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Sustainability spells opportunity for Colorado business

Fourth annual summit gathers business, government and environmental leaders

By Todd Neff

Amid declining sales, widespread layoffs and retrenchment, the 2009 Sustainable Opportunities Summit will offer welcome reminders of Colorado's bright future in a global economy transitioning to renewable energy and producing more with less of the planet's oversubscribed resources.

The fourth annual summit, themed "Global Sustainability: The New Bottom Line," moves to the Colorado Convention Center this year, and will from March 17-19 host a litany of speakers and moderators from business, government — Gov. Bill Ritter and Denver Mayor John Hickenlooper being the public-sector headliners — and academia.

Photo credit: James Chance

They will touch upon virtually all things pertaining to the business of sustainability: from product development to clean technologies, carbon markets, green chemistry and macro- and microfinancing. To take the pulse of the conference's goals and key ideas, ColoradoBiz touched base with several of those scheduled to speak at the three-day event. A recurring theme was that sustainability is good for business, and that good businesses will increasingly be sustainable.

First, a definition. The word "sustainable," flag bearer for an entire societal movement, can be slippery. Diana Wall, director of Colorado State University's School of Global Environmental Sustainability, offers some semantic footing. "Sustainability is about maintaining Earth's resources for future generations," she said. Given the state of the planet — warming climate, polluted air, tainted rivers, oceanic dead zones, nagging droughts, the list goes on — Americans are facing a profound challenge in which business will have an "absolutely huge" role in helping solve, Wall said.

"Business leaders are adept at acting fast, finding new solutions, seeing what's marketable," she said. "They'll be just as adept at finding new products and markets for things that lead us forward in sustainability." Graham Russell, executive director of the summit's organizer, CORE Colorado, said it's not just about businesses specializing in green tech or renewable energy. "Those things are facilitating and enabling technologies," Russell said. "In the end, we're going to achieve a more sustainable economy by getting the overwhelming majority of mainstream business to make their operations more sustainable, whether it's an ad agency or a clean tech company or a manufacturer."

Russell and other experts said focusing on the word "opportunity" is key. "This is about economic and financial opportunity, but to understand opportunities, you've got to understand the challenge. You've got to take people to the valley of gloom and doom and then bring them up the other side, to where they're redesigning products and finding new ways to make money." Paul Jerde, executive director of Deming Center for Entrepreneurship at the University of Colorado's Leeds School of Business, said he has been observing the sustainability movement for three key signs of maturity. First, was big business changing its practices and thereby creating what he called "vortices of opportunity" for entrepreneurs? Second, were new tech startups emerging to exploit such opportunities? And third, was new venture and private-equity financing flowing in to support these new business cases?

The answer is now a clear yes to all three, he said. The Deming Center, which sponsors the Cleantech Venture Challenge, a business-plan competition happening as a separate track during the summit, focuses on cultivating young talent that can exploit such opportunities. ColoradoBiz is the media sponsor for the competition. "A lot of the new solutions are going to come from new thinkers and new leaders, and students coming out will be bringing bright new ideas and talent to bear," Jerde said.

Many large Colorado businesses are already building sustainability into their efforts. Broomfield-based Ball Corp., which produces billions of steel, aluminum and plastic containers a year at more than 70 facilities worldwide, defines sustainability in three ways, said John Hayes, the company's chief operating officer. First, there's environmental sustainability, which pertains to minimizing consumption of natural gas, electricity and water as well as emissions of volatile organic compounds and waste. Energy-monitoring systems are a big part of that, he said.

"We're a big believer in what you can measure, you can manage," Hayes said. Second, there is what he called "social sustainability," having to do with the health and safety of people inside and outside the company. Part of that is backing recycling programs, which yield 53 percent of the aluminum and more than 60 percent of the steel in Ball cans, Hayes said. Do economic and social sustainability right and you get economic sustainability, he said.

"You can do good and do well at the same time," Hayes said. Denver-based restaurant chain Chipotle serves burritos and other Mexican dishes for 2.5 million people a week at 800 restaurants nationwide. Chris Arnold, the company's senior communications officer, says sustainability is such an inherent part of Chipotle's business, it lacks a sustainability czar or a set of discrete sustainability initiatives. "Rather, we have created a culture where everyone is responsible for finding ways of doing things in more environmentally friendly and sustainable ways, and that kind of thinking permeates our business strategy rather than existing as a separate set of initiatives," Arnold said.

