MAKING MONEY GROW ON TREES

The financial benefits of sustainability are significant and treasurers have the technology to help both the planet and the bottom line, says Lesley Meall

Sustainability means different things to different people, but the range of perspectives is particularly wide and varied in corporate treasury. "For me, it's all about sustainable cash flow and intraday and intraweek liquidity," says one treasurer. "We want to manage our currency risk with a green bond that meets our yield requirements and our security and liquidity needs," says a second, and others add: "I worry about the sustainability of the financial markets and their impact on value"; "Taking paper out of receivables, collection and payment processes provides greater visibility, transparency and control"; "Managing sustainability risk in the supply chain is a challenge"; and "We try to make a difference among the people whose lives we touch".

Although sustainability is about more than green issues and corporate social responsibility (CSR) initiatives, organisations are increasingly trying to integrate their ecological and social concerns into their everyday business operations. When *The 2012 Sustainability & the CFO Survey* was conducted by Verdantix on behalf of Deloitte Touche Tohmatsu, 53% of the CFO participants said their involvement in sustainability issues has become more pronounced in the past year and even more (61%) expect their role to increase over the next two years, with around half (49%) citing the strong link between sustainability performance and financial performance as one of their main motivations.

This fortuitous link is hard to ignore and the correlation between saving money and cutting your carbon footprint (and the relative ease with which this can be measured and reduced) has made it the most popular and most widely recognised indicator of corporate sustainability performance. "We call it the leading edge of the wave of sustainability," says Todd Cort, CEO of the international sustainability agency Two Tomorrows (North America). "When you cut carbon emissions levels, you generally cut energy costs, too," he adds, and once organisations start to consider their carbon consumption, and measure and manage their carbon footprint, they tend to follow up with other sustainability and CSR initiatives.

Software and services can help you manage this. Access Group, Microsoft and UNIT4 are among the developers of enterprise resource planning (ERP) software to offer suitable tools. Sustain4 (from UNIT4), for example, can be used to assess, manage and improve corporate performance across 700 areas of environmental impact – from carbon and other greenhouse gas production to water usage. Meanwhile, Rosslyn Analytics offers RAPid, a web-based business intelligence app that can obtain, analyse and track environmental liabilities across corporate supply chains. With features including real-time monitoring of carbon risks (such as energy price rises and financial exposure to carbon taxes) and reports on the risk exposure of suppliers, this can potentially make managing sustainability as easy as checking the status of your bank accounts.

Like many other sustainability applications and services, Sustain4 and RAPid use data from the environmental impact specialist Trucost. Over a decade it has collected, standardised and validated global data on corporate environmental impacts, including carbon, water and waste, for products, companies, supply chains and investment portfolios. "We take a quantitative approach," says Neil McIndoe, Trucost head of environmental finance, "and we don't just measure quantities; we put a cost to this, to clarify the impact of business behaviour." So

ENVIRONMENTAL REPORTING SERVICES

The Department for Environment, Food and Rural Affairs (Defra) provides guidance for UK organisations on how to measure and report on greenhouse gas emissions (as do similar government agencies in other countries), and organisations that need help and support doing this will find consultancy services and software tools being offered by a host of national and international specialists. Services from the Carbon Trust, for example, range from help with mandatory carbon reporting (aimed at UK listed companies) to a tool that measures the footprint of products and services. Meanwhile, the products and services offered by PE INTERNATIONAL range from building portfolio sustainability to life cycle assessment of products and services using ISO Standards and measurements such as the carbon footprint and water footprint.

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organisations can use Trucost data to manage risk from local resource constraints and commodity and environmental costs, understand corporate environmental performance and compare this to peers and sector benchmarks, build sustainable business models and brands – and more.

But many treasury departments could benefit from taking a more sustainable approach simply by minimising their use of paper and automating manual processes. Electronically archiving the numerous reports that treasury receives can eliminate boxes of paper statements and storage fees, and electronic searches can make it much easier to locate transactions and other data. Workflow for document creation, storage and access can simplify and speed up processes, saving time and money within the treasury ecosystem, but it can also help treasurers to reduce risk and deliver broader benefits by reflecting and helping to enforce security and disaster recovery requirements and taking account of regulatory considerations.

It costs time and money to manually enter receivable and invoice information into accounts receivable systems. Why do this when the use of image and data capture in conjunction with online data storage offers faster and easier access to documentation and eliminates the cost of transporting paper from lockboxes? Why invest in costly hardware and its maintenance when you could use one of the automated treasury solutions that can be accessed online? The ease and cost-effectiveness with which treasury can exploit such possibilities depends on many factors, ranging from technologies already in use to the culture of the company and its policies on CSR and sustainability. Nevertheless, the cost benefits of some of the available options can be significant.

This is what engineering company Dresser Inc discovered when it consolidated manual and disparate systems with an automated credit and collection system, AvantGard Receivables. With regional credit and collection operations at 29 locations across the globe, Dresser had been struggling to manage its debtors efficiently manually. "We had no transparency into our receivables base and if we wanted to find out what a single customer owed us, we had to call Geneva, Switzerland or Naples, Italy, and say 'What does this customer owe us?' or 'Send me an ageing for your customers'," explains Bill Ulrich, Dresser's director of corporate credit, "and now we have 80-85% instant real-time visibility into our customer base."

Deploying a single global solution that integrates with Dresser's multiple ERP systems has lowered its day sales outstanding, increased working capital and reduced dispute resolution time (by 40%), reducing risk and paper-based processes, and delivering business and environmental benefits. This is particularly good news for treasurers, because despite the increasing focus on CSR performance, as long as the availability of cash and credit underpins every other activity that an organisation undertakes, liquidity will remain the most important item on the sustainability agenda of many. But it's nice to know that doing the right thing can add value to the treasury function and the bottom line, as well as being good for the planet.

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