

## The Fundamentals of Going Green, Part I

### Capturing the Bottom Line Benefits of Sustainability

Accounting for sustainability is the practice of considering the environmental and social costs of doing business when measuring the performance of an organization. Sometimes used interchangeably with the phrase “going green,” the most widely accepted definition of sustainability is the “triple bottom-line” consideration of economic viability, social responsibility and environmental responsibility.

As part of a larger, Institute-wide initiative to support accounting for sustainability, on December 17, 2008, the AICPA participated in “Accounting for Sustainability: Decision-Making and Reporting in a Resource-Constrained World,” a forum hosted by the Prince of Wales. To view the [press release](http://www.aicpa.org/download/news/2008/AICPA_TO_PARTICIPATE_IN_U.K._FORUM_HOSTED_BY_PRINCE_CHARLES.pdf) announcing the AICPA’s participation in the event, visit [http://www.aicpa.org/download/news/2008/AICPA\\_TO\\_PARTICIPATE\\_IN\\_U.K.\\_FORUM\\_HOSTED\\_BY\\_PRINCE\\_CHARLES.pdf](http://www.aicpa.org/download/news/2008/AICPA_TO_PARTICIPATE_IN_U.K._FORUM_HOSTED_BY_PRINCE_CHARLES.pdf). This Business Brief is the first in a three-part series on sustainability. Part II will cover the competitive edge that sustainability can provide to a business, and Part III will discuss how to motivate management and staff to join in the effort. Look for these Briefs in the Fall.

During boom times, sustainability has often been looked upon as a means to increase the goodwill of a company by conveying an image of being environmentally conscious. However, during the recent economic crisis, practicing sustainability has become a competitive business tool and can often be a key contributor to the economic and environmental health of our society. Aside from the obvious benefits of going green, such as a cleaner and more efficient workplace and reduced environmental impact, sustainability initiatives may influence a company’s bottom line in ways not previously considered. Installing water-restricting faucets, for instance, can lessen facilities expenses, and reducing paper consumption cuts back on administrative costs. Some cost-cutting measures come with significant savings. For example, by constructing his new restaurant with the Leadership in Energy and Environmental Design (LEED) green building rating system, Greg Overbeck, Marketing Director and Co-Owner of the Chapel Hill Restaurant Group, uses 60 percent less water, 40 percent less energy and saves roughly \$70,000 a year.

#### How Can Your Business Be Sustainable?

The process of going green is never a sudden transformation. However, there are

a number of energy and money-saving tips that organizations can adopt right away for an immediate effect, even by simply adopting the mantra of “reduce, re-use, recycle.” First, tackle the low-hanging fruit, those small but easy changes that can be implemented without much effort. Some examples include:

- Encouraging staff to use reusable water bottles and mugs.
- Supporting the use of public transportation or carpools.
- Providing incentives for employees who participate in green activities.

Next, focus on those activities that will change the way your organization directly and indirectly impacts the environment. Some examples include:

- Replacing common items such as trash bags and office paper with their recycled equivalents.
- Using products made from biodegradable materials for things such as packaging materials, disposable cups and tableware.
- Accounting for the amount of waste you produce and recycle whenever possible.

All of these items can help reduce the immediate and long-term impact your organization has on the environment. In addition to these “green” ideas, businesses

#### LOOKING FOR MORE INFORMATION?

To find out more about how you can make your company an “energy star”, read the *Journal of Accountancy* article posted [here](http://www.journalofaccountancy.com/Issues/2009/Mar/EnergyStar.htm) or visit: <http://www.journalofaccountancy.com/Issues/2009/Mar/EnergyStar.htm>

To view a video featuring AICPA Board member, Bob Laux discussing sustainability, visit: <http://www.journalofaccountancy.com/Multimedia/BobLauxSustainability.htm>

should consider employing practices that not only reduce their carbon footprint, but enhance their overall sustainability. Here are some ideas:

- Conduct annual assessments of your energy and water use, packaging and shipping efficiency, management of solid waste, environmental impact and employee participation in sustainability initiatives.
- From your assessment, gauge the long-term returns you may reap from replacing your facilities with new, more sustainable equipment. Examples include installing more efficient heat and air conditioning units and replacing bathroom toilets with models that use less water.
- If your organization plans on expanding to new locations, consider constructing the unit to energy efficient and environmentally safe building codes. The initial capital investment may be greater, but your savings over the long-term will greatly outweigh the cost.

Organizations interested in pursuing a green agenda need not start from scratch. Dozens of organizations exist to help businesses find the right method for creating sustainable practices.

### Accounting for Sustainability

Established in 2004 by the Prince of Wales, **Accounting for Sustainability** is a consortium of more than 150 public and private sector organizations that researches and develops systems that help businesses account more accurately for the wider social and environmental costs of their activities. Accounting for Sustainability seeks to connect these costs with a business' strategy and financial performance and has a number of available tools on managing, measuring and reporting sustainability efforts. For

instance, the Connected Reporting Framework tool helps organizations report on and account for the financial and strategic impacts of using natural resources. For more information, visit [www.accountingforsustainability.org](http://www.accountingforsustainability.org).

### Green Plus

**Green Plus** ([www.gogreenplus.org](http://www.gogreenplus.org)) is a not-for-profit program designed to help small-business sustainability efforts by offering online tools and education on green initiatives. The program takes a holistic approach by assessing the organizational strategy of a business to help strengthen core values and, ultimately, the bottom line. Business fundamentals, such as accounting standards, cash flow and debt management are all critical to improving a company's overall sustainability and go hand-in-hand with green efforts. "Going green doesn't just stop at being environmentally conscientious, businesses can meet their sustainability goals while saving on both resources and capital," said Chris Carmody, Director of Green Plus. "Committing to green initiatives strengthens the link between the business, community and environment."

As the demand for greener goods and services increases, companies must find new and innovative ways to satisfy these demands while remaining competitive and successful. Developing a sustainability plan that targets your strategic goals and resource efficiency could not only improve the bottom line of your business, but support its ability to survive and thrive in these tough economic times. And with sustainability as a forerunner for enhancing business efficiency and longevity, green initiatives may become a fundamental business practice in the not-too-distant future.

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