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## The Color of Money

**Sustainability has become more than a buzzword among corporations. It has become smart business.**

By [JILIAN MINCER](#)

When Comerica decided to go green last year, it knew it would need help.

The Dallas-based bank wanted to create an extensive plan to make its business more environmentally friendly. "This really mattered to shareholders," says Rick Plewa, senior vice president and director of corporate sustainability at [Comerica](#) Inc.

### The Journal Report

But the bank didn't think it had the expertise to pull off an ambitious strategy on its own. So, it turned to Deloitte & Touche LLP, which had developed such programs for other companies.

The consulting firm came up with a plan that includes an inventory of the bank's greenhouse-gas production, recycling vast amounts of paper and electronic equipment, and a prototype of a bank branch that would be certified as environmentally sustainable by a third party and could be duplicated at other locations.

Without Deloitte, "we could've done something, but I don't think we could have done anything as well conceived," says Mr. Plewa.

### Forging Ahead

Comerica isn't alone in its sustainability drive. Businesses of all sizes are recognizing that going green can save money, open up new avenues of revenue, and help keep employees, shareholders and customers happy.

And as companies pursue these strategies, consulting firms -- such as Deloitte, [International Business Machines](#) Corp. and KPMG LLP -- see a chance to win business. These consultants promise to help companies analyze their carbon footprints, identify ways to decrease energy consumption and identify the potential tax benefits of sustainability efforts.

"Lots of companies are thinking about this, so they're looking for advice," says Joseph A. Muscat, a partner at [Ernst & Young](#) LLP and director of the firm's clean-technology advisory services in the Americas.

In large part, companies are thinking about environmental issues because they're feeling more heat on the subject. Energy costs are soaring, shareholders and the general public are pushing harder for eco-friendly practices, and regulators are laying down stiffer rules. In this new climate, simply recycling paper or lowering thermostats just isn't enough anymore.

### **Green Thumbs**

- **Changing Mood:** Companies are looking to overhaul their operations and make them more eco-friendly.
- **A Range of Motives:** Businesses are trying to head off protests, meet new regulations and keep customers, shareholders and employees happy.
- **Rushing to Help:** Many consultants see an opportunity to pitch their services to companies that go green.

Among other things, investors are pressing the Securities and Exchange Commission to require companies to disclose more thoroughly the risks that climate change poses to their businesses. For instance, could a company take a big financial hit to upgrade its operations to meet emissions standards? Could it face legal action if it doesn't meet those standards?

In August, [Xcel Energy](#) Inc. agreed to provide detailed warnings about those sorts of risks, in a deal with New York Attorney General Andrew M. Cuomo. In 2007, the attorney general had subpoenaed the executives at Xcel and four other energy companies for information about whether disclosures filed with the SEC adequately explained the risks.

Companies will face even tougher disclosure requirements down the road, some environmental activists argue. International businesses already have to meet stiffer regulations, and U.S. emissions policies are expected to tighten no matter which party wins in November.

But the corporate sustainability push isn't just about avoiding trouble. Businesses also are recognizing the opportunities going green may provide.

A global survey of 250 executives by IBM found that 68% of businesses are looking at corporate social responsibility as a way to generate new revenue by creating new products or adapting existing ones. For instance, companies might develop energy-saving versions of their regular products. A different IBM study of 1,100 CEOs found that the majority plan to increase their investments in corporate social responsibility by 25% over the next three years.

Another benefit of sustainability efforts: Lots of workers like them. A survey of graduates of 11 top U.S. business schools found that while graduates expected to make about \$103,000 at their first job, 97% said they would sacrifice on average up to \$15,000 to work for a company with an "exemplary environmental performance, ethical business conduct, and good employee and stakeholder relations." The survey was conducted by professors from Stanford University and the University of California, Santa Barbara.

#### **Looking for Partners**

The trouble is, many businesses don't have the experience and manpower to come up with green strategies themselves, says David Metcalfe, a director at Verdantix, an independent research firm based in London. Developing a sustainability plan requires expertise on a range of subjects, including government regulations, climate change and technology, he says. So companies are turning to consultants to do the heavy lifting.

Another reason these consultants argue that companies should hire them: They want to be sure they don't miss out on any perks, which are proliferating too quickly for most businesses to follow. "There is an incredible amount of tax incentives around this issue," says Jenny A. Bravo, a director at Deloitte Tax LLP. For instance, she says, federal, state and local governments offer a range of incentives and credits to businesses making green efforts, including training grants and sales-tax exemptions.

The green-consulting business is still in its early stages, but observers are seeing strong growth. Mr. Metcalfe of Verdantix estimates U.S. revenue for green consulting doubled in the year ended in July and currently stands between \$150 million and \$200 million. He expects revenue to double each year for the next three years.

#### **A Range of Clients**

Another sign of the brisk business: the range of organizations looking for help. It's not just big corporations seeking out advice; groups of all sizes are turning to consultants to overhaul their operations. IBM, for example, has helped the U.S. Open reduce computer-related energy use by 60% in the past two years by shifting the tennis tournament's Web site to six servers from 60.

Bryant University in Smithfield, R.I., also hired IBM. The school wanted help when it decided to spend \$1 million to make changes to its data-center facility. "We're very small, but [IBM] has a wide breadth of knowledge, and all the subject-matter experts," says Rich Siedzik, director of computer and telecommunication services for the college. "This isn't the first time they've gone through this."

With IBM's help, the college consolidated three computer locations into one smaller one, decreasing the space requirements to 500 feet from 1,100 square feet. The consultant recommended building a modular structure, which could be reconfigured if the college eventually needed more space.

"We estimate the savings is about 15% in facility overhead and in power and cooling," says Mr. Siedzik.

It's now working with IBM on software that monitors consumption so if something is not in use, the power could be turned down on the servers. Eventually, the college hopes to apply the same technology to other energy users, including lighting, heating and cooling systems. "It's all about promoting change," says Mr. Siedzik. "You have to make people aware of what they're using."

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