



# Corporate sustainability – from concept to implementation

*Companies can be surprised to learn they can ‘do well by doing good’*

It’s nearly impossible to read the newspaper or watch the news without hearing something about sustainability. From installing solar panels to reducing water usage, “going green” is a hot topic. Despite evidence that a sustainability initiative can have very positive effects on company culture, performance and value, generally only larger U.S. companies have launched initiatives. In this article, we will help to demystify what corporate sustainability is, discuss how it may benefit an enterprise and provide insights we have gained from launching our own initiative earlier this year.

The necessity of taking immediate, decisive action to eliminate the negative impacts our corporate activities have on the environment is clear. For some companies, this is reason enough to consider a sustainability initiative. But for many companies, the case becomes much more compelling when they consider the impact an initiative can have on operations, morale and brand equity of the company. If done well, a campaign can enhance brand equity, improve community reputation and create a better place to work, while improving the company’s bottom line.

There is a common misconception that reducing environmental impact is costly. In fact, the opposite is true. While there may be an initial capital outlay, long-term benefits outweigh initial costs, saving the company money over the long run. Additionally, a growing number of conscientious consumers prefer buying products or services that incorporate sustainable practices. Sustainability initiatives also

build community by getting involvement from all of the company’s stakeholders, including employees from all levels and departments, suppliers, customers and the community. Stakeholder participation encourages diversity, builds loyalty and creates a better, stronger organization.

Reporting on a sustainability initiative helps the company realize some of the long-term benefits of its sustainability effort. Many companies do this through their annual report or on their corporate website.

Corporate sustainability can encompass an array of ideas, but at its core, it involves viewing the company as part of a larger community, recognizing its impact and driving improvement. Corporate sustainability encompasses reducing a company’s ecological impact while also incorporating broad social initiatives, including employee enrichment and retention, internal operations, community involvement, customer service and supplier relationships. Each company has its own purpose, product and culture and, therefore, will have its own definition and way of adopting sustainability. The basic tenants of sustainability do not change, only the way that it will be implemented.

How does a company go about launching an initiative? Our firm began a program to launch a sustainability initiative several months ago. While we had studied this area for some time, we learned an enormous amount from our implementation experience. Here are the fundamentals of getting started, along with some observations from our experience.

**Plan It.** Planning is essential for rolling out a corporate sustainability initiative. Similar to other corporate change movements, it takes serious consideration and planning. This should not be underestimated. It is important to plan carefully or the initiative won’t succeed.

**Get Buy-In at the Top.** This is a companywide initiative that will drive change in the way employees do things. Such a project is doomed for quick failure unless senior management is completely sold on the project. Ask anyone who has tried to drive broad changes within a company where senior management is not really sure this is such a hot idea – it generally is destined for a slow, painful, embarrassing demise.

**Define the Initiative.** Most sustainability projects begin with careful consideration of what elements should be included. A logical way to start is to develop a framework for the initiative by establishing clear objectives. While there are a large number of standards for sustainability initiatives (we counted over 25), studying what other companies in your industry have done can be most instructive. Good examples are available, as many larger companies are measuring and reporting on their initiatives publically (on their websites or as part of their annual report). Over time, benchmarking against industry peer groups will become more common, making industry-based measurements more meaningful.

We formed our sustainability framework around five broad areas: Environment, Community, People, Clients and Profession. We then set about defining specific

initiatives under each of these broad areas.

**Build the Team.** Your sustainability team should be diverse, similar to your company's employees and departmental structure. This means including employees from all departments and levels plus a variety of socio-economic backgrounds. Additionally, you want people who aren't already "on-board" with sustainability and may, in fact, initially want to avoid or sabotage the change effort. This variety creates a strong team and campaign as you overcome differences or obstacles to a successful rollout.

**Examine Costs and Benefits.** For an initiative to be successful, it needs to be, well, sustainable. That begins with an evaluation of anticipated costs and benefits. Each initiative should be able to stand up to a cost/benefit analysis. If the costs outweigh the benefits, it is likely that particular action will not succeed. We found this evaluative process to be challenging. Some of the benefits may be easy to measure, such as dollar savings by reducing paper usage; but others are more challenging to measure, like the establishment of a community service initiative to give back to your community and foster a more loyal workforce.

**Launch It.** This is an initiative that, if done well, should leave people really excited and make them proud to be associated with such a progressive and thoughtful company! We have oriented much of our firm's annual meeting around this initiative in an attempt to build excitement around the idea.

**Phase the Campaign.** There is a temptation to jump on all of the great ideas that come from the project planning sessions. However, all parts of the sustainability project do not have to be launched in the first year. Biting off too much may cause employees to lose interest and get discouraged. Instead, you can plan and launch the campaign in phases. Start with the lowest hanging fruit and show early success, producing more buy-in for the heavier lifting ahead.

We have had a lot of fun with our cam-

paign. While we have yet to report any findings, we do have people in very different parts of our organization excitedly planning and talking to each other about this dynamic project. We are also sure that this work has helped us to help our cli-

ents. There is no time like the present to adopt a sustainability initiative. Your organization will benefit economically, environmentally and equitably, and your community and the Earth will thank you as well.

## ABOUT THE AUTHORS

### Frank, Rimerman + Co. LLP

Frank, Rimerman & Co. is a full-service CPA firm, providing audit, tax and consulting services with a diverse team of business management consultants. We have broad experience and a tight community of focused and flexible professionals; we deliver value scaled to meet the unique needs of your company. Our corporate sustainability expertise enables companies to define and execute a customized sustainability initiative, resulting in economic advantages, increased equity value, a motivated workforce and enhanced community stature.

FR&Co. assists by determining key objectives and best practices for your corporate sustainability initiative; establishing benchmarks and baselines to capture financial and non-financial information; providing ongoing measurement and reporting; and offering a credible, third-party opinion. Our experienced team of CPAs offers extensive financial and non-financial attest services and can validate the results of your sustainability program.

**Mike Knowles, Partner, Services to Businesses** – Mike is the partner in charge of the



Services to Businesses division of Frank, Rimerman & Co., LLP. Mike also leads the Business Valuation and General Business Consulting practice within Frank, Rimerman Consulting. Prior to leading the Services to Businesses division of Frank, Rimerman Consulting, Mike was the partner in charge of the Assurance and Advisory practice. Mike is a member of the California Society of CPAs and American Institute of CPAs.

Mike served as the Chairman of the AICPA National Advanced Accounting and Auditing Technical Symposium from 2001 to 2005 and served on the AICPA Task Force in 2006 and 2007 to develop a practice aid for implementation of the Risk Assessment standards.

**Laura Baker, Manager, Assurance & Advisory Services** – Laura is currently working



to help companies become more sustainable by improving their economic, social and environmental practices. Recently, she completed a Master of Arts degree in Humanities, focusing on culture, ecology and sustainable community, from New College of California in Santa Rosa. In the fall, Laura will enter the Leadership Training for a Sustainable Future program, hosted by the Leadership Institute for Ecology and the Economy.

Laura is a member of Frank, Rimerman & Co.'s Assurance & Advisory team, specializing in business services for the wine and vineyard industries.

She has been with Frank, Rimerman & Co. and the former Motto, Kryla, & Fisher for the past 5 years. Prior to joining Frank, Rimerman, Laura performed assurance services for Deloitte in San Francisco for 4 years. Laura obtained her Bachelor of Science degree in Business Administration from Cal Poly, San Luis Obispo.

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