

Looking Through the Green Lens

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BY NICHOLAS PATRISSI

From your customers and suppliers to your neighbors and children, everyone feels the pressure to address sustainability and climate change, whether by changing the way they do business or by driving more environmentally friendly vehicles and recycling plastic bottles. It's no surprise, then, that the global green movement is making an impact on the printing industry. The days when going green could be dismissed as a passing fad have come to a resounding end. The new green is the crescendo of a movement that has been underway for over a decade, and its impact is predicted to continue to grow for some time to come.

This new green is based on a conceptual framework called *sustainability*, a trend that is changing the nature of demand for printing services, equipment and supplies. Sustainability goes well beyond the green initiatives that have taken the concept to heart—true sustainability involves taking proactive steps “beyond compliance to continually improve the environmental, social and economic performance of a business, product or service.” You will see and hear corporate America refer to this as the *triple bottom line*, the test of

a company's operations that goes well beyond profit.

Unlike the many passing trends that affect the way our companies do business year after year, sustainability is predicted to become part of the fabric of our culture. John Grant, author of *The Green Marketing Manifesto*, notes that the heightened interest in green will not fade because its basis is rooted in strong, provable science.

Getting On the Same Page

For years, many have associated the term “sustainability” with regulation, environmental compliance, advocacy groups, and added expense. Today, sustainability means something completely different: It now speaks to the triple bottom line effort to meet the needs of people and business without harming future generations.

Today, customers are beginning to pay attention to how their suppliers act and often weigh those factors when making a purchasing decision. Manufacturers and service providers will come under increased scrutiny to document the energy efficiency and effectiveness of their products, services and practices. There are some cases where having a documented sustainability



strategy with customer outreach programs is considered a qualification to be a certified supplier.

The printing industry is at the interface of business and the environment, where many successful companies have realized the need to fold environmental thinking into a business strategy. There are some misconceptions about what “going green” really means—but some forward-thinking leaders in the commercial printing and publishing arena are beginning to implement an umbrella strategy that

examines the lifecycle of print and graphic communications. These new methods take a consultative approach to campaign management, one that can truly differentiate a printer’s services from aggressive, price-cutting competition.

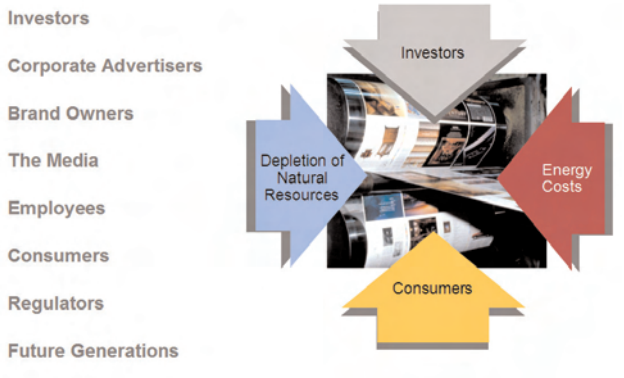
This represents an entirely new approach to marketing a printer’s services. Until very recently, many aspects of marketing only focused on: product, price, and performance. Planning for today’s changing business climate has three additional dimensions: people,

A New Paradigm for Business



planet, and profit. While product and price can force you into commodity selling and marginal profits, a redirected focus on people and planet can point to the value a printer brings the customer beyond the printed page—and, ultimately, can lead to higher profit. This turns sustainable business growth into an important opportunity.

Who Cares About Sustainability?



Who and What Is Behind This Trend?

What factors have caused our industry to sit up and take notice? Several key forces are now coming together rapidly to build acceptance for sustainability.

Public and investor concern is growing over human impact on climate change, our environment, and our energy and petroleum consumption.

Paper making, printing and print distribution are major consumers of energy and petroleum. The U.S. Department of Energy reports that the manufacture of forest products, including paper, is among the most energy intensive industries in the world, so many stakeholders are taking a more active interest than ever before in the ability of their suppliers to build sustain-

ability into the way they do business. Let's take a look at the most powerful of these forces.

