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Reaching the Standard

Sustainability certifications signal environmental bona fides. But not all projects are worth it.

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Jane Abernethy,
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Sustainability projects are about more than boosting an organization's reputation. Executives want to see a clear ROI.

It has taken time, but organizations are getting better at meeting this mandate. Nearly 60 percent of companies now can quantify accurately the business value of sustainability projects—up from just 38 percent in 2013, according to a 2016 United Nations Global Compact report by Accenture.

Hundreds of third-party standards—from green building certification LEED to corporate responsibility badge B Corp—are available to help organizations grade and validate their sustainability efforts. But getting an outside stamp of approval involves more than just checking boxes. A company might have to modify building or product designs, energy usage habits or even wage levels to meet certification requirements.

For instance, to earn B Lab's B Corp certification, online craft website Etsy upgraded its New York, New York, USA headquarters with solar panels, a green library and locally sourced furniture last year. The company also began offering paid time off for workers to volunteer and had to examine more than 1,500 items in the space to identify whether they were made with toxic or harmful chemicals.

When Nature's Path Foods launched a three-year project completed this year to become a Climate Smart-certified business, the organization knew the certification would require company-wide changes regarding its greenhouse gas emissions reporting. But meeting standards and obtaining the certification also promised to help Nature's Path strengthen customer loyalty—and market performance, says Manuel Gorrin, PMP, social sustainability specialist, Nature's Path Foods, Vancouver, British Columbia, Canada.

"It's a trust seal for the customer," he says. "With a



certification, we validate to the public that we're doing what we are saying—that we are walking the talk."

BRACING FOR CHANGE

Certification projects run the risk of snowballing in scope. Standards might evolve while an organization is implementing them. Or the team might discover that product lines and processes need to evolve.

When U.S. office furniture supplier Humanscale launched a nine-month project completed in September to obtain the Living Product Challenge certification (overseen by the International Living Future Institute), the company's engineering team had to update products, test those solutions and renegotiate with suppliers, says Jane Abernethy, sustainability officer, Humanscale, Toronto, Ontario, Canada.

The project team took extra precautions to identify



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risks—but the project still closed two months behind schedule. Among the reasons for the delay: International Living Future Institute changed one criterion for measuring the levels of toxic materials in furniture, and the project team needed to obtain feedback from an audit. Those factors led to extra costs beyond what the company paid for registration—primarily the need to pay consultants and a toxicologist.

“When you get a whole team of people moving in one direction and then the directives change, that can be challenging,” Ms. Abernethy says.

Nature’s Path Foods is taking a proactive approach to stay on top of changing standards. It became a member of the Sustainable Food Trade Association—an affiliation that helps the company keep up with the latest certification opportunities and determine which to pursue. Each year, Nature’s Path focuses on a specific long-term sustainability goal and looks

Seals of Approval

Sustainability certifications vary in structure, benefits and cost. Here’s a look at three of them.

B Corp

Oversight organization: B Lab

Benefit: Shows that an organization meets social and environmental performance standards. It also helps to boost accountability and transparency toward customers.

Cost: Annual fee based on a company’s sales (minimum US\$500)

ISO 14001

Oversight organization: International Organization for Standardization (ISO)

Benefit: Measures a company’s environmental impact and helps it boost reputation, engage stakeholders and ensure compliance with laws. Although ISO established the standard, third-party groups verify compliance, issue the certification and offer support services, including courses and private consulting.

Cost: Can range from US\$12,000 to US\$15,000 for a midsize organization

Leadership in Energy and Environmental Design (LEED)

Certifying organization: Green Business Certification Inc.

Benefit: This bellwether green construction certification—introduced in 1994—helps deliver electricity cost savings, lower carbon emissions and higher performance in human and environmental health for new or existing buildings.

Cost: Varies based on the project’s size, type and certification level sought. An expedited review is about US\$5,000 to US\$10,000.

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—Jane Abernethy



for certifications, partnerships or associations that help achieve it, Mr. Gorrin says. Putting parameters around these efforts helps the team control costs and complete requirements on time, he says.

“We start by mapping out a course of action that outlines each task that must be completed in the process, who is responsible for it and how reporting and updates will be communicated along the way,” he says.

