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Winning with Environmental Strategies How & Why Businesses Should Adopt Green Practices

Executive Summary

Target Audience:

Small business owners who are interested in learning more about green business practices that will help increase productivity and efficiencies throughout their business.

What You Will Learn:

Identify the five areas where your business can benefit the most by adopting cost-saving, environmentally friendly strategies and solutions. These five areas are:

- 1) **Cut Communication Costs:** reduce the costs associated with employee-to-employee and employee-to-client communications without diminishing the value.
- 2) **Reduce Overhead Costs:** identify ways to reduce time and money spent on employee travel and commute-time.
- 3) **Take Better Advantage of Information Technology:** highlight ways to make your IT more environmentally friendly while driving revenues and increasing productivity.
- 4) **Differentiate Your Business by Implementing Green Solutions:** explore ways to get the most out of your green activities that will benefit your customers, clients and/or partners.
- 5) **Stay Ahead of Laws & Regulations:** assess changing standards, regulations and laws that may represent potential risks and opportunities for your business.

Tools Included:

This paper provides specific how-to advice for each best practice cited so that you can immediately implement ideas you find most compelling. In addition, you are provided specific websites and blogs for those seeking more information and resources.

Winning with Environmental Strategies

How & Why Businesses Should Adopt Green Practices

In today's challenging economic climate it may seem like "going green" has lost its sense of urgency. This paper will explain how the opposite is actually true. The current economic downturn and the pressure it places on small businesses to cut costs, increase efficiencies and find new ways to improve productivity are exactly why green is more relevant today than it was a year ago.

Oftentimes for businesses, there is confusion about what it means to "go green" and why it's important. Most of us would like to do our part on behalf of the planet, but that's not entirely why going green is important to business. In fact, many of the "greenest" businesses would argue, the reasons they have made investments to adopt more sustainable practices is to achieve increased profitability and revenue, as well as realize cost reductions for their business. This may not sound very green, but it is. The co-author of the best-seller *Green to Gold*, Andrew Winston, revealed in a recent interview, "For small businesses, like large, going green can save real money. All too often companies look first to cut headcount to save money, but in many cases, they can cut resource use and expenses instead. Driving efficiencies and finding new ways to do more with less – those are core principles of going green."

Many times business owners have the idea that going green is an "all or nothing" proposition. This is definitely not the case. In fact, this paper will help you decide how you should think about greening your business and what specific steps you can take during the downturn. We will specifically focus on how the use of IT, including PCs, printers, software, servers and services, can help your business become more efficient and potentially more profitable.

Five Ways to Reduce Costs and Increase Revenues

Your business can take action today to introduce cost saving measures and in some cases, grow revenues, by adopting more environmentally friendly practices. Whether you and your firm have a personal commitment to more sustainable business practices, or you're just interested in the savings, there are five areas of your business that can greatly benefit by implementing greener practices.

The five areas are:

- 1) **Cut Communication Costs:** Ask yourself how significant of an expense it is to your business to enable communication (in all forms) among your employees, and between your employees and your clients. Do you know the specific dollar amount that your business is spending each week, month, quarter or year on communications? Businesses have to be careful when calculating the total costs of supporting "communications" among employees and clients. For example, there are hidden costs that are borne by

interruptions in productivity due to employee downtime while traveling. The “total cost” needs to be taken into consideration to ensure you find the right solutions. If you have significant travel expenses incurred every month there are compelling ways to reduce those costs involving web conferencing, Voice-over IP (VoIP), and video meetings. If travel expenses are not significant for your firm there still may be some significant savings to be captured by adoption of a VoIP solution. Businesses that adopt VoIP, vs. more traditional PBX solutions, can avoid significant upfront capital expenses, maintenance, support fees and upgrade expenses. These savings are especially significant for new businesses just starting out or those who plan to grow.

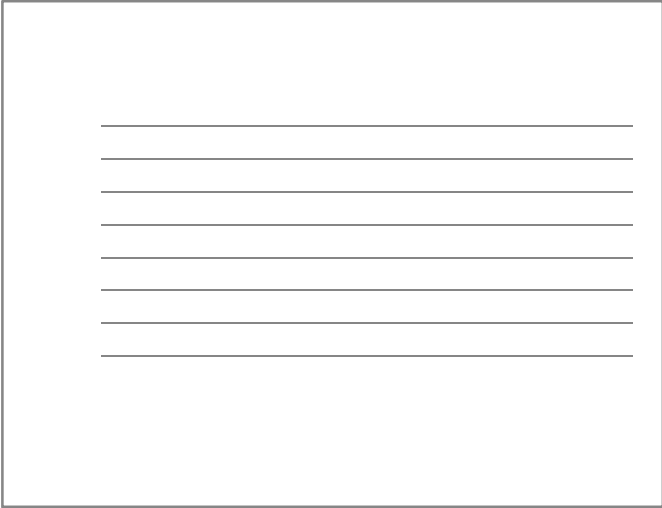
Technology is now at a point where these solutions are more than adequate substitutes for being there in person, and with the current downturn clients are even more receptive to these forms of communication. Another benefit of implementing these types of low-cost solutions is that your firm will be able to get in front of your customers and clients more frequently which can result in higher revenues and greater customer retention and loyalty. Often, clients will thank you for your consideration to not travel great distances for meetings that could have been done sooner, or spontaneously. Nearly 16 percent of small businesses have cited plans to adopt web conferencing, while 20 percent plan to use VoIP softphones this year; both are primarily driven by the need to reduce travel expenses and increase productivity.

