

## **Is it Worth Being Green? Green Business Transitions in Northern California**

Punal J. Bhavsar

### **ABSTRACT**

Green business practices are gaining in popularity in recent years. My study examined the processes of converting to a green business plan for small, service oriented businesses in Northern California. I focused on pre- and post-transition customer bases and business owners' perceptions of the relative success of the green business transition. Fourteen case studies of Northern California businesses provided a detailed picture of the green transition, by documenting the methods and materials used to go "green" and be successful. Findings indicate that going "green" can lead to increased profit from a larger customer base, and that green marketing strategies are key to achieving business owners' goals. The findings are interpreted in the context of the business green revolution: the green marketing strategies attract consumers that seek out green products and services.

### **KEYWORDS**

Sustainability, green business, green transition, marketing, customer base

## **INTRODUCTION**

The green revolution for businesses is an environmental movement that has become extraordinarily popular in recent years; it focuses on minimalism, limiting the use of resources, and sustainability for future generations (Adams, 2006). This movement uses technological and social innovation to reduce environmental impacts. For example, media outlets, such as Inhabitat and Treehugger, utilize weblogs and other social media sites, such as Facebook and Twitter, to promote innovations in green technology, practices, and materials. This dedication drives sustainability mainstream for businesses (San Francisco Green Business, 2009).

At first, businesses implemented these strategies due to government regulations. In the 1970's, the United States federal lawmakers passed a number of laws regarding energy, noise levels, pesticides, toxic waste, and ocean dumping (Adams, 2006). For example, Congress passed the National Maximum Speed Limit for trucks, which reduced the consumption of gasoline, and the National Environmental Protection Act of 1970, which created the Environmental Protection Agency and the Council on Environmental Quality (Adams, 2006). Recently, many businesses achieve goals of sustainability for reasons not relating to regulation (Werbach, 2009). In fact, many business leaders have realized the potential of accruing savings and increasing profits due to sustainable practices. Thus, more businesses leaders across all industries are adopting sustainable practices into their businesses plans for both reputation and profit (Vandermerwe & Oliff, 1990). Consumer interest in green products, along with government regulation and incentives, has driven an increased number of green business programs. The San Francisco Green Business Program and the Sacramento Area Sustainability Business Program, for instance, assist businesses adopt environmental practices. These programs also help consumers who desire green products and services. Supported by state and county governments, both organizations provide a checklist with stringent sustainability criteria and conservation methods. If a business meets these standards, the organizations induct this business into their programs, allowing businesses to utilize their green business logos (San Francisco Green Business, 2009).

The potential profitability of the green revolution allows legitimates these ideas and practices. Consumer demand for green products and services, inspired by government

promotions, reinforce this trend. The most salient example of going “green” has occurred in the automobile industry. Toyota has led this movement with the introduction of the popular hybrid Prius. Consumers find that the long term costs of owning a gasoline vehicle is greater than owning a hybrid, driving the popularity of the Prius, which has led to a greater profit margin in the company and has spurred other car companies to emulate Toyota and create their own hybrid cars. Toyota has subsequently marketed their company as “green,” and now is expanding their Prius line; this endeavor has opened new markets for the company (Werbach, 2009). While some green products and services may be relatively more expensive, many consumers are willing to pay more for environmentally friendly items (Vandermerwe & Oliff, 1990). Businesses can profit directly from cost-saving greener practices, such as encouraging telecommuting, powering down appliances, and using environmentally friendly cleaning products, which may be subsidized by the federal and state governments, allowing for greater savings (Berle, 1991). Profit can also come from the increased customer base, often associated with going “green,” which is the focus of my study.

While there has been much discussion on the success of environmentally responsible strategies for large corporations, researchers have not focused on small businesses. There is a paucity of small business, green transition research because researchers believe that small businesses are not significant enough environmentally to warrant studying and that large firms are more highly visible polluters. Nonetheless, there is a clear need for more research on small firm owners' attitudes toward environmental issues. The sheer impact of small businesses on the economy makes it an important issue, especially in the current economic climate, in which small business owners are particularly concerned about the cost of owning a business, and desire to lower the cost. The lack of information regarding the green conversions of smaller companies, suggests the need to examine relationships among consumer demand, sustainability, profit, and success.

In this study, I asked: “Is it worth going green?” More specifically, I assessed small business owners' understanding of the relative “success” of their green transitions, and the differences in customer base before and after the conversion. I also examined the strategies and materials used to go green in each business.

## METHODS

I contacted small, local hotels, cleaners, home and business services, food, and dentistry businesses through the San Francisco Green Business Program and Sacramento Area Sustainable Business Program. These businesses were willing to divulge information, as they support environmentally responsible practices and its research. I focused on established businesses that have converted into a green business, rather than new green ventures. Fourteen businesses agreed to participate in the study, with an average of three businesses in each sector, allowing for a comparison between sectors.

