

In These Tough Times, Sustainability Can Translate Into Savings

With new innovations in energy management technology, a sustainable strategy does not have to be synonymous with higher costs for apparel brands and retailers. The author offers convincing evidence and data to indicate that going green can lead to an actual reduction in operating costs, provide additional revenue streams, and help build a compelling brand.

By Dan Kubala, Site Controls

The word “green” holds a lot of clout for improving a firm’s brand image these days -- but apparel retailers haven’t always been quick to adopt green business practices, because they have often been associated with higher costs.

Until recently, many apparel retailers and brands viewed sustainability as an unwieldy, expensive project that would be nice to undertake -- if they had the time and money to do so. The long-term benefits and branding always sound ideal, but without a translation into real savings in the short term when firms need it the most, sustainability isn’t a top priority.

Now, with new innovations in energy management technology, sustainability and savings have come together at last. Just imagine a single solution that cuts operating costs, provides additional revenue streams, and builds the brand and customer satisfaction, all while keeping corporate, environmental, and social sustainability at the forefront of a retailer’s activities.

That is exactly what the new generation of energy management systems (EMS) is providing to some of the savviest and most recognized brands in the apparel industry.

Instead of focusing on how to brand their companies as “green,” more and more apparel retailers are turning their focus to real sustainability, finding ways to balance and sustain the business enterprise while also improving the environment.

Thankfully, data (obtained from research by American Express, Davos, Deloitte, Maritz Research and Price Waterhouse Coopers) indicates that there is a growing correlation between the two:

- 87 percent of Fortune 1000 CEOs believe sustainability is important to a company’s profits.
- 73 percent of CEOs believe sustainability results in cost savings.
- 90 percent of the U.S. population says it is important for companies to be mindful of their impact on the environment and society.
- 46 percent of consumers say they would shop at a retailer more if it was environmentally friendly.
- 47 percent of consumers say they would pay more for environmentally-friendly services, products, or brands.

EMS’ Effect on Energy Efficiency

EMS use technology (on-site equipment and “above-site” operational intelligence) to permanently reduce energy consumption while maintaining consistent standards for customer comfort.

Web-based EMS give apparel retailers the ability to centrally monitor, in real-time, each and every store in the chain via a hosted data center -- whether they have five sites or 5,000 sites.

Next-generation EMS tools can also provide enterprise-wide monitoring capabilities that allow them to access data from any web-enabled device -- including PDAs and iPhones.

Times are tough for apparel retailers today, but they can still take advantage of intelligent EMS through highly manageable service agreements in which facilities automation equipment, software, services and support are combined into a single monthly service fee that is paid for through hard energy cost savings.

This model helps to improve budgeting and forecasting, frees up investment capital for other uses, and adds to an apparel retailer's bottom line while reducing their carbon footprint.

Today's on-demand EMS can result in a 15 percent to 25 percent reduction in energy consumption across the entire chain. In addition to the inherent cost savings on the monthly energy bill, there is also measurable carbon emissions avoidance from the decrease in total energy usage.

For example, a large apparel chain retailer with 300 locations (each averaging 25,000 square feet) can see an average annual energy savings per location of \$15,000 -- or nearly \$5 million for the entire chain.

Those same reductions in energy usage that save nearly \$5 million per year have an environmental impact of reducing carbon emissions by 58,471,875 pounds each year, or the equivalent of:

- 5,085 cars off the road each year
- 3,562 households powered for one year
- 87,708 trees planted each year

This is authentic sustainability that can be easily achieved with web-based EMS.

In addition to saving energy and working toward sustainability, apparel retailers are beginning to look to web-based technologies to participate in Demand Response programs with utilities. Demand Response refers to the reduction of energy consumption during peak usage times for the purpose of relieving stress on the electric grid.

Many utilities nationwide provide voluntary demand response programs in which a company agrees to reduce its consumption during specific grid emergency events in exchange for payment -- thus providing another avenue for cost savings that can help retailers improve their bottom line.

ROI Gains, Carbon Footprint Reductions

For many businesses in the United States with diverse locations, the energy consumed in these locations represents 80 percent to 85 percent of their entire carbon footprint. Reducing energy usage across the chain through intelligent energy management can therefore have a larger impact on reducing their carbon footprint than any other green initiative -- all while delivering a 50 percent to 70 percent return on investment!

As energy consumption and costs in the U.S. continue spiraling upward, new innovations in energy management technologies provide real solutions that allow apparel retailers to regain control -- of both their energy bills and their impact on the environment. EMS can help leverage a company's energy and set the business on the path to real sustainability and cost savings.

While it's not always easy staying green, intelligent energy management technologies can help apparel retailers establish real, measurable sustainability programs that also have a positive effect on their bottom line, proving that sustainability and savings are no longer mutually exclusive.

These programs are significantly lowering energy costs for apparel retailers, as well as reducing the carbon footprint, all adding up for an environmental impact that will extend well beyond the brand building opportunities of today -- and into sustainability for the future.

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Apparel