



SCENARIO: SUSTAINABILITY FOR INDUSTRY

NOTE ON CONFIDENTIALITY

Link's confidentiality policies for current and recent clients prohibit us from releasing client-specific information. The following Sustainability Scenario should thus be considered representative of services that could be provided to support a spectrum of client circumstances.

The Applications section at the end of this document addresses how Link's Sustainability practice can be applied to alternative scenarios.

PROLOGUE

Sustainability Initiatives link economic growth with effective environmental and resource management. Such initiatives can be designed to achieve short and/or long term performance improvements in areas as:

- ✍ Improving sales through effective marketing of products or services with positive environmental attributes (product differentiation - - whether the product is hardware, chemicals, paper, fuels, or construction)
- ✍ Using waste minimization, process efficiency, or environmental enhancement campaigns to change/focus organizational culture
- ✍ Branding a new image (internally and externally) to improve public perceptions in general or to improve sales
- ✍ Reducing hard costs through improving energy efficiency, waste reduction, etc.

Link has broad expertise in customizing and implementing Sustainability programs that achieve the desired outcomes, utilizing integrated planning, marketing, communications, and corporate development skills to influence the spectrum of stakeholders. Link's approach and capabilities go far beyond traditional marketing support, and cover human capital management, organizational development, process design, branding, and operations.

SCENARIO PRESENTATION

Company X was a mid-sized commercial enterprise that managed forests and manufactured, marketed, and sold paper products at both the wholesale and retail levels. Their market was not growing and competition was becoming fierce. Revenue growth could only be achieved by winning market share away from a competitor. Although Company X's products had quality attributes equal to or higher than their top competitors, they were finding it difficult to increase market since virtually all competitors advertised quality and since consumers appeared to make decisions based more-so on price and other variable factors.

The senior executives of Company X felt they needed a re-designed marketing approach; and since they all had a predisposition toward concern for the environment, they wondered whether their partiality could be used to advantage. Company X engaged Link to determine whether a re-designed marketing approach, based somehow on the environment could improve sales, and if so, how it should be implemented. They also noted they were working on a minimum budget.

The Process

Link began the assignment with a thorough analysis of the marketing process, beginning with product manufacturing and service delivery. The company's business plan, marketing plan, sales strategies, advertising program, marketing/sales staff capabilities, and so forth were also assessed.

A few of the aspects considered included:

1. Paper product production:
 - a. Product attributes - - Did they have environmental attributes such as low energy consumption, or certifications such as ISO 14001 (or 9001)?
 - b. Process attributes - - Was the manufacturing process particularly noteworthy with respect to efficiency, energy source, waste minimization, raw material usage, supplier qualifications, etc.
2. Forest management:
 - a. Process - - How did the business process work? Was energy efficiency of equipment considered? How effectively were environmental impacts mitigated?
 - b. PR/communications - - What was the current PR and communications strategy, and what product & management attributes were touted?
3. Business (& Marketing) Plan:
 - a. Quality/content - - Was the plan sufficiently comprehensive to serve the needs of the company, and was it an active document that actually guided the operations of the company
 - b. Integration - - Were policies, and procedures, employee communications, public relations, corporate governance, and so forth all consistent with the Business Plan
4. Staff:
 - a. Awareness/culture - - Did the staff (employees and management in manufacturing, forest management, administration, sales, etc.) have an identifiable culture and/or awareness that differentiated their product or image; for example, were they particularly focused on quality, awareness, waste, environmental stewardship, company pride/loyalty, productivity, etc.?
 - b. Skills/training - - Where did the staff rank in skill levels and were training programs evident and effective?
 - c. Employee Value - - Did the company value its employees and have commensurate compensation, benefits, habitability, or perks? Did the employees know how they were perceived by management and where they stood compared to industry standards?



5. PR & Advertising:

- a. Process - - What was the PR and advertising process, and how effective was the process? Were the results effective?
- b. Messages - - What were the messages sent to the public and consumers?
- c. Media - - How were messages communicated? Mail, web, periodicals, media relations, TV, etc.?

