

A Practical Approach to “GREEN” for Health Care Providers



It appears as though everyone’s favorite color is suddenly GREEN. Turn on the television, flip through a magazine, read the newspaper or pick up a copy of your organization’s last annual report and you will see references to “green” almost everywhere you look: environmental efforts, corporate sustainability, “going green”, and more. The goal of corporate sustainability or “going green” is to help manage and grow business while creating little to no detrimental lasting impact on future generations. Essentially, it means encouraging economic growth with an emphasis on ecological health. For many organizations, an easy and impactful way to start a “green” initiative is within the supply chain and the sourcing of products and services that are better for the environment. However, in these tough economic times one of the major questions being asked about greening efforts is – “are they worth it?”

The answer unequivocally can be “YES!” However, employing a practical approach to greening is essential and a true commitment to the initiative typically involves the entire organization. Many of us are starting to do our part to better the environment in which we work, live and play. We are recycling in our personal lives and thinking more about everyday choices like using reusable bags and significantly reducing the use of bottled water. When it comes to operations at work, however, there seems to be a hesitancy to commit to greening in a formal and dedicated manner. Whether the reluctance is due to a perception that greening efforts (related to construction, products and/or services) will cost more, take too much

time, or are not high enough on the priority list is not clear. However, regardless of the reason, it is hard to ignore that *the current political, social, and business climate is increasingly pressuring organizations to do their part to conserve energy and protect the environment.* But how should an organization go about doing that? Corporate sustainability or greening programs can, and often do, start small and grow. We believe having a plan for how that growth will occur and who will lead the effort is essential to realizing the benefits of going green.

This article explores some practical steps that health systems should consider as they take action to “go green” in a more formal way. These include:

- Assigning a green lead and creating a plan
- Involving your supply chain
- Educating your staff
- Supporting the effort

Assign a lead for Green efforts

There are multiple approaches to starting a new program – it can be led from the top, begin with a groundswell of support from below or result from a combination of the two. Since nearly everyone supports the green concept, the hybrid approach of combining top-down leadership to show support and provide direction, with bottom-up personal, committee, or department-driven initiatives is often the most successful.

Many organizations are exploring a director or vice president position (such as a Corporate Sustainability Officer) to manage sustainability efforts, including green programs, within the health system. Creating this position can send a strong message from the top and provide many benefits (tangible and intangible) to the system including:

- Raising awareness within the health system about the importance of sustainability efforts to patients, employees, suppliers and the community as a whole
- Demonstrating the organization's commitment to sustainability efforts
- Providing a point person to gather effective corporate sustainability practices, network and share information and practical implementation lessons learned with other health systems and industry leaders
- Improving public relations by reporting how the health system is performing against greening metrics, including progress toward decreasing overall costs and improving performance against key health metrics such as overall levels of mercury, air quality and energy consumption
- Taking advantage of potential grants and programs to further the health system in expanding its green footprint

For organizations that are not yet ready to dedicate a full time resource to this role, good alternatives exist. For example, consider appointing a person who is willing to devote a portion of his or her time to launching a program and formulating a plan and governance structure. Alternatively, a new committee could be formed or an existing committee could be charged with these responsibilities. Usually, it is not difficult to find people who are passionate about the topic and who are willing to assist the organization to frame and start a program.

Leadership can do its part to support the green program by assigning a green lead. However, successful programs rely on the choices that are made every day by individuals – including both employees and visitors to your facilities. Having a green program leader can help make those choices easier by putting structure and thought around the design and implementation of the program.

Involve Your Supply Chain

Today's economic conditions present an unprecedented need to manage and reduce operating costs in order to offset eroding revenues and investment income. This means that to pursue green efforts those efforts must be fiscally sound in the near term while still reaping cost savings, safer products, safer and cleaner environments, and increased satisfaction from patients and employees in the future. This is where your supply chain can make a profound impact and become a powerful contributor to your organization's green program.

