

The Monthly Resource Guide For Startup Businesses

# NEW BUSINESS

## MINNESOTA

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## Going Green Should It Be in Your Business Plan?

Making your business green takes work. It involves turning the soil, planting, nurturing, watering and pruning to get the results you want. And it all has to make business sense to succeed. To explore going green, we turned to **Michael Drazan**, CPA, of Drazan, Henke and Associates; **Ed Bather**, Yorktown Offices; **Lee Gabler**, Xcel Energy; and **Michael Kelberer**, Green Economy Communications.

# Going Green

Should It Be in  
Your Business Plan



*From the Publisher: What exactly does it mean to have a green company? It could be you recycle when you can because you have strong convictions. Or it could mean that you want to be bolder and are willing to invest time and money to do it.*

*Whatever you do, it's going to have to make business sense. Is there a return on the investment through savings or tax credits? Will it help you grow your business if you are able to market yourself as "green?" Can you sustain being sustainable?*

*New Business Minnesota approached the experts on these pages to present a variety of compelling and informative columns that will help you explore the issues.*

*The authors will share more information in a free interactive workshop in June. For more information, and to RSVP, go to [www.newstartupmeetup.com](http://www.newstartupmeetup.com). New Business Minnesota will hold its monthly Startup Meetup networking event immediately following.*

# You Oughta Audit As Part of Your Energy Plan

Developing an Energy Strategy Early On Leads to Long-Term Savings

By Lee Gabler

*Special to New Business Minnesota*

I'm sure every new business reading this is concerned with achieving a successful launch. You're busy planning your marketing strategy, developing your web site, setting up your books and opening your business bank account. It's a long task list.

But do you have an energy strategy? I'm not trying to overwhelm you, but with the ongoing concern of conserving energy, preserving natural resources and protecting our environment, the definition of a successful business should be expanded to include the presence of an energy strategy.

For more than two decades, Xcel Energy has worked with businesses large and small to help them save energy and manage its use as part of our long-standing commitment to environmental leadership.

What we've learned during that time is that every effort at energy efficiency helps the cause, whether it's a major manufacturer installing a high-tech boiler or a consultant turning off the lights at their home office at the end of the day.

That's great for the environment, of course. But it's fair to ask "what's in it for me?" as most businesses do. The answer is simple: savings, tax credits, rebates and more.

First there are savings from cutting energy use and reducing environmental impacts. We have developed more than 50 residential and business programs to help everyone from the smallest home to the largest corporation find ways to save. ([www.ResponsibleByNature.com](http://www.ResponsibleByNature.com))

As for hard financial numbers, in the last 20 years, we have given tens of thousands of rebates for a total of \$151 million. That represents a serious boost to businesses throughout Minnesota.

Our rebate programs are tailored to the most common equipment in your facility or even innovative solutions that are new to the market and some study funding levels are up to 75 percent (or up to \$25,000) of the study cost.

It's worth giving a hard look at the benefits for having an energy strategy:

- Lower energy bills.
- Lower operating and maintenance costs.
- Increase lifetime savings.
- Increase efficiency of operation.
- Lower energy-efficiency project costs.
- Faster paybacks.
- Lower up-front costs.
- Higher return on investment.
- Reduce emissions.
- Prevent pollution.

If it's Ok to ask what's in it for you, it's fair to



ask what's in it for Xcel Energy.

In the last twenty years, with the help of businesses and residents, Xcel Energy has avoided building 11 medium-sized power plants in our eight-state service territory. We have significant goals in the years to come and a government-approved plan that will guide our efficiency plans through 2012 in Minnesota.

## Getting Started

If I have you thinking about the need for a strategy, it wouldn't be fair to leave you hanging. So here are some steps you can take to explore your energy options.

Xcel Energy is partnering with local energy auditors to offer free one-hour presentations on energy efficiency. (Contact: [ryan.d.schunk@xcelenergy.com](mailto:ryan.d.schunk@xcelenergy.com)). Topics covered include: lighting, building envelope (doors, windows, etc.), heating, ventilation and cooling (HVAC), hot water, low-cost and no-cost energy-saving tips.

