

## **Going Beyond Green: Building a Sustainable Advisory Business**

### *Real Benefits for Implementing Sustainable Strategies*

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Much has been made lately about “going green”, and “green investing”, however, little content has been developed to help investment advisors understand how they personally can benefit from a green approach to running their businesses.

Without a doubt, there is now a global mandate for business and industry to adopt environmentally friendly practices. According to a recent McKinsey study, that timetable has been moved up to 2010 with real evidence that the Financial Services Industry is way behind in lowering its carbon footprint.

So what does this mean for investment advisors? One of the more compelling implications is the opportunity for advisors to achieve economic benefits, demonstrate community leadership as well as to make a long-term contribution to society by doing good for mother earth.

The process for building a sustainable office takes real effort. Investment advisors need to go above and beyond current business practices to build a sustainable firm. If done correctly, these sustainable practices produce a real, tangible ROI, enhance firm and brand reputation, increase the ability to attract and retain clients, along with improving employee morale, health and productivity.

We have all experienced the continued rapid rise of energy prices, with expectations that they are expected to grow an additional 50% in the coming decades. Reducing energy consumption to operate your business now will save money today as well as tomorrow. In addition, global concern over the environment is on the rise indicating that government regulation cannot be far behind. The challenge then, for investment advisors, is to stay ahead of the green curve.

### **Implementing Sustainable Strategies**

Environmental and business experts have designed several new approaches to building sustainable business strategies. One simple process is to think in terms of the three legs of the “sustainability stool” which consists of your:

1. Environment
2. People – Clients and Employees
3. Firm Economics

Using these three considerations, you can develop your own corporate strategic plan that incorporates the critical areas of sustainability and allows you to benchmark and measure your progress.

## **Environment**

How you think about your office and financial advisory operations in relationship to the environment is critical, providing many opportunities. Leveraging technology to streamline business process management (BPM) can help reduce energy consumption, enhance operational efficiencies and reduce your carbon footprint.

Examples include using document management software to create a “paperless” office. With the average document copied 22 times, hours spent filing, retrieving and dealing with endless paper files and cabinets, investment advisors have excellent opportunities to harvest savings and reduce carbon generating activities by automating their workflows through BPM.

One innovative example that is rapidly gaining adoption is the integration of CRM systems to private, client websites. By having this end-to-end integration, many firms are no longer printing, collating and mailing quarterly reports and statements. They simply electronically publish these reports to a secure, private website for each client. An automatically generated email notice is sent alerting the client that the report is ready for access. This use of technology to manage a complex business process ends up saving time, money and resources from multiple “carbon generating” steps involved with traditional quarterly client mailings. What once took weeks and thousands of dollars in employee time to process can now be automatically managed in a matter of hours.

As you develop your sustainability strategy there are many areas to consider in your operations and in your own office footprint, including energy use, recycling, water conservation, purchasing, and heating/air conditioning. Aspects advisors can impact immediately include upgrading lighting with eco friendly bulbs and lamps, which dramatically lower energy costs. Making sure office equipment is energy efficient with the right controls in place can go also go a very long way. According to Verdiem Corporation, a power management software firm, fifteen PC's generate as much carbon emissions as a mid-size car each year. Automatically putting computers in sleep mode during inactive times can cut energy use an average of 60-70 percent and lower carbon generation significantly.

## **People**

A key aspect to implementing sustainable strategies involves changing both your clients' and employees' behavior. People are looking for products, services and companies that are doing sustainable things for their communities that they can feel good about. Capitalize on that momentum by creating a communications and PR campaign to generate awareness and interest for what you are doing to build a

sustainable office and invite your clients to participate. Additionally, clearly defining your sustainability goals, measuring them and sharing your progress creates excellent messages that you can deliver on an ongoing basis both internally and externally to help reinforce green activities.

Leading advisors are providing incentives to change behavior such as giving employees bonuses, gift certificates, recognition, or paid time off when they generate ideas which help improve the sustainability and efficiency of how they perform work and use resources. Additionally, modifying the client service experience and training clients to do business electronically wherever possible streamlines business processes as well as to often enhance the service experience with quicker responses and real-time access to information.

## **Firm Economics**

Perhaps the most striking benefit for going green and creating a sustainable office is the substantial cost savings and return on investment. By its very nature, anything that enhances efficiencies and improves business processing will reduce energy, space and time, all key aspects of new technology solutions rapidly gaining traction in the investment advisory industry. Simply implementing technology to help with work-flow processes, advisors are seeing an overall 9% reduction in overhead as a percentage of revenues and increases in business value upon sale of the firm of hundreds of thousands to millions of dollars, depending on the size of the firm, according to a recent white paper from Laserfiche. (available on Investment News website,

[http://www.investmentnews.com/apps/pbcs.dll/dcce?Site=CI&Date=20070615&Module=4&Kategori=&Class=4&Type=WP\\_ACTIVE&ID=278188&Selected=2&profile=&nomdcache=1](http://www.investmentnews.com/apps/pbcs.dll/dcce?Site=CI&Date=20070615&Module=4&Kategori=&Class=4&Type=WP_ACTIVE&ID=278188&Selected=2&profile=&nomdcache=1))

Leading advisors are also reducing their energy costs by incorporating high performance lighting, programmable controls on heating and air conditioning equipment, office plug load controls, and consolidating file servers through virtualization. Other benefits include reduced operational and maintenance costs, increased life of equipment, along with greater comfort and productivity of employees.

On the marketing and PR front, your ability to communicate a sustainability plan and measure against it creates great opportunity to demonstrate green practices and accomplishments to clients, prospects and your sphere of influence, which often leads to more referrals, providing you with the ability to monetize the good will you are generating through increased firm differentiation and awareness.

## **Conclusion**

The ideas and strategies detailed here are just a partial list of what is available to investment advisors. The time to act is now – Advisors owe it to themselves, their

firms, employees, clients and the world to learn ways how they can go beyond green and build a sustainable business.

### **About the authors**

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