Supply chain professionals lead organizations in sourcing and procurement and typically facilitate complex value analysis and product evaluation processes. They also set the standards that suppliers' products have to meet, manage RFPs and oversee testing by the value analysis/product evaluation committees. It is only natural, therefore, that supply chain professionals in sourcing and procurement take a lead in the green program by instituting an environmentally preferable purchasing (EPP) program. An EPP approach to purchasing requires support from upper management as well as due diligence on the part of sourcing and procurement to change the base RFP templates to reflect the desire for products and services that are less damaging to the environment and human health as well as the disclosure of products and services that can cause harm. It will probably only take a couple of RFPs and contract awards to send the signal to suppliers that your organization is serious about green purchasing. The supply chain sourcing and procurement function can also actively involve their Group Purchasing Organization (GPO) to help them grow a greener footprint. Many of the major GPOs have active programs to assist their members in this arena. In completing the financial analysis for selecting products and suppliers, sourcing and procurement should take a total cost of ownership approach (TCO) to the analysis. This analysis should work to incorporate all costs associated with the life cycle of the product including procurement, use, maintenance and dissolution. Evaluating products and services on the basis of unit price alone has not been a commonly used practice for quite some time. In many cases, once the appropriate factors are considered, the eco-friendly products are just as cost effective as their alternatives (if not more so).

Additional resources for supply chain professionals to consider include the Health Care Without Harm organization (www.noharm.org) and the Practice Greenhealth organization (www.practicegreenhealth.org). The Sustainable Hospitals website provides a listing of eco-friendly and health-friendly products (www.sustainablehospitals.org). Many of these websites include reference materials that can help you jump start your efforts to revamp policies and procedures, including sample letters to suppliers and GPOs as well as basic RFP language.

Educate Your Staff

Assigning leaders and involving your supply chain sourcing and procurement function are great beginnings to your green initiative, and they can provide a foundation for a program that can start small and grow big. Another important element to consider for your program is education. Since most people understand the concept and general intent of a green program, it is most helpful to focus education on specifics. Doing this can help people make everyday decisions regarding products and services with knowledge and understanding of the potential harm some products may bring to their working environment and patient care. Educating directors, value analysis teams and product evaluation committees on the many aspects of individual products or services is a precondition to their making informed decisions. As an example, consider something as simple (or as complex) as environmental services floor and surface cleaners. Many of these products contain chemicals that can contribute to poor air quality and an increase in respiratory ailments such as Reactive Airway Dysfunction Syndrome (RADS). By working through the product evaluation committees and educating them about these risks, those groups can consider safer alternatives and work with your outsourcer or GPO to source those safer products. The organization can then benefit not only on unit price but also in long-term qualitative benefits such as reducing potential health hazards and creating a safer environment for your employees and your patients.

Education should not stop here. Experienced volunteers from your community and your external business relationships can assist you in your efforts as well. These volunteers and companies are usually eager for the opportunity to work with your health system to implement or grow your green program. Experienced volunteers are willing to help because they are passionate about the topic and feel invested in the outcomes. Similarly, businesses who sell ecological, health-friendly products and services are usually eager to support your cause while gaining your good will and business.

Support the Effort

Organizations embarking on a cohesive greening or corporate sustainability program often find that they already have supporters within the health system that are willing and able to sponsor and drive green initiatives. Engaging these proponents throughout the organization and supporting their initiatives can help promote a grassroots approach to enhancing your green culture. These supporters and the success of their initiatives should be highlighted in case studies and newsletters within the health system and published externally to highlight the tangible and intangible benefits of increasing your green footprint.

Likewise, you should communicate your supply chain's efforts to implement an EPP program and the results from green product selections and contract awards. As the program matures, even greater efforts can be made to increase your green footprint. At that point, your organization could use a variety of resources to assist you in measuring your program's effectiveness. For example, you could use the green Guide for Health Care or create your own report card to demonstrate your green program's performance over time. People respond to positive reinforcement and your staff will likely perform better when their results are measured and reported. After all, success is infectious.

Have you started yet?

