



Special Edition

# Real Estate Matters

A High Real Estate Group Publication



Vol. 12 / Issue 1

## President's Column



Since the High® companies' inception nearly 80 years ago, we've embraced a number of the guiding business principles that today are known collectively as sustainability. These principles include fostering a positive work environment for our employees and partners, being responsible stewards of the environment, and investing profits responsibly to secure our future in ways that are also good for our community.

During the last several years, we've formalized, expanded, and championed our approach to sustainability. In doing so, we strengthened our focus on our own sustainability-related objectives as well as our ability to help customers accomplish their own similar goals through the products, services, and expertise we provide.

Instrumental in our efforts in these areas is Rick Dickerson, High's manager of strategic projects. Rick has authored a series of articles that offer insight into the many aspects of sustainability. We offer several of the articles in this issue of *Real Estate Matters* and hope you find them to be informative and inspiring as you chart your company's course toward sustainability.

Sincerely,

*Nevin D Cooley*

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# The Triple Bottom Line

## A Holistic Approach to Sustainability

By Rick Dickerson

**Editors note:** In this special issue of *Real Estate Matters*, we share several articles from an ongoing series about sustainability that we've written for *Business2Business* magazine — a monthly management practitioner's journal for Central Pennsylvania executives. Other articles from this series are available at [www.high.net/series](http://www.high.net/series). We've received significant positive feedback in relation to this series from other professionals who are working to evolve their commitment to sustainability on behalf of their organizations, and we hope you find the insight and information to be of value as well.

## Embracing the power of sustainability to become the best you can be

The business word of the decade: sustainability. As commonly tossed around in the halls of business and industry as it is these days, this concept still begs some explaining and thoughtful reflection. Frequently it's even debated whether the s-word is the right term. After all, we must do more than simply sustain what exists — we must in fact restore, fix, and do bet-

read encompasses all aspects of a business including financial, environmental, community, product, market, and human resource aspects of business. Herein exists its true power.

The generally accepted definition of sustainability established in 1987 by the Brundtland Commission, formally the World Commission on Environment and Development, is "meeting the needs of the present without compromising the ability of future generations to meet their own needs." This definition provides a sense of the broader nature of sustainability.

When rolling up your sleeves and focusing those brainwaves on understanding the power of sustainability in the business realm, the concept of the triple bottom line offers an opportunity and an approach to determining the real impact.

**Now here are some important words: people, planet, and profit**

The triple bottom line, also referred to as *people / planet / profit*, presents an approach for planning and assessing an organization's economic, environmental, and social impact.

Aha, the light bulb goes off as business leaders quickly realize that the triple bottom line is familiar territory, including

*"Sustainability from a reality-based, holistic read encompasses all aspects of a business... Herein exists its true power."*

aspects already being analyzed and employed in the operation of their business. Here's a quick rundown of these three categories and the nitty gritty issues that flesh out the triple bottom line approach:

**It's always about people: the social effect**

The social component includes such important matters as employee programs and community engagement. Employee



ter in the future than we have in the past, for profitability and because it's the right thing to do.

But we'll work with the term.

Only a mere ten years ago, the term sustainability was seldom heard unless you happened to find yourself among a group of environmental experts. Today, whether because of the great crescendo of discussion on climate change, or the growing concern over our limited natural resources, or the impact of Congress on EPA regulations, business and industry leaders are finding the s-word nearly impossible to ignore.

To its detriment, sustainability is often pegged as merely an environmental initiative. While the environmental aspect is of fundamental importance, it's only one of several components of sustainability in a more comprehensive and useful sense. Sustainability from a reality-based, holistic



High Associates' 600-acre, master-planned Greenfield Corporate Center is the first property of its kind in Lancaster County, Pa., that is home to a riparian buffer zone. This naturalized landscape feature helps filter runoff, contributing to improved health of the Chesapeake Bay watershed.

programs encompass benefits, health and safety, training and development, diversity programs, and policies. Community involvement encompasses charitable contributions, public relations, human rights, encouragement and support of employee volunteerism, and intern and mentorship programs.