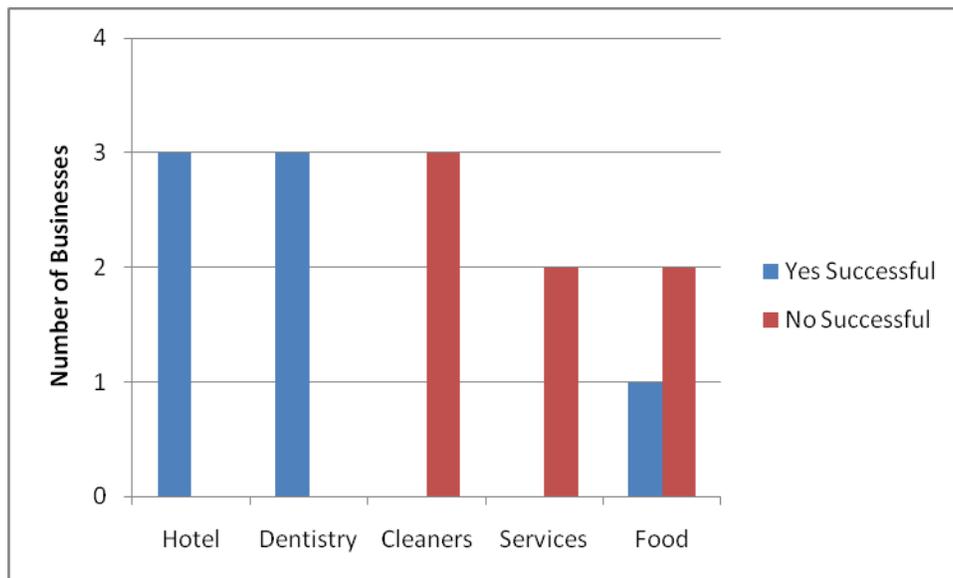
### Interview Questions

I spoke with each business owner about their opinions of the transition in person, using six questions in semi-structured interviews. In order to respect privacy, I did not ask for financial statements. To assess owners' opinions on the relative success of their businesses before and after conversion, I asked: "Was your business successful before the green transition?" In order to assess the motives of transition, which are important because they are incentive for the business to convert, I asked: "What are the reasons for converting your business?" The motives may influence how far a business will go in transitioning, and how successful the business becomes. In order to assess the correlation between effort, time, capital expenditures, and the success of the businesses, I asked: "What did you do to make your business green?" It is important to note the processes and procedures involved in the green transition in order to see trends regarding the customer base of the business versus the intensity of the transition. In order to analyze the success of the business, I asked: "Was your business successful after the transition." I compared the answer to the first question with this one, allowing me to understand business owners' perceptions of the relative success of the transition. In order to assess the possibility of the correlation between going "green" and increase in customer base, I asked: "Was there an increase in the customer base for your business post-transition?" Finally, in order to assess the level of satisfaction with the green transition and to see if businesses would take additional steps to become greener, I asked: "Are you satisfied with your business, or do you have future additional plans for your business?"

## RESULTS

### Success of Business Before Green Transition

All hotel and dentistry businesses reported having successful businesses before the transition, while those in the cleaning, and services reported less than successful businesses. Those in the food industry were split in their responses (Fig. 1).



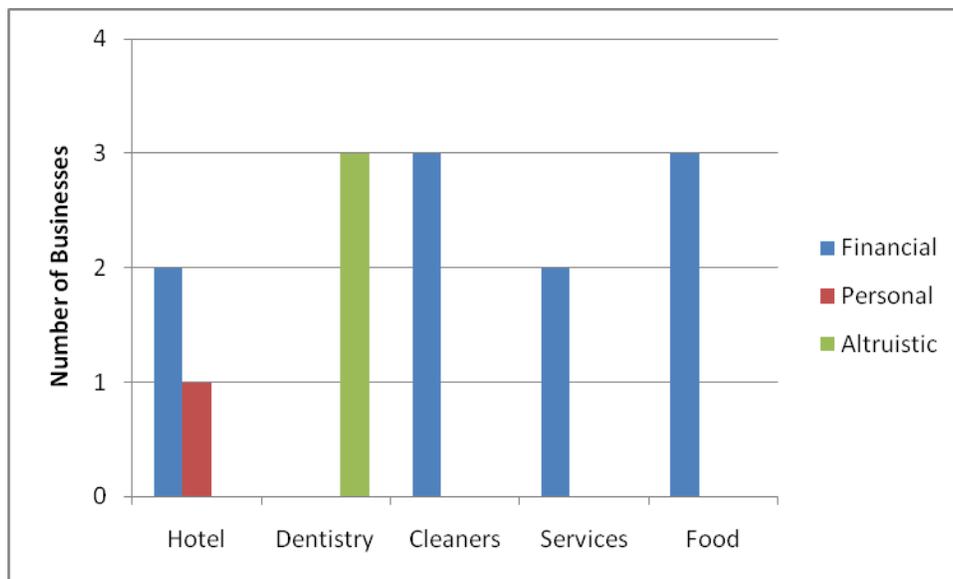
**Figure 1. Success of Business Before Green Transition.** Responses to the question: “Was your business successful before the green transition?”

