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2nd Edition

Sustainability ROI Workbook

BUILDING COMPELLING BUSINESS CASES FOR SUSTAINABILITY INITIATIVES

Free Open Source

INTENDED TO GO VIRAL

Sustainability ROI Workbook is an e-book, cleverly disguised as an **Excel workbook**. The comprehensive, **fill-in-the-blanks Excel workbook** is the e-book.

Others are encouraged to use it as a foundation on which to create additional tailored versions for specific sectors or users, for other technology platforms, in other languages, and in simpler formats. To expedite its use by global legions of sustainability champions, it is a self-published, **free, open-source** resource, downloadable from sustainabilityadvantage.com.

SUBSCRIBE TO ENHANCEMENTS

Users can subscribe to quarterly updates to the workbook and its companion slide decks, so that they have the latest guidance on potential benefits and enjoy other post-publication usability enhancements. For details, visit sustainabilityadvantage.com.



SUSTAINABILITY INITIATIVES



The **nested interdependencies model** shows the relationship between the environment, society, and businesses. It reminds companies that their impacts on their environmental and social nests may boomerang back on them.

Sustainability initiatives help companies mitigate those risks and capture associated opportunities. The workbook frames the business case for any and all of them.

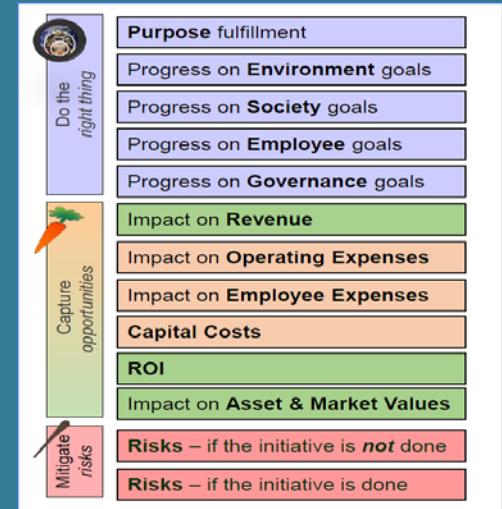
COMPLEMENTARY JUSTIFICATIONS

BIG THREE JUSTIFICATIONS



The **big three justifications** are used in all business decisions. Many companies previously treated them as either-or propositions: either do the right thing or capture opportunities / mitigate risks. In the 21st century, they are both-and propositions—the enhanced reputation, engaged stakeholders, and innovation arising from doing the right thing enable a company to capture new opportunities and mitigate emerging risks.

BEST BUSINESS CASE ELEMENTS



To support the big three justifications, the workbook helps quantify a **comprehensive portfolio of possible business case elements**, synthesized from over 20 other leading sustainability business case frameworks.

MULTIPURPOSE TOOL

“SWISS ARMY KNIFE” TOOL

- Business case tool
- Sustainability literacy tool
- Integrated thinking tool
- Initiative vetting tool
- Business model assessment tool
- Trust-building tool
- Conversation starter tool



If we tap into all the potential uses of the workbook in all organizations, we can accelerate their sustainability journeys and do what needs to be done, in time. What an exciting prospect. Let's do it!

PROJECT APPRAISAL TOOL

Business case elements match decision-making criteria required by Chief Financial Officers (CFOs) when making capital expenditure (CAPEX) decisions in the turbulent, complex, 21st century business arena. The Tool enables CFOs to apply their judgement to how well the project's business case elements score on their weighted decision-making criteria. The Tool guides decision-makers through these steps:

1. Establish a set of **decision-making criteria** that include traditional financial analysis, plus take emerging, systemic ESG risks, opportunities, and impacts into account
2. **Weight** the relative importance of each decision-making criterion for their business at this time
3. **Score** the performance of each of the project's business case elements on well it satisfies each criteria

JUST-IN-TIME GUIDANCE

Expense Savings	Current Expense	% Change	Savings
Savings on energy expenses	\$0	0%	\$0
Savings on carbon expenses	\$0	0%	\$0
Savings on shipping expenses			
Savings on business travel expenses			
Savings on maintenance expenses			
Lower materials expenses			
Lower water expenses			
Lower waste disposal expenses			
Lower insurance premiums			
Lower litigation expenses			
Lower compliance expenses			
(Lower cost of other expense?)	\$0	0%	\$0
Total annual operating expense savings			\$0

Description:

Context:

Possibilities:

Benefit realized by Company A:

Benefit realized by Company B:

Study results for several companies:

Estimation guidance:

Comprehensive, pop-up, just-in-time guidance on possible percentage improvements is provided for fields requiring user input.

AUTOMATIC ROI CALCULATIONS

Using its **cost-benefit analyses**, the workbook does **ROI calculations**—payback period, internal rate of return (IRR), net present value (NPV), and profit increase—for the user, using built-in accounting formulas.

WEIGHTED JUSTIFICATION SCORE

The Project Appraisal Tool uses a **multi-criteria analysis (MCA)** structured decision-making approach. It calculates a weighted justification score for the project, based on decision-makers' assigned weights and scores.

FORCE FIELD FACTORS

Users are encouraged to use a Force Field Analysis to ensure that circumstantial, situational, "wild card" factors are taken into account. The workbook suggests several helping and hindering forces that could influence the feasibility of the project.

CFO DECISION-MAKING CRITERIA

PROJECT BUSINESS CASE ELEMENTS

Do the right thing	Project Description / Need	Weight	Purpose fulfillment Alignment with purpose, mission, values	Score	Weighted Score
	Environmental, Social, and Governance (ESG) Performance Improvement	Weight	Progress on Environment goals Do no harm; do some good; be restorative	Score	Weighted Score
Progress on Society goals Do no harm; do some good for society well-being			Score	Weighted Score	
Progress on Employee goals Do no harm; do some good for employee well-being			Score	Weighted Score	
Progress on Governance goals ESG integration into decision-making, thinking			Score	Weighted Score	
Impact on Revenue More sales; new products; social license			Score	Weighted Score	
Capture opportunities	Operating Budget	Weight	Impact on Operational Expenses Savings on energy, materials, maintenance, etc.	Score	Weighted Score
			Impact on Employee Expenses Savings on hiring & attrition; increased productivity	Score	Weighted Score
	Capital Costs	Weight	Capital Costs One-time capital expenditures (CAPEX); sources	Score	Weighted Score
	Financial Analysis / ROI	Weight	ROI Payback period, NPV, IRR, Profit increase	Score	Weighted Score
Mitigate risks	Other Financial Benefits	Weight	Impact on Asset & Market Values Company owned assets; market capitalization	Score	Weighted Score
			Risk Analysis	Weight	Mitigate Risks of not doing the project Lost revenue; increased expenses
			Mitigate Risks of doing the project Contingency fund; collateral damage	Score	Weighted Score

100%

Weighted Justification Score

Total