Investors: Pressure from investors concerned about environmental sustainability will be a leading factor in the move to sustainable practices by the printing industry. Simply put, there is a lot of money behind the sustainability agenda both in investments and in shareholder advocacy. "Increasingly, money managers are incorporating environmental, social and governance performance factors into their investment decisions," says Bruce M. Kahn, a financial advisor at Smith Barney.

He cites the Social Investment Forum's 2007 report of an 18 percent growth rate to \$2.71 trillion since 2005 of assets under management that are designed to invest in companies meeting social responsibility criteria. That is nearly one out of every nine dollars under professional management in the United States today is involved in socially responsible investing.

Investors regularly prove that they are willing to put their money where their mouths are when it comes to sustainability. For example, the Investor Network on Climate Risk (INCR), a \$5 trillion network of investors, promotes better understanding of the financial risks and opportunities posed by climate change. They recently released a climate change action plan at the United Nations that will "boost investments in energy efficiency and clean energy technologies and require tougher scrutiny of carbon-intensive investments that may pose long-term financial risks."

Additionally, the Carbon Disclosure Project (CDP), an independent not-for-profit organization based in the United Kingdom, represents over \$41 trillion in assets of institutional investors (banks, pension funds and insurance companies). CDP identifies top corporations and asks them to respond to a survey on their direct greenhouse gas emissions, as well as the carbon footprint of their supply chain activities—the amount of carbon dioxide an operation produces throughout its life cycle. CDP consolidates the information and makes it available to investors. The organization's role is growing in encouraging corporations to measure, manage and reduce emissions.

Sustainability has become an investment paradigm on Wall Street. Many investment banks and brokerage houses are issuing sustainability research reports, thematic research on the investment implications of climate change, and principles of environmental and economic risk management posed by climate change. The printing industry will need

to be prepared for the emerging wave of enhanced sustainability performance on the part of their clients, bankers and investors.

Corporate Advertisers: Money talks and corporate advertisers are responding to the pressure from the investment community. Advertisers large and small are beginning to realize that their creative and production decisions can sometimes play a significant role in the environmental footprint of the project. They are looking for ways to understand and affect the environmental footprint of their product or print campaign through the application of advanced technologies, workflows and best practices.

According to John Hardy, an upscale jewelry advertiser, "Advertising is one of the primary means that a brand can use to convey its image and communicate with consumers. The concept that marketing can address and offset the impact of its print advertising life cycle has become a credible concept."

Hardy engaged the Institute for Sustainable Communications, a New York based non-profit organization, to measure and determine the greenhouse gas emissions associated with his ad pages. He used these measurements to determine how large a forest of bamboo he would need to plant to achieve carbon neutrality for his advertising and took the initiative to create that forest. He will need to return to the island or to another location annually to continue to offset his carbon footprint—or he can reduce greenhouse gases by mandating changes in production practices by his print suppliers.

Print suppliers may want to be prepared for this development and be proactive in their approach to their customer concerns.

Brand Owners: Wal-Mart, Staples, Williams-Sonoma and many other major U.S. retailers are recognizing that consumers are becoming increasingly diligent about preserving the environment, and that they are willing to shift their purchasing decisions and brand loyalties toward green retailers. The fact that these leading retail brands recognize that it is a smart business decision to work toward sustainability tells us that going green provides a competitive advantage that will protect and enhance their brands.

Wal-Mart recently announced that within the next 10 years, all of its stores would be 100 percent powered by renewable energy. In January 2007 Williams-Sonoma began using the Forest Stewardship Council (FSC) Seal, which signifies the company's commitment to using sustainable forestry products exclusively.

How Business Can Move Forward By Giving Back

In her book *Corporate Karma: How Business Can Move Forward By Giving Back*, Peggie Pelosi quotes the definition of cause marketing offered by Tony Piggot, president and CEO of JWT Canada: "...taking a meaningful stance on something, doing something about it and then communicating it. People can separate tokenism from something real."

Companies that can identify and respond to customer demand for environmentally responsible suppliers can gain a true competitive advantage. Many good examples from outside our industry point to the benefits of green marketing, as cited by Daniel Esty and Andrew Winston in their book, *Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage*.

