



Show me the money

MEASURING RETURN ON INVESTMENT FOR ENVIRONMENTAL PERFORMANCE



Measuring success in terms of return on investment involves cost-benefit accounting of improved environmental performance.

T*alk about pressure!* Not only are we expected to do right by the environment, but in many organizations people are increasingly expected to do good with fewer dollars to spend or to prove that environmental stewardship will save money. Measuring success means *show me the bottom line*.

In the long run, environmental outcomes must be affordable to remain sustainable. So measuring costs and benefits is critical. How can you show that a new environmental management practice or habitat project will have a positive financial impact or benefit the success of your facility? Let's look at some ways to measure return on investment for environmental performance.

1. Start by identifying where you may be impacted most:
 - **Revenues-** Will environmental improvements generate new revenue by improving operations or attracting new customers?
 - **Expenses-** Low intensity maintenance costs less than high intensity maintenance (*e.g.*, you may save gas, equipment wear and tear, time, chemical inputs, or water). These expenses can be measured. Improving environmental performance may also make you eligible for tax breaks or lower insurance premiums.
 - **Staff resources-** Will the new management practice help you put staff resources where they count most? For example, naturalizing a non-play area on a golf course may enable the grounds crew to focus more attention on maintaining quality greens or improving Integrated Pest Management practices.
 - **Product quality-** Can you show that improved environmental performance will improve your product quality or give you an edge in the marketplace?

2. Measure return on investment by comparing various management strategies. And don't miss the low hanging fruit. There are many simple changes that improve wildlife habitat and water quality or reduce waste and energy use. Sometimes, these cost the same or less than more traditional maintenance. Consider these:



Do the math! Donald K. Gardner Memorial Golf Course in Iowa spent \$500 to naturalize 20 acres and now saves \$1,000 per year in maintenance labor. Quail Run Golf Course in Arizona removed eight acres of turf, saving 16 million gallons of water and 800 gallons of fuel.

- Planting native trees and shrubs costs no more than choosing non-native ones, but has a higher environmental value in terms of biodiversity conservation.
- Choosing flowers that provide nectar for butterflies and hummingbirds costs no more than traditional flower plantings, but improves wildlife habitat and brings these welcome visitors to your property.
- Naturalizing an area of your property may require an initial investment of seeds or plants, but typically results in long term savings when compared with maintaining the same area in turfgrass. Calculate the cost of the initial investment, as well as yearly maintenance costs (e.g., gas, fertilizer, staff time to mow, manicure, maintain, etc.) for several years. You may be quite surprised by the difference.
- Switching to energy efficient lighting carries an upfront cost, but packs a powerful punch in terms of long term financial savings and positive environmental outcomes. Measure both.
- There's a lot to be said for becoming more efficient. Conserving water can be measured in terms of gallons and dollars saved, as well as in electricity savings from running the irrigation system less. Likewise, reducing waste can be quantified in lower waste hauling costs and pounds of trash.

3. Try to capture maintenance hours spent on particular tasks. Becoming more efficient may save you money or improve your services or products. But be careful: you might want to promote that improving environmental performance is resulting in *more efficient operations*, as opposed to *reduced costs*. Reduced costs sometimes results in a reduced budget or staff cuts. Instead, invest these "saved" dollars back into your operations to improve quality or customer satisfaction.

4. Identify intangible benefits of improved environmental quality. These may be harder to measure from a cost point-of-view, but they add value nonetheless. When proposing improvements, find ways to tie them to these value-added benefits:

- **Environmental Quality-** The environmental management practices required for Audubon Cooperative Sanctuary or Signature certification improve the quality of our land, water, and air, and conserve natural resources for future generations.
- **Image and Reputation-** Proven environmental performance can help your facility differentiate itself from others in a crowded market and add value by improving public relations and marketing opportunities that attract new customers. Outreach and education activities also spread community goodwill and are well worth the investment.

- **Customer or Employee Satisfaction-** Enhancing the nature of your facility may enrich customer satisfaction or add a new dimension to your employees' jobs that results in improved performance.
- **Worker Safety and Reduced Liability-** Best practices for chemical management reduce exposure and liability risks associated with storing, handling, and applying chemicals.
- **Improved Efficiency-** Proper environmental management cuts down on waste and promotes efficient operations.
- **For golf courses-** Enhancing and protecting golf course natural areas preserves the unique natural heritage of the game of golf for all to enjoy.



The Landings Club and its surrounding homeowners association in Georgia has measured its success in increased habitat, reduced costs, reduced water use, and enhanced beauty since joining the Audubon Cooperative Sanctuary Program in 1995. Take a look at the numbers:

- More than 170 golf course natural landscaping projects completed
- 120 nest boxes on six golf courses, with 809 bluebirds fledged in 2006
- More than \$81,000 raised through an annual Audubon Golf Tournament to support Audubon program initiatives
- 2,600 Skidaway Island Wildlife Guides sold, raising \$12,000 to help support wildlife projects
- A 2 ½ mile nature trail developed as a result of program expansion throughout the residential community

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