any greater ROI than the returns received from better Employee Recruitment, Retention and Performance? There is no question that businesses who focus on strong sustainability programs engage employees, improve morale, create a purpose-driven culture, and improve employee well-being. Here's a list of benefits that sustainable business practices can bring to your workforce:

- **IMPROVED RECRUITING, STRONGER WORKFORCE** – Multiple surveys report that employees, especially those of the younger generation, seek out employers who are socially and environmentally responsible. Over 70% of potential workers reported that they prefer to work for an employer with a meaningful environmental plan. Being green and promoting your commitment will attract and enable you to hire exceptional purpose-driven employees.

- **HIGHER EMPLOYEE ENGAGEMENT, IMPROVED PRODUCTIVITY, IMPROVED MORALE** – 70% of employees expressed they are more likely to remain with an employer who exhibited a meaningful sustainability plan. Over 33% of employees report they work harder when they feel their company has a sustainability plan. 30% of surveyed respondents resigned from companies that did not have sustainability programs to find more rewarding positions at companies that did.

Employees enjoy participating in projects, programs and events that support causes they believe in, like protecting the planet. Employees care about the environment and want to know the company they work for also cares. Your employees will be more fulfilled and satisfied knowing they work for a company that is environmentally and socially responsible.

- **EMPLOYEE HEALTH** – Healthy buildings and policies support healthy employees. Clean air through proper ventilation was important before a worldwide pandemic – now it is a priority. Do you change air filters regularly? Not only will you improve air quality but you'll also save money on operating costs. A more aggressive approach is to monitor VOC (Volatile Organic Compounds) levels in your facility. Make sure you are using certified green and zero-VOC paints, sealants, cleaning solutions, and other chemical products. These steps are just a small part of an Employee Wellness program and creating a safe, healthy work environment that promotes employee health and productivity.

## Stronger Workforce

Every company has an internal purpose whether it is making employees health and happiness a top priority or giving fair wages. CEOs are driving the vision for their companies' sustainability, but directors have insight into hurdles on the ground. Senior leaders and directors can combine vision, investment, and implementation to deepen their sustainability efforts.

Organizations of all types recruit and hire employees of adult ages across the board. When thinking about the younger generation, know that many have been raised learning about the consequences of global warming and making conscious environmental efforts. "81 percent of those under 30 believe brands are an essential part of the solution for the global challenges facing humanity today."

*81% of those under 30 believe brands are an essential part of the solution for global challenges facing humanity today.*

In addition, they want brands to create change *with* them, not just for them — 85 percent want to share ideas and experiences with brands to develop better solutions. And they will reward brands that take responsibility for their role in creating the change they seek — 93% of corporate employees under 30 agree that the more socially and environmentally responsible their companies become, the more motivated and loyal they will be as employees.

Companies go green to keep existing employees motivated and inspired, while also using green efforts to attract new talent.

## Purpose-Driven Culture

Leaders who want to create a purpose-driven green culture should formally communicate the company mission and commitments as these are the foundation that will help accomplish that. Companies have historically reported that climate change is one of the top three priorities for the coming year, along with issues such as ethics, integrity, diversity, inclusion, and human rights.

Your organization should report its commitment to caring for others, the community and the planet within its mission/vision statement as well as include and execute concrete actions that align with these statements. This will show both internal and external customers that your organization aligns with their values.

### Case Study: Workforce Purpose Index



In its comprehensive study of purpose in the U.S. workforce, the [Workforce Purpose Index](#), social enterprise [Imperative](#) and its partners found that 28% of the 150 million-member U.S. workforce defines the role of work in their lives primarily as a source of personal fulfillment and a way to help others.

These purpose-oriented workers, roughly 42 million strong, not only seek out purpose in their work, they also create it, and as a result, outperform the rest of the workforce. In particular, purpose-oriented workers were found to be **65% more likely to experience a high level of fulfillment in their work and 50% more likely to be at top positions within their organizations.**

## Increased Transparency & Trust

Involving all employees in your sustainability efforts will create trust at all levels. Sharing goals and results will enforce the company's commitment of being a "good citizen", one that is honest and reliable. Sustainability programs put the well-being of people first and demonstrate the "caring for employees" that workers expect.