**Green is good: the environmental impact**

Environmental impact includes both the impact of the organization's products and services and the impact of the processes

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used to generate them. The environmental component may include recycling, energy reduction and conservation, water conservation, waste elimination, operating efficiency, and other eco-related programs. A key factor is an organization's approach to environmental stewardship involves not simply refraining from further harming of the environment, but actually making it better than it was before said business showed up.

**Show me the money: the economic component**

Last but certainly not least, the economic component addresses the long-term financial health of an organization. Economic sustainability incorporates an organization's economic contributions and the impact of its community through such effects and goals as wages, benefits, financial contributions, good management practices, proper business plans, profits, taxes, fair trade, ethical behavior, and core values. These components already exist, or should exist, in an organization's strategic plans, marketing plans, operating plans, and human resource plans.

**Greenwashing is very, very bad**

As important as it is to understand the concept of sustainability, it's also worth a paragraph to mention what sustainability

is not. Under the noble green umbrella, there's an unfortunately common tendency for some to attain a level of understanding of sustainability only to use their new marketing language to simply open a can of greenwashing on the tidy repackaging of their existing programs. Companies choosing this path to show off the proverbial silk purse made from the sow's ear typically will find that their programs fall apart under close scrutiny.

**Sustainability is a long-term business initiative that reaps layers of rewards**

Inherent in the very definition of the word, sustainability should be a long-term endeavor and therefore must be approached in the same way as any business initiative. First of all, it must have a very good business case. Without sound reasoning and a secure business strategy, stakeholders will question why resources are even being expended and the initiative will sink into the corporate graveyard among the other long-gone spirits of programs past.

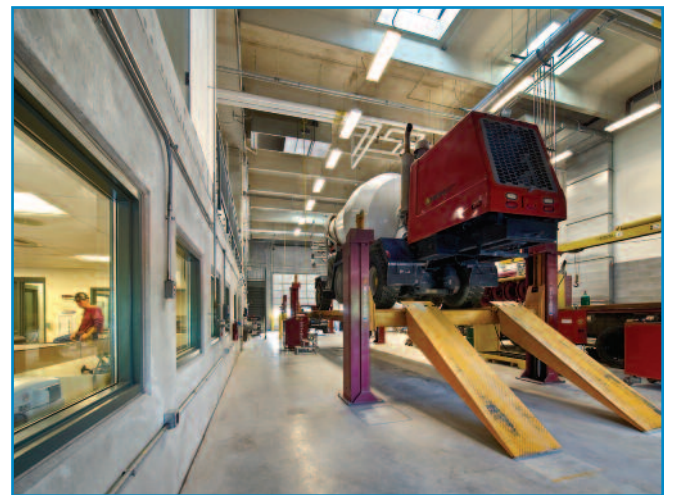
A properly developed sustainability initiative invested with long-term commitment throughout all levels of the organization will earn its right to life by lowering costs and increasing the appeal of your brand and your business (never, never forget the importance of those ever-valuable

*intangible* assets like your brand and your business relationships). These benefits are realized through increasing efficiency, reducing waste, improving products, moving and motivating people to feel good about what they are doing, and building trust among the communities and markets served.

A superior sustainability initiative aligns with and strengthens existing programs and functions including environmental management, greener products or services, lean manufacturing, continuous improvement, strategic planning, purchasing and marketing strategies, and corporate social responsibility. This aligning and strengthening begins with a VGP: very good plan.

**The VGP helps you balance and pursue profits and responsibility**

A very good plan, a clear roadmap if you will, allows you to embrace sustainability in a holistic way and position the company to be effective as it moves into our collective future. This roadmap will allow the company to balance (1) the pursuit of profits and (2) the responsibilities of a company toward its own team, the families of its employees, the environment, and its partners and community. The execution of this plan will manifest other important benefits



Several of the High® companies teamed up to create a LEED® Silver-certified maintenance facility for High Concrete Group in Denver, Pa., that would eventually be selected as the winner in the GreenSite Project of the Year 2009 contest in the industrial category. Greenfield Architects and High Construction, affiliates of High Real Estate Group, partnered as design builders for the project, and High Concrete Group served as the precast concrete contractor.

as well, such as attracting and retaining the best talent, increasing productivity, reducing expenses in manufacturing and commercial operations, and increasing revenue and market share.