We also provide great information on audits and action plans and how we can help. Visit [http://www.responsiblebynature.com/business/save/low\\_cost\\_options](http://www.responsiblebynature.com/business/save/low_cost_options) to receive your copy.

## Online Energy Assessment

And we also offer a free Online Energy Assessment that can help you quickly uncover potential energy savings for your facility. Designed for your business, this half-hour do-it-yourself analysis helps you discover potential ways to save up to thousands of dollars on annual energy bills.

As the infomercial says, "But wait there's more." Our online analysis recognizes that every business uses energy differently and

allows you to customize your online analysis for your industry, location, energy use history and building specifics.

The analysis will help you:

- Determine how much energy you use for heating, cooling, water heating and other equipment in your facility
- Identify ways to lower your energy bills
- Estimate the savings of various energy-conservation projects
- Compare your facility's energy use and costs to other facilities of similar size, type, and region

## On-Site Energy Assessment

Taking things to the next level, you can also do an on-site energy assessment. We send an energy engineer to your facility to conduct a comprehensive audit of your facility and its energy use as well as provide implementation assistance to help with project bids. We'll cover most of the cost of the assessment. You pay \$400 for buildings less than 25,000 square feet, \$500 for 25,000-100,000 square feet, \$700 for 100,001-250,000 square feet and \$900 for 250,000+ square feet.

Our on-site energy assessment provides:

- An on-site assessment and written report, completed by an independent auditor that helps you prioritize energy conservation projects that fit your business plans and objectives
- A list of electric and natural gas energy efficiency opportunities and how quickly each improvement might pay for itself in energy savings
- Opportunities may include lighting, heating, cooling, refrigeration systems, as well as motor and compressed air use
- Information and estimated amounts of applicable Xcel Energy rebates
- Estimated equipment inventories
- An energy end-use profile that shows your greatest energy uses
- The ability to pay for your study on your monthly energy bill

## Conclusion

Having an energy strategy means that you have studied your options, picked a course of action that makes sense for your business' finances and will start your business off on the right energy foot, doing you what you can, when you can. You'll be surprised what a positive impact this strategy will have over time.

The most important thing? Whatever you do, get started.

*Lee Gabler is Director, Energy Efficiency Operations with Xcel Energy. For more information, you can call the Business Solutions Center at (800) 481-4700 and ask for an Energy Efficiency Specialist. Or visit [www.responsibleby-](http://www.responsibleby-)*

## A Three-Year Journey to Become a LEED Certified Office Building

### The Payback Is in Energy Saved and New and Retained Tenants

By Ed Bather

*Special to New Business Minnesota*

One of the things you learn when you make a commitment to go green is that it really is a process. You take it one step at a time and build onto each new accomplishment.

I had my engineering consultant company design Yorktown Offices and Executive Suites for us in 1972 at 7101 York Ave. So. in Edina. We recently became the first commercial office building in this market to earn the LEED Certification for Existing Buildings from the U.S. Green Building Council.

We had owned the building for close to 35 years when we did our first green project. At the time, being green wasn't in our plans. My mechanical engineer grandson came back from an energy conference in 2007 and suggested we put solar panels on the roof. Being an engineer myself, I was intrigued.

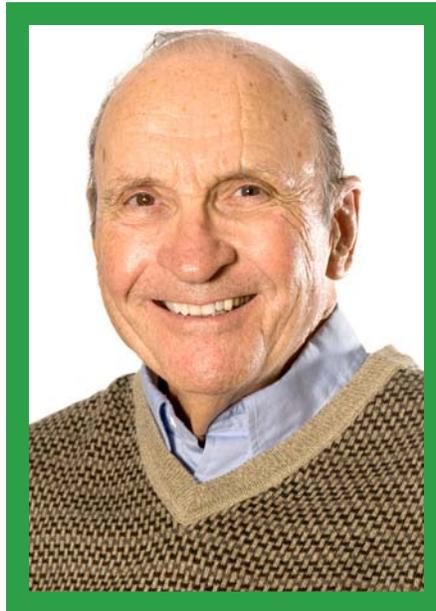
We decided to do the solar panels because of the combination of state and federal rebates, and the savings from reducing our energy costs. That got us into the energy saving mode. Remember, I said it was a process.

