

A Business Model for an Evolving Industry

By Trevyr Meade

OUR INDUSTRY NOW STANDS AT A MAJOR INFLECTION POINT. In just a few short years, we've seen the foundation for a new mobility paradigm take shape, the emergence of climate-related risk, and people's expectations for business's role within society evolve. These changes have created a tremendous opportunity, but thriving in this more fluid and complex environment will require a new business model—one that enables organizations to be more nimble and better integrated within the ecosystems they operate. Luckily, such a model exists: corporate social responsibility.

Investopedia defines corporate social responsibility as a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. This framework provides a pathway for businesses to connect with and better understand the needs of all stakeholders who affect their business, whether customers, business partners, employees, policy-makers, technology innovators, the public, or the environment.

“Stakeholder engagement is absolutely critical to our operations,” says Scott Morrissey, senior director of sustainability at Denver International Airport in Colorado. “The airport community is so large and varied that we need to work with our airