

# The new bottom line



by David Baumgarten

According to the Hong Kong and Shanghai Banking Corporation's fourth Climate Confidence Monitor, climate change is one of the top three global concerns, on par with economic instability and terrorism.

In 650,000 years, the Earth's atmospheric CO<sub>2</sub> levels had never been above 300 parts per million (ppm). Since 1950, they have risen above 380 ppm. Since the industrial revolution, human beings have increased atmospheric concentration of CO<sub>2</sub> by a third, with

Sustainability is a worthy challenge. It impacts profits. Whether we believe climate change is man-made or not is irrelevant; it's real and worth acting to reverse it, says David Baumgarten...

ones. In the US alone, the distribution of goods and services burns about 50 billion gallons of diesel per year, according to *The Guardian*.

As part of a successful 60-year-old family enterprise, I have had to face the truth and confront inconsistencies between my ideals and the implications of some standard business practices. On the one hand, I was raised to care about the environment; having

population, companies have often placed cost efficiencies over concerns about 'side effects' on people and the planet. In fact, at first such concerns did not even exist. But even as humans have exponentially increased the scope of industry and manufacturing, and can no longer entirely overlook environmental impact, we largely continue to proceed with the blind hope that the Earth can somehow absorb our heavy footprint.

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fossil fuel burning, deforestation and other polluting practices.

CEOs and managers, as well as consumers, face a fundamental dilemma. Simply put, companies make money selling products or services that are harmful to the environment, and consumers enjoy those products and services. In addition, the transfer of these often-harmful goods and services employs people and puts bread on the table.

## Facing inconsistencies

Meanwhile, however, hundreds of chemicals and compounds that are poisonous to human beings are disseminated, such as ammonia in cleaners and (still) lead paint on toys. Bacteria-killing disinfectants cannot discriminate between good and bad bacteria, and our immune systems are damaged when we destroy the healthy

a six-year-old son has only deepened my commitment to be ecologically responsible. As a parent, I look at every product my son comes in contact with, ever vigilant about his health and well-being. I care about not only what is in each product, but how it was made and transported.

Yet Baumgartens has multiple employees, as well as dozens of manufacturing partners around the world. I depend on shipping companies to deliver our products to customers. This is all normal and fine; the process keeps everyone paid and fed – not just our employees, but also those at the shipping companies and at manufacturers' organisations. But every step entails environmental costs, many of which are beyond our control.

Once the industrial revolution began over 200 years ago when the Earth had merely one seventh of today's

## Be accountable

Today, industries are faced with new fundamental choices. To reverse the harm to our biosphere, corporations must couple financial success with sustainable growth, track the impact of their actions, and be accountable for the entire life cycle of what they produce, so that the 'bread on the table' is healthy for human (and non-human) life on Earth.

This is especially challenging for public corporations that must answer to stockholders, who can move their money elsewhere if they deem their ROI insufficient. When stockholder investments and profits decline, employees suffer too. Yet a public company, in the original sense, exists to combine people's money in order to do good work.

Companies today are being asked again to 'serve the old way'. Even stockholders must now take environmental considerations into account. It can no longer be a choice between profits or environmental responsibility, but rather a question of how to pursue both simultaneously.

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The good news is that thousands of companies have got the message. UPS now measures each package it delivers in terms of fuel spent per box, with a goal of improving its current standard of about one tenth of a gallon per box. Schneider Electric used cargo optimisation and energy management software to reduce its fuel usage by over 10% last year. French company Vivendi ties its executives' pay to environmental performance while California-based firm Adobe generates over \$5 million in revenue for every cubic metre of water it uses, which

There is currently a movement in the US to decrease packaging. Profit that comes at a cost to human health and to our planet is fast becoming unacceptable to educated consumers. Soon, photographing a bar code on a package will get shoppers data on how and where a product was made, what materials were used and even a CO<sub>2</sub> footprint calculation of the product through its life cycle.

According to the Intergovernmental Panel on Climate Change (IPCC), our planet's temperature could rise as much as 8-10 °C this century. The impact on human life will be severe. Just a 1.8 °C increase will trigger massive systemic change that will make life on Earth

Even with our coral reefs disappearing, our oceans' acidity levels drastically increasing, snowcaps melting and CO<sub>2</sub> – invisible to us – at its highest level in hundreds of thousands of years, for most of us our immediate lives have not yet been altered in obvious ways.

## Creatures of bad habits

Sadly, we are creatures of habit, even when our habits, like smoking, are known to kill. In today's economy, and with widespread immediate fears of terrorism, it is easy to be focused on the 'here and now' at the expense of addressing longer-range – though perhaps even more deadly – threats. Tragically, our current problems will pale in comparison to the heat, ice, famine, starvation and disease that will be our grandchildren's fate, given our present course.

So how will your organisation modify its processes and products to leave the world better than we found it? Share your best practices with everyone, steal good ideas, apply ingenuity! ©

*David Baumgarten is EVP of Baumgartens, a multigenerational business and recognised eco-leader that plans to be 100% carbon neutral next year. Baumgarten is fiercely passionate about every aspect of the eco debate, looking at each stage of a product's life cycle, from the beginning of production and transportation to consumer use and eventual recycling.*

## Our lack of ability to respond viscerally and proactively to the data on climate change may be our undoing

gives it the highest 'water productivity' metric (a concept introduced by *Newsweek* magazine) of any software company. Adobe also has the goal of achieving carbon neutrality by next year.

Apple, meanwhile, is building the largest solar array in the US and this year told stockholders that "if you want us to do things only for ROI reasons, you should get out of this stock".

## Carbon-neutral aims

Baumgartens too is on its way to becoming carbon neutral. We use green materials such as sugar cane fibre (an abundant natural resource that decreases the production and use of virgin plastics and trees) and other waste products in our manufacturing. Our energy usage is managed by smart software and our lighting is controlled by motion detectors. Our spent batteries, cardboard and plastics are collected and recycled.

We encourage employees to plug into the electric car chargers that we've installed. Our long-established plant-a-tree programme gives customers the option of contributing a single extra dollar to have a tree planted, which offsets the carbon emissions involved in transporting their purchases. Essentially, we are open to any innovations that will move us towards better planetary stewardship.

for people (and thousands of other species) marginal and miserable at best, impossible at worst. It is time that the IPCC and other policy makers demand new global standards in recognition of our shared emergency.

Human beings are adaptable, but not infinitely so. Our lack of ability to respond viscerally and proactively to the data on climate change may be our undoing.

