

Management Consulting for Environmental and Social Business Performance



Erik Froyd - President

About Milepost Consulting

Milepost Consulting is a management consulting firm that specializes in behavior-based program design, strategic planning, sustainability assessments and reporting, and communications support. With offices in Seattle, Nashville, California and Panama, Milepost serves a wide range of clientele across the utility, built environment and agriculture sectors.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Froyd, what is the concept and philosophy at Milepost Consulting?

Mr. Froyd: Milepost is a mission-driven organization. We are a management consulting firm, and our work is focused on improving the environmental and social performance of business.

We work with utilities on utility scale energy efficiency programs, we work with production agriculture on sustainable agriculture programs, and we work with commercial real estate to improve building operating efficiency.

CEOCFO: What might you understand as a company about being green, about energy conservation and all the concepts that surround it that perhaps others do not understand quite as well?

Mr. Froyd: "Being green" is primarily about adjusting the decision-making criteria a company applies to its operating processes. Including resource use efficiency as an operating objective across all facets of a business goes a long way toward making a company "green". For example, "recommissioning" a building is a systematic process for evaluating an existing building's HVAC and electrical system performance in comparison against the intended performance. Using the recommissioning process to identify building operating inefficiencies and addressing them through improved controls and maintenance processes will save resources and reduce costs. However, in order for recommissioning to take place it first requires a building owner to decide that building-operating efficiency is a priority. The practice of resource use efficiency as key criteria for decision-making applies to any business, and is a foundational practice for "green" businesses.

CEOCFO: Are there many companies working in the green agriculture field? Is there much competition in that range for you?

Mr. Froyd: Sustainable agriculture is a broad field and includes many different disciplines. However, there are only a few management consulting firms working with production agriculture companies on developing strategies and implementing measurement and reporting processes specifically focused on environmental and social performance indicators. I do see this as a growing field, and as sustainable agriculture practices and metrics become more standardized across the agriculture supply chain, more management consulting firms will enter the sector. Right now, the firms currently working in this space are similar to Milepost in that they are generally small firms with specialized expertise. Standardization will bring with it more focus on implementation and less focus on design.

CEOCFO: Would you give us an example of a typical engagement as something that is a little more outside the box?

Mr. Froyd: When a utility needs to design and implement an energy efficiency program it is responding to a regulatory or market requirement to generate kilowatt-hour savings through the implementation of new technologies and new behaviors with a target group of utility customers. Designing a program that will generate the necessary savings that result from technology adoption and behavior change requires many conversations with a lot of different people and organizations.



This type of engagement for Milepost is heavy on meeting planning and facilitation, will include many one-on-one interviews, and frequently uses an online survey to gather insight from an even larger audience. All of these conversations and data gathering lead to a lot of documentation and reporting of findings, which eventually lead to a program design that succeeds in the market.

On a project where we have an agriculture client that produces tree fruit and wants to conduct a carbon inventory for their operations and estimate the amount of carbon sequestered by the fruit trees, we will have a significantly different project design. This type of engagement will involve a lot of data collection from information systems, data verification from utility bills and meter readings, onsite verification of procedures, and field visits to measure the diameter and height of trees at various ages. We use the guidelines established in the Greenhouse Gas Protocol to perform this work.

I think what makes these types of engagements “out of the box” is the focus on metrics other than revenue and cost. Revenue and cost will always be part of the whole evaluation, but they are even more interesting to consider within the context of non-financial metrics and long-term objectives.

CEOCFO: *In your mission statement on your site, it shows that your insights lead to groundbreaking, data-driven programs. How so? What might you come up with that is a bit different than others? How are you able to, as it says here, deliver measurable and meaningful results?*

Mr. Froyd: All of our projects begin with a data collection phase. Our clients have engaged us to help them define a future state for their organization that aligns to their business objectives of improving the environmental and social performance of their organization. By starting with data collection, we are able to establish the current state or the “baseline”. Comparing the baseline to the desired future state provides the insight necessary to design a new program, implement new processes, or fine tune what already exists in order to realize the business objectives. Because our work focuses on environmental and social performance, designing the measurement and evaluation process into the future state is what makes the programs “data-driven” and enables the results to be measurable. In order to evaluate *meaningful* we are constantly checking to make sure the results we deliver are in alignment with what the client wants to achieve. Ultimately, only the client gets to determine if our deliverables are meaningful to their business, so ensuring we are constantly in alignment with their objectives and priorities guides our work throughout all engagements.

“Establishing a credible business case that demonstrates adequate financial return is still a requirement. But risks associated with access to environmental inputs such as water and land, maintaining franchise to continue to operate a business within the community, providing a product or service that aligns to changing consumer priorities are all risks that are becoming a more significant component of business case evaluation.” - Erik Froyd

CEOCFO: *How do you reach out to potential clients and how do they find you?*

Mr. Froyd: The majority of our business comes through referrals. Much of our networking takes place at industry conferences. We also respond to RFPs that align with our areas of expertise.

