



Get in the Business of Being Green

Capitalize on environmental concerns among employees to reap benefits for them—and your company.

By Adrienne Fox

Ride Your Bike to Work Day was hardly a rousing success two years ago at Clif Bar and Co., an organic food company in Berkeley, Calif. Of nearly 200 employees—many active bike riders—only three cycled in to work that day.

The lack of enthusiasm for the green initiative was a surprise to the human resource team, recalls Jennifer Freitas, HR manager. “Here we are, an organic food and beverage company with an active employee base in an environmentally conscious area of the country, and we can’t get our own people to ride their bikes to work one day.”

In hindsight, Freitas expresses thanks for that rude awakening: It “rallied us to get serious about going green.”

Clif Bar numbers among many companies getting serious about going green. The corporate sustainability movement has gathered momentum and seems poised to gain even greater acceptance. More executives now say sustainability can positively impact their businesses and help achieve strategic goals, according to a 2007 survey of more than 500 executives conducted by Chicago-based accounting firm Grant Thornton LLP. “Sustainability” refers to a company’s ability to make a profit without sacrificing the resources

ILLUSTRATION BY HUGH SYME

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of its people, the community and the planet. The greatest benefits of sustainability programs are improving public opinion, improving customer relations, and attracting and retaining talent, according to the study. As a result, 77 percent of respondents anticipate investing more in environmental programs.

However, HR professionals are not using their positions and abilities to leverage employees in promoting green strategies. For instance, although the executives surveyed reported that environmental strategies attract and retain talent, half said that operations should be in charge of spearheading such strategies. (For more about the new job of “sustainability officer,” see “New Breed of Human Resource Leader” on page 52.)

Andy Savitz, a consultant and partner at Sustainable Business Strategies in Boston, sees a lack of HR leadership on green initiatives among managers he advises. When meeting with executives, “I’m the one who has to say, ‘Where’s the HR person?’” he complains. “Even if they are there, they have little to contribute because they don’t understand what this has to do with them.”

But HR executives have a lot to do with “greening” businesses and employees. The strategies are not just operational. Many involve educating employees, engaging them in ideas and innovation, and translating environmentalism into employment brands that attract and retain talent.

“Sustainability strategy will not go very far without HR,”

Green Tax Breaks

The federal tax code allows employers to provide tax-free transit, vanpool and parking benefits to employees. Employers and employees save on taxes, since neither pays federal income or payroll taxes on these benefits. Called “qualified transportation fringe benefits” in the Internal Revenue Code, Section 132(f), these tax incentives are often referred to as “commuter-choice tax benefits” or simply “commuter benefits.” Because the value of the benefits paid to employees is considered a tax-free transportation fringe benefit and not wage or salary compensation, the cost of the benefit is eligible as a business expense and payroll taxes do not apply.

Employers can pay for employees to commute by transit or vanpool, up to a limit of \$110 per month, subject to annual change. With this arrangement, employees each get up to \$110 in a tax-free transportation benefit. Employers get a tax deduction for the expense and enjoy savings on payroll-related taxes.

Several states have tax incentives to encourage employers to provide commuter benefits to employees. For example, Maryland offers a 50 percent commuter tax credit, up to \$50 per employee per month, for transit passes, vanpool benefits and reimbursement for carpooling expenses.

Contact your state government to see what commuter tax credits apply.

Sources: U.S. Department of Transportation, Federal Highway Administration; U.S. Internal Revenue Service.

HR professionals are not using their positions and abilities to leverage employees in promoting green strategies.

Savitz predicts, “because people run into HR issues and don’t even realize they are HR issues.”

Greening HR

The Society for Human Resource Management’s (SHRM) *2007 Corporate Social Responsibility Pilot Study* found that only 34 percent of HR respondents monitor the environmental impact of business and only 27 percent partner with environmentally friendly companies and suppliers.