### Motives for Transitioning

Transition rationales were split between industries, but generally focused on financial, personal, and/or altruistic reasons, with many businesses reporting more than one reason. While about one-third of businesses had more than one reasons to convert, ten businesses cited financial reason as the only reason. One business converted primarily for personal reasons, and three businesses converted for primarily altruistic reasons. (Fig. 2).

All cleaners, services, and food businesses converted for primarily financial reasons. All dentistry businesses converted for altruistic reasons, and one hotel converted for personal

reasons. Hotel business A converted because the owner’s niece desired her uncle’s business to be environmentally friendly, though the owner himself was not particularly concerned about the environment. Hotel businesses B and C converted for altruistic reason. Dentist business A converted first for altruistic and second for financial reasons; while dentistry businesses B and C converted for only altruistic reasons. All cleaners converted for only financial reasons. The service businesses converted for primarily financial reasons, but also stated altruism as a secondary reason to convert. Finally, all food company converted for financial reasons, with food business A converted for altruism as a secondary reason.



**Figure 2. Motives for Transitioning.** Responses to the question: “What are the reasons for converting your business?”

**Conversion Methods**

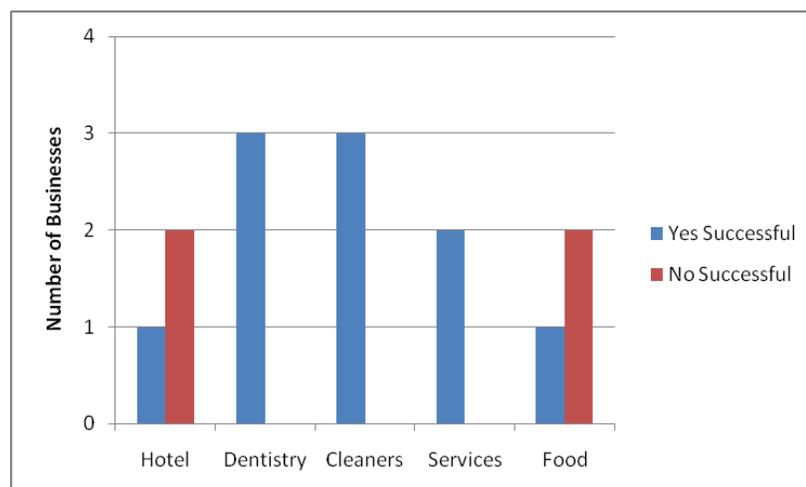
Conversion practices varied greatly between businesses, and across sectors. Those in the hotel and food industry had more elaborate and expensive transitions than those in cleaning, services, and dentistry industry. Hotel businesses A and C initiated intensive overhauls, including physical structures, business plans, and even appliances, while hotel business B also initiated a marketing strategy, which included advertising in green hotel magazines and journals. Food businesses elaborately overhauled their buildings and changed product offerings, focusing on organic vegetables and fruits and eliminating non-organic products. Food business A also had

a marketing strategy that included advertising in food magazines and newspapers. All dentistry businesses change appliances and electrical systems, trash management practices, and suppliers, and they promoted their greenness by advertising in dental journals. All cleaner businesses only changed their main cleaning appliances in order to save water. They also adopted environmentally friendly methods, using cold water in washing machines, environmentally friendly detergents, and air-drying small articles of clothing. Both service businesses changed appliances and electrical systems, introduced new environmentally friendly products, and advertised in local newspapers about their green business.

### Post-Transition Business Success

Ten surveyed businesses reported being more successful after the transition, while the other four businesses reported not being more successful (Fig. 3). All cleaners, services, and dentistry reported successful changes. Hotel business B only reported a successful change, while hotel businesses A and C did not. Food businesses B and C reported successful change, while food business A did not.