CEOCFO: *Do you find that many of the people you speak with implement the changes that you suggest? Or, do many companies want to know the lay of the land but are not really ready to move forward.*

Mr. Froyd: When we provide a client with a report that includes recommendations, it will generally include multiple recommendations. Sometimes all of the recommendations are implemented, other times only some are implemented. One of our goals is to develop long-term relationships with our clients so that we can continue to refine our recommendations as their business and priorities change over time. When a company engages us for the first time to help them establish a baseline for their environmental performance I consider that action in itself a significant change for the client because they now have a new set metrics – or a new perspective on their business operations – which they are now including as a component of their decision-making criteria.

CEOCFO: *Do you find that companies come to you because they are interested in the environment from a pure perspective, is it the trend to be more environmentally friendly or is it perhaps the cost benefits of being environmentally friendly over time?*

Mr. Froyd: I think it is all of the above. Establishing a credible business case that demonstrates adequate financial return is still a requirement. But risks associated with access to environmental inputs such as water and land, maintaining franchise to continue to operate a business within the community, providing a product or service that aligns to changing consumer priorities are all risks that are becoming a more significant component of business case evaluation. For example, the risk to an agricultural producer for losing access to affordable fresh water is huge. The risk to a utility of stricter environmental regulation is huge. The risk to a commercial office-building owner of tenants relocating to office space that is LEED certified is significant. So, the investments that companies are making to improve their environmental

and social performance still require a business case. There is just a lot more social and environmental risk to consider now than there was 25 years ago.

CEOCFO: *You work in a number of industries and a number of different types of efficiencies, energy and green. Are there areas that you focus on more than others? Are there areas you prefer or areas where you have not made the inroads you would like?*

Mr. Froyd: The founder of Milepost Consulting is a long-time expert in the field of Utility energy efficiency program design and evaluation. With a PhD in psychology, she is also expert in behavior-based program design. Therefore, our work in the Utility sector continues to be the largest part of our portfolio. With the acquisition of Common Fields, LLC in 2012, the agriculture component of our portfolio grew overnight, and as a percentage of our total business, our work in agriculture continues to grow. Historically, utility programs funded much of our work in commercial building energy efficiency. This is starting to change as building owners integrate the broader concept of sustainability into core operations and move away from managing energy efficiency as a stand-alone program.

In terms of industry or type of work that we would like to do, one of the things that we have been discussing is a new model for charitable giving. Many companies have a line item in their operating budget for charitable donations. What we are hearing from clients is that the giving often lacks a long-term strategy. We are in the early stages of creating a program we can use with clients that will provide them a way to align a percentage of profits to specific social problems that they would like to contribute to solving over time. The idea is to create a funding stream in perpetuity for select organizations that are focusing on the identified issues. The program will also have a measurement and evaluation process built in which will provide progress updates back to the company so they are better able to evaluate the impact of their contributions.

CEOCFO: *Would that be an area you would get more personally involved in as chief financial officer because you have the financial capabilities?*

Mr. Froyd: Yes, I think I would be more directly involved with projects in this area, but primarily because of my interest in creating and implementing this type of model that could create predictable funding streams for organizations that are committed to solving social problems.

CEOCFO: *What attracted you to the company?*

Mr. Froyd: I was one of the founders of the agricultural practice Common Fields that is now a part of Milepost Consulting. I became involved with agriculture because it is both a significant part of the global economy and a critical supply chain for society. In addition to being an interesting business, agriculture is core to the human experience. As I have become more directly involved with the utility and building energy efficiency work at Milepost, I can say that I feel the same way about those industries.

CEOCFO: *How is business at Milepost these days?*

Mr. Froyd: Business is good. We continue to grow. We have a conservative growth strategy, and we are in the process of opening a branch office in Nashville. We continue to grow incrementally in Seattle, maintain an office in Panama that supports our work in Mexico, Central and South America, and have plans for a branch office in central California early in 2015.

CEOCFO: *Was Nashville because somebody wanted to live there or was there a deliberate strategy to moving there?*

Mr. Froyd: One of our key clients is located in Nashville, and that gives us a good starting place from which to grow our business in the Southeast.

CEOCFO: *Put it all together for our readers. Why Milepost Consulting?*

Mr. Froyd: We are a fun company to work with. We make sure we understand what our clients are trying to accomplish, and then design projects, processes and programs that meet those objectives. Our top priority – and something we are very good at – is helping our clients articulate the change in their organizations that they are trying to achieve, and then design the path that will get them there.

BIO: Erik has 20 plus years of experience designing, implementing and managing back-office business operations. His areas of expertise include Finance and Administration, Human Resources, Management Reporting and Business Process Efficiency and Automation. For the last decade, Erik has focused on integrating the discipline of Sustainability with both internal operations and with client projects. Results from these efforts include the design and implementation of environmental and social performance reporting systems for large agribusiness clients, development of financial models that integrate environmental and social returns into pro forma investment analysis, and the design of management reporting systems and dashboards that incorporate sustainability performance indicators with financial indicators. Erik currently serves as the President of Milepost Consulting, Inc.

Milepost Consulting

206.623.5832

1402 3rd Avenue, Suite 301

Seattle, WA 98101

206.623.5832

www.milepostconsulting.com