

Ecosystem Change: A Source of Business *Risk* and *Opportunity*

Have you made the connection between ecosystem health and your business results?

The Answer: The Corporate Ecosystem Services Review

For the first time ever, we possess the means to integrate corporate environmental and economic performance. Never before have such profound tools been at hand to solve the most critical challenge of our time: the significant and increasing threat to business operations and survival due to the growing global ecological crisis.

Current business sustainability programs have significant strategic, ecological, and financial gaps – the wholesale degradation and deterioration of global ecosystems continues apace even in the face of the recent push for business sustainability.

The natural environment that underpins our social and economic well-being has reached a critical threshold: business as usual is no longer an option.

Natural ecosystems provide goods & services critical to business - Companies that do not address ecosystem degradation will face increasing pressure and operational risk, while those that proactively address this issue will maximize revenue, mitigate risk, and discover new opportunities & markets.

Landen Consulting provides strategic guidance and operational support in helping your organization understand, address, and optimize the relationship between natural ecosystems and your business results:

What are ecosystem services? Natural ecosystems provide businesses & individuals with numerous benefits - some are readily apparent, like crops, freshwater, and fish. Ecosystems also provide a wealth of other benefits, “ecosystem services,” which business and society depend on, but were previously unaccounted for as nature provided them for free, such as regulation of our global climate, pollination, nutrient cycling, and cultural resources.

However, as development and industry continue degrading natural ecosystems, the services that ecosystems provide are being degraded too. And as ecosystem degradation continues and their services are lost, the ones that remain become ever more valuable and critical.

Making the connection to business results using ecosystem services

The health of ecosystems and their services directly impacts a company’s business results: your company depends on ecosystem services for functions critical to business operations and profitability – and your company also impacts ecosystem services used by stakeholders inside and outside of your company.

More than 30 ecosystem services have been defined by the scientific community - each business has a unique portfolio of the ecosystem services it depends upon and impacts, with corresponding linkages to the company’s operations and financials.

Our structured Corporate Ecosystem Services Review process will help your organization identify the ecosystem services most critical to your operations and strategic goals, determine your specific risks and opportunities, and develop strategies to mitigate risk and maximize opportunity.

LandenConsulting

230 Northgate Street #147
Lake Forest, IL 60045 USA
(+1) 847.604.8697
www.landenconsulting.com

*“Global warming may dominate headlines today.
Ecosystem degradation will do so tomorrow.”*

- World Resources Institute, 2008

The cost of inaction

Examples of actual business impacts caused by failure to address ecosystems:

- \$500 million loss of up-front investment
- Overnight 12% drop in share price
- Termination of financing
- Disruption to key manufacturing inputs
- Shutdown of production facilities

Ecosystem degradation is already impacting business results, with significant operational costs and disruptions having been experienced by numerous businesses across multiple sectors, on all continents – what these companies have in common is that they all did not realize the degree to which they depend on ecosystems until it was too late.

Despite the initial steps towards sustainability being taken by many companies, key global and local environmental indicators continue to decline - until businesses address and reverse their contribution towards ecosystem degradation, the negative business impacts will only accelerate.

A.T. Kearney and the World Resources Institute recently projected the future impacts of current environmental trends for a representative sector of the business community: the Fast-Moving Consumer Goods sector (food, beverages, personal care items, and household care items). Their analysis found that companies that do not aggressively develop strategies to address ecosystem change could find a potential reduction in earnings (EBIT) of 13-31% by 2013 and 19-47% by 2018.

Corporate Ecosystem Services Review (ESR): Bridging the gap between environmental and economic performance

The Corporate Ecosystem Services Review (ESR) is a facilitated analysis and strategy development process that identifies and addresses the business risks & opportunities posed by the ecosystem services that are most relevant to your organization's operations and strategic goals.

An Ecosystem Services Review can be conducted as a standalone discovery process, or it can be used to inform major strategic decisions and initiatives currently in play. Companies that already have an environmental management system and/or sustainability program will find that ESR addresses significant gaps left by existing systems & programs.

Our comprehensive Ecosystem Services Review methodology is harmonized with the ESR guidelines published by the World Resources Institute (WRI); we have been intensively trained by WRI and provide robust process expertise, knowledge support, and value-added tools & resources to help you create long-term business value.

Business benefits of ESR:

Forward-thinking companies have already used the ESR to gain many business benefits:

- Identify and address ecosystem service-related business risks & opportunities
- Provide insight for prioritizing issues previously identified by management
- Anticipate and enter new markets
- Generate new revenue streams
- Improve relationships with stakeholders
- Improve 'sustainable supply chain' efforts
- Proactively identify and adapt to upcoming new regulatory constraints
- Address or avoid greenwashing concerns
- Close gaps in corporate Environmental Management Systems (EMS)
- Demonstrate a leadership role in corporate sustainability

Business areas ESR can benefit:

- Corporate business units and/or markets
- Product development
- Operations
- Infrastructure planning processes such as site selection & planning, facilities, mines, plantations, pipelines, etc.
- Financial planning, risk management
- Customer & supplier screening
- Sustainability & corporate social responsibility (CSR), stakeholder engagement
- Governance & strategy
- Environmental impact & reporting

Ecosystem services & organizational transformation:

We offer synergistic services to help support and extend the value provided by a Corporate Ecosystem Services Review:

- Ecosystem services business integration
- Organizational transformation
- Customized environmental business strategy development & support
- Governance and CSR
- Implementation & operations
- Public sector ecosystem services

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