

Going Green

More and more small business owners are discovering that environ-

mentally responsible practices not only help the planet but boost their bottom lines as well

by Reed Richardson



For Jermy Gawthrop and Clayton Suttle, co-owners of the Greenhouse Grille in Fayetteville, Arkansas, simply getting behind the wheel of their cars brings to mind the sweet smell of success they've achieved from "going green" at their small business. That's because the pair's two 1983

Mercedes 300Ds, which double as their business's catering vehicles, now run on biodiesel made from the grease in their restaurant's fryer. "Wherever we go, it smells like sweet potato fries behind us," explains Gawthrop, in a slight southern drawl. "It's fantastic, and best of all, it's free."

Free, as one might imagine, is a powerful word in the unforgiving world of the restaurant and catering business, where studies show that nearly 60 percent of ventures don't survive past their third anniversary. But even before their restaurant opened its doors last year, Gawthrop and Suttle had already resolved not only to serve environmentally-friendly food on their menu, but also to run their entire business following similar "green" principles. "It's how we operate at home—recycling, eating healthy," says Gawthrop. "So, we thought it made sense to for us to do the same with our business."

Accordingly, the pair's commitment to operating a sustainable business manifests itself in several different ways. In addition to the strange-looking grease converter sitting behind the restaurant, the Greenhouse Grille now also boasts a comprehensive, in-house recycling program as well as a unique, composting partnership with a local farmer, who transports the unprepared food scraps back to her farm on—naturally—her bicycle.

"It's taken extra effort and time to implement these programs," acknowledges Gawthrop, who also allows that some aspects of it, like using recycled to-go boxes and buying

organic products whenever possible, often end up costing more. Still, he notes with pride that their green initiatives are paying dividends in other ways besides free gas. His restaurant has shrunk its waste output to a mere fraction of the industry standard and gets free herbs and produce from the farmer in exchange for the restaurant's compost. "Balancing the green philosophy with our business has been tough," he says. "We'd be doing this anyway, but now it's starting to pay off, it's saving us real money."

Though their approach may be a touch radical, Gawthrop and Suttle's decision to "go green" is no longer an isolated or particularly offbeat example. Indeed, mainstream businesses across nearly every industry and demographic—and, increasingly, of every size—are now openly investing in environmentally responsible products, services, and technologies.

In fact, an April 2007 Gallup study found that nearly half—47 percent—of the roughly 600 small businesses surveyed said they were already taking steps to become more environmentally responsible. Among employees, a growing affinity for environmentally friendly workplaces exists as well. Fully one-third of American workers said that they would be more inclined to work for a green company, according to a March 2007 Harris poll.

Admittedly, this growing interest among both employers and employees toward environmentally friendly policies is still somewhat of a hit-or-miss proposition. At times, going green can exact a toll upon a small business's bottom line.

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Gawthrop uses converted grease from his restaurant's fryer to power his 1983 Mercedes diesel sedan.

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—APRIL 2007 GALLUP SURVEY

But as fuel costs continue to rise ever higher and natural resources become increasingly scarce, it's not surprising that more and more entrepreneurs have come to the same conclusion arrived at by the Greenhouse Grille's owners: In the long run, adopting green policies can do more than just help save the environment, they can save money, and maybe even their business, too.

"I was never a real advocate of being green," acknowledges Tom Benson, the 62-year-old owner of the World's Largest Laundromat in Berwyn, Illinois. "I was just a busi-

ness person who made very pragmatic decisions." So how did a no-nonsense, small business owner from the Midwest end up with one of the largest solar panel arrays in the United States atop his roof? The answer, Benson readily admits, involves a common motivator among small business owners: "panic."

"The coin-operated laundry business is driven heavily by energy and hot water costs and, in early 2001, natural gas prices spiked by 400 percent," explains Benson. "Suddenly, my gas bill was 25 percent of my revenue and that was no way to survive in the long-term."

After hearing good things about solar power from a friend, Benson ran the numbers and quickly became a convert as well. "It's such a natural application for laundromats," he says. "Since I owned the building, it was pretty simple for me to put in place, and even my bank literally said 'Go for

it,' giving me a loan in just about a week."

To soften the blow of the large capital investment required, Benson took advantage of an Illinois Department of Commerce and Economic Opportunity grant that fronted him nearly half of the \$150,000 he needed to buy his first 24 solar panels in late 2002. Currently, nearly 30 states have similar publicly-funded alternative energy programs and while they vary greatly in size from state to state, they are well worth investigating. In addition, private, sustainable business organizations have sprung up in many states and

Green Is My Office

LIGHTING

1. Install motion-detecting light switches in conference rooms, closets, and bathrooms
COST: \$20-50/switch

POTENTIAL SAVINGS:
5-10% of annual energy costs

2. Replace incandescent bulbs with compact fluorescent ones
COST: \$5.00/bulb

POTENTIAL SAVINGS:
\$50-90 per light bulb (U.S. EPA)

WINDOWS

1. Hang blinds or shades over windows
COST: \$50-250/window
2. Insulate, caulk, and weather-strip around window edges
COST: \$5-50/window (one-time)
3. Install low-emissivity coating, double-pane windows
COST: \$20-40/sq. ft./window

