by ROBERT ABDO and KIM CARLSON

# 'Going green' must start at company's top

**WHILE MOST BUSINESS** owners will say they understand the need for going green, many struggle with implementing green policies in the face of economic adversity. A Wells Fargo/Gallup survey of small businesses early in 2009 found that only 33 percent of those responding said they will do everything that can be justified by cost.

There are three areas a small or medium sized business should address to prepare for and begin implementing green policies:

1. Establishing policies and procedures at the board level.
2. Seeking out and using existing sources of expertise.
3. Developing and implementing a plan that aligns with the company's green commitment.

## Start with the board

Even in small to medium sized businesses, the decision to go green needs to be made by the board of directors. Staff can implement green strategies, but an ongoing green initiative is part of an ethical and fiduciary choice of the board. The board must prove its commitment to sustainability by adopting a resolution that is public, can be monitored, and includes a plan with measurable targets.

In Minnesota directors are required to make this and other decisions in good faith and in a manner that the directors believe to be in the best interests of the corporation. In addition to special knowledge of a director, directors may rely upon information and opinions from persons reasonably believed to be competent in green matters.

In determining what is in the best interests of the corporation, directors should take into account the interests of employees, customers, suppliers and creditors, the economy of the state and nation, community and societal considerations, and the long-term as well as short-term interests of the corporation and its shareholders.

## [tips]

**1** In this day of global supply chains, green policy must address sustainability through the entire process rather than only the end product.

**2** Designing for product life cycle, including end-of-life considerations such as product take-backs, is becoming more common.

**3** Environmental management systems and socially responsible practices must be in place in factories.

**4** Packaging must be low impact and consider size, weight, content and low carbon transportability.

## Get expert advice

On the face of it, it can seem easy to begin greening an organization with actions such as using renewable or recycled raw materials or reducing the toxicity of a product, service or facility. But many such initiatives have resulted in blundered good intentions and failed public perception rather than being recognized for success.

The reason for failed green attempts is that there are still many challenges to being green, including the lack of universal definitions of what makes a thing green. In fact, the green product frontier is often compared to the Wild West, where claims are made with no backing, facts are exaggerated and buyers must beware.

Despite the challenges, the benefits of getting it right are worth the effort. Going green enhances a company's public image, which may result in increasing the marketability of its products or services, reducing operating costs and improving employee morale.

Federal and state governmental entities have positive and negative economic and noneconomic incentives to build green, including tax deductions for energy-efficient property, constructing or renovating residential and commercial buildings, utility rebates and special technical assistance programs. There are numerous resources available at no cost through agencies including the Minnesota Department of Employment and Economic Devel-

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opment, Federal Trade Commission (FTC), Council of Better Business Bureaus, as well as private organizations.

At the same time these organizations provide advice, they also are among those watching how companies promote and manage green initiatives. In addition to the government regulators, employees, customers, shareholders, competitors, consumer organizations and independent organizations monitor "green" activities.

## Watch for risks

There are risks in implementing and publicizing green policies. A company should do its homework. The risks can be managed in many ways including:

- Maintaining insurance and bonds to cover liabilities.
- Reviewing agreements regarding green facilities or practices, including service contracts, leases, management policies and procedures for compliance.
- Assessing public disclosures and advertisements for representations regarding green issues.
- Reviewing a business's carbon footprint.
- Analyzing the terms used in corporate "green" policies to assure the policies are precise and not ambiguous, overbroad or vague.
- Reviewing and critically examining how the company interprets its green policy and monitors its implementation.
- Following the FTC's green guides and similar standards for guidance when communicating claims about green products, services or facilities.
- Implementing compliance programs and protocols to ensure company facilities, operations and communications comply with the organization's green policies.
- Keeping accurate records and establishing monitoring protocols to substantiate green claims, maintain the green efforts and ensure that "green" marketing claims are accurate.

## Making a plan

To ensure that green is institutionalized in the organization, the mission, vision and values need to reflect the green commitment. Implementation includes defining goals, gaining a strong commitment from senior executives, strategizing a long-term plan, educating and involving appropriate departments and individuals in developing measurable action plans that address the desired strategy.

Often companies concentrate on greening one thing about their product or facility, but there are three areas that need to be addressed: the facility; the people, policies and procedures; and the product or service.

## What's the life cycle?

In this day of global supply chains, green policy must address sustainability through the entire process rather than only the end product. Designing for product life cycle, including end of life considerations such as product take-backs, is becoming more common. Environmental management systems must be in place in factories. Packaging must be low impact and consider size, weight, content and low carbon transportability.

In a perfect world, third party auditors would be employed to reduce the risk of fraud and deception for the consumer, manufacturer and retailers, and would verify each green stop along the production cycle. Therefore, the plan you develop needs to encompass all aspects of the business.

There are many good reasons to go green. Businesses may be compelled to go green to be competitive or to be responsible citizens. The risks can be managed by taking advantage of the knowledge of experts and effective planning. A business can achieve the benefits of being green regardless of size.


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