It's difficult to overstate the fact that a holistic and comprehensive approach to sustainability is where the real power and benefits exist. Just as a person in the act of becoming a more rounded and integrated human being builds upon and evolves within more than one realm of growth physically, emotionally, and spiritually, so a business also will find that a holistic triple-bottom-line approach can have transformative effects in the direction of becoming the best and most successfully functioning business entity possible.

*“... environmental stewardship involves not simply refraining from further harming of the environment, but actually making it better than it was before said business showed up.”*

**Sustainability — Seeing green without seeing red**

Sustainability is a much broader concept than simply “being green” or embracing a responsible approach to the environment. Sustainability reaches beyond recycling, managing emissions, and controlling wastes and use of natural resources. As we delve deeper into the concept, we realize that it involves a more holistic approach to the management of organizations, challenging leaders to develop a strategy that balances profits, social responsibility, work-life quality, and community and environmental stewardship for the long-term viability of the organization. Companies are learning that by adopting a sustainability strategy, they are realizing benefits in multiple areas, including the bottom line.

Put most simply, sustainability equates to adopting a strategy that allows you to succeed for the long term. As Andrew

Savitz presents in “The Triple Bottom Line,” sustainability cannot be achieved without a balanced focus on people, planet, and profits. Savitz points out that through the sustainability lens, every action in business can be broken down into two components: impact on profits and impact on the world. The goal of an organization should be to affect both profits and the world positively.

With regard to profits, few businesses have been immune to the current recession. One could argue that without profits, a company cannot make contributions to the betterment of the community, employees, or the environment. Others would argue that sustained profitability cannot be obtained without programs that have positive impacts on employees, community, and the environment.

Is this sounding like a chicken and egg argument? Regardless of which side you support, the fact is that a sustainable approach can pay real bottom-line benefits by reducing expenses for manufacturing and commercial sites while influencing the world in a positive, revitalizing way.

Let's begin with one of the major components of any sustainability plan: energy use. Energy use affects all three components of the triple bottom line — people, planet, and profit.

Beginning with the profit component, projects and programs to reduce energy use have a direct impact. For example, changing energy use-behaviors and raising awareness of energy use is a low-cost approach that can yield high returns. Campaigns to raise awareness of the importance of turning off unnecessary lighting, running heating and air conditioning systems only when needed, using stairs rather than elevators, and shutting



The Pennsylvania Turnpike service plaza in Allentown, Pa., was reconstructed by High Construction and received a Sustainable Design Green Award. Architect: VITETTA.



Renovated residences at High Associates' Greenfield Estates apartment and townhome community in Lancaster, Pa., feature ENERGY STAR®-rated appliances, low-flow toilets, compact fluorescent light bulbs, recyclable carpeting, and low VOC-rated paint.

*“Companies are learning that by adopting a sustainability strategy, they are realizing benefits in multiple areas, including the bottom line.”*

down equipment when not in use can have a significant impact on utility bills, in addition to the positive effect the reduction of greenhouse gases has on the environment.

Organizations that use vehicles in their operations can reap benefits by simple tasks such as checking tire pressures routinely (studies suggest that 10 psi underinflation costs a 3-4 percent loss in gas mileage). Contests and incentives that reward employees for driving efficiently and extending the number of miles per gallon can stir up the competitive spirit, reduce costs, and benefit the environment.

For manufacturing facilities that rely on compressed air, dividends are reaped from such actions as regular leak audits, verification that pressures are only as high as needed, and shutting down systems when not needed.

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While conservation practices are often the least expensive, they can be the most difficult to sustain because of effort required to change old habits. Therefore, improving energy efficiency in conjunction with conservation measures is a common strategy. For example, lighting is often a more significant component of an energy bill than realized. Retrofitting lighting systems is relatively easy and provides quick payback. High-efficiency lighting can use 30-50 percent less energy and gives off less heat, which reduces the cooling requirements of your HVAC systems.

Timers and occupancy sensors can ensure the lights are off when not needed. In addition, local distribution companies such as PPL or Met-Ed offer rebates and

incentives to organizations that purchase equipment such as timers, sensors, and lighting upgrades that improve energy efficiency.

Beyond energy, opportunities for sustainable approaches and profit enhancement lie also in water conservation, materials use, and waste reduction.