Overall Conclusions:

The findings from Link's analysis were extremely enlightening to the client since a number of potential opportunities were identified that could lead to productivity and marketing improvements. Specifically with respect to Sustainability, Link's overall conclusion was that a comprehensive Sustainability Initiative could have a significant positive effect on differentiating the products and the company image in the marketplace, and thereby improving sales. In fact, the cost of implementing the Sustainability program and the subsequent marketing program could be partially offset in the short term by energy and waste-reduction cost savings, and likely fully offset in the long term.

Specific Findings/Recommendations:

The following are abbreviated summaries of the just a few of the recommendations made by Link.

1. Staff:
 - a. Develop and implement an awareness program to communicate to employees the extent by which the "sustainability" of their products and processes exceeded those of their competition.
 - b. Update employee training on energy conservation at work, including focus on computer systems and peripherals that were typically left on 24x7. Many could be de-energized and the remainder could use power-saving modes. Include information on energy-saving at home. Consider providing written information and/or other approaches to enable employees to communicate essentials to their families.
 - c. Initiate a company-wide recycling program to communicate to employees that the company is committed to Sustainability, not only because it's the right thing to do, but also because clients expect/appreciate it. The program should include computer and monitor recycling. (Link also recommended that the program be extended to families, and that one option to engender employee commitment would be to host plant-tours by local school-children where energy efficiency and waste reduction practices were pointed out. Visits to local waste landfills were also promoted.)
 - d. Develop a training program on waste management, reduction, recycling, and disposal.
2. General: To demonstrate innovative approaches to Sustainability, as well as company commitment, Link recommended:
 - a. A campus-wide program to gradually replace wood signs, posts, benches, and gates with recycled-plastic equivalents.
 - b. Gradually converting to drought-resistant ground cover and shrubs, and water-efficient irrigation systems.



- c. Eventually installing a parking lot rain “catch-basin” that provides for slow-release into local streams to mimic more natural flow rates.
3. Marketing Plan: Link re-drafted the marketing plan to stress the Sustainability attributes of the company - - extending not only from the energy efficiency of the products, but including the company manufacturing processes, the company stewardship in all aspects of its operations, and the employee attitudes and commitment to Sustainability. A few of the specific marketing recommendations included:
 - a. Develop a long-term branding initiative to associate the company’s image and its products with Sustainability.
 - b. Include highly visible labeling on product boxes & shipping containers to communicate commitment to Sustainability.
 - c. Initiate a well-advertised vendor qualification program that allocates preference to suppliers who adopt Sustainability programs or meet comparable standards.
 - d. Consider getting involved in the EPA Energy Star Partner program
 - e. Pursue the various Energy Star Award Programs
 - f. Take advantage of EPA’s resources such as the CHANGE Campaign, web linking, and brochure & marketing templates
 - g. Evaluate the cost-effectiveness of taking steps toward ISO 14001 “compliance” (not necessarily “certification”)

APPLICATIONS

The above scenario was based on a company with traditional manufacturing and raw material management processes. Sustainability Initiatives can be very effective when associated manufacturing processes have energy saving and waste reduction potentials, and when product attributes can be enhanced through such initiatives. Yet Sustainability Programs can be equally effective in industries such as raw material exploration and production, petrochemical conversion, fuel processing, and so forth. Sustainability Initiatives can be adapted to enhance client and public perceptions of the stewardship and governance of the company and its services.

Link’s overall approaches, processes, tools, and skill sets that are discussed in the above scenario have been applied to a variety of situations, and within service-based, product-based, non-profit, and governmental organizations.

As Sustainability advocates, and with extensive experience in the energy and waste industries, Link understands those aspects of your business and how Sustainability Initiatives might be used to your advantage - - whether to directly reduce costs or to improve revenues through effective marketing campaigns.

If you are interested in discussing possible applications to your situation, please contact us.

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