- ▶ Stop & Shop has introduced Nature's Promise, a line of organic products that sell at high profit margins and are booming with customers.
- ▶ The Body Shop has made it cool to be green, by putting its Made With Passion™ operating philosophy front and center with customers.
- ▶ Shell made the choice to sell clean burning fuel, which has helped this oil company expand its market share in environmentally conscious Thailand.
- ▶ 3M expanded its connection with major customers by sharing its world-class environmental thinking and research, both with its customers and with the global scientific community.
- ▶ GrupoNueva, a Latin American conglomerate, solidified its role as a business partner by helping its customers with their own environmental practices.

While marketing the green aspects of your products or services cannot serve as a company's sole promotional strategy, it can be an important differentiator when paired with sound, traditional, value-based selling methods highlighting price, quality and performance.

Time, Inc., one of the nation's leading magazine publishers, requires suppliers to participate in a recognized forest certification program and scores its suppliers on environmental performance. Time also encourages its readers to engage in curbside recycling of its publications, reducing the publisher's overall impact on volumes of paper in landfills.

"This is about doing the right thing for the earth," noted Pat Kachura, senior vice president of ethics and consumer affairs for the Direct Marketing Association, "but it's also about doing the right thing for the brand image of the company."

Media: There is some indication that consumers may be willing to absorb more of the cost associated with publishers switching to recycled paper. In the first mass-market consumer survey undertaken for the publishing industry, cited in the February

2007 issue of *Publishing Executive* magazine, 80 percent of U.S. consumers who had purchased a book or magazine in the past six months or who currently have a magazine subscription said they would be willing to pay more for a book or magazine printed on recycled paper.


Graphic Designers: The design community recognizes this issue as one of the major business trends that will affect their industry in both the short and long term. In a report to the AIGA by the Institute for Sustainable Communications, the results of an online survey of selected AIGA stakeholders indicated that designers' social and environmental concerns were equal to or greater than their economic or creative concerns.

This was further underscored by a presentation by Larry Keeley, co-founder of the Chicago based innovation strategy firm The Doblin Group, at the recent AIGA GAIN Business and Design Conference.

Keeley listed sustainability as one of his 11 emerging "convergence points" around which future business activity will revolve.

Real Sustainability, Not "Greenwashing"

While sustainability offers the printing industry a solid opportunity to refresh its marketing efforts by promoting green policies adopted by printing companies, some may feel that promoting these efforts, procedures or investments in environmentally friendly operations smacks of exploitation—or even worse, "greenwashing." But in reality the industry needs to hear these stories and understand the progress being made by the early pioneers.

The fact is that today, many customers truly want to know which of their suppliers have a strategy in place to meet the demands of the new green—and which suppliers can help them meet their own sustainability goals.  **IPA**

Operational Efficiency

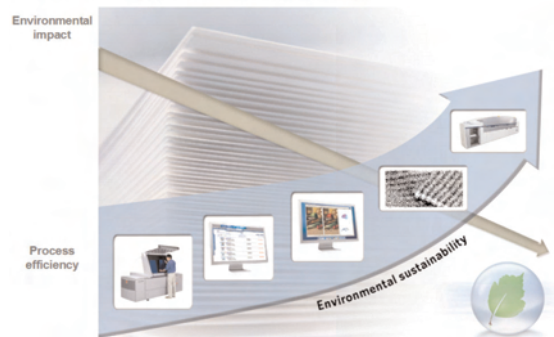
The printing and publishing industry has made great strides in the last 15 years in the areas of operational efficiency, cost reduction and waste reduction, but as an industry, we have not viewed these achievements through the sustainability lens. Examples from other sectors show us that it may be a good time to do so.

Over the last 10 years, the introduction of computer to plate (CTP), collaborative workflows, virtual proofing, stochastic screening and digital printing have increased operational efficiency and effectiveness in the production and distribution of printed materials.

As a direct result, the industry has reduced energy consumption, waste, and the production of greenhouse gas emissions, through improvements such as:

- ▶The faster platemaking capabilities of CTP result in lower energy usage, while eliminating the use of metal vapor exposing lamps.
- ▶Integrated workflows reduce the production of paper materials and waste byproducts, while limiting energy consumption and virtually eliminating auto emissions from transporting materials to customers.
- ▶Virtual proofing not only speeds the approval process, but it also reduces laminate waste materials, energy consumptions, chemicals, heat and greenhouse gas emissions from transportation.
- ▶Advanced screening techniques like Kodak

Technology and Sustainability



Staccato Screening increase the flexibility of FSC printing stocks while reducing ink usage, thus conserving on the use of solvents and water.

