


The Business Case for Going Green

Neil L. Drobny, PhD
Fisher College of Business
The Ohio State University



My Sustainability Journey

- New Jersey – chemical plants
- Boy Scout experiences
- College Major: Sanitary engineering
- Early Career: Environmental consulting
- Business issues not environmental issues
- MBA programs, e.g University of Michigan
- Fisher College of Business – Adjunct Faculty
- OSU – Program Director: sustainability major

Key Points

- Not about saving the planet
- Sustainable not Green
- Sustainability: “Triple Bottom Line” – how effectively organizations use:
 - Economic capital and
 - Environmental capital and
 - Social capital
- People, planet and profit.

What is Sustainability in the “Business Context”?

- Strategies and practices that build shareholder value, enterprise resiliency and a better world by saving energy, resources, and money.

Dow Jones on Sustainability

“a business approach that creates long-term shareholder value by embracing opportunities and managing risks that derive from economic, environmental and social developments.”

- *Dow Jones Sustainability Indexes*

Evolution of Sustainability

- Up to 1950s (or so): environment viewed as an inexhaustible resource.
- 50s – 90s: wake up calls -- e.g. air and water pollution, toxic waste spills and dump sites, nuclear accidents.
 - Regulatory compliance was the focus for business.
- 90s forward: focus on (1) prevention vs. compliance and (2) global vs. local impacts.
- Emphasis on the entire value chain.

Strategic Foundations for Sustainability in Business

- Copy nature – in nature there is no waste
 - Industrial ecology, by-product synergy, biomimicry
- Close loops – eliminate once-through flows.
 - Collaborative consumption, circular economy
- Reduce impacts, optimize resource use across the entire value chain.
 - Life cycle assessment: optimize performance of systems not components.
 - Collaborate to reduce barriers (with suppliers, customers, competitors).
 - Acknowledge limits and interdependencies.
- Create shared value.

Business Case for Sustainability

1. Branding – strengthen & expand market share.
2. New product & service opportunities.
3. Reduced risk (insurers).
4. Enhanced business value (investors).
5. Improved employee morale, productivity and retention.
6. Reduced compliance issues (EPA, SEC, FTC).
7. Increased reputational capital/public image.
8. Protects the social license to operate.
9. Efficiencies and reduced cost.

From Best Practices to Next Practices

1. Know and manage greenhouse gas emissions
2. Eliminate excess water and energy consumption.
3. Demand sustainability in the supply chain.
4. Take responsibility for “end-of-product life” issues.
5. Design for re-cycle, re-manufacture and re-use.
6. Eliminate Waste.
7. Do “good” not just “less bad.”
8. Manage for stakeholders not just shareholders.

Ecological Footprint Quiz

- If X is the number of planet Earths needed to support per capita worldwide resource use on par with current U.S. levels what is X ?

Ecological Footprint

$$X = 5^*$$

To determine your personal footprint :
www.myfootprint.org

* www.footprintnetwork.org

Contact Information

Dr. Neil L. Drobny
Fisher College of Business
The Ohio State University
(614) 268-6100
drobny_3@fisher.osu.edu