

Benefits of Creating a Corporate Water Strategy – and Tips for Ensuring Success



Water is increasingly a risk to communities – and a material risk to businesses. It's a multi-faceted issue that is directly connected to other aspects of your business – from operating costs and product quality to your supply chain. Now, more than ever before, manufacturers need to have a comprehensive corporate water strategy to ensure the continuity and growth of their businesses.

Why you should have a corporate water strategy

Understanding water and what it means to your company can help you set goals and make decisions that maximize performance, optimize costs and reduce risks. In fact, manufacturers who establish corporate water strategies and goals in alignment with their overarching business and sustainability strategies can not only mitigate risk but generate value and enable growth.

At its most basic, a water strategy can help you mitigate physical, regulatory and reputational risks. Done well, it will also help you optimize total cost of operations through conservation and reducing, reusing and recycling water. And ultimately, it can help enable the growth of your business – particularly in water-constrained locations.

A corporate water strategy should feed into your sustainability strategy, which in turn feeds into your overall business strategy. Taking this approach ensures alignment and connects relevant environmental, social and economic factors to outcomes that increase revenues, profitability and competitive advantage.

How to do it right

First, you need to understand the role of water in your operations: where and how it is used. Also consider the water in your value chain, which is typically much greater than direct water use. And be sure to get involvement from leadership early on – as with all sustainability strategies, your water strategy should be supported by C-level engagement and board oversight.

Importantly, a global water strategy is only as effective as its local implementation. Water is unique in this regard – all water issues are local. Identify your top sites where water matters most, especially those areas where water availability and quality could prohibit the growth of your business. Use tools such as the WWF's Water Risk Filter (<http://waterriskfilter.panda.org/>) to identify site water basin stress; World Resources Institute's Aqueduct atlas (<http://www.wri.org/resources/maps/aqueduct-water-risk-atlas>) to assess organizational risk factors; and the Water Risk Monetizer (<http://waterriskmonetizer.com/>) to monetize the local risk factors as a means to inform action.

This last piece is important. To develop a solid strategy, you need to monetize the risk to help you prioritize locations and make the business case for investment. Both risks and risk mitigation have financial implications, and a successful strategy will achieve the right balance between cost of impact and cost of mitigation so you don't under- or over-invest. Assess all the water-related impacts and risks at various production facilities, to ensure strategies to reduce water risk do not compromise critical performance outcomes.

The Water Risk Monetizer (<http://waterriskmonetizer.com/>) is a free publicly available tool that will help you gain a clear picture of your risks and their financial implications to your business. You can then identify opportunities and develop site-level action plans to minimize water risk, maximize performance results and optimize costs.

Lastly, your strategy will need to be supported by a water stewardship deployment plan which encourages collaboration with other water users in your local watershed. Establish systems and processes, develop a plan-do-check-act process, make investment decisions and openly communicate your progress.

There is no economic growth without water – and water is running out. As we move into an era of unprecedented water scarcity, an effective corporate water strategy will be vital to the success of your business.

Summary: Key steps to a successful corporate water strategy:

- I. Establish a water management plan and goals that are aligned with overarching business and sustainability strategies
- II. Assess and monetize business risks based on a holistic understanding of what water means to your business
- III. Prioritize actions based on site-specific risk
- IV. Identify opportunities to minimize water risk, maximize performance results and optimize costs (reduce, reuse and recycle)
- V. Execute water management plan using a “plan-do-check-act” cycle