For example, at the High companies, we established a program that includes donating our shredded office paper to a local Amish farmer, who reuses it as animal bedding. This reduces the cost of sending trash to landfills and benefits the environment. Likewise, substituting process materials with more Earth-friendly materials often pays off financially. Steel recycling programs change what would have been a

costly waste stream into a revenue-generating reuse stream.

It can be argued that initiatives such as these, if taken alone, are just good business practices employed to reduce costs. However, when implemented as part of a holistic sustainability strategy, they create even greater returns.

For example, if enough energy saving features are integrated into a building properly, not only will the HVAC system be called upon less, but perhaps when it comes time to upgrade that HVAC system, a \$30,000 system can handle the need where a \$60,000 system would have been required in the past.

As an additional benefit, customers and

employees align more strongly with organizations that are committed to the environment. Initiatives that reduce energy use and waste streams and conserve resources demonstrate a commitment to the environment. A recent Green Building report by McGraw-Hill Construction found that 71 percent of tenants who responded to their research want to be viewed as committed to caring for the environment.

A holistic approach to sustainability will provide many benefits. In this article, I've emphasized the profitability benefits. In other articles, I will discuss how sustainability initiatives that positively affect environment, employees, and the community yield positive results for organizations.

## Is your company "human?" Are your employees engaged? (People are asking!)



If you're the "glass is half full" kind of person, you would probably say that most companies are taking steps to become more sustainable. You would identify projects companies are pursuing as examples of commitments to sustainability, such as installing more efficient lighting, purchasing ENERGY STAR®-rated equipment, installing lighting sensors and timers, and using video conferencing more in order to travel less. In fact, many companies are experiencing financial benefits and positive effects to the bottom line from such efforts.

DuPont, for example, can be cited for how their commitment to sustainable growth has translated into a 12 percent reduction in energy use since 1990 while their production has grown by 47 percent, avoiding energy costs of more than \$5 billion — an outstanding achievement by any measure.

*"By taking a holistic approach to sustainability, the benefits will also transform the human aspects of a business."*

There's no denying that energy-saving projects have tangible impact and are integral to a more sustainable operation. Sustainability plans and pursuits should include energy reduction and efficiency improvements, but they must also set direction in other areas in order to move an organization toward a more holistic sustainability strategy.

By taking a holistic approach to sustainability, the benefits will also transform the human aspects of a business. The human capital component of an organization is critical to longevity, competitiveness, pro-

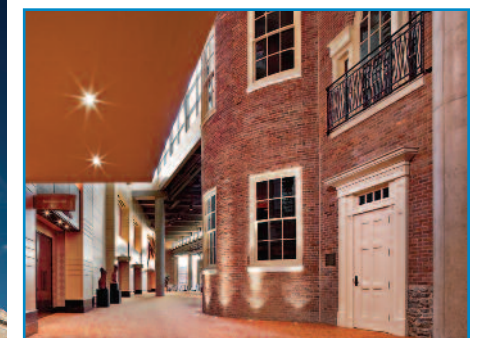
ductivity, and, ultimately, success. Understanding and managing the factors that motivate and engage staff to reach higher performance levels is a key goal of good business leadership.

Elements such as two-way communications, key performance measures, alignment of goals, accountability, feedback, and compensation all play a part in employee performance management, but equally important is the ability to engage and partner with employees in order to allow them to experience a stake in the business and feel more motivated to go that discretionary extra mile for you.

Increasingly, employers are recognizing that employees are looking for jobs in organizations that make a positive contribution to the local or global community. Employees work for much more than just a paycheck. They want to be on a winning team and feel like a valued and engaged partner with their company — a company recognized as a good, community-oriented company. The company brand, authentic from the inside out, becomes increasingly important as a magnet for attracting and retaining top talent and key performers.

