

Making the Connection Between Ecosystems and Corporate Performance

Ecosystem services: a source of business risk and opportunity

Ecosystem services: The emerging priority issue impacting corporate economic sustainability and environmental performance. Companies that proactively address this issue are reaping the benefits of the next generation of sustainability strategies and tools, unlocking new sources of brand value and competitive advantage.

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. Indeed, the rate of global biodiversity loss has quickened even during the corporate sustainability achievements of the past five years, and many organizations have yet to make the connection to how their financial results depend on biodiversity and natural ecosystems. However, the global environment that underpins our social and economic well-being has reached a critical threshold: business as usual is no longer an option.

Natural ecosystems and their biodiversity 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 identify, integrate, and optimize the relationship between ecosystem services, biodiversity, and your business results.

The Cost Of Inaction

Actual business impacts caused by failure to address ecosystems:

- \$500m loss of up-front investment (Alcan)
- Overnight 12% drop in share price (Associated British Ports)
- \$660m loss of revenue (Alston, Andritz, Zublin AG)
- \$266m annual revenue loss, shutdown of production site (Rio Tinto)

Landen Consulting is a global leader in helping companies address the relationship between ecosystems and financial performance. Our research confirms that ecosystem services degradation is already impacting corporate financial results, with significant costs and disruptions having been experienced by numerous businesses across multiple sectors – what these companies have in common is they did not realize the degree to which they depend on ecosystems until it was too late.

A.T. Kearney and the World Resources Institute recently projected the future impacts of ecosystem trends for a representative business sector: Fast-Moving Consumer Goods. The 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.

Recent independent studies indicate that a majority of companies are not yet addressing ecosystems in their sustainability programs.

Business impact metrics are from Landen Consulting's 'Connecting the Environment and Business Results' Case Study Library

The Corporate Ecosystem Services Review

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.

Sustainability leaders use our expert guidance and tools to increase shareholder value, optimize their environmental performance, and quantify & leverage the economic value of their ecological assets.

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“The economy is a wholly-owned subsidiary of the environment”

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

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

Ecologists and financial analysts warn that critical services that business used to obtain for free may soon come at a substantial cost, or may be unavailable altogether.

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 and biodiversity 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 risks, maximize opportunities, and access new markets.

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

- World Resources Institute

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 & biodiversity business integration
- Ecosystem market development
- Investment analysis
- Governance and CSR
- Implementation, operations, & technology
- Public sector ecosystem services

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