

Greening the Bottom Line in Retail

By Mike Sawchuk

Until recently, the retail sector and retail construction have lagged behind other sectors such as residential and office/commercial facilities when it comes to building and operating Green—and viewing Green as a way to improve the company's bottom line. There are several reasons for this. In most situations, the retail store rents space from a project developer who, again until recently, has not seen a need to build Green. Further, many developers have fine-tuned their construction process to the extent that they believe incorporating high-performance and more sustainable features into their projects will “upset their apple cart” and prove to be costly.



Along these lines, the developer often feels Greening the facility is up to the retail tenant. If tenants want to make their stores high-performance, they are welcome to the benefits and potential cost savings. Unfortunately, most retailers have historically placed the bulk of their energy on winning market share and boosting sales. Building and operating Green facilities has likely not even been on the radar—until now.

Why have things changed?

For starters, we are beginning to see a new trend in the environmental movement. Similar to “cause marketing” where a retailer financially supports local charities and activities in return for the customer goodwill it delivers, Green is now a way to appeal to the consumer. According to Steven Ashkin, founder of the Green cleaning movement in the professional cleaning industry, “not only do consumers want to buy Green, they want the companies they buy from to be Green as well.”

Many major as well as some relatively small businesses have caught on and are not only actively Greening their locations but also making sure their customers are aware of what they are doing. Wal-Mart has proudly begun playing a leadership role in Greening their operations as well as product offerings. The Home Depot has announced it is taking action to make its stores more sustainable, reducing energy costs and waste, and boasts that this year it will introduce 6,000 products—12 percent of the chain's sales—specifically designed to help conserve energy and water as well as reduce waste.

Green Cuts Costs

However, what may prove to be an even more compelling reason for retailers to Green their facilities is that a more sustainable, high-performance location can increase energy efficiency, reduce waste, and create a healthier work environment for staff and customers, all of which can cut operating costs. And of course, the less the retailer has to pay in the way of occupancy costs—which is now an indisputable result of higher performing facilities—the better the bottom line.

Wal-Mart, for instance, believes it will save millions, if not billions, by incorporating a number of Green initiatives into the ways its locations are built and operated. Further, at its two Green-focused stores, one in McKinney, TX, and the other in Aurora, CO, the company believes it will save enough energy to provide hot water for 30,000 homes.

One retailer that has already proven going Green can save money is Pittsburgh-based PNC Bank. The bank first began building Green locations nine years ago, currently has 25 Green locations, and has plans for 90 more. Many of these locations have incorporated so many environmentally responsible features that they have even been LEED certified.*

Some of the ways PNC has cut costs by going Green include the following:

- Using prefabricated Green components and materials in their new branches has reduced construction time by as much as six weeks, saving an estimated \$100,000 per branch.

- Insulated and more energy-efficient windows are placed to take advantage of sunlight, reducing heating and lighting costs. The bank reports that this, as well as more energy-efficient HVAC systems, has reduced energy costs by as much as 45 percent.
- Flooring, wall coverings, carpeting, and furniture fabric are made from recycled content, many of which cost less than non-recycled products and materials.

It should be noted that PNC is well aware of the marketing value of going Green. "As a bank we recognize the importance [of integrating] Green principles into our business practices," says Neil Hall, CEO of regional community banking at PNC. "[It] enhances the value we deliver to customers, communities, and employees. Good environmental sense makes good economic sense."

Turning (Green) Cleaning into Green

Typically, store employees must work around scores of goods and products that release potentially dangerous fumes, chemical residue, and volatile organic compounds (VOCs) that can mar indoor air quality and cause a variety of respiratory and other health-related problems. The last thing a Green retailer wants to do is make things worse by using conventional cleaning chemicals that can also negatively impact indoor air quality.

Statistics show that "cleaning products have a direct impact on performance, attendance, and the overall morale of workers and building occupants," according to a June 2007 report in the in-house cleaning and maintenance magazine, *Housekeeping Solutions*. Further, replacing cleaning products that negatively affect the indoor environment with products that are Greener and healthier will have a positive impact on the health and productivity of workers, according to the study, which translates into a cost savings for employers.

This was additionally supported in studies conducted by the U.S. Green Building Council. They reported that Green products, including Green cleaning products, "help reduce absenteeism and health care costs, and improve worker productivity, which then leads to increased profitability."

A Green Future

Retailers are facing one of the most difficult economic periods in the history of our country. Not since the 1930s has there been such concern about the overall economy and whether retailers large and small will make it through this crisis. When it first became clear that the economy was in for a very difficult period, Green advocates became very concerned it would stall the Green movement as more developers, building and company owners, and facility managers focused more of their attention on survival over going Green.

However, what appears to be happening, at least at this time, is that the use of environmentally responsible products has remained strong. The reasons for this should come as no surprise. All kinds of companies see the marketing value in not only producing Green goods and services but also being Green themselves. Further, the cost savings are real. And as in any economic climate, anything that can improve profits and reduce costs, such as going Green, is very welcome.

Mike Sawchuk has been involved with the janitor industry for more than 15 years. He is currently Vice President and General Manager of Enviro-Solutions, www.enviro-solution.com, a leading manufacturer of certified-Green cleaning chemicals, based in Ontario, Canada.

Sawchuk has developed and implemented various strategic programs in the professional cleaning industry throughout North America. His career has spanned various sales, marketing, and operations positions with both large and small manufacturers, as well as distributors.

A graduate of Brock University with a bachelor of business administration, Sawchuk also has an MBA from McMaster University.

As a frequent presenter at seminars and tradeshow as well as author of several articles discussing Green cleaning issues, Sawchuk is recognized as a “hands-on” expert on Green cleaning chemicals and systems.

* Leadership in Energy and Environmental Design (LEED) is a ranking system. Facilities earn points by incorporating environmentally responsible features into

their facilities, such as reducing energy and water consumption. With a minimum of 32 points, they can earn certification.