Many organizations, potentially even yours, have already started going green – the efforts may just not be fully coordinated, widely known or labeled as being green. For example, many health systems have active initiatives in place to replace incinerators and decrease the levels of mercury within their health systems. In most new construction, there are concerted efforts to incorporate green construction and building design to decrease the total cost of future operations. In addition, many organizations are already participating in programs such as:

- Energy efficient lighting solutions
- Reprocessing single use devices
- Document management programs including recycled toner cartridges, documents on demand, and double-sided printing
- Recycling in common areas
- Utilizing recycled paper products
- Cardboard recycling

With little to no up-front costs, organizations can quickly increase their green footprint and get employees involved. Installing recycling bins in nursing, clinical and waiting areas can be a great way to increase employee involvement and awareness while reaping the benefits of recycling. Purchasing energy efficient equipment (Energy Star-labeled) whenever possible can help decrease total costs for equipment that already has been identified for replacement. Thinking “reusable” versus “disposable” is another way of identifying potential green opportunities. For example, you can introduce reusable plates and cups in the cafeteria, encourage use of water fountains instead of bottled water and provide reusable water pitchers in patient rooms. Everyday choices can make a difference.

Build the Business Case for Larger Initiatives

Being practical in this economy is an obvious choice. Designated leaders, green programs, EPP programs and local efforts can make a big difference in how the organization embraces corporate sustainability. When it comes to larger efforts or efforts that require up-front costs, however, it usually pays to do research and build a business case. Luckily, most organizations and industries involved in green programs like to share. There is a lot of information available from websites, trade publications, seminars, and other sources that can help your organization estimate the total cost of ownership of a green vs. a non-green product or service. For example, while there is a perception that green construction practices are cost prohibitive in the short run, several studies have shown that with as little as a 2% increase in up-front cost, an organization can reap ongoing operational savings on ten times that amount (see *The Business Case for Greening the Health Care Sector*, Practice Greenhealth Report prepared by the Institute for Innovation in Large Organizations).

Organizations should determine their level of commitment to and involvement with greening. For some, the answer may be to start small and gradually grow the program. For others, the answer may be, “let’s do this right now because the timing is right and the appetite is there.” Whichever the case may be – starting now is a good answer.



Consider it is a Responsibility to be “Green”

President Obama has made it clear that corporate sustainability, renewable energy and other elements of creating a safer environment for future generations is a national priority. The American Recovery and Reinvestment Act of 2009 (the stimulus package) includes provisions to support “green” efforts. The “how” and the “when” are still to be determined, however, the need to act is clear. Greening our health care facilities and our supply chain is a responsibility that we have to our patients, to our staff and to our communities. In general, health care is taking a proactive approach to corporate sustainability initiatives, but it will likely take the majority of the industry to make a difference. The industry needs to make “green” products and practices as economically viable as their alternatives by using collective buying power and shifting the market. It is your responsibility to improve your business and going green while doing so can also help make the world a better place.



Author

Carolyn Howard
Senior Manager, Life Sciences and Healthcare
Deloitte Consulting LLP
404.631.2241
cahoward@deloitte.com

About Deloitte LLP’s Health Sciences Practice

As Deloitte LLP’s Health Sciences practice, our mission is to work with our clients – health plans, health care providers and life sciences companies — to help shape the new health economy and the roles they play within it. Working together, we can help our clients bring discoveries to life and improve the quality of care while creating and sustaining long-term, bottom-line success. Drawing on more than 70 years of proven Health Sciences experience with the innovation, knowledge and commitment of nearly 3,000 professionals focused on the industry, we provide a complete range of audit, tax, consulting, and financial advisory services across all sectors of the industry. We offer wide-ranging, customized solutions that can help our clients capitalize on opportunities and tackle their most pressing and complex challenges.

For more information about our national practice, please call (800) 877-1298, send an email to providers@deloitte.com or visit our web site at www.deloitte.com/us/providers.

To receive email alerts when new content is published by the Health Sciences practice or the Deloitte Center for Health Solutions, subscribe at www.deloitte.com/us/healthsciences/subscribe.

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, “Deloitte” means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

Member of Deloitte Touche Tohmatsu. Copyright © 2009 Deloitte Development LLC. All rights reserved.