Clearly, there’s room for HR professionals to grow in promoting green strategies. While implementing and monitoring green solutions may fall to operations leaders, HR can leverage employees’ participation in conservation.

To get started, Savitz advises HR professionals to turn to the Global Reporting Initiative in Amsterdam, which produces the generally accepted framework for corporate reporting on sustainability. The framework calls for 79 indicators in environmental, social and business performance. Of those 79 indicators, “HR has responsibility for 24,” according to Savitz (see the list on page 49). Environmental indicators range from using recycled products as source materials to conserving energy.

Employees often come up with ideas for conservation. They are familiar with business processes, know how to make them greener and have the passion to bring solutions to fruition. “Take this environmental fervor in the world and bring it into your company,” urges Savitz. HR professionals “can put a system in place to incent and reward employees to come up with green solutions in the workplace. Companies run on policies and procedures, and if you don’t formalize [green initiatives], they go away.”

Currently, only 22 percent of HR professionals say their organizations have a formal policy on environmental responsibility, while

28 percent have an informal policy, according to a *Green Workplace Survey Brief* of 429 HR professionals released by SHRM in January.

Start by opening up your organization and examining the social, economic and environmental impact of your business, advises consultant Tony Frost, chief executive officer of Sirocco Strategy Management in Stellenbosch, South Africa. Because many organizations publish their sustainability reports online, Frost advises HR executives to use them to benchmark how competitors green their businesses.

In contrast, the HR professionals surveyed indicated that, to them, environmental responsibility means encouraging employees to be more environmentally friendly at work by making double-sided photocopies, using energy-efficient bulbs for desk lamps, lowering blinds in the summer to conserve energy and powering down inactive computers. "This is a good start," says Savitz. "It's about changing behavior."

Green Benefits

After the poor showing for Ride Your Bike to Work Day, Clif Bar's HR team returned to the drawing board to come up with ways to encourage employees to green their commutes.

The solution? Create a formal program that rewards employees to change behaviors—and market it aggressively. "We came up with incentives for employees to use alternative transportation or, if they couldn't for whatever reason, to help them buy hybrids," says Freitas.

"Cool Commute" kicked off with fanfare—and success—in November 2006. Today, 75 people participate in the program, and 34 have purchased hybrid vehicles. (For more ideas on communicating green strategies, see "Speaking Green" on page 58.)

Clif Bar's green benefits help employees green their commutes, their homes and their workplace. Some examples of each:

- The hybrid incentive gives up to \$5,000 toward the purchase of a qualified car. Clif Bar pays upfront and forgives the loan at \$1,000 per year. Clif Bar also awards points to employ-

Simply Green

In the 2008 Society for Human Resource Management *Green Workplace Survey Brief*, responding HR professionals listed the following top green practices:

- Offering recycling programs for office products, including plastic, glass, cans and Styrofoam.
- Using energy-efficient lighting systems and equipment, such as occupancy sensors; using Energy Star equipment; and changing from desktop to laptop computers.
- Installing automatic shut-offs for equipment.
- Buying or leasing refurbished goods such as toner cartridges, copiers, printers, fax machines, retread tires and re-refined oil.
- Promoting walking, biking and public transit.
- Partnering with environmentally friendly suppliers and companies.
- Minimizing pollution, such as air and water emissions, during production.
- Participating in or sponsoring projects and events in the community, such as plant-a-tree day and fundraisers for nature preserves.

ees for each day they walk, bike, carpool or use public transportation. Employees redeem points for on-site massages, company merchandise, gift cards to Whole Foods or a coffee shop, or public-transportation passes. To double their green pleasure, they can use their points to buy carbon offsets from various organizations that invest that money in renewable energy research, energy-efficiency technology and reforestation, among other things. Recently, the company rolled out a Cool Bike Incentive of up to \$500 for employees who purchase a commuter bike or retrofit a current bike to make it commuter-friendly.

Federal and some state governments offer tax credit for such transportation plans. See "Green Tax Breaks" at far left.