As examples, Arnold cited the company's construction of LEED-certified restaurants and its use of green building materials as well as its buying, where possible, of humanely raised meat without antibiotics or hormones, hormone-free dairy products, organically grown beans and locally grown produce. Doing all this means striking a balance, Arnold said. Such ingredients cost more, and while customers increasingly attuned to food quality are willing to pay more for it, they won't fork over $15 for a burrito, either, he said. But Chipotle's demand is helping build the organic-food supplier base, which over time should lower the costs of food from sustainable sources, Arnold said. In the meantime, he said, Chipotle has the highest food cost as a percentage of revenue in the restaurant industry – but also one of the healthiest profit margins in the industry.

Corporate Express of Broomfield, bought by Staples Inc. in 2008, is taking a hard look at chemistry, particularly in cleaning products it designs in-house, said Roger McFadden, Corporate Express' chief science officer. Green chemistry, McFadden says, means not only thinking clearly about a product's ingredients and how a product is made in the supply chain upstream, but also understanding how products will be used, disposed or returned to the supply chain, he said. Corporate Express' comprehensive chemicals policy is a key building block in improving the environmental friendliness of its chemistry, he said. It involves pre-screening all chemicals before putting them in products, testing chemicals in combination with other products to ensure their safety in combination, and then creating evolving lists of products Corporate Express bans (black), is trying to move away from (gray) and prefers (green).

"It does take some patience and some education to get people to understand why green chemistry is important," McFadden said. "A lot of them see this as a cost. They say you can't afford to do this. I laugh and say, 'You can't afford not to do this.'" Lauren Heine, senior science adviser to Clean Production Action, added that selecting green chemical inputs and designing products to flow in closed loops drives innovation, business models and new industries. Plus, she said, the public cares, and businesses are moving from the idea of environmental concerns as being imposed by regulations to the idea of innovating along green lines to create a more sustainable world.

Part of Xcel Energy's strategy, and that of utilities across the country, is to emphasize "negawatts," or energy savings, in electricity-generation portfolios. Generally, it's public policy that makes this possible, allowing regulated utilities to recoup investments and, in Xcel's case, potentially earn money not only on new coal plants or wind turbines, but also on initiatives lowering long-term electricity and natural gas demand.

Peter Narog, Xcel's manager of energy efficiency and marketing in Denver, said the company is rolling out 15 new energy-efficiency programs for Colorado customers, spending about $50 million on the electricity side and $12 million on natural gas programs with the potential of cutting 57 megawatts of electric capacity, enough to power some 50,000 Front Range homes, as well as enormous amounts of natural gas.

For consumers, the programs involve everything from home energy audits to appliance rebates and education programs, Narog said. Such programs, he said, "allow us to limit growth on the system and not increase carbon emissions, and it gives consumers options besides wind and solar, which really impacts the environment and sustainability."

Sustainability in business feeds directly into regional development, says Andre Pettigrew, executive director of the Denver's Office of Economic Development. "Sustainability is an economic development strategy not just here in Denver, but around the country," Pettigrew said. "Before, it was an environmental movement. Now it's an economic development movement."

From an economic perspective, the region stands to benefit on the innovation side in terms of high-end research jobs at universities, the National Renewable Energy Laboratory and green technology startups, as well as in new feet-on-the-street jobs doing weatherization, energy audits and manufacturing at places like wind-turbine developer Vestas and AVA Solar, which is building a solar-panel plant in Longmont.

Pettigrew said Denver's role, among others, is to drive demand for green products by building high-efficiency public housing and training/retraining work force for green industry jobs.

Denver is one of eight pilot projects of a regional economic-development strategy that puts sustainability front and center, said Marc Weiss, the Washington D.C.-based Climate Prosperity Project chairman and CEO, which helped create it. Scheduled to launch Feb. 21, the plan's philosophical core is that "innovation, efficiency and conservation in the use and reuse of all resources is the best way to increase jobs, income productivity and effectiveness," Weiss said. "In the 21st century, you get richer by becoming greener," Weiss said. "You can only earn more money by using less resources and reusing more."