

The Three Pillars of Corporate Sustainability

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Abstract Nearly half of the employees surveyed in [Net Impact's 2012 What Workers Want report](#)⁸ would take a 15% pay cut for a job that makes a social or environmental impact. This number is increasing as socially conscious Millennials grow in the workplace. Beyond the value to potential employees that sustainability initiatives create, developing a comprehensive Corporate Social Responsibility (CSR) strategy can also help managers reduce operating costs and risk. Even greater gains can be realized if the CSR strategy includes an employee engagement component. This paper outlines the three pillars that should be considered when developing a holistic CSR strategy and introduces a tool to help develop employee engagement initiatives.



The three pillars of CSR reinforce a company's bottom line

A comprehensive **Corporate Social Responsibility** (CSR) strategy has the potential to show a significant return on investment for business partners, shareholders, and a company's bottom line. Often, companies address environmental and social contribution efforts in isolation or without consistency. An even greater return on these efforts is realized by holistically considering all three CSR pillars: **policy**, **place**, and **people**.

A responsibly implemented sustainability strategy can improve the perceived value a company has to its community based on its reputation, also known as its reputation capital. A [2014 McKinsey survey](#)⁴ that explored sustainability's strategic worth to 3,300 executives reported that a growing share of executives identify reputation management as a core activity and that **"reputation management has the highest value-creation potential for their industries over the next five years."**

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When approached cohesively, a CSR strategy can strengthen brand and reputation and likewise increase profits and savings. Yet, many companies fail to integrate their CSR strategy into their core business strategies. This limits a company's ability to reap the rewards for its efforts.

Starting a company on its path to a strong CSR strategy begins with assessing where it stands relative to the three CSR pillars. The next step is to leverage tools and explore certifications – such as B Corp certification, LEED certification, and MilkCrate for Communities – to monitor the company's progress, effectively report its return on investment, and begin to reap even greater rewards.



Strengthen Policy through B Corp Certification

Sound policy and good governance are critical to building a sustainable and profitable operation. Likewise, this pillar is integral to creating and implementing an effective CSR strategy. Becoming a certified B Corp sets a company on the path to operating more sustainably and gives its brand immediate recognition as a responsible corporate citizen in the marketplace.

B Corps are for-profit companies certified by the nonprofit B Lab for having met rigorous standards of social and environmental performance, accountability, and transparency.

Similar to how Fair Trade certification is recognized in the coffee industry, B Corp certification distinguishes brands as verified sustainable businesses.

The B Corp certification gives businesses an edge in a crowded marketplace to attract commercial partners and employees who also value sustainability. According to [Net Impact's What Workers Want report](#)⁸, **45% of employees would take a 15% pay cut for a job that makes a social or environmental impact.** This is especially the case for Millennials: The [2015 Cone Millennial CSR Study](#)² reports that 82% of millennials want to work for a company that cares about how it impacts and contributes to society and 62% are willing to take a pay cut to do so.

Azavea, a Philadelphia-based B Corp that uses geospatial technology to help improve communities and the planet, described the process of becoming a B Corp as “a home run”. Robert Cheetham, owner, wrote in an email interview for this paper that B Corp certification “has had a steady but **relentless positive impact** on the company's culture because we now attract many more people that are specifically interested in working at a mission-driven organization. I estimate that 9 out of 10 people we interview cite the B Corporation status as playing a factor in their decision to apply. Attracting more people that are committed to the mission increases the organization's collective commitment to the mission.”

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As Millennials will comprise approximately 50% of the workforce by 2020, companies are increasingly competing for their attention in order to attract top talent⁶. Employees need to know that their employer will be a good fit for both their professional aspirations and personal values. The B Corp certification is a signal that a company is aligned with the latter⁷.

B Corp certification also positions operations for investment from select investors that have dedicated funds for impact investment⁷. A [2011 study published in the Strategic Management Journal](#)⁵ showed that a CSR strategy helps firms increase access to funding. This is largely because there is a growing impact investing field that not only includes responsible venture capital companies, but also major banks like JPMorgan Chase and Goldman Sachs. Companies that complete the B Corp certification process also have access to a free [GIIRS](#) rating (giirs.org), which is used by many impact investors as part of their due diligence and to identify the most promising investments.

Resources for strengthening sustainable policy:

- [The B Lab](#) (bcorporation.net): “a nonprofit organization that serves a global movement of people using business as a force for good™.”
- [Forsei Consulting](#) (forseiconsulting.com): “a social and environmental consulting firm that helps clients maximize their positive impact by strategically creating new or improved social and environmental responsibility initiatives that align with their mission – all while benefiting the triple bottom line.”
- [Strategy Arts](#) (strategyarts.com): a B Corp-certified consulting and strategic planning firm.
- [Good Company Ventures](#) (goodcompanyventures.org): “a 501(c)3 nonprofit that provides entrepreneurs the resources to adapt new technologies to unmet social needs, including partnerships and proprietary programs”.
- [Impact PHL](#) (impactphl.org): a hub which “unifies stakeholders from the investment, philanthropic, civic, and entrepreneurial ecosystems to lead the growth of a global movement uniquely poised to define Philadelphia’s present and future.”