- The Cool Home Incentive program gives employees up to \$1,000 per year to add insulation, buy a solar water heater, replace windows or get an Energy Star appliance. (For an online-only sidebar describing similar green benefits at other companies, "Eco-Benefits," see the online version of this article at www.shrm.org/hrmagazine.)

To keep the corporate commitment going, Clif Bar offers orientation for new hires that gives them an overview of sustainability and ways to change their environmental impact.

Green with Recruitment Envy

Eco-friendly workplaces yield dividends in recruitment and retention. Eighty-one percent of U.S. respondents said they would

prefer to work for a company that has a good reputation for environmental responsibility, according to the 2007 *Corporate Environmental Behavior and the Impact on Brand Values* survey report on nearly 17,000 people in 15 countries. The study was conducted by TANDBERG, a New York-based provider of videoconferencing products, and Ipsos-MORI, a research firm based in the United Kingdom.

This desire is particularly acute among young professionals. A November 2007 poll on green employment by MonsterTRAK.com, a job web site for students and entry-level hires, found that 92 percent would be more inclined to work for an environmentally friendly company and 80 percent of young professionals are interested in securing a job that has a positive impact on the environment.

But don't provide empty promises to attract candidates—

a practice experts call “greenwashing”—warns Gerlinde Herrmann, president of The Herrmann Group, an HR management consulting firm in Ontario, Canada.

Herrmann, who serves on SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel, notes that potential employees check organizations’ backgrounds and talk with employees to find out whether organizations deliver.

“Candidates are savvy; they will see right through a company that isn’t sincere,” says Dawn Dzurilla, president of Gaia Human Capital Consultants in New York, an executive search firm founded in 2006 that deals with green technology and renewable energy businesses.

Where employers walk the green talk, they gain a competitive advantage. “That demand is out there in the talent pool [for green jobs], but there aren’t enough jobs to fill it,” reports Savitz.

Such demand spurs creation of agencies such as Dzurilla’s and job boards such as the one at www.grist.org. Dzurilla says candidates are turned on by the prospect of making a difference. “They get so excited and passionate,” she adds. That passion tends to translate into higher retention rates and better employee referrals. “After these companies develop a green employment brand, they tend to attract a better crop of talent—the right type of talent,” she notes.

A small but growing startup energy company in Boston uses a green strategy to attract and retain top talent. Founded in 2004, EnerNOC provides technology that makes energy use more efficient, reducing the need to build more power plants. EnerNOC operates in 10 states and had 250 employees as of 2007, with plans to increase its workforce by 40 percent in 2008.

With this ambitious plan, the company relies on its green employment brand. “Almost 50 percent of our employees come through referrals,” says David Samuels, senior vice president of HR. “Our retention rate is well over 90 percent, and voluntary attrition is low single digits. Our employees are excited to work here and look at themselves as revolutionaries changing the environment and energy consumption.”

Building the Green Brand

Dzurilla says any company in any industry can build a green employment brand and reap EnerNOC’s benefits. “You’re building a marketing platform from which to communicate to potential candidates what your company is about. Find out what makes your company distinct from the competition by conducting [employee focus groups], attitude surveys and interviews to find out why employees work there and stay there. Look at the values of the organization with a green lens and find out environmentally what sets your company apart,” she says.

“Environmental stewardship has always been a part of

our strategy; now it’s much more intertwined in our culture,” reflects Jonathon Adelman, director of HR business consulting and development at Minneapolis-based Xcel Energy, an electricity and natural gas company currently building an environmental employment brand.

Employee “champions” develop the green vision into a brand. After soliciting feedback, Adelman heard from 140 people eager to participate. And not a moment too soon: Like many companies, Xcel must replace retiring baby boomers and get young people interested in its field. Even without formal green branding, Xcel recruiters hear from people who want to be part of the environmental movement. One applicant “had taken early retirement but came back into the workforce to be part of what the company is doing for the environment,” explains Adelman. Other older employees stayed longer once the corporate vision became clear.