Once we had the solar panels installed on the roof, my grandson Travis started telling us about LEED certification and LEED buildings. That's when we took it to the next level and began a three-year journey of re-vamping the building from top to bottom to earn our certificate.

There's a lot you can learn from our green experience, even if you're a new business. Never forget that going green is a process. You do what you can, when you can, and with the budget you have. We did it one step at a time on our way to the obtaining the 32 points needed to earn the LEED Certificate.

We tried to do the things that didn't cost a lot. For example, we started swapping out toilets that used 3.6 gallons per flush for higher efficiency ones that were as low as 1.25 gallons. That's an expensive process, but LEED rules give you a five-year window to complete and still earn the certificate in the meantime.

We changed all the light bulbs and fixtures to the new compact florescent bulbs and put motion detectors in all the bathrooms, conference room and some hallways.



While it was nice dropping from 30 watts to 15 watts for lighting, the motion detectors let us go from 15 watts to zero watts for about 12 hours a day since they are off most of the time.

The biggest bang for our buck came when we replaced the 1972 gas boiler that had a 70-percent efficiency rating. In its stead we put in two smaller boilers that had efficiency ratings of 85 percent. The second one only kicks in when it's extremely cold outside. The two boilers lowered our natural gas use by a whopping 32 percent.

Another big investment was replacing the air conditioning system. We put two high-efficiency units on the roof and added variable-speed blower motors that turn on based on demand. This is where we'll see the real savings in energy use. But, each unit cost \$100,000 to install, so you have to look at the payback over a very long time.

As we pursued our 32-point goal, we found ourselves looking at every green option available. We switched to a natural environmentally approved lawn fertilizer, started using only green cleaning chemicals and green paper.

We even earned a few points because our building has a courtyard that provides a high percentage of natural light from its overhead glass roof.

Finally, we reached the 32-point level by

signing up for Xcel Energy's Wind Power program.

**Making Business Sense**

However you feel about being green, whatever you do has to make business sense. That means producing measurable savings and opening up new opportunities for marketing your business.

I would say that 80 percent of the reason we went for the LEED Certification was for the marketing advantage that will help keep our building full. We can't yet put a premium price on our space in this economy, but in the future we will.

All of our tenants are on board with these green initiatives and participate in recycling. One tenant had been asking for all this even before we started the program. So we think we're going in the right direction.

If being green is important to you and you've made an investment in it, make sure you are a loud green. By that I mean tell your story whenever you can.

The public, unfortunately, is not widely aware of the LEED program yet. We all have to do what we can to educate them. We put an interactive kiosk in the lobby that explains all the things we've done. We just redesigned our website to really get the word out. It's a key part of our marketing.

For all the changes we've made, we are still very aware that the main reason people are attracted to our building is its great location. We're across the street from The Galleria, down the street from Southdale Mall, and next to the Southdale Library/Hennepin County Government Center. And people like our building's design and the quality of our office space, and of course our competitive rates.

If people are looking at our building and another one down the block, being LEED Certified is the kind of thing that will tip them in our direction.

*Ed Bather is the owner of Yorktown Offices and Executive Suites at 7101 York Ave. So., Edina. He began operating Yorktown Offices in 1972 and has been one of the sole owners since its construction. They began working on the LEED Certification in 2007 and completed it in November 2010. He can be reached at (952) 921-3300. [www.yorktownoffices.com](http://www.yorktownoffices.com).*

# The ABC's of Green Economy Marketing

## To Successfully Market in the Green Economy Be Authentic, Bold and Clear.

By Michael Kelberer

*Special to New Business Minnesota*

If you want to make being green part of your business, don't miss out on the benefits of including that in your marketing plan. But marketing in the green economy has both opportunities and challenges.

### Opportunities

1) Nearly all buyers agree on some level the greener is better, other things being equal.

2) In fact, buying green is increasingly a matter of policy for businesses and preference for consumers.

