

SUSTAINABILITY

Energy Efficiency: Socially AND Economically Rewarding

by David Salisbury



Optimizing the efficiency of appliances, buildings, and processes should become a priority.

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Sustainable business is becoming more and more mainstream as popular brands like Whole Foods, Patagonia, and IKEA are proving a company can be highly profitable while establishing eco-friendly manufacturing and socially-conscious practices. Another area where businesses can contribute to greener practices while maximizing their bottom line is through better energy efficiency. Below are a few advantages of better energy practices.

Lower Operating Costs Mean More Money

In a study from government entrepreneurial support agency the U.S. Small Business Administration, easy actions like using energy saving appliances and shutting off lights in unused facilities can have a large money saving impact. An average supermarket can **boost their net profit over 15%** by just cutting their energy spending by 10%. [1] This lays to waste the myth that only large corporations can afford to enact green technology and practices, as green practices are not only simple, but their financial gains are most important for budding business who must pinch pennies. According to Forbes, **nearly 60% of 500 surveyed executives** said they planned to invest money and effort in integrating technology which will allow them to regulate their energy use.

According to government energy consumption program Energy Star, **30% of energy used by an average commercial building** is wasted. Buildings spend \$350 billion in energy costs on average. With just a 10% increase in energy efficiency by just 10%, businesses would save businesses \$35 billion – no small reason why so many economically-savvy executives know energy regulation is a priority. The Environmental Protection Agency also reports that **energy efficiency can diversify utility resource portfolios**, thus decreasing costly risk factors that hinge on fluctuating fuel prices.

Better Public Image

Aforementioned outdoor clothing company Patagonia enjoys a progressive public image as they've kept consistent in their mission to keep positive environmental impact driving its business model and goals. They have a goal to increase renewable energy in its manufacturing and to reach a carbon footprint of zero by 2025. As discussed in Berkeley Haas Case Series' article "**Patagonia's Path to Carbon Neutrality by 2025**," Patagonia follows a simple mission: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis." This has produced a loyal customer base that believes in their mission and wishes to support it with their purchases. According to Energy Star, businesses considered environmentally responsible **enjoy a more positive image with consumers** than businesses who do not.

Health Benefits for Employees

While the above financial and image advantages for greener companies might seem obvious, a lesser known benefit is that a company's employees also have better physical health. By upgrading to more efficient facilities, upgrading harmful old insulation, or improving the heat and ventilation your employees are inhaling, **employees will enjoy a healthier, happier workforce** according to a study from the International Energy Agency. Offices with poor heat controls and/or ventilation can cause dehydration, as well as higher levels of airborne toxins and disease. Also, poor ventilation traps recycled air and “dampness” that can exacerbate illness. By providing a healthier, heat-efficient office, employees are able to make it to work more regularly, thus increasing productivity and saving the company from covering medical expenditures.

Steps Businesses Have Taken

Energy efficiency is an important and in many ways unusual example of a pollution reduction strategy that also makes business sense. Many leading businesses already enact energy saving practices in their functionality. Walmart, the nation's leading department store, **has a goal to run completely on renewable energy**. They have both purchased green energy credits through a partnership with Bloom Energy and their own on-site generators. Samsung uses Energy Star technology and devices to manufacture and run all aspects of their business to the point they've won “Energy Star Partner of the Year” multiple times. And it's well known Apple and Google have the large capital to run their multiple locations on 100% renewable energy. In many cases, pollution abatement is costly for companies and thus requires government regulation.

However, a business doesn't need to have outrageous wealth to save themselves money and the Earth wear and tear. Using energy efficient bulbs, Energy Star appliances, motion sensors to shut off lights in unused rooms, establishing days workers can “work from home” if much of their work is online to save the office energy use – All these things can

save a business cash while promoting a greener business. Saving energy saves the planet and saves money. That is why so many well-managed companies have adopted it - even in the absence of government requirements. That's why they do so.



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