Indeed, in the SHRM Green Workplace survey, 61 percent of respondents whose employers participated in practices friendly to the environment said they are “very likely” or “likely” to stay at the organization because of environmentally responsible programs.

In building a brand, Frost adds, “The question is not ‘What are we going to do?’ It’s ‘What do we stand for?’ If you have not wrestled with this answer, then you are not ready to take on HR.”

Getting Employees To Go Green

Once a company attracts and retains employees, its HR professionals need to transfer those employees’ enthusiasm for green initiatives into participation. “For instance, a lot of people are practicing good environmentalism in their homes and their lives,” explains Savitz. “Take that energy and funnel it into the business.”

According to a survey of employed adults conducted by research firm Harris Interactive for Randstad USA, a work solutions company, 93 percent of employed respondents conserve energy or turn off the television, computer and lights when leaving home for the day, but only half do the same when leaving work. And, considering that 81 percent of employees say they would prefer to work for an eco-friendly employer, the evidence of differing behaviors between work and home is certainly head-scratching.

HR professionals can help close that gap, says Savitz. “People are making efforts at home [to conserve], but they’re not at work. Part of it is empowerment or not caring at work. At home, if you don’t shut off lights, you’re paying for it. But

► Online Resources

See the online version of this article at www.shrm.org/hrmagazine for links to related *HR Magazine* articles and two SHRM surveys on sustainability.

In Human Resource Professionals' Purview

Twenty-four of 79 elements of sustainability in the Global Reporting Initiative are human resource responsibilities, according to Andy Savitz, a consultant and partner at Sustainable Business Strategies. They include:

Labor and Decent Work

1. Total workforce by employment type, employment contract and region.
2. Total number and rate of employee turnover by age group, gender and region.
3. Benefits provided to full-time employees not provided to temporary or part-time employees.
4. Percentage of employees covered by collective bargaining agreements.
5. Minimum notice periods regarding significant operational changes, including whether specified in collective agreements.
6. Percentage of total workforce represented in joint management/worker/health and safety committees that help monitor and advise on occupational health and safety programs.
7. Rates of injury, lost days and absenteeism, and total number of work-related fatalities by region.
8. Education, training, counseling, prevention

and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.

9. Health and safety topics covered in formal agreements with trade unions.
10. Average hours of training per year per employee.
11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
12. Percentage of employees receiving regular performance and career development reviews.
13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.
14. Ratio of basic salary of men to women, by employee category.

Human Rights

15. Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations.
16. Total number of incidents of discrimination and actions taken.
17. Operations identified in which the right to exercise freedom of association and collective

bargaining may be at significant risk, and actions taken to support these rights.

18. Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor.
19. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.
20. Total number of incidents of violations involving rights of indigenous people and actions taken.

Social

21. Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.

Economic

22. Coverage of the organization's defined benefit plan obligations.
23. Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.
24. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

at work they might say, "There are 800 offices. What difference will it make if I turn off one light?" HR professionals can facilitate discussions about how it makes a difference." (For an online-only sidebar describing other ways to engage employees, "Green Dream Team," see the online version of this article at www.shrm.org/hrmagazine.)

Respondents in the *Corporate Environmental Behavior and the Impact on Brand Values* survey report were asked what initiatives they would consider to be most effective for their workplaces. Recycling programs was the biggest vote-getter at 59 percent. Other popular initiatives were use of business materials good for the environment such as recycled paper, at 55 percent, and reduction of water and waste emissions, 43 percent.

More than one-third of respondents said that travel reduction policies constitute the most effective means of reducing

their company's carbon footprint, and another 29 percent said telecommuting would be a good environmental initiative for their workplaces. For example, telecommunications company Vodafone has a companywide travel reduction program requiring every employee to justify why any meeting travel cannot be replaced with a videoconference. As a result, Vodafone has eliminated 13,500 flights per year. Figuratively, that reduction in flights translates to a 5,500-ton reduction in carbon annually. Furthermore, the savings—in hard cash—helped the company achieve a return on investment for its videoconference investment in one year.

