

Business of Green

Panel Cites Progress, Sees Encouraging Signs

By Tom Schuman

“Going green” may be one of the catchphrases of the 21st century. But the environmental movement is not new. When the Ice Miller law firm formed its environmental task force, Kristina Tridico discovered one of the assistants in another practice group who said, “I have been living a green, organic, holistic lifestyle for decades.” Tridico adds, “That’s someone who is Hoosier born and raised, and was aware of those issues at an early point.”

What’s different, however, is the quantity of the participants and their intensity. More people want to do what they can to protect the world around them. More resources are available to help those people make environmentally friendly choices. And businesses are finding green can pay.

Our Experts:

- **Kristina Tridico**, a partner at Ice Miller and chair of the firm’s green industries initiative
- **Lori Kaplan**, business development manager for ecological services firm JFNew and former commissioner of the Indiana Department of Environmental Management
- **Scott Prince**, managing director of Clean Wave Ventures, a venture capital firm targeting clean technology investments
- **Tom Easterday**, senior vice president, secretary and general counsel for Subaru of Indiana Automotive. The automaker has gained national acclaim for its zero landfill status

Subaru story

While the spotlight has shined on Subaru in recent years, Easterday points to a long history of environmental commitment. “I like to trace it all the way back to when the plant was first built (in the late 1980s), because they made the decision early on, instead of clearing all the land, to leave most of the land in its natural state.”

Among the Lafayette facility’s industry firsts for U.S. auto assembly plants:

- 1994 – smoke free
- 1998 – ISO 14001 certified
- 2002 – onsite solvent recovery and reuse system
- 2003 – a backyard wildlife habitat designated by the National Wildlife Federation. The property includes ponds, walking trails, natural plantings and wooded areas. Among the inhabitants and visitors are deer, beaver, pheasant, owls, herons, hawks, eagles, rabbits, coyotes and other animals
- 2004 – zero landfill. In addition, 99.8% of all waste that leaves the plant is recycled (the other 0.2% is sent for incineration, according to Environmental Protection Agency guidelines)

The company has earned state and national awards for its efforts and widespread recognition when Subaru of America began featuring the plant as part of its national advertising campaign. The benefits have been plentiful.

“When that came out, we obviously generated a lot of new business as far as people coming to the plant, benchmarking with us, things like that,” Easterday summarizes. “That wasn’t why we did all this, but that was the result. It’s actually enhanced the brand image, but at the same time all those environmental efforts have also resulted in some significant costs savings for us.

“We’ve actually saved well over \$1 million a year, which has paid for those longer-term projects – like our paint solvent recycling system and some of the others that have maybe a 10-year return on investment.”

Not all companies have the financial resources of a Subaru or other international corporations. That monetary factor cannot be ignored.

“Everything that Clean Wave is focused on has to be grounded in a financial reality,” Prince states. “We’re not advocating that the whole economy, at a high cost, switch over to everything

green immediately. That would be ridiculous.

"We like phrases like 'a bridge to a lower carbon economy.' The grounding in financial reality is a big, big, big issue, not only for residential but commercial and any type of business application."

Calls to action

Company leaders are considering the financial facts for several reasons. One is adapting to a changing business world. Washington has its sights set on laws and regulations that will govern all areas of environmental impact.

Tridico, who became engaged in sustainability issues while in law school at the University of Oregon, notes, "A lot of our clients are recognizing the benefit of being proactive from the legislative front." She compares it to the evolving environmental climate of the 1970s when companies in highly regulated industries strived to show compliance instead of waiting for lawmakers to act.

"A lot of our clients are saying: 'What can we do to demonstrate our interest in this area, to demonstrate our stewardship.' But also to say, 'This is what we need, and this is where the legislation should be heading,'" she adds. "The motivating factor on the legal side is, 'What can we do to stay ahead of the curve?'"

At the state level, Kaplan believes Indiana's ample supplies of natural resources have resulted in lawmakers "not pressed to demand beyond what the national trend is, what levels our companies perform at or regulations that they're required to comply with."

An equally, if not more, important reason for companies to think green – it's what their customers and/or business partners want and demand.

Prince grew up in Indiana, but lived in California for about 15 years before returning home. California, he recalls, suffered from a lack of resources, while "Indiana is not there from a pain point yet." The result has been fewer consumers asking the difficult questions and less pressure to act.

He gives an example since his return to Indiana several years ago. When he asked his dry cleaner what was happening with the chemicals used to clean his clothes, there was no answer.

"Fast forward two years, same dry cleaners. They probably had 36 people ask them that same question," Prince explains. "They formed a strategy, they did their research, and now they have a crisp answer for it. You can just go down the line on everything you do in your life, and it's interesting how we've seen an evolution where the supplier of that product or service now has at least an answer, or a strategy in formation, around being sustainable."

Kaplan offers her own illustration in organic foods. "They used to be really hard to find. You might have to

go to a specialty store or farmers' market. Every single grocery store now has a section with organic foods, and those sections are growing. That's consumer demand. If people weren't buying fresh organic produce, the grocery stores would not continue to carry it."



"Every single grocery store now has a section with organic foods, and those sections are growing. That's consumer demand. If people weren't buying fresh organic produce, the grocery stores would not continue to carry it."

*Lori Kaplan
JFNew*

Not in it alone

Consumers and business owners are learning from others, Kaplan claims. They have the information that substantiates the personal benefits and, in some cases, the eventual business savings.