POTENTIAL SAVINGS: 15-35% of annual heating/cooling costs (Alliance to Save Energy)

COMPUTER

1. Set monitors to turn off after minutes of inactivity and go to standby after n
COST: FREE

POTENTIAL SAVINGS: up to energy reduction per comp

2. Connect computer worksta copiers, and fax machines saving power strips
COST: \$35/strip (one-time)

POTENTIAL SAVINGS: up to annual energy reduction pe

THERMOSTAT

1. Install programmable, "smart" thermostats that allow you to set your office temperature to 75°F for off-hours and weekends during the summer, 65°F in the winter
COST: \$50-150 (one-time)

POTENTIAL SAVINGS: up to 30% of annual heating/cooling costs

2. For the server room, always keep the door shut and set thermostat several degrees higher during low-demand times like overnights and weekends
COST: FREE

POTENTIAL SAVINGS: 1-2% of annual heating/cooling costs

3. Ensure HVAC systems are well maintained and all air filters are changed regularly
COST: REGULAR MAINTENANCE

POTENTIAL SAVINGS:
up to 30% of fan energy and up to 10% of annual air conditioning energy costs

Replacing a single, incandescent lightbulb with a compact fluorescent one reduces by more than 1,000 pounds the amount of carbon dioxide emitted into the air, and saves the user an average of \$67 over the life of the bulb

—U.S. ENVIRONMENTAL PROTECTION AGENCY

Simply by using current, "off the shelf" technology, the U.S. could cut the cost of heating, cooling, and lighting its homes and workplaces by up to 80%

—U.S. DEPARTMENT OF ENERGY

KITCHEN/BATHROOM

1. Stock office kitchen mugs, silverware, and instead of disposable plastic products
COST: \$5/employee

POTENTIAL SAVINGS: \$10-20/year/employee

2. Install motion-detected faucets in kitchens
COST: \$50-150/bathroom

POTENTIAL SAVINGS: annual water usage

3. Install low-flow toilets
COST: \$100-200/toilet

POTENTIAL SAVINGS: annual water usage

ILLUSTRATION BY STANFORD KAY

PURCHASING

1. Buy recycled paper
POTENTIAL SAVINGS: Up to 15% savings in annual paper costs
2. Buy recycled toner cartridges
POTENTIAL SAVINGS: 30-60% of the cost of new cartridges
3. Buy recycled carpet/flooring
COST: \$4 and up/square foot
4. Buy recycled office supplies
POTENTIAL SAVINGS: up to 10% of annual supplies costs
5. Buy recycled furniture
POTENTIAL SAVINGS: 30-80% of the cost of new furniture

(Note: some recycled products still have a price premium over regular products, so it pays to shop around to find sustainable vendors that also charge less.)

USAGE

1. Print double-sided copies or reuse backs of single-sided copies as scrap paper
COST: FREE
POTENTIAL SAVINGS: 25-50% of annual paper costs
2. For internal memoranda, only print out and post one paper copy, or use email instead
COST: FREE
POTENTIAL SAVINGS: up to 5% of annual paper costs
3. Place a recycling bin in your office for glass and plastic bottles
COST: FREE
POTENTIAL SAVINGS: up to 5% of annual garbage hauling costs

localities, allowing green business owners the opportunity to network and share ideas. (For links to information on state and local alternative energy grants, as well as a list of sustainable business networks, see the resource box at the end of this article.)

Today, nearly five years after his first installation, Benson's 36-panel solar array saves his laundromat of 157 washers and 144 dryers roughly \$25,000 a year in energy costs. "I will have achieved full payback on my investment in only five or six years," he estimates. "And those solar panels will last for 25 or 30 years, maybe more." As a bonus, he notes that they're practically worry-free. "The only maintenance I perform is going up on the roof once a year to clean the panels."

Still, Joel Makower, founder and executive editor of **GreenBiz.com** acknowledges that not everyone could duplicate Benson's large-scale success. "Most small business owners tend not to own their space," he notes, which makes it almost impossible to undertake major infrastructure improvements. "But it's important to realize that greening a company is rarely about doing one big thing," he points out, "it's usually about doing dozens of little things."

According to Makower, almost every small business can make a significant green impact by just reducing their paper and energy consumption. Whether it's simply implementing more economical printing habits, adjusting thermostat settings, or using more efficient computer standby settings, he says that there are a whole host of modest, attainable steps that small businesses can take that will result in significant savings.

However, Makower adds one important caveat: Based on his experience, companies that focus solely upon the broad, societal benefits of going green are only getting it half right. To really see results, they must also emphasize the positive impacts those efforts are having on the company's bottom line. If they don't, they're likely to lose interest in the long term and revert back to their old, wasteful habits. When small businesses fail in their attempts to adopt more environmentally friendly policies, Makower says it's often because "no one ever made the *business* case for doing them."