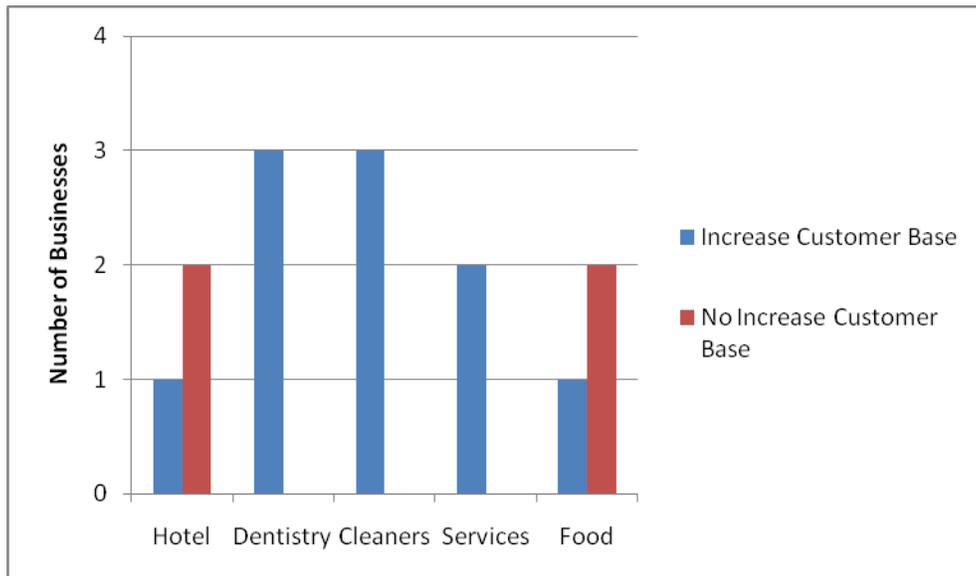
There was not any correlation between the motives of the businesses and the success of a business. Hotel A, which converted for a personal reason, and hotel business C, which converted for altruism, both did not see any change in relative success. Food businesses B and C, which converted for financial reasons, also did not see a change in relative success.



**Figure 3. Success of Business Post-Transition.** Responses to the question: “Was your business successful after the transition?”

### Customer Base Post-Transition

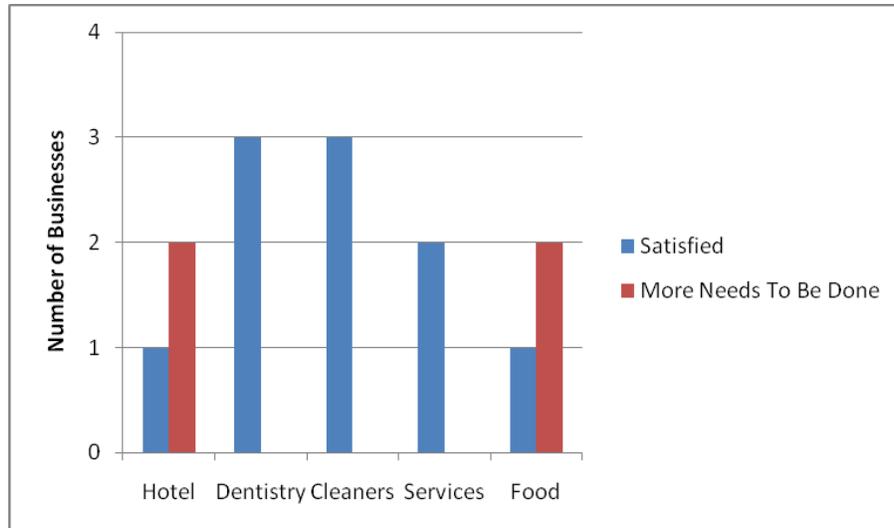
I found a positive correlation between customer base, and success. The businesses that did not become more successful did not see a change in customer base, while those that were more successful after the transition increased their customer base (Fig. 4).



**Figure 4. Customer Base Post-Transition.** Responses to the question: “Was there an increase in the customer base for your business post transition?”

### Satisfaction of Business Post-Transition

Companies did not see a change in success or customer base wanted to pursue addition steps into becoming greener. The most common step was to complete a green marketing strategy. (Fig. 5). Food business C desired more renovation in addition to the marketing plan. I found a positive correlation between satisfaction and change in success and customer base.



**Figure 5. Satisfaction of Business Post-Transition.** Are you satisfied with your business, or do you have future additional plans for your business?

## DISCUSSION

Hotels and dentistry had financially secure businesses that allowed them to pursue green conversion for non-financial reasons, while most cleaners, services, and food businesses did not have financial secure businesses, which motivated them to convert their business for primarily financial reasons. The motives of the business did not have any effect on the conversion process. And that there was not any correlation between time, effort, and cost of the green conversion process and having a successful green business, but there was a correlation between having a green marketing strategy and a successful green business. I also found a positive correlation between success and increase customer base suggesting that there is variance in business owners' understanding of the relative "success" and differences in customer base before after the conversion of their businesses. Thus, unsatisfied business owners needed to complete a green marketing strategy. And based on trends, having a green marketing strategy attracts customers, which increases profit; this allows companies to be worth going "green" (Werbach, 2009).

### Success of Business Before Green Transition

Differences in perceived business relative success before and after conversion largely depended upon sector, with all hotel and dentistry business owners reported having successful

businesses and cleaners, service, and food industry reported less than successful ventures (Fig. 1). Success in the surveyed hotel and dentist businesses may be due to the apparently recession-proof demand for the products and services they offer, the relatively high profit margins associated with their services, and the nature of their clientele. The hotels are located in the financial district of San Francisco, offering high value rooms (Barrie, Flanegin, & Racic, 2009). The hotels' clients primarily consist of traveling businesspersons, whose accommodation needs have not been tremendously affected by the economic climate (Barrie et al, 2009). The dentists studied focus on cosmetic dentistry, including orthodontistry, which is expensive due to the high material costs and high skill levels required for procedures. Patients seek dental periodically, regardless of general economic conditions, because constant and stable care for the teeth is important (Parker, 2009). Therefore, these hotels and dentistry businesses have a more profitable client base, which leads to success within the companies.