CONSERVATION COMPLEXITY

Such planning is critical for sustainability certifications, because myriad stakeholders can complicate communications throughout the project. That’s why teams should start with a project initiation document that lists all key stakeholders, says Lesley

Fox, project officer, New South Wales Environment Protection Authority (EPA), Sydney, Australia. Internal stakeholders, such as subject matter experts or senior managers, can help assess whether the organization meets certification requirements. External stakeholders, such as industry consultants, businesses or community members, can help evaluate how to best achieve requirements. “A more detailed project plan is created to include stakeholder communication strategy and matrix,” she says.

That communication strategy is executed in tandem with the project and delivered through meetings, phone calls and emails. For instance, the EPA recently completed a project to gain a National Australian Built Environment Rating Systems (NABERS) certification for all of its main office buildings. As part of the project, the EPA appointed external, independent NABERS-accredited assessors to measure the energy and water efficiency of the EPA offices. “It was essential for the EPA to work together with internal and external stakeholders to make sure requirements were met,” Ms. Fox says.

For Humanscale’s certification project, Ms. Abernethy first met with the vice president of operations, CFO, CEO and about a dozen other people across departments who would be assigned specific tasks. She reviewed each of the standard’s 20 requirements focused on its seven criteria—place, water, energy, health and happiness, materials, equity and beauty—and how the company would meet them. She also divided up the team into subgroups that met weekly to track progress.

MEASURING EXCELLENCE

How companies measure the value of certification depends on why an organization is seeking it—and how much it costs.

Ms. Abernethy didn’t conduct a cost-benefit





ISTOCKPHOTO

In Abu Dhabi, new buildings are required to comply with a sustainability benchmarking system. "The benefit is usually measured in terms of construction cost impact."



—Ziad Hussami, AECOM, Abu Dhabi, United Arab Emirates

analysis for Humanscale’s project because the CEO already had pushed for a sustainability certification and was willing to accept the costs without proven benefits to the bottom line. Humanscale became the world’s first manufacturer to achieve full Living Product Challenge certification, a distinction that won the company positive media coverage, contributing to the project’s ROI, she says.

But measuring benefits can present a challenge during the reporting and evaluation phase, says Adiya Atuluku, PMP, assistant manager of strategy and operations, PMI Global Executive Council member Deloitte West Africa, Lagos, Nigeria. She advises project managers to review the business case to determine what to measure. For example, if a company got certified to make itself more attractive to new customers and grow its market share, then it should track the number of customers before and after certification—as well as surveys that ask customers if the certification influenced them.

“In the end, I usually see benefits being measured in terms of cold, hard cash,” Ms. Atuluku says. “Teams must ask: Has the certification led to reduced costs, increased profits, new financing opportunities, tax breaks?”

In Abu Dhabi, United Arab Emirates, new buildings are required to comply with a sustainability benchmarking system, says Ziad Hussami, PMP, sustainability coordinator, AECOM, Abu Dhabi. But when market forces drive interest, it’s a different formula: “The benefit is usually measured in terms of construction cost impact,” Mr. Hussami says.

Measuring potential benefits also

helps organizations determine when certifications aren’t worth the time and money—even if the company already meets the technical qualifications. For years, Xerox products met the requirements for the German government’s Blue Angel environmental certification. But the company didn’t pursue the certification because of the costs involved in obtaining it. When European customers began signaling interest in the certification, however, Xerox went all-in.

“We’ve let the market determine our pursuit of that label,” says Wendi Latko, vice president, global environment, health safety and sustainability, Xerox, Webster, New York, USA.

But achieving a certification doesn’t necessarily mean an organization will stay compliant forever. Maintaining a certification is a business decision requiring an examination of the costs and benefits for the foreseeable future, she says. The financial costs of maintenance might grow, or the certification’s focus might move away from the company’s area of interest.

For example, Xerox earned an International Organization for Standardization environmental certification in 1997, but requirements have shifted in recent years to put more emphasis on leadership, risk management, communication and all stages of the life cycle. Xerox is now implementing changes to meet those updated requirements—while assessing all costs associated with the update, Ms. Latko explains. “We examine benefits and effort, the regulatory horizon, competitive standing and market demands,” she says. “We continually evaluate whether it makes sense to continue with a certification.” **PM**

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