For Jay Holgate, the business case for going green has not only translated into lower overhead but a raft of new customers as well. In fact, Holgate's 11-year-old company has gained more than 60 new clients since it invested \$100,000 in four new Toyota Priuses and changed its name from "Georgia Couriers" to "Green Express" earlier this year. "We're basically in a commodity business that brings in very little in the way of new clients," notes Holgate, whose 10-vehicle courier fleet typically logs 2,500 miles a day in and around metropolitan Atlanta. "So, every customer we get is a customer someone else has lost."

But in a city renowned for its smog-stoking gridlock (in January, Atlanta's poor air quality earned it the dubious title of "Asthma Capital of the United States"), his company's newfound popularity is perhaps not surprising. In fact, Holgate's hybrid fleet has proven so popular that his Priuses, which put out a fraction of the emissions and cost

Roughly **70%** of office garbage is waste paper that could be recycled and it's estimated that the average U.S. company could recycle up to **50%** of its current waste stream.

60 percent less to fuel than the cars they replaced, have given Green Express a unique sales proposition in a sea of sameness. "One of our salespeople is even using the hybrids on sales calls now," he says. "It has turned out to be a great prop."

In addition, Holgate has implemented several other green office policies to cut consumption and save money: setting up a paperless, online billing system, using more energy-efficient compact fluorescent lightbulbs, and adjusting his own work hours so he spends less time sitting in traffic. "It's been a wholesale philosophical change," says Holgate, who proudly adds that despite these changes, "our rates to our customers have not increased one penny."

This last point is an important one. That's because small businesses, while embracing green policies, remain skittish about having to charge more for them. And rightly so, as several studies have found that customers seem to be less enthusiastic than employers or workers when it comes to going green. In the same April Gallup survey where roughly half of small business owners said they were already going green, nearly the same amount—49 per-

cent—expressed doubt that their customers would be willing to pay more for environmentally friendly goods and services. And a June 2006 study by the branding firm Landor Associates found that a solid majority of American adults—58 percent—considered themselves "not green interested," whereas only 17 percent called themselves "green motivated," or willing to base a buying decision on strictly environmental concerns.

For this reason, many marketing experts recommend proceeding with caution when it comes to slapping a green label on your small business. "Don't count on it as a fad that can lead to being successful," advises Nikole Gipps, who runs the Concord, California-based marketing firm NHG Consulting. "The word-of-mouth potential is great," she notes, "but, at most, it should be the tipping point and not your company's main selling point."

Gipps says that for most small companies, an appropriate level of green promotion would probably entail adding a few, clearly worded paragraphs to the "About" page of your company's website. "Don't make too big a deal about a couple of recycling bins," she notes, "but at the same time, if I have to search for 30 minutes to find out why and

how your business really is green, that's not good either." In the end, Gipps stresses that greening a small business should merely be one part of its overall strategy, after it has already sold its customers on its products or services. "After all, if you run a restaurant that's green, but the food is terrible, your business is still in trouble."

Jerry Gawthrop would definitely agree. That's why he says the initial marketing focus for the Greenhouse Grille focused on the quality of what the restaurant served rather than how environmentally friendly it was. "I didn't want to advertise that aspect until we had worked out the kinks of our menu," he explains.

But now over a year after opening the doors, Gawthrop looks forward to promoting it, to the point where he even welcomes other green competition. "I can't wait until there's another restaurant in town doing what we're doing, and not only so I could eat there," he says, laughing. "It would just convince others that the market really is there to sustain green businesses and make them profitable, and that this is more than just a trend." ■

Going Green: Resource Box

How to Recycle

Most business products (general listing)—earth911.org

Electronics equipment—eiae.org

Computers—dell.com/recycling, apple.com/environment/recycling/program, hp.com/recycle

Computer disks, CDs—greendisk.com

Rechargeable batteries and cell phones—rbrc.org/call2recycle, eco-cell.org

Fluorescent lamps and bulbs (containing mercury)—lamprecycle.org

Carpet—carpetrecovery.org, antron.net

Where to Find Green Products

Energy Star appliances—energystar.gov/index.cfm?c=small_business.sb_index

Desktop and notebook computers—epeat.net

Copiers—epa.gov, greenoffice.com

Flooring—ecofriendlyflooring.com, greenfloors.com

Cleaning supplies, paint, paper products—greenseal.org, greenoffice.com

Office products—plasticsresource.com, officedepot.com/recycle, sustainablegroup.net

Water conservation—epa.gov/watersense

Buildings—usgbc.org, greenerbuildings.com, epa.gov/greenbuilding

Auto Fleets—ccities.doe.gov/vbg/fleets

Where to Find Green Business Services/Information

Web search engine—greenmaven.com, blackle.com (a low-energy usage version of Google)

Practical advice for small businesses—greenbiz.com/smallbiz, smallbiz-enviroweb.org, sustainablebusiness.com

Free energy audit—eere.energy.gov/industry/bestpractices/about_iac.html

Measure your business's carbon footprint—climatebiz.com/sections/smallbiz.cfm

Conferences and lodging—bluegreenmeetings.org, greenseal.org

Waste removal and disposal—ecohaul.com

Renewable energy financial grants and incentives (by state)—dsireusa.org

Sustainable business networks—localeconomies.org

Online business forum—"All Things Green" page

startupnation.com/pages/community/forum_topics.asp?FID=37&PN=1