Cleaners, services, and food industry were less successful, due to the relatively lower value of their products and services, and high customer turnover. The slim margins associated with low-value goods and services require these businesses to sell in high-volume, but poor condition of the economy has undermined this by greatly affected the tourism sector. The food businesses depend on tourists, and recently, tourists have been scarce in these restaurants (Jones, 2008). With such a fickle customer base that is particularly concerned with saving money, it is harder to maintain profits in hard times. And these small businesses have a much smaller niche in their market; this specific niche allows the products and services to be very specific in nature, which are supplied to a small number of consumers (Jones, 2008). The economic downturn affects the services and cleaner industry so much more due to this specificity: their client niche is already small, and so these industries feel the effects even more. These consumers are not willing to spend on services that they can do at home, and save money (Parker, 2008). These businesses have strong incentives to "green" one or more aspects of their business in order to increase the successfulness of their business.

### **Motives for Transitioning**

All cleaners, services, and food industry companies converted for primarily financial reasons reflecting their search for ways to increase profit (Fig. 2). The cleaners, services, and the

food businesses provide for the business owner's families, increasing the personal stakes underpinning financial motives. Owner of cleaner business A stated that he needed to transform his business in order to help his children through college. Especially during the economic downturn, these businesses must adapt in order to survive. These relatively unsuccessful businesses seek to save money by lowering the costs of inputs and waste disposal. They also seek to attract more clients and increase customer loyalty by promoting themselves as a green business (Bansal & Kendal, 2000). They also may have interest in putting themselves on the vanguard of the competition, as a strong positive environmental stance shows competitive strength as companies seek to position themselves next their competitors (Naffizger, Ahmed, & Montagno, 2003).

The dentists, and hotel businesses B and C converted their business for altruistic reasons (Fig. 2). The owner of hotel business B stated that as globalization makes the world become smaller, it becomes increasingly easy to see how the lives of people everywhere are closely synced up with one another, which motivates him to be more sustainable. These leaders incorporate the environmental values of the individual into their businesses, showing that the moral dimensions of environmentalism can empower entrepreneurship (Berle, 1991). Many of these companies are deeply concerned about preserving their reputation, which customers and other can deplete by criticism or expand by praise. Through this notion, these business leaders actually care for the environment, but it helps that many others also care for the environment as well, which can reinforce their concerns (Gunningham, Kagan, , & Thornton, 2004). Having the approval of society promotes being "green" because it attracts more clients.

The owner of hotel business A cited a personal reason for converting his business. This owner's niece desired her uncle's hotel to be greener even though his business was already quite successful. Concerns and values can affect a business's environmental efforts in important ways, and can help decision-makers identify and prioritize decision alternatives (Naffizger et al., 2003).

Dentistry business A, all service businesses, and food business A cited altruistic reasons as their secondary motives, suggesting that there is not a correlation between motives and pre-transition success. Food business A had a successful business beforehand, freeing the owner from financial pressures. Dentist business A desired to expand his business, and while his business was successful felt that in order to do this expansion; his business would need to undergo, as he put it, a "new spin," to attract clients. Both service companies felt genuinely about

the environment, yet they did not consider it more important than ensuring the success of their companies.

### **Conversion Methods**

Conversion methods were diverse, varying from total renovation of the building to simply purchasing an energy efficient appliance. The hotels fully converted into a green business, introducing new products, building infrastructure and business plans, which was possible due to their available capital. For the hotel owners, financial motives were not a top priority, hence they ensured that their transitions were fully in line with minimizing their impact on the environment.

The food businesses had elaborate plans to “go green” as well, but these arrangements were less expensive than hotels. The food businesses used more resources than other service oriented industries, with restaurants being the among most energy-intensive, service operations in the United States, using on average twenty-two times more energy than a family of four with air-conditioning. The food businesses face greater competition than the hotels, and in order to stay competitive, they must go all the way to become 100% “green” (Tzschentke, Kirk, & Lynch, 2004). It is important to note that four to the hotel and food businesses did not initiate a green marketing strategy. This is important in correlation to the success of these businesses post transition.

While none of the dentistry businesses made any structural changes to their buildings, they all changed their appliances and electrical systems to make their businesses more energy and resource efficient. Owner of dentist business B stated that, “Water is not a renewable resource.” Their buildings are modern enough that it is already energy efficient. The service businesses actually changed the products they offer to become greener; they had the capital to overhaul their business plans and their products. Cleaners had the least amount of available capital to invest, and what they had went into purchasing environment friendly machines, which are extremely costly to the business. They also adopted eco friendly methods, using cold water in washing machines, eco friendly detergents, and air-drying small articles of clothing.