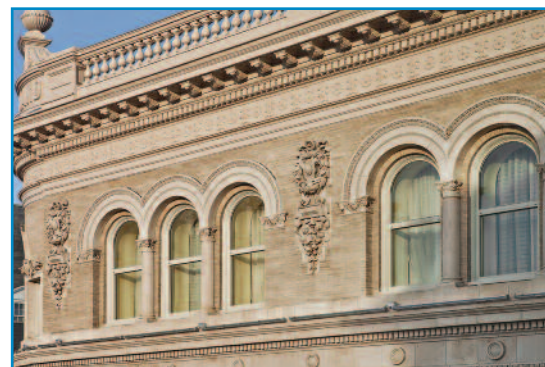
With the great momentum and adoption of social media in the age of Web 2.0, it's important to mention that companies no longer have the control they once did over defining their own brand. The proliferation of many news and social media channels in place of fewer and more centralized channels means that perceptions of your actions (or inaction) are magnified and communicated in real time, whether you participate or not. Your actions are increasingly assessed and framed by others who have the power to publish their opinions and help define your brand, one of your most important assets, with the click of a mouse.

So it's important to first assess who you are as an organization and develop your sustainability strategy, so that your actions and communications are aligned and authentic. This area of sustainability strategy is very much tied to your human resource practices. Obviously, an optimal offering of benefits (such as health-care, retirement, and education benefits) and fair policies (such as hiring, promotion, and open door policies) will help draw the best people and help build the strongest



*The new Lancaster Marriott at Penn Square and Lancaster County Convention Center is a uniquely integrated facility anchoring historic Penn Square*

*in downtown Lancaster, Pa. The 110-year-old Beaux Arts façade of the former Watt & Shand Department Store was preserved and incorporated into the facility as were other historic elements, including the Federal-style William Montgomery House built in 1804 (interior wall pictured above right). High Associates served as master developer for the project and High Construction as general trades contractor. Penn Square Partners, affiliated with High Real Estate Group, owns the Marriott franchise.*



workforce possible. And with all of these issues assessed and established, it's important to participate in social media in order to benefit from the great opportunity to communicate the more human side of your brand. By embracing the human side of sustainability, you avoid the risk of being branded a greenwasher, or even worse, being a greenwasher.

Put simply, an organization that supports sustainability initiatives will succeed in partnership with its employees.

I experienced an example first hand at a recent event at the High companies celebrating Earth Day. An awareness campaign and lighthearted contest ahead of the event built anticipation. The event itself involved activities such as an outdoor celebration marking Earth Day, the planting of trees, announcement of an official Adopt-a-Highway commitment, set up of a temporary collection center for recycling electronic waste, hosting of speakers, and distribution of gift bags filled with tools and information to help employees be more sustainability conscious in their personal lives as well.

As a follow-up, a survey was distributed and the response was amazing. Employees responded that they wanted this type of event more than once a year. Suggestions poured in with ideas to further demonstrate our commitment to environmental stewardship, and plenty of people volunteered to help with implementation of the

suggestions. The Earth Day task force has now been renamed the ECO (Ecology) Task Force and membership has doubled!

A company can undertake many initiatives to enhance its commitment to the people side of sustainability. Initiatives can include facilitating car pooling among co-workers, organizing volunteer days at local non-profits, providing incentives to engage in wellness activities, requiring the senior management team to serve community organizations, providing educational opportunities, and establishing mentor or internship programs with youth in the community. Many of these initiatives are relatively low cost and will generate positive regard and goodwill in the community and among employees.

While the phrase "happy people are productive people" may be somewhat of an oversimplified cliché, there's an important truth there that's worth reflection. In fact, happy people engaged in their role, and engaged in the larger themes and efforts championed by their organization, enjoy better morale and lower turnover rates. And most importantly, they're more likely to go the extra mile to become indispensable to your organization — using their unique talents and discretionary energy to create, produce, and inspire other team members and business partners. And who doesn't want to lead or be part of a team brimming with individuals who fit that description?



*High Concrete Group produced energy-efficient, lightweight, durable, and aesthetically pleasing CarbonCast® facades for the award-winning Heldrich complex in New Brunswick, N.J.*

# The sweet spot: Is your company part of the new economy?



The sweet spot where your sustainability strategy and your corporate strategy maximize both profit and the public good is the place where your organization should reside.

Taking a sustainable approach to employee benefits, giving back to the community, and managing business by the numbers all have positive effects on the bottom line. Increasing the productivity and efficiency of your employees by incorporating more sustainable practices can have significant impacts on a business. Cost reductions and savings generated by implementing greener practices are also great benefits of a sustainable approach.

ated by disposable plastic and glass water bottles and the energy required to ship the product. After years of steady growth in sales, the industry is experiencing flattening and declines in sales. On the other hand, the water filter industry and reusable water bottle industry have experienced growth due to being perceived as a greener alternative.

