Why bother with Environmental Accounting?

If you’re a business person, you may well be asking yourself this question. Or, maybe you’re a consumer and want to know why businesses are starting to dedicate more time and money to it. It’s a good question that’s worth asking, because even though we’d all love to do more to help our environment to thrive, the reality is that consumers and businesses sometimes have other priorities.

However, I’m here to tell you that environmental accounting and reporting is about much more than just saving the earth.

The Environmental Accounting “Big Four”:

SAVE MONEY, LOOK GREAT, MAKE MONEY, FEEL GREAT

1. **SAVE MONEY**: Measure your environmental impacts and take steps to reduce them.

An obvious benefit of “managing carbon” is that it often means understanding and reducing key costs for energy, logistics, fleets, refrigerant gases and business travel to name but a few. The familiar mantra reads, “you can’t manage what you don’t measure”, and it’s true. If your organisation sets out on an environmental accounting adventure, you’ll have a much better idea of the areas where you can make changes that make relatively little difference to your day-to-day operations, but can have a big impact on your bottom line. It’s not just a case of switching from plain to recycled paper and hoping that you’re doing some good— it’s more like collecting your electricity and gas usage, the amount of waste you throw away, and your water consumption, entering it into a top-class environmental accounting platform (like Our Impacts!) then identifying the areas that can be improved and taking steps to make it happen in a way that has proper, tangible, money-saving results.

For example: Company 1 reported on their business travel emissions (scope 3), part of which included taxi journeys around London. Through this reporting they found that they were not only responsible for hundreds of tonnes of taxi emissions; they were also spending around £100,000 a year on taxi expenses. As a result of this discovery, the company implemented a new policy that insisted their staff walk to meetings within a mile of the office, and that greater scrutiny would be applied to taxi expenses to eliminate unnecessary journeys where public transport could be used instead. As a result of this change, the company reduced its taxi bill by two-thirds (£66,000) within a year – as well as cutting out all those associated emissions.
2. LOOK GREAT: Integrate environmental information into your marketing strategy.

Fundamentally, most people – whether individual consumers or business decision-makers – would take steps to help the environment if it had little to no impact on their normal routine. One of the biggest barriers to behaviour change is that word: “change”. No-one likes the bumpy road of change. However: your organisation can help to smooth the path. By publicly reporting the steps you’re taking to reduce your emissions and making it part of your marketing and advertising strategy, your customers – and plenty of potential customers – will form stronger associations with your brand. Most businesses would like to show that by using their goods and services customers are not indirectly causing environmental damage. This is an increasingly important part of the business-consumer relationship and the proliferation of “green labels” over the last few years is testament to this. Of course, you have to beware of greenwash – changing your branding to imply green credentials that you don’t actually have – but there is clearly nothing wrong with reporting the facts, and explaining the steps you’re taking to make things better. A great guide to doing this can be found on the Scottish Business Gateway website – extremely useful for any business that’s thinking of kicking off an outbound communications plan that focuses on environmental activities.

As well as bettering your reputation with customers, having a solid environmental policy that is properly communicated can help you to attract and retain talented staff. 2012 research into the subject, conducted by UBM, showed that 90% of respondents would rather work for a company with a dedicated CSR policy and nearly the same number agreed that when considering a new employer, the company’s corporate sustainability values are a key factor.

Many employees feel motivated by working for companies that do more than “just make money”. Environmental accounting can be a useful tool to engage with staff on green issues and many companies are now offering household carbon calculators as part of their sustainability activities so that staff can see what their own carbon impacts are. This joins up a company’s own environmental management activities with those of the staff, helping them feel more engaged with the process and the company.

And as if that wasn’t enough, increasing your environmental communications is impressive to key investors, stakeholders, local communities, shareholders and suppliers too.
3. **MAKE MONEY:** Leverage your advertising and marketing strategy for more sales.

If consumers have a choice between one of your products and a competitor product, but your strong environmental record is the differentiating factor, you can bet you’re going to make more sales.

And there are statistics that agree. In a global poll taken in 2008, half the world’s consumers polled (51%) considered it very important that companies improve their environmental policies. In addition, 42% of consumers placed high importance on fostering other programs that contribute to improving society. The report also indicates that marketing ‘ethical’ products could lead to economic benefit. Two in three (66%) global consumers said they would be interested in buying ethical products to support environmental and social causes. So clearly, corporate social responsibility is an increasingly important factor in the purchasing decisions made by consumers: and your organisation can be right there in the mixer, simply by managing your environmental impacts and making sure you tell people about what you’re doing.

Another way that managing your environmental impacts can help you make money is in the form of successful tender submissions. It’s virtually impossible to complete a major tender submission for a large company or government department without being required to enter information on your company’s carbon footprint. Whether you want to work for a local UK council, on a major government contract or become part of Walmart’s supply chain, you are going to need to submit information on your carbon emissions. Having this information to hand in your environmental accounts means you can spend more time on the tender submission rather than trying to cobble together a carbon footprint assessment at the last minute. This approach makes you more competitive and opens more doors in the world of tendering.

4. **FEEL GREAT:** And all this time, you’re helping the environment. You wonderful person!

As you can see, the business benefits of environmental accounting are far more than just “saving the earth” – but the effect is that you do it anyway! Environmental accounting really is a game where everyone wins. By measuring your impacts, reducing your carbon, energy, waste and water consumption, therefore reducing your operating costs, marketing your new “green” credentials and driving towards an improved bottom line from better relationships with your customers and stakeholders, your organisation will be in a much healthier state after a round of environmental accounting – and so will the environment!

The business case is clear, the benefits are obvious, and there’s even better news: there’s a company out there who can help you to achieve all these goals. We are Ecometrica, and we’re here to help you. Drop us a line today – hello@ecometrica.com.