Importantly, all dentistry, service businesses, and cleaners initiated some sort of green marketing strategy. Some businesses advertised in newspapers, while others joined the San

Francisco Green Business Bureau or Sacramento Sustainable Business Program and placed a green business logo on their store. The businesses that used methods of green advertising helped their business become more successful by attracting more customers.

### **Post-Transition Business Success**

While hotel businesses A and C, and Food businesses B and C, have not been as relatively successful as they hoped, arguably due to a lack of green marketing strategy, all other businesses reported positive responses suggesting that the success of the business is not industry-dependent (Fig. 3). Many successful ventures changed similar aspects of their businesses, including introducing new materials, appliances, and a marketing strategy. These changes allow for a noticeable savings, and attract customers who desire environmentally friendly products and services. And in many instances, these businesses retained old customers. Pressure from political and consumer groups, media coverage plus what environmental social values about the well-being and inter-relationship of the individual and the environment, have led to mounting consumer support for green businesses, driving the success of these businesses (Vandermerwe & Oliff, 1990).

Marketing appears particularly important to the relative success of converted businesses. While not every successful, post-transition business had a green marketing strategy, the four businesses that reported no change in success did not undergo a green marketing campaign. While many customers actively search for environmentally friendly businesses to patronize, it is not possible for them to reach these businesses without knowledge of them (Tzschentke et al., 2004). Many marketing strategies allow businesses to recruit environmentally conscious clients and customers. One study found that approximately 78% of consumers are attracted to green advertising and public relations strategies (Vandermerwe & Oliff, 1990). The companies that did not advertise have not reached their potential due to the lack of full outreach to their customer base. This may be why they are less successful than they had hoped. Clearly, it is very important to advertise to attract green-conscious customers.

### **Customer Base Post-Transition**

There was a positive correlation between success and customer base suggesting that those that did not report any increase in customers did not complete marketing campaigns (Fig. 4). The importance of increased customer base to perceived business success is especially true for businesses that are part of the San Francisco Green Business Program. According to their recent survey, 42% of their businesses reported an increase in business since receiving recognition (San Francisco Green Business, 2009). Marketing and recruiting of new customers go hand in hand. In order to advertise a business, one must reach out to the entire customer base in order to teach the full potential of the business (Vandermerwe & Oliff, 1990). These businesses need to undergo this campaign in order to increase their customer base, and increase profits.

Businesses that reported an increase in customers, have their new client base consist of existing customers and/or new customers. Existing customers must be loyal to the business, or must also appreciate the new direction the business has taken, while the greenness of the business may attract new customers. For example, in one hotel study, existing customers welcomed the green change of the business they patronized, regardless of the increase in price, and 54% percent of potential customers noted that they actively sought out hotels that show concern for the environment (Vandermerwe & Oliff, 1990). While this study is specific for the hotel industry, it can apply to consumers across all industries. For the food, cleaners, and service industry this notion holds very true, as the green momentum grows globally, becoming “green” could be an opportunity for these businesses to create a competitive advantage, even though establishing direct links between sustainability and profitability are somewhat tenuous (Tzschentke et al., 2004). These businesses that establish themselves as “green” could become fixed in the public’s mind as leaders in the environment for a greater future competitive advantage as it attracts new customers, and in this case, tourists.

### **Satisfaction of Business Post-Transition**

Businesses without marketing campaigns and that did not increase their customer base expressed a need for marketing to recruit new customers, suggesting that there is a negative correlation with an increase in customer base and success of the business and with the need to

have additional steps (Fig. 5). Likewise, there is a positive correlation with an increase in customer base and success and business owners' satisfaction of their businesses. Both owners of hotel businesses B and C will promote increased awareness of the greenness of their hotels, which was relatively inexpensive compared to the entire transitioning process. Owner of food business A stated that she would invest in minor structural change to her building in order to make it more energy efficient. She also did not pursue a green marketing strategy, but she will after the structural changes are complete.

Businesses that did not want to pursue any additional green transitioning methods reported a success in post transition and an increase client base. They are satisfied since their business is now "successful." Whatever the milieu, successful businesses require business owners to embrace a comprehensive plan. This cohesive process of planning and idea development, the marshalling of resources, finance sourcing, and the adoption of creative and innovative techniques allow for a business to wholeheartedly reap the fruits of being environmentally conscious. This notion includes planning for a marketing strategy. Marketing is very crucial to promote a business in the "green" aspect (Schaper, 2002). While additional research is needed to show the effectiveness of the marketing campaign on obtaining new clients, there is knowledge that green marketing reaches out to those clients who will partake in green businesses.