Easterday points to a Greening Your Business conference earlier this year that took place at Subaru. Most of the 200 attendees were "small business people because they wanted to learn how to get started. (They fear) that it might even be detrimental to their business to the extent that it's going to be a cost. It doesn't necessarily take that much in resources to get started, and they don't have to reinvent the wheel. There are a lot of good examples out there of small businesses (and large

businesses) being able to do it."

The data, and the ability to understand it, help companies go from "maybe it feels like the right thing to do" to being able to "make a business case for it," Tridico contends.

Companies must be careful to avoid greenwashing, making environmental claims that prove to be only partially accurate or outright false. Easterday offers a strong word of caution.

"You've got to have everything in place. Your environmental management system has to be strong and running and successful," he emphasizes. "Then, if it will help your brand image and you think it might help your product sales, go ahead and advertise it. But don't do it the other way. It's a mistake to actually have your advertising and marketing drive your green initiative. It's just not going to work."

He also says that taking the three R's in this order – reduce, reuse and recycle – is important; too many focus on the recycling first, which is generally not the most cost-effective option.

Investment landscape

Prince is optimistic that clean technology plays well into existing Indiana strengths. Expertise in



"It's a mistake to actually have your advertising and marketing drive your green initiative. It's just not going to work."

*Tom Easterday
Subaru of Indiana Automotive*

energy, alternative battery technologies, transmissions and more is backed by core manufacturing strengths.

“On a national level, in 2007, over \$3 billion was invested in clean technology venture capital. It’s a hot sector, and I don’t think it will fizzle out anytime soon. In Indiana, we’re seeing an interesting mix of opportunities around energy, transportation, water, environment, materials.

“Our thesis is we can leverage these inherent manufacturing assets,” Prince continues, “and highlight Indiana as a place that has a low cost of doing business with a high skill set making the products and services that relate to these sustainable businesses.”

Clean Wave will not be financing the ethanol plants, wind farms and electric car companies of the future. It will look, however, at the emerging technologies such as turbines or new blades that will help make the wind farm profitable sooner.

“These are practical businesses showing a practical business value in an economy that is demanding a more sustainable product,” he shares. “Therein lies a return on investment that’s probably a little more practical than some of these huge capital-intensive ideas that are being backed on the coasts.”



“The motivating factor on the legal side is, ‘What can we do to stay ahead of the curve?’ ”

*Kristina Tridico
Ice Miller*

Legal implications

On the legal side, Tridico and her colleagues are kept busy with a broad range of issues. Clients range from small companies wanting to know where to start to large organizations operating under national or international mandates to incorporate a green development into their expansion plans.

For Indiana clients, some of the questions they ask include: “What does my municipal government provide by way of incentives and grants? What can I do in terms of zoning? Can I put a wind

**As it turns out...
It is easy to be green.**



On May 4, 2004, Subaru of Indiana Automotive became the first auto manufacturing plant in the U.S. to become zero landfill. And we did it two years ahead of schedule.

As it turns out, being a good steward of the environment isn’t that hard to do. And if a big auto plant can do it...so can you. For more information, log onto www.subaru-earth.com



SUBARU of INDIANA AUTOMOTIVE, INC.
www.subaru-sia.com

turbine on my building?"

Tridico says, "We advise clients on the Indiana-specifics of their green development, as well as looking strategically at what you can do to position yourself from a legislative aspect. It's very dynamic. The legal issues are quite diverse."

Changes at the federal level are evolving "on a daily basis," she adds. Tracking and monitoring such developments, for both clients and self-education purposes, is an ongoing endeavor.

Native developments

Kaplan's employer, JFNew, owes its origins to Jimmy New, a longtime wetlands expert for the state's Department of Natural Resources. One of her roles is to work with large campuses to help move them toward more sustainable practices. She provides some examples.

"First of all, using native plants (JFNew has the largest native plant and seed nursery in the state and one of the largest in the country, she offers); they're more tolerant to our environment. They don't require the water. They don't require fertilization. They have been naturally developed for this environment.

"By moving away from your typical turf grass, by using a prairie grass and native plantings, you can eliminate stormwater, which a lot of big campuses are having to worry about right now. This is a way to help them on the regulatory front."

Working with new developments, Kaplan cautions, can be easier than "retrofitting a business that already has 100 acres of grass. But we're seeing with the returns that it's about three years to break even on the initial costs and about 10 years for the cost savings."

It's not all about money

While financial factors have been discussed at length (for good reason), other considerations come into play.

Tridico cites health and safety of employees. "The benefit to your workforce – from a retention perspective, a health claim perspective and an overall well being – is very important."

Prince agrees. "You've got to feel good where you work. If you have a good feeling about where you go in and work every day, then you're going to be more productive."

A positive development, according to Easterday, is not only the additional data available to all involved, but the fact that the information is understandable.

"Environmental stewardship has been simplified to the point where every individual knows they can do something and knows they can find information to do something," he explains. "For a long time environmental stewardship had a lot to do with complicated acronyms thought up by the federal government. Most people didn't understand them, didn't think

REDUCE YOUR CARBON FOOTPRINT WITHOUT STEPPING ON YOUR BOTTOM LINE.

While we all are impacted by the potential environmental consequences of global climate change, we realize that a commitment to going green for a company means more than energy efficiency or reducing its carbon footprint. For our clients, it means reducing the cost of doing business by making energy management and sustainable development a critical part of their business plans. It means recognizing the potential of clean technology and making decisions that are not only socially responsible, but also make good business sense. For further information, visit us at www.icemiller.com.