Enhance Building Sustainability with LEED Certification

An operation’s impact on the environment is the most familiar pillar that comes to mind when discussing sustainability. One of the most impactful ways to reduce environmental impact is through managing a building sustainably at every point in its lifecycle. From construction to maintenance and ongoing use, each stage incurs significant energy usage, water usage, waste, pollution, species endangerment, and habitat destruction.

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In addition to distinguishing a brand as environmentally sustainable and increasing its value to companies who also wish to act sustainably, there are clear and significant cost-saving benefits to gain by investing in building system efficiencies.

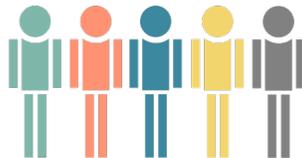
Liberty Property Trust began a [Smart Grid project](#)³ in 2011 to optimize energy usage for ten existing buildings in the greater Philadelphia area, including HVAC control upgrades, lighting and lighting controls upgrades, and retro-commissioning. **These efforts resulted in an average savings of \$0.92 per square foot at an average installation cost of \$0.35 per square foot³, with a net savings of \$0.57 per square foot.**

The U.S. Green Building Council designed the LEED certification process to work for all building projects – from homes, to factories, to office buildings – at any phase in their lifecycle. This includes providing guidance for operations and maintenance and helping existing buildings attain certification.

For those companies that have already achieved LEED certification or are looking to set an even higher standard, there is the [Living Building Challenge](#) ([living-future.org/lbc](#)), which seeks to integrate buildings seamlessly into their environments. This challenge goes beyond low-impact or zero-impact, seeking instead to create “positive regenerative impacts.”

Resources for increasing building sustainability:

- [LEED certification](#) ([usgbc.org/leed](#)): asses sustainability and learn how to improve the operations and maintenance of existing buildings.
- [Liberty Property Trust](#) ([libertyproperty.com](#)): (see above) a “real estate investment trust which owns 104 million square feet of industrial and office space”.
- [Re:Vision Architecture](#) ([revisionarch.com](#)): “a green firm . . . [whose] motivation is to provide more (daylight, health, appeal, connection) and use less (energy, natural resources, toxicity, maintenance).”
- [Onion Flats](#) ([onionflats.com](#)): a sustainability consulting firm which “provides consulting services in both modular planning, site suitability, financial analysis, and modular manufacturer selection.”
- [Delaware Valley Green Building Council](#) ([dvgbc.org](#)): “a chapter of the US Green Building Council . . . [which] is the primary point of contact for users, agencies, and companies interested in sustainable communities and is a leader in fostering cooperation and collaboration among organizations dedicated to environmentally responsible practices in the building industry.”



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Leverage Employee Engagement with MilkCrate for Communities

The third pillar of a strong CSR strategy rests on employee and community buy-in. Managers can independently take steps to address the other two CSR pillars by building green, donating to local charities, and employing good governance. These actions make a real impact, but they don't always interface directly with employees and leave one of a company's largest resources – its employees – untapped. To amplify the benefits of a comprehensive CSR strategy, the next step is integrating employees.

According to Cone Communications' *2010 Cause Evolution Study*, **78% of those surveyed would like the chance to support causes through making "changes to their own behavior, such as ... reduc[ing] their impact on the environment."** Engaging with employees multiplies efforts to reduce a company's environmental impact and strengthens its reputation in the community, while ensuring that its workforce holds a personal stake in the CSR mission.

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MilkCrate for Communities encourages employees to take positive steps by gamifying their engagement. Once a person has enrolled, the MilkCrate app suggests attractive activities that will make them **feel good about doing good**: actions like visiting triple-bottom-line businesses nearby, finding volunteer opportunities, or riding a bike to the office. For each action the person takes, they earn points. The highest point-earners win prizes selected by the organization's MilkCrate for Communities administrator.

The MilkCrate team works with companies to define the goals that it wants employees to reach and then helps identify the right incentives for taking action. In addition to increasing employee engagement, MilkCrate's client success team helps track the initiative's success and reports back on the company's sustainability efforts to its shareholders.

Action ideas:

- Ride your bike to work
- Check in at a sustainable coffee shop
- Organize a clothing swap
- ... Or custom actions tailored to each organization

Reward ideas:

- Cash prizes
- Gift certificates
- Paid time off
- Company-wide recognition

[Contact MilkCrate for a demonstration](http://mymilkcrate.com) (mymilkcrate.com) and to learn more about creating and implementing a successful CSR strategy.

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