

Franchising and the New Green Economy



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What's your definition of the American Dream? Is it building a giant franchise chain that becomes a household name, selling it for untold millions of dollars and then retiring to a tropical island where your biggest decision every day is whether to have a Pina Colada or Strawberry Daiquiri? Some believe that getting involved with a "Green" business concept now may be the way to achieve that dream.

Being submerged in the franchise industry, people inevitably ask me, "What is the hot Green franchise business I would recommend to purchase?" My question to them is, "What do you mean by Green franchise?" No one ever knows the answer to that question. Part of the answer entails, first, deciding whether you're thinking of businesses that make a profit via helping others to be sustainable or second, simply owning a business that is itself a sustainable operation.

Because of the obvious trend toward sustainable business models and the many questions surrounding the industry, I decided to submerge myself into the new, uncharted territory so I can answer the questions for myself. As a franchise

professional, I also wanted to find how this new Green Economy will affect the franchise industry as a whole. While doing research I came across Transitioning to Green, (www.transitioningtogreen.org) a professional association dedicated to helping individuals and organization make the transition to the new green economy. Transitioning to Green is based in New Jersey and is headed up by Jeana Wirtenberg, Ph. D., who co-authored the book, *The Sustainable Enterprise Fieldbook: When it All Comes Together* (www.TheSustainableEnterpriseFieldbook.net).

I'm attracted to the Transitioning to Green organization because they have a sub-committee that consults specifically with established businesses that want guidance on how to become a sustainable enterprise. Working with Dr. Wirtenberg and the Transitioning to Green team, I learned what being Green really means and what business owners should be thinking about to make profits in this new economy. First off, there are no franchises that have established practices that enable them to turn a healthy profit in the sustainability sector...yet. As Carol McClelland points out in her book, (forthcoming, Jan. 2010, Wiley), *Green Careers for Dummies*, "We are at the earliest stages of a new era. The first paths into this future are just beginning to be defined. Many more paths will emerge as industries take form over time." As in true franchise fashion, once these new models emerge, franchising will systematize the concepts, ensure profit centers and expand them nationally and internationally.

As stated in an article in the Wall Street Journal, Feb. 24, 2009, “The long-proven source of most new jobs and new growth in America: entrepreneurs. These individuals gave us everything from Walmart to iPhones, from microprocessors to Twitter – that is still strong in our economy. Without entrepreneurs, we will not move beyond our current predicament into a new green economy. Only entrepreneurs have the flexibility, the freedom and the risk-everything ambition to find the path back to prosperity in a rapidly changing, technology-driven global economy.” For those who want to get involved with a franchise that practices ecology or for a franchisor who wants to change to a socially responsible, sustainability model, there are guidelines that need to be realized. One guiding, paramount principle is that a company needs to focus on having a *triple-net* bottom line: People, Planet and Profit - not only monetary profit. In the future, profit-centric companies will be judged negatively in both consumers’ and employees’ minds.

Mike Duke, Walmart’s president and CEO said, “Customers want products that are more efficient, that last longer and perform better. Increasingly, customers want information about the entire lifecycle of a product so they can feel good about buying it. They want to know that the materials in the product are safe, that it was made well and that it was produced in a responsible way. We do not see this as a trend that will fade. Higher customer expectations are a permanent part of the future.”

Walmart is now encouraging their 60,000 suppliers to get sustainable. The new economy is undoubtedly on its way. Walmart put together a [Supplier Sustainability Assessment program](#), which starts with suppliers answering 15 questions so they can self-assess how much alteration is needed in their organization to be deemed sustainable. The questionnaire is divided into four main parts: energy and climate, natural resources, material efficiency and people and community.

As your company transitions toward being more sustainable, be careful not to “*greenwash*” your company. This newly coined term describes businesses that proclaim they are green or socially responsible, but all they’ve done is change a chemical they are using to a less harmful one or just redesigned their logo. This practice is evident in companies that are profit driven only. But now, the public is becoming well versed in what sustainable practice really means. So if a company is deemed by the public to be “*greenwashing*,” the results could be devastating.

How does a company make the move to Sustainability and how does it affect the single bottom line? It’s reassuring to know that no companies are expected to become sustainable overnight. It’s a gradual transition but it should start immediately if it hasn’t already and it could start with just one small thing. Corporate could purchase coffee mugs and water glasses for the entire staff to cut down on paper waste. There are many unseen remedies that could be put into place as well such as timers and motion

detectors on lights that are in less trafficked areas. Putting red food dye into the toilet tanks in your rest rooms to be sure that you don't have a silent leak, unknowingly wasting water. Of course using energy saving light bulbs is quick and effortless.

Is this whole green economy hyperbole or is it here to stay? I think sustainability is going to consume every facet of our lives and it's creeping up like a tsunami. Because of the interest of the tween generation, companies will be scrutinized in regard to their conservation practices both in business and in private life. Staff and customers will demand social consciousness of their employers and will choose to spend their *green* where there is Green.

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