Best Practices for Communications:

- Ø Assess your current total “communication costs” (e.g. email, telephone, travel and associated employee-downtime) and set a goal to reduce it by a specific percentage. Then adopt new ways of achieving your communications tasks, such as VoIP or web conferencing, that will save your company money while greatly improving efficiencies. These technologies still enable you and your employees to get in front of clients and customers but do it in a cost-savings manner.

2) Reduce Overhead Costs: Similar to calculating the costs relating to your communications, it’s important for businesses to think about how much overhead you’re paying to “house” your employees and whether or not working remotely makes sense for your business. Think about the type of work you’re in and how much money you could save by reducing your monthly rent/lease or eliminating it entirely. Many companies today are embracing this concept by asking more employees to permanently work from home to reduce the amount of office space required. In addition to cost-savings, some small businesses have used the option to work remotely to attract better talent and expand their job searches. If your line-of-business is conducive to having some employees work from home you may find that by offering work-from-home as an option you end up attracting a higher caliber of talent (sometimes for less money than you anticipated because employees are willing to take less money if they don’t have to commute and/or move).

The average proportion of an SB's workforce that works from home has more than doubled since 2005. Figure 1 shows how, over the past three years, small businesses with formal telecommuting policies have significantly grown. As we discussed in the last section the IT solutions (e.g. web conferencing, VoIP) are easier to implement, use and maintain than ever before with numerous options to choose from. All businesses should be exploring how much cost-savings these solutions can bring their firms.



AMI 2009 Small Business Annual Overview Study

Best Practices for Reducing Overhead Costs:

- Ø Assign appropriate job functions to work remotely either fulltime or part-time to help reduce overhead costs. Evaluate and adopt new IT solutions that will help you stay in touch with your employees and your clients and/or customers. This can also be a benefit when hiring.

3) Take Better Advantage of Information Technology (IT): Depending on the type of business you're in, the benefits of adopting energy-efficient hardware such as servers, PCs, and printers really add up. Almost one in four small businesses believe giving a preference to buying IT products that use less energy is important to their continued business success [AMI 2009 U.S. Small Business Annual Overview Study]. There are many hardware devices that have an automated "sleep mode" to reduce idle time and wasted energy. Some printers have been specially designed to significantly reduce printing costs by setting two-sided printing as the default printing mode, reducing paper use by up to 50%. This can add up when you consider that, according to the EPA, an average office worker uses 10,000 sheets of paper a year. There is other hardware that can help save as well. Many new servers are cheaper to maintain than earlier models due to built-in energy efficiency, and are easier to manage due to new network operating systems (NOS) offering more manageability features. There are also more innovative IT solutions to help your business save money such as virtualization where

hardware capabilities are pooled together “virtually” reducing space requirements and capital outlay, along with improving data recovery and energy efficiencies. For more information on how much your energy consumption is costing your firm, check out one of the easy-to-use calculators online such as

<https://roianalyst.alinean.com/msft/AutoLogin.do?d=974615308025157268>.

You may also want to consult a valued-added reseller (VAR) who can help you determine which IT solution best suits your needs and offers the best cost-savings for your business. One SB owner states, “Our investment in IT has also helped us work even faster—we can respond to customers’ requests more quickly than before. Now when our marketing staff is outside of the office, they can also access essential information from the office rather than wait to return to the office. Profitability will also rise; now we can do things faster.”