▶On-demand digital presses and their ability to produce one-to-one personalized communications lower print runs while increasing the response rate per piece, reducing inventory and paper waste from overruns and repeated direct mailings.

Print service providers with both offset and digital production can optimize their production to best fit the environmental friendliness, cost, and waste based on run length and other business growth imperatives.

▶Increasing development and use of low VOC inks and press chemicals to meet tighter compliance regulations.

LOOKING THROUGH THE GREEN LENS TO DEVELOP YOUR OWN SUSTAINABILITY STRATEGY

You can take steps today toward defining the right sustainable strategy for your business.

Begin by building a dialogue with customers. What are their concerns, and how can you help to address them? They may have set specific corporate standards for their suppliers' demonstrated, provable sustainability. It's important that you meet them to continue your relationship with these customers.

Think about the paper you use, and how it is made. Recycled stocks are only the beginning of the options for responsible paper use: The Forest Stewardship Council (FSC), www.fscus.org, was formed in 1993 to change the global dialogue about and the practice of responsible forestry. The FSC-US coordinates the development of forest management standards. You can become an FSC-certified printer when you make the commitment to use only paper stocks that have been manufactured in responsible ways, beginning at the point of harvest.

In addition, some paper manufacturers participate in the Sustainable Forestry Initiative (SFI), www.sfiprogram.org, by practicing sustainable forestry on all the lands they manage and influencing millions of additional acres through the training of loggers and foresters in best management practices and landowner outreach programs. Customers have begun to look for printers who are certified by both FSC and SFI, as proof that the paper stocks used by these printers have been harvested and manufactured responsibly.

The Rainforest Alliance is another significant player in the sustainable paper production arena. This alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior. Learn more about this organization's efforts at www.rainforest-alliance.org.

Think about the ink you use. Solvent-based inks contribute significantly to your carbon footprint because of the high concentrations of petroleum used in their manufacture—and the solvents required for clean up contain harmful chemicals that lead to greenhouse gas emissions as well. The process of drying these inks on paper also depends on petroleum products to run the dryers, further increasing carbon emissions (not to mention the high cost of gas usage). Consider the new water-based inks and ultraviolet or energy beam drying systems; once the initial investment has been made in converting your systems, the savings in solvent reduc-

tion and gas usage should justify the cost.

Talk to your industry partners to learn more. For example, Kodak is committed to developing sustainable stewardship within our own company and throughout our host communities, and we are equally committed to the sustainable growth of our customers. To this end, Kodak can serve as one resource to help you develop your approach to sustainability, starting with our *Begin your Passage to Sustainability* education kit. This comprehensive kit contains strategies, references and guides to help printing customers take advantage of cost savings, environmental stewardship benefits and marketing opportunities sustainability provides. Created for the U.S. and Canada region, information in the kit can be helpful to printers anywhere. It is available at <http://graphics.kodak.com/gogreen>.

Complete a Life Cycle Assessment Model (LCA). Before you make any major equipment purchase, consider a complete evaluation of the environmental impact across the life cycle of a product: materials, design, manufacturing, distribution, use, and end of life. The LCA looks at energy usage, water usage, and pollution prevention. Take this further to assess the actual environmental impact of many printed products—in many cases, this can be estimated before any materials are produced. You can then help your customers make choices for each life cycle stage to conserve resources and minimize impact on the environment.

Stay informed. The topic of sustainability is at top of mind throughout virtually every industry, so new information becomes available almost on a daily basis. Use the web, RSS feeds and information from your trusted partners to stay abreast of new developments and options for the printing industry.

Complete a sustainability audit. Know exactly where your organization stands in terms of your carbon footprint, your volatile organic compound emissions, and your consumption of paper, ink and energy.

Sustainability is a journey without a defined end, one that can start slowly and gain momentum as you learn more and understand the benefits of your efforts to the environment, your business, and your customers. Begin with a single step, and you will see the rewards in short order as you reduce waste, change the way you do business for the better, and delight your customers with your attention to the issues that affect every person on the face of the planet.