Telecommuting is also becoming more popular after the practice stalled for years because of a lack of managerial support. The number of Americans allowed to work from home at least one day per month increased to 12.4 million in 2006, up

from approximately 9.9 million in 2005, according to research conducted by WorldatWork through The Dieringer Research Group. Workers telecommuting full time rose 20 percent during that period, according to the *2007 Telework Trendlines* report, perhaps because of rising traffic congestion and soaring gas prices.

Vehicles on the road—even newer, cleaner models—account for at least 25 percent of air-polluting emissions nationwide, according to the Federal Highway Administration.

In addition to providing support for telecommuting, companies are encouraging and rewarding carpool participation. Yet many employers struggle to make carpooling strategies successful: “Our company is located in a rural community with no public transportation. People do need to drive to work,” says Anna Grady, human resource administrator at NRG Systems, a wind-power technology development company in Hinesburg, Vt.

In early 2007, NRG put together a carpool initiative connecting employees living near each other. By last January, 72 percent of employees were participating in carpools—and had saved a total of 7,044 driving miles.

NRG also engaged employees in environmental awareness when constructing its headquarters in 2004, now Gold-certified by the U.S. Green Building Council’s Leadership in Energy and Environmental Design program. Solar paneling and a windmill make the building about 75 percent energy-efficient, with radiant heat in the floors and two eco-friendly wood pellet burners. The building houses many windows for natural light and special shades to refine the light across workspaces. “We don’t have any complaints about glare,” reports Grady. A fresh-air recovery wheel recycles air from the outside. Airtight construction and plenty of insulation keep employees cool in summer and warm during Vermont winters.

According to a 2006 poll by Mortgage Lenders Network USA, 94 percent of Americans would prefer to work in a building designed to be energy-efficient and ecologically sound.

Putting Money on Conservation

HR professionals at Xcel Energy tie 33 percent of senior executives’ incentive compensation to meeting environmental goals. The goals are yearly targets the company sets on reducing its emissions, improving energy efficiency and developing innovative technologies. Each executive is measured and compensated on whether his or her department meets those targets.

As the nation’s largest wind-energy provider, Xcel offers employees and customers a wind-source program in Colorado, Minnesota and New Mexico. Xcel is a member of the Dow Jones Industrial Sustainability Index listing the top 250 global

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companies in terms of economic, environmental and social criteria. Xcel spent more than \$85 million in 2006 on energy efficiency and conservation projects by investing in more wind and solar power, transforming coal plants into natural gas plants, and using biomass technology that uses waste to generate electricity.

All of these technologies require HR professionals to initiate employee training, teamwork and communication, according to Adelman.

“We have specific training on empowering employees on being environmental stewards professionally and personally,” says Adelman. Xcel also sponsors an annual sustainability conference where employees and customers discuss and get educated on environmental solutions. “The education side is a partnership between HR and the business units,” he says.

Similarly, NRG Systems’ monthly voluntary educational series features speakers on topics such as climate change and the plight of the honey bees.

Tie It Together

From recruiting to engagement to leveraging employees’ participation, HR professionals have advantages in leading the green movement. It’s not enough to just be passionate—although it certainly helps. HR professionals have to turn passion into concrete action and deliverables.

“People, especially young people, have the sustainability education and the desire to make a difference, but they don’t know the business or how to make green a business strategy,” says Dzurilla. HR professionals “can bring it together for them.”

For HR professionals, going green at work can be personally rewarding, as demonstrated by NRG’s Grady. “I’ve made many changes in my life [to become more sustainable during] the last two years I’ve been here, and that’s a story I hear from many employees,” she reflects. “That awareness and education has positively affected the community I live in.” ■