Best Practices for IT:

- Ø Purchase energy efficient PCs, servers, printers, etc., to reduce your power consumption and operational costs. Set power settings on monitors and laptops to lower consumption rates. LCD monitors use 40% less energy than an equivalent-sized CRT monitor (according to Cornell University Computer Energy Usage Facts). According to the 80 PLUS Organization, an energy-efficient 80 plus power supply will not only reduce your PCs’ energy consumption by \$7 per PC annually, but will also improve system reliability, extend PC life, and minimize fan noise resulting in lower cost of ownership. To find out more about 80-plus energy-efficient technology go to www.80plus.org.
- Ø Consume less paper by exploring printer solutions specifically designed to reduce paper and energy consumption. Solutions such as HP’s WebJet Admin – software that provides businesses with greater control over their printing – have been proven to significantly reduce energy costs. The U.S. Department of Energy states that companies can save up to 66% of energy costs for office equipment just by turning the devices off nights and weekends. While these solutions provide greater control over energy consumption they also offer business owners better control of overall printing costs such as duplex printing and color usage.
- Ø Utilize virtualization solutions and reduce hardware maintenance costs.
- Ø Meet with a value-added reseller (VAR) and/or IT specialists to explore other ways your specific business can gain efficiencies through your use of technology.
- Ø Visit www.epeat.net – an excellent resource to help evaluate desktops, notebooks and monitors based on environmental attributes that often result in significant cost savings for businesses.

4) Differentiate Your Business by Implementing Green Strategies and Solutions: As you explore ways to adopt more environmentally friendly ways of doing business, focus on efforts and investments that give your business a competitive advantage. Often small steps can be seen as compelling by your customers. Roy Thompson – the owner of a California small business – made what he thought was a small step toward more

sustainable business practices, but was shocked by how much his customers noticed and appreciated his efforts. "A few years ago we started using recycled paper in the office because the office manager thought it was a good idea. I must have had at least a half a dozen customers, in just the first week, let us know how much they appreciated it. It was such a small thing to me, but apparently a big deal to our customers." Making small steps toward implementing more sustainable business practices can help your business stand out from its competitors and help give your customers another reason to keep doing business with your company.

In today's marketplace it's not uncommon for a small business serving a local customer base to suddenly garner an opportunity with a much larger or geographically-dispersed client and/or vendor. The implications of serving such an enterprise are broad, but one thing you can bet on is that green-related issues will eventually surface. The only question is whether they will be deal winners or deal breakers for you securing the project. "I have spoken to smaller companies that have won business over their competitors simply because they could answer customers' questions about environmental practices – they had the foresight to have certain environmental policies already in place," said Mr. Winston. According to an HP customer survey, over 80% of enterprises evaluate environmental impact as part of the selection process when reviewing RFPs and 31% of purchasing decisions are based on environmental factors. This same study found that 55% of enterprises surveyed give preferred status to vendors that address environmental issues.

In addition to the above there is another critical reason your firm should be thinking about adopting more environmentally friendly policies and procedures. The opportunities that will be created by the upcoming economic stimulus package stand to be significant for some small businesses (check out www.recovery.gov for more stimulus package information). These opportunities will likely come with major ties and accountability that include a green supply chain throughout all companies engaged in the projects. Figure 2 shows the makeup of revenue for SBs that have implemented "green" policies versus those that have not. As you can see, green-focused SBs have generated higher revenues from servicing large businesses and government and educational contracts.

If your business has any chance of engaging with an enterprise it's just a matter of time until your firm is asked to articulate your environmental impact and strategy.

Now is the time for action. Being proactive in this case could be the difference between a great win or a major loss. Waiting until that larger client and/or customer comes along, or when your business captures an opportunity created by the economic stimulus package, will be too late.

Average Annual Revenue of \$4M	Average Annual Revenue of \$1.7M
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Figure 2: Revenue generation of “green” focused SB’s versus “non-green” -focused SB’s [AMI 2009 Small Business Annual Overview Study]

Best Practices for Customer:

- Ø Develop and document a green strategy that can be easily communicated to all of your partners, vendors, and clients to ensure they are aware of your efforts and that your business is well-prepared to share those policies if and when required.
- Ø Promote your green efforts to customers and clients as cost and time-saving techniques that enable your business to pass on those savings to your customers, while doing your part for the environment.
- Ø Be sure to practice what you preach. Environmental watchdogs will punish any business large or small for making claims that are false or exaggerated.

5) Stay Ahead of Laws & Regulations: Issues related to the environment and sustainability will continue to be hot topics across the globe and within government. As a result, businesses are very likely to see increased adoption of laws and regulations aimed at driving new behaviors within large and small businesses. With improved monitoring technology, small businesses will likely have to integrate environmentally friendly policies and procedures in the not so distant future to ensure they are compliant to changing and tightening regulatory guidance. This risk becomes especially real for those SBs that want to increase business with larger enterprises or government agencies and educational institutions. Again, now is the time to act.