## **Limitations**

My study system and methods limit the project's inference because it focused on fourteen businesses and did not assess a range of potential factors influencing green business transitions. I could have increased the number of interviews in order to obtain answers that are more diversified. In addition to business owners, many other stakeholders influence business transitions, including consumers, government, and non-profit organizations, all of which could provide important information and perspectives (Adams, 2009). Of course, in order to get the complete picture of the green business conversions it would be appropriate to interview the other stakeholders. The project also lacked quantitative information; due to privacy concerns, I did not gather any financial data, instead focusing on how business owners perceive issues and make decisions largely in terms of their emotions and processes of rationalization.

The inference of the project is also limited regionally to Northern California, specifically San Francisco and Sacramento. These areas are more conducive to businesses that want to go “green” due to the state, country, and city incentives and a receptive potential customer base. In this area, there is certain encouragement for customers to purchase environmentally friendly products and go to businesses that offer green services. Additionally, the mentality in this area is very oriented towards green consumerism. Northern California, especially the San Francisco Bay Area is unique in this regard (San Francisco Green Business, 2009). There might be differences in businesses in different parts of the nation that want to convert. Moreover, the businesses were in urban areas, which may offer differences to businesses located in non-urban areas due to different consumers and government regulations. Finally, the project was limited to five business types within the broader service sector that do not span the scope of businesses in America, or the world.

### **Future Direction**

This project touches the tip of the iceberg. To understand green business conversions, we must look at this field at a global scale, both macroscopically and microscopically. Future projects must focus on rural businesses and consider different parts of the nation and the world (Naffizger et al., 2003). They must also analyze the financial aspect of going “green.” Specifically, research must analyze how much of a profit margin may be derived from conversion. In addition, future projects must look at more sectors and scales (Naffizger et al., 2003).

Marketing is an imperative aspect of any environmentally friendly business. The San Francisco Green Business Program’s Presidio Report undertook a pilot measurement project in 2007 in conjunction with the Presidio School of Management’s Green MBA program. This study documented the success stories of five San Francisco Green Businesses that strengthened their reputation and increased their competitive advantage (San Francisco Green Business, 2009). However, the Presidio Report was specific to the program and to the city of San Francisco consumers. Future projects must focus on the correlation of the intensity of green marketing and customer attraction. Moreover, programs such as the San Francisco Green Business Program,

should to analyze the effectiveness of their logo on companies compared to other alternatives, including, but not limiting to advertisements in local newspapers.

Green marketing attracts many consumers interested in green services and products. While there has been research on environmentalism influencing buying habits of consumers as a whole, there has not been much research on the individual consumer. The limitations of understanding individual motivation and moral decision-making restrict the comprehension of the underlying reasons of individual green consumer's purchasing habits (Moisander, 2007). As businesses understand the psychology of the individual green consumer, they are better able to use green marketing more effectively.

Finally, the future projects must look at how small business green conversions actually help the economy and the environment. While many of these businesses are successful due to increased customers, we must connect how they actually protect the environment. The future projects need to look at the carbon calculator and see how big the carbon footprint is of a business before and after the conversion. The future projects must show how conversions save the resources and how these savings translate into decrease carbon footprints.

### **Broader Implications and Conclusions**

This study shows that while there is a correlation between success, customer base, and satisfaction with one's business, the motives for going "green" do not influence the success, customer base, or satisfaction of one's business post-transition. Likewise, the study shows that the intensity of the conversion process does not influence success, customer base, or satisfaction of one's business post-transition as well. However, marketing does influence post-transition factors; and the decision to focus on marketing reflects business owners' recognition of the importance of attracting consumers green businesses.

The San Francisco Green Business Program and the Sacramento Area Sustainable Business Program ensure that their business meet their green checklist requirements, assuring that businesses are justifiably "green" in many respects (San Francisco Green Business, 2009). The notion that a business has become "green" attracts consumers, but it only if they are aware of the business. Therefore, companies that do go "green" must complete their transition with a marketing strategy in order to reap the full benefits of the green transition process. With such

results, it is definitely worth it for companies to be “green.” And with proper marketing, a green company’s customer base and success can increase.

One of the most important motives for going “green” is to attract consumers. Studies suggest that consumers not only prefer to purchase products that are less harmful to the environment but are also willing to pay more to do (Tzschentke et al., 2004). Green entrepreneurship is not only important because it provides new opportunities for leaders who identify and exploit such opportunities but because it has the potential to be a major force in the overall transition to a more sustainable business paradigm. In a market-based economy, entrepreneurs play a critical role in the eventual adoption of green business practices by the wider business community through the lead role that they provide to other firms (Schaper, 2004).

We have seen a large increase in the trend of going “green” in part because many federal, state, and local governments have provided tax benefits for those that encourage sustainability (Schaper, 2004). Even if it is difficult to see where legislative incentives end and consumer demand begins, manufacturers and service providers can no longer afford to ignore the long-term market share and government promotions of the green revolution. Business development and marketing have used the popularity of being “green” in order to market a company and their products, which, in turn, can provide increase customers and interest for the company. Physical changes to processes within a company can save the amount of resources used because the limitation of resources directly saves money (Berle, 1991).

