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Rating tool to measure company sustainability

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BOULDER — David Johnston wants you to know whether the companies you're doing business with are sustainable or not. But just what does sustainable mean?

"(It's an) amorphous question of what's good enough or what's less bad enough," said Johnston, author, green-building expert and founder of Boulder-based What's Working Inc. Despite the ambiguity, the sustainability question is one that Johnston and his team are trying to answer.

Johnston, who worked on President Jimmy Carter's solar energy program before going into the green-building business, said his team is developing an online tool that will measure sustainability based on management practices, workplace issues, community impact, truth and transparency in the marketplace and global environmental impacts.

The in-progress tool, dubbed Sustainable Business Achievement Ratings, or S-BAR, is still at least several months away from being available to the public. But when it launches, Johnston said the tool will provide a much-needed means of assessing a company's environmental, economic and social performance.

Although there's a growing interest from investors and government agencies that want to do business with green and sustainable firms, Johnston said there's still no standard measuring stick used to judge which companies really are sustainable.

"We were totally mystified that what we thought was just a matter of course didn't exist," he said. Without a rating tool, it's easy for companies to shift attention from the air pollutants their factories emit or the forests they're leveling to their philanthropic gestures or other positive endeavors, Johnston said.

Is a company sustainable if it's a power hog that has a few token wind machines to dispel criticism? Or what if it manufactures shoes out of recycled components, but puts them together using cheap child labor in India?

S-BAR will provide the context to answer those questions, Johnston said, and will help everyone in the marketplace see through layers of corporate obfuscation to judge objectively whether companies are truly sustainable.

Johnston said he's hopeful that one day consumers will expect sustainable business ratings to appear on product packages and company Web sites. Once the market demands to know a company's sustainability rating, Johnston said he expects big companies such as Toyota to drive the requirement for such openness up their supply chain to their vendors, causing the rating to become commonplace in many industries.

"That's the fantasy," Johnston said, "the wild blue yonder fantasy." He said it will take between \$1 million and \$1.5 million — all of it from government agencies and charitable foundations — to develop and launch the tool, adding that his group is still trying to raise some of that money.

The core S-BAR team is made up of Johnston, Rory Bakke and Justin Lehrer of www.stopwaste.org, Gil Friend of Natural Logic, and Joel Makower of www.greenbiz.com. If all goes well, beta tests will begin within six months, Johnston said.

Once the tool is ready for prime time, the California cities of Berke-



STEVE PETERSON

David Johnston stands outside his green-built home in Boulder. He is proposing a certification system named Sustainable Business Achievement Ratings or S-BAR, to assess a company's environmental, economic and social practices, and performance.

ley, Oakland and San Francisco already are signed up to use it to make sure their vendors and suppliers are sustainable, he said.

While anyone could use the tool for free online, official certification would come at a price, Johnston said. But allowing users free unofficial use of the tool will allow them to see how they score and make changes to their business models — with the hope of upping their rating — before shelling out for official certification, he said.

Though many details of the tool still need to be fleshed out, Johnston's team has settled on a design of measuring five categories he refers to as concentric circles.

The two innermost circles are government, management and the workplace, including a company's mission statement, code of conduct, employee involvement in decision-making, stakeholder engagement and systematic auditing.

The third circle deals with a company's relationship with its local community, and measures philanthropy, smart-growth issues and local economic impact.

The fourth circle measures marketplace issues, such as marketing and communications, honest advertising, customer relations and product labeling.

The largest and last circle measures global environmental impacts, such as waste production, resource depletion and pollution.

Companies would get a total score, along with a sub-score in each of those five categories. While the tool is not industry or product specific, there probably will be different scoring systems for business of varying sizes, Johnston said. For instance, a hairdresser who owns her own business won't be judged on the same scale as a global corporation.

How much weight to give to each category still is undetermined, Johnston said, noting that some companies may score well in certain areas but poorly in others. That means the S-BAR team must run dozens of test businesses through the beta tool before deciding how much value is given to each question and category, he said.

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