Best Practices for Laws & Regulations:

- Ø Stay on top of laws and regulations that may impact your business by visiting:

§ <http://www.business.gov/business-law/environmental-regulations/general-info.html>

Conclusions: Take Action Now and Start Capturing the Cost Savings

The best way to kick start your green efforts are to let cost-cutting guide your business to the right priorities and the right solutions. The five key areas we reviewed – communication, overhead, information technology, differentiation and laws & regulations – should give you some ideas of ways to help reduce costs and increase productivity. Depending on your line-of-business, challenge yourself and your firm by picking two to six opportunities within this paper and start reaping the rewards now. The below checklist can help you organize your efforts. Your firm’s next big win (or big save) may be a result of the actions you take today.

Task Description	Owner	Deadline
Cut Communication Costs		
1. Assess your firms “total communication expenses” by calculating all costs incurred to support employee-to-employee and employee-to-client communications including travel, emails, phone, employee-downtime, etc.		
2. Work with a VAR and/or IT expert to evaluate which solutions could best help your firm save the most		
3. Implement at least one solution within the next 3 months		
Reduce Overhead Costs		
1. Evaluate each of your employee’s job functions in the context of: <i>a) How necessary it is for the employee to occupy costly office space &</i> <i>b) How much money could be saved on a monthly, quarterly, and annual basis if they worked remotely</i> [Note: be sure to include working remotely as an option for new hires when/if applicable to increase your talent pool and potentially lower your salary requirements]		
2. Assess the total dollar amount your firm could save by having select jobs work remotely; review those options with key personnel		
3. Engage key employees to think through implications to your business if these positions were to become remote and decide which positions make the most sense for your business to go remote		
4. Work with a VAR and/or IT expert to evaluate which solutions could best help your firm save the most time and money		
5. Transition key position(s) from in-office to remote within the next 3 months if possible		
Take Better Advantage of Information Technology		
1. Review your current and future (next 6 months) IT needs including PC, printer, server and software purchase. Focus on your business needs driving those IT needs (e.g. storing, accessing and sharing documents and files quickly in and outside of your office) to help highlight where alternative IT solutions could deliver significant cost		

savings through efficiencies and productivity gains		
2. Work with a VAR and/or IT specialist to review these business needs and IT needs. Specifically ask these professionals what solutions would best help your firm meet your needs while meeting your requirements of significant cost savings. Ask your VAR for an assessment of how much each solution could save your firm on a quarterly/annual basis.		
3. After identifying the real cost-savings opportunities for your business implement at least one solution within the next 3 months		
Differentiate Your Business by Implementing Green Solutions		
1. Develop your firm's environmentally friendly policies and procedures by working with key personnel to identify areas where your firm can implement more sustainable (and environmentally responsible) business practices. If you need help in identifying these areas consult this whitepaper for ideas and/or visit one of the websites listed at the end of this paper.		
2. Communicate these clear and easy-to-follow green policies and business procedures to all of your employees, clients, customers, partners and vendors. Ensure they understand how seriously your firm is about implementing sustainable business practices.		
3. Establish a "green lead" within your firm and have them monitor on a monthly and/or quarterly basis your firm's ability to meet your newly developed green policies and procedures. This will help ensure your company "walks the talk"		
Stay Ahead of Laws & Regulations		
1. The best way to manage the various laws and regulatory compliance issues facing your business is education. Access one of the websites mentioned in this whitepaper to identify and understand what regulations, standards, and laws your firm should be most concerned about; take the necessary action to become or maintain compliance		
2. Ensure your green policies and procedures help keep your business on track with any applicable laws and regulations that affect your business		
3. Employ your internal "green lead" to monitor the changing environmental laws and regulations on a regular basis and report back to you with any developments that your firm made need to take action to accommodate.		

For additional green information please visit one of the following sites to better help you assess how to turn your environmentally friendly efforts into cost saving, and possibly even money making initiatives.

- www.gcio.org: formed in 2008 by a group of Global-minded IT executives, Green Computing Impact Organization (GCIO) offers tools, education and events that will help your business find more environmentally friendly ways that will help save your company money and time

- www.hp.com/go/reuse-recycle: an excellent resource to learn more about ways to deal with aging technology including trade-in opportunities, recycling services and more
- <http://www.greenercomputing.com>: a robust collection of news, education, tools, blogs and more that will ensure your business is up to speed on the latest developments of green IT strategies and solutions
- www.greenopolis.com: a site for business owners who want to get more involved in green practices that expand well beyond sustainable business practices by speaking to how to lead a greener life including opportunities to become more engaged in green activities and initiatives
- www.epeat.net: stands for Electronic Product Environmental Assessment Tool and it delivers by providing tools and education to help you evaluate electronic purchase from a green perspective
- www.score.org: Includes "how to" articles and tools in addition to helping you find a local small business mentor, at no cost, to help you on a one-on-one basis
- http://www.alinean.com/T_ROI.asp#: an easy to use tool that has been preloaded with industry data to help you quickly calculate your potential savings

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