Even Walmart, which once touted having "Everything You Need at Unbeatable Low Prices," is recognizing that the economy values more than just low prices. Their current slogan is, "Save money. Live better." This slogan illustrates their realization of this changing belief. In fact, on their website, you find statements such as

*"...a corporate strategy needs to... align with real world customer behavioral changes that are occurring as a result of increased awareness of the importance of sustainability."*

have an advantage in your marketplace? When some major companies were discovered to be using child labor, the public outcry was justifiably deafening. Will sustainability practices, or lack thereof, also come under similar scrutiny? If a shift occurs towards requiring sustainable practices, the companies that have prepared will be better positioned when the market turns away from companies with products and services that are not aligned with best practices.

At a minimum, every organization should be considering the effects of a shift towards more sustainable products and services. Will your customers require your organization to be more transparent? Organizations can wait until external pressures, such as the cost of waste disposal, energy, and increasing regulations force the adoption of more sustainable practices, or they can be innovative leaders.

Green products are produced more energy efficiently and use less energy when they are used by the customer. In addition, they incorporate more recycled materials, consume less water, create less waste, and last longer than the competition.

The chicken and egg scenario is this: If greener products and services were readily available tomorrow in your industry at a competitive price, would customer habits shift dramatically? Would competitors who failed to recognize this shift or take the preemptive actions go the way of 8-track and cassette tapes? It is important that an organization incorporates in its strategies the adoption or transition to more sustainable products and services, even if the shift has not taken place in your industry, because these shifts are occurring at faster and faster rates in our economy.

Interface is an example of a company that is taking a sustainable approach with a very common product. Interface is leader in design, production, and sales of environmentally responsible carpet. They believe that organizations and individuals are increasingly discovering that companies are "doing well by doing good," a

term that refers to doing financially well by doing what's right by the environment. Interface states, "Having a long-term strategy that seeks to protect and preserve the environment for future generations is something that doesn't take from the bottom line, but rather adds to it."

These are just a few examples that a paradigm shift is occurring and a new economy is emerging. Whether services that provide restoration and revitalization, or products with life cycle assessments that show smaller carbon footprints, customers are increasingly using a new set of standards in making their purchasing decisions. Organizations concerned with their long-term viability need to be considering these potential changes within their industries and the strategies needed in order to adapt and move to a position of strength.



### About the author:

*Rick Dickerson, PE, is manager of strategic projects for the High® companies. He holds a B.S. in industrial engineering from Lehigh University and an MBA from Penn State University. Dickerson is instrumental in the High companies' energy, sustainability, green, continuous improvement, strategic planning, and policy deployment efforts.*



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High Construction received the General Contractor Sustainable Design Award from the Associated Builders and Contractors' Keystone Chapter and an Award of Merit from Mid-Atlantic Construction for Lancaster Mennonite School's Rutt Academic Center in Lancaster, Pa. Architect: Cornerstone Design-Architects.

However, a corporate strategy needs to go beyond the inclusion of opportunities to improve the profitability of the organization by "greening" the process and maximizing the public good. It needs to forecast and align with real-world customer behavioral changes that are occurring as a result of increased awareness of the importance of sustainability.

Certainly, essential to every business is customer demand for its products and services. Business school classes are filled with numerous case studies of companies that fail to identify a shift in their market and customers' buying habits and then suffer devastating consequences.

The bottled water industry has received criticism in part because of the waste cre-

"At Walmart, we see sustainability as one of the most important opportunities for both the future of our business and the future of our world."

In the construction industry, certifications that demonstrate the sustainable or green aspects of buildings and construction methods are becoming more prevalent. Whether it is LEED, ENERGY STAR, or numerous other endorsements, questions arise such as: Are these standards going to become requirements to participate in the construction marketplace? Is this an indication that new standards will emerge? Will more tenants and owners put weight not only on the cost to lease or construct, but the cost to operate as well?"

Are socially minded companies going to

## A Full-Service Real Estate Resource



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