This research is equally important in minimizing our impact of the environment. We must increase number of businesses that become “green” in order to protect the environment for future generations (Berle, 1991). Businesses that are able to save resources, and reduce their carbon footprint, can provide an incredible benefit on resources, and the environment. In order to promote greener business, business owners must be aware of how to make their business greener, while maintaining and increasing profitability.

### **ACKNOWLEDGEMENTS**

I thank Kurt Spreyer and Lara Roman for helping me to refine and define my project. I also thank all the business owners who participated for their time in this project. I also thank the San Francisco Green Business Program staff for initially guiding me in the right direction. My

project (Protocol ID: 2010-11-2511) was approved at the exempt level of oversight by the Committee for the Protection of Human Subjects at the University of California, Berkeley.

## REFERENCES

- Adams, W.M. (2006). The Future of Sustainability: Re-thinking Environment and Development in the Twenty-first Century. *Report of the IUCN Renowned Thinkers Meeting*, 29–31 January, 2006.
- Bansal, P., & Kendal R. (2000). Why Companies Go Green: A model of ecological responsiveness. *Academy of Management Journal*, 43(4), 717-737.
- Barrie, B., Flanegin, F., & Racic, S. (2009) The Impact of Exchange Rates on Hotel Occupancy. *Journal of Hospitality Financial*, 16 (1), 1- 12.
- Berle, G. (1991). *Green Entrepreneur: Business Opportunities That Can Save the Earth and Make You Money*. Blue Ridge Summit, Pennsylvania: Tab Books.
- Brown, M. (1996). Environmental Policy in the Hotel Sector: ‘Green’ Strategy or Stratagem. *International Journal of Hospitality Management*, 8, 18-23.
- Gunningham, N., Kagan, R., & Thornton, D. (2004). Social License and Environmental Protection: Why Businesses Go Beyond Compliance. *Law and Social Inquiry*, 29, 307–341.
- Jones, P. (2008). Impact of the global recession on the hospitality and tourism industry. *Tourism and Hospitality Research*, 9(4), 363-367.
- Moisander, J. (2007). Motivational Complexity of Green Consumerism. *International Journal of Consumer Studies*, 31(4). 404-409.
- Naffizger, D., Ahmed, N., & Montagno, R. (2003). Perceptions of environmental consciousness in U.S. small business: an empirical study. *SAM Advanced Management Journal*, 68 (2), 23-32.
- Parker, M. (2008). Dental Care During A Recession. *North Carolina Medical Journal*, 70(4), 352 – 353.
- Reid R. (1996). Go green - A sound business decision. 1. *Journal of the Society of Dyers and Colorists*, 112, 103-105.
- San Francisco Green Business (2009). *Why Go Green*. San Francisco Green Business Program. Retrieved from <http://www.sfgreenbusiness.org/green-your-business/why-go-green/>

- Schaper, M. (2002). The Essence of Ecopreneurship. *Greener Management International*, 38(1), 26-30.
- Stavins R. N. (2008). *Environmental Economics*, The New Palgrave Dictionary of Economics, 2nd Edition. Abstract.
- Tzschentke, N., Kirk, D., & Lynch, P. (2004). Reasons for Going Green in Service Accommodation Establishments. *International Journal of Contemporary Hospitality Management*, 16(2), 116-124.
- Vandermerwe, S., Oliff, M. (1990). Customers Drive Corporations Green. *Long Range Planning*, 23(6), 10-16.
- Werbach, A. (2009). *Strategy for Sustainability: A Business Manifesto*. Boston, Massachusetts: Harvard Business Press.

**APPENDIX**

## Overview of Abridged Responses of Businesses

Questions	1	2	4	5	6
Hotel A	Y	P	N	N	N
Hotel B	Y	A	Y	Y	Y
Hotel C	Y	A	N	N	N
Dentistry A	Y	A, F	Y	Y	Y
Dentistry B	Y	A	Y	Y	Y
Dentistry C	Y	A	Y	Y	Y
Cleaners A	N	F	Y	Y	Y
Cleaners B	N	F	Y	Y	Y
Cleaners C	N	F	Y	Y	Y
Services A	N	F, A	Y	Y	Y
Services B	N	F, A	Y	Y	Y
Food A	Y	F, A	Y	Y	Y
Food B	N	F	N	N	N
Food C	N	F	N	N	N

Question 1	Was your business successful before the green transition? Y=Yes N=No
Question 2	What are the reasons for converting your business? P = Personal A = Altruistic F = Financial
Question 4	Was your business successful after the transition? Y=Yes N=No
Question 5	Was there an increase in the customer base for your business post transition? Y=Yes N=No
Question 6	Are you satisfied with your business, or do you have future additional plans for your business? Y=Yes N=No

**Figure 6.** Abridged Responses of Businesses.