

7 Trends in 'Green' Business, Not Just for Tree-Huggers



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Post Superstorm-Sandy, more entrepreneurs are reappraising climate change and taking a closer look at [sustainability](#).

These seven emerging trends in "greening" your business are expected to gain momentum this year, according to the recent "State of Green Business 2013" [report](#) by sustainability strategist [Joel Makower](#) and the editors of [GreenBiz.com](#) with [Trucost](#), a London-based research firm focusing on environmental resources and sustainability.

1. Businesses are measuring their "natural capital" and factoring it into financial decisions.

Natural capital refers to environmental resources. Consideration of the natural capital that companies consume in the course of doing business -- resulting in polluted air and water, extracted nonrenewable resources, or carbon emissions -- is moving from university halls to boardrooms. After the [Rio+20 United Nations Conference of Sustainable Development](#), 39 major financial companies primarily from Europe and South America committed to make financial decisions with specific consideration for environmental costs.

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2. Risk management has become part of sustainability.

Droughts, floods, hurricanes and wildfires have wreaked havoc on companies and their supply chains with increasing frequency. For example, Hurricane Sandy cost businesses tens of billions of dollars, the report noted. Climate change has become a top risks to manage for major corporations. The World Economic Forum said in its assessment of global risks in 2012 that "rising greenhouse gas emissions" and the "failure of climate change adaptation" are as potentially dangerous as food shortages and terrorism. Sustainability executives are learning to manage the risk of supply-chain disruptions caused by natural disasters.

3. Financial reports factor in sustainability data.

More investors want to see environmental costs factored into profit-and-loss statements. "Standalone sustainability reporting may go the way of the rotary-dial phone," the report says. For example, in 2012, the French company PUMA, which also owns luxury brands including Gucci, Yves Saint Laurent and Alexander McQueen, published an Environmental Profit and Loss, or EP&L, statement last year that monetized the costs to the planet caused by its operations and supply chain.

4. Businesses are installing machines that talk to each other.

It may feel sci-fi, but a growing number of machines can talk to each other via embedded sensors, taking measurements and make decisions. These machines allow corporate facilities to conserve energy by automatically turning on during periods of high demand and automatically powering down when demand is low.

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5. Big investors are starting to care.

Where major investment houses haven't cared about how environmentally conscious businesses are in the past, major climate disruptions and superstorms have started to shock them into awareness. Increasingly investors are considering how businesses protect against environmental risks. "It's not yet mainstream, but it's getting closer," the report says. Bloomberg terminals, where many investors get financial information, are offering more environmental, social and governance data, called EGS data, and that data are being accessed more by Bloomberg users.

6. Companies are starting to exceed their sustainability goals.

Sustainability experts are watching how companies that meet their goals establish new ones. "Should we celebrate these overachievements or criticize the companies for aiming too low?" the report asks.

7. Sustainability hiring is sliding.

Even as more companies increase their commitment to sustainable practices, the number of corporations hiring sustainability executives peaked in 2008. The reason could be that sustainability practices have become the responsibility of more employees, from the purchasing manager to the facilities crew, the report suggests. It could also just be a natural ebb-and-flow of corporate involvement. "We've seen corporate sustainability unfold in waves, with continuing peaks and valleys. We fully expect corporate sustainability, unlike oil, to rebound in the near future," the report says.

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