### Challenges

1) Many buyers don't believe that other things are in fact equal: they believe that "green" products and services are more expensive, less effective, or both

2) So much "green-washing" (talking the green talk without walking the walk) has occurred that buyers are rightly skeptical of green marketing claims.

The big picture is that participating in the green economy definitely puts your company on the right side of history, and marketing your greenness will reap plenty of benefits if you follow these ABCs:

### 'A' - Be Authentic

The marketing principle here is to make the talk you talk match the walk you walk, and couple that with what's being called "radical transparency." Note that it's not necessary to be perfectly green, but it is necessary to be perfectly honest.

"Honesty" means that your marketing statements are not only accurate but supportable. If you state that your product is "100% organic," for example, have information on your website that shows your product's entire life cycle and how the "100% organic" principle is adhered to at each stage. Back up this information, where possible, with third-party verifications and make it easy for your audience to do their own checking (links to third party sites, etc.).

### 'B' - Be Bold

Successful marketing in the Green Economy acknowledges the skepticism out there and meets it head on. Being bold means putting your green credentials out there and being proud of them. It means staying true to your green principles in both word and deed as described in "Be Authentic."

It also means daring to open a dialogue with your prospects and customers and



handling questions and criticisms about your green credentials with candor and grace. If you're in a long-term program to green your business and are only part-way there, be open about it. Put up a progress-tracking page on your web site and invite your constituents to follow along with you. Ask for suggestions and put them up there, too.

And here's the flip side – it also means boldly putting your business credentials out there as well. It seems that many "green" companies are consciously or unconsciously buying into the "business is the problem" school of thought. You are a business, dollars and cents do matter, and you'll help your own cause by not trying to hide these facts.

After all, part of the message is that Green Business and Good Business are not only compatible, they are often inseparable.

### 'C' - Be Clear

Clear messaging is important in all business communications, but is especially important when trying to stand out in the mad rush of companies trying to push their green credentials.

To keep your green marketing messages clear:

- Be specific. There are a lot of conflicting uses of most "green" terms (like "sustainable," "environmentally friendly," and of course, "green"), so it's not enough to say you're green (or sustainable...), you have to say specifically what you mean: "At ABC Company, we're greening our manufacturing processes by installing state of the

art..."

The same applies to using third party endorsements and labels – not everyone knows what being a member of the U.S. Green Building Council means, or what Fair Trade has to do with environmentalism. Explain: "As a member of the U.S. Green Building Council, we..."

- Be educational. This general trend in marketing ("content is king") is especially applicable to the Green Economy: Instead of telling your audience what you are ("a leader in high-efficiency office construction"), educate them about what you do, how you do it, and what third parties and past customers say about you, and let them draw their own conclusions.

- Be relevant. Don't waste your time and, worse, your audience's time touting green credentials that are marginal or irrelevant. Stick with the credentials that your company is actually putting a lot of effort into and/or that are having a major impact. If your manufacturing plant is large but mainly automated, it's probably much more relevant to talk about your efforts at energy conservation than it is to tout your use of recycled paper in your (one) office printer.

- Be consistent. Consistency is a cornerstone of any marketing campaign, but is especially important when communicating in the Green Economy as a means of overcoming buyer skepticism and keeping your messaging clear.

A company's Green Economy marketing normally occurs at three levels:

1. Marketing a green product or service;
2. Marketing the greenness of the company itself; and/or
3. Marketing the green business cause itself.

At Green Economy Communications, we help businesses successfully market in the Green Economy at all three levels, by being Authentic, Bold and Clear.

*Michael Kelberer is the owner of Green Economy Communications and Michael Kelberer Business Writing. Both companies help businesses attract great customers, close business deals, and obtain growth financing. He can be reached at (651) 493-4159 or Michael@greeneconomycommunications.com. www.greeneconomycommunications.com*

# Let Your Numbers Tell Your Green Story

## From Business Plan to Your Chart of Accounts,

By **Michae Drazan, CPA**

*Special to New Business Minnesota*

Ask most “green” business owners what makes them so and you’ll likely hear a lot of talk, get a tour or be directed to their website for a video presentation. But if you ask to see their business plan or budget, will you find any green evidence?

If something is important to a business, you’ll find indications beginning with the mission statement, which is then translated into specific intent in the business plan.

And if it’s in the plan, surely you’ll see line items in the budget. If they are truly serious, you’ll see more supporting evidence in their chart of accounts, the accounting mechanism that is harnessed to track and record the data that will support the mission.

One of my major clients for many years was an environmental visionary who was heavy into venture funding. He would test systems in his house, geothermal, solar and landscaping (water collecting). He wanted to know the full impact.

We had to set up the accounting system to track and measure everything, including tax benefits and financing. He turned his home into a scientific experiment, took advantage of green tax credit opportunities and promoted his home for business.

It wasn’t enough for him just to be green. He wanted to compare different solar panel arrays to find the most cost efficient and eco-efficient ones. With the data plugged into the budget, we could compare performance to budgeted goals, measure the return on investment and eventually decide which system best met his financial goals.

### The Green Business Plan

Every business plan is a document that sets out goals, mission, attitude and purpose. It’s a narrative that tells your story to investors, bankers, partners, managers and other valued observers. This is where you should include your plan – in general terms – for being green.

You might, for example identify your intent to control energy consumption, lessen your carbon foot print, buy locally, reduce waste, support green causes or whatever it is you hope to do.

Then you talk about time frame. Something as simple as stating you’ll start small



and increase your efforts as your business growth allows. Do CFL bulbs in year one. The massive solar panel is five years out.

Over time, you want to consult your business plan to see if you are following it. It serves as a reminder and if you have shared it with others, it helps hold you accountable. If reality gets in the way of your plan, it’s advisable to re-evaluate your thinking and make adjustments to the plan.

### The Green Budget

Now you’re getting serious. The budget is a concrete expression of your green plan. Let’s say you want to manage your auto mileage. As a new business you’ll have to estimate how many miles you expect to drive and put it in your budget. An established business can use prior-year numbers.

You budgeted for 8,000 miles in your first year, for example. Your green goal is to do what you can to reduce it to 6,000 miles. Include how you’ll do that in the budget. It might require allocating expenses for bus or light rail passes or even teleconferencing.

Go through the list of things you are able to address and place them in the budget. Lighting, utilities, bottled water reduction, recycled ink/toner/paper, etc.

If you want to switch to CFL bulbs, you have to account for the initial outlay and then track your savings down the road. The same goes for an automatic thermostat or a water filtration system to replace bottled wa-

ter. You have up-front costs and lower utilities in future years.

Remember that if your goals require an initial investment, you’re going to have to fund it with your own cash, borrowed money, through savings or increased revenue. Budgeting is like energy in that you can’t get something for nothing.

### Chart of Accounts

At the bookkeeping level is where your commitment to green takes shape. The business plan and budget are still planning documents for goal and path setting. Your day-to-day bookkeeping is where you collect the data, assign it to an account and answer “How am I doing compared to goal?”

Properly set up, your accounting software can code a purchase as green or not. Office supplies, for example: recycled ink, toner or paper vs. non-recycled.

You can set up your accounting system to track almost anything:

- Percentage of expenses that is green or eco-friendly.
- venue that is from green initiatives.
- New customers due to your business being green.
- Cumulative savings from initiatives.
- Performance compared to budget goals.

In the end, compiling the data has to be doable. Overwhelming data gathering is not useful.

### Conclusion

You should consult with a CPA/business advisor to find the best way to set up your green accounting. When it comes to sharing your financials with a bank to get a loan, or a prospective investor or a buyer, your books should tell your story. And if someone is interested in buying your business because it’s green, the true value will only be recognized if you have created a record of it.

*Michael Drazan, CPA, PFS, CFP, is a partner in the CPA firm of Drazan, Henke and Associates PLLC. He specializes in tax and financial planning and has extensive experience with budget structure and internal controls for a variety of businesses, including green enterprises. He can be reached at:*

*(952) 448-4220 or [mike@dha-cpa.com](mailto:mike@dha-cpa.com)  
[www.dha-cpa.com](http://www.dha-cpa.com)*