Sharing your sustainability mission and progress publicly will further build trust among your customers, partners and community. This act of transparency will signify you as an industry leader dedicated to continuous effort and improvement.

In an age where greenwashing (fraudulent or misinformed claims of being ethical and environmentally-friendly) has become common and easily disguised, people are looking for businesses that they can trust with confidence.

## Higher Employee Engagement

Employees enjoy participating in projects, programs and events that support causes they believe in. When an employee is given an opportunity to support a passion in the workplace, that gives them another reason to support their employer and in return feel more valued and engaged at work.

*Opportunities to support a passion in the workplace give employees another reason to support their employer and feel more valued and engaged at work.*

A great place to start engaging employees with a passion for sustainability is by gathering their input and ideas. This can be done by creating a “green team” or sending out a survey to ask for employee input and implement some of their ideas. Create reachable goals and celebrate when these goals have been met.

Collaborate with marketing to make internal company-wide projects that are fun and engaging, and promote teamwork and some friendly competition. For example, you could launch a monthly cleanup at your local park or a “Weekly Recycling” competition to encourage recycling both on the job and at home. Rewards like e-gift cards, office upgrades, experiences (i.e. pottery classes, concerts, etc.), free lunch or an extended lunch break are just a few ways to incentivize employee engagement.

## Healthier, More Productive Workers

Supporting employee health is important for a variety of reasons from the social aspect of caring for employee wellbeing to the overall cost of health care. When health risks are minimized, this can keep your workforce strong and reduce company costs of healthcare and employee absences.

When recruiting for new employees, the Gen Z generation are the most likely to say they desire to change their lifestyles to be more healthy, environmentally friendly and helpful to others, followed by millennials.



Summary of the ROI related to employee benefits

# RISK REDUCTION

Every news outlet reports regularly on how investors and the general public look at ESG metrics when deciding where to invest their savings or where to spend their money. Risk Reduction is a large piece of the calculation. So, how do non-public enterprises or smaller businesses fit into this picture?

Smaller companies are harder to measure accurately, but doing the “right thing” attracts customers and employees to any enterprise. Doing the right thing makes sure any press attention you receive will be positive. Reducing pollution, cutting energy use, volunteering in your community, providing opportunities to build relationships in your community, etc. all go towards reducing risk.

According to the recent McKinsey study, *Five Ways that ESG Creates Value*, case after case across sectors and geographies, showed that strength in ESG and sustainability helped reduce companies’ risk of adverse government action. It can also engender government support.

*Strength in ESG and sustainability helps reduce companies' risk of adverse government action. It can also engender support.*

According to McKinsey analysis, typically one-third of corporate profits are at risk from state intervention. Regulation’s impact varied by industry. For pharmaceuticals and healthcare, the profits at stake are about 25 to 30 percent. In banking, where provisions on capital requirements and consumer protection are so critical, the value at stake is typically 50 to 60 percent.

## CONCLUSION: SUSTAINABILITY IS GOOD FOR BUSINESS

The world of business is responding to employee and consumer pressures of being sustainable. Companies are becoming greener and socially responsible not only to protect the planet, but because it makes good business sense. Sustainability turns out to not only be an investment in doing what’s right, but is also an **investment in the company’s bottom line and workforce**.

Green initiatives and endeavors often have both tangible and intangible benefits. Sustainability investments can certainly lower energy bills and input costs, improve productivity, and reduce waste. Being sustainable often attracts new customers and is often a competitive differentiator that drives sales. In addition, commitment to sustainability raises morale, engages employees, raises employees satisfaction, all resulting in lower workforce attrition.



The intangible benefits are just as important. Being a sustainable business will elevate the company brand, improve its reputation, and help attract new employees and partners. Furthermore, it will create a purpose-driven culture with a stronger and healthier workforce.

Bottomline, the business case for being a sustainable business is very strong. Green business and profitable business mirror one another. Sustainable business practices will improve operational efficiency, reduce operational costs, enhance brand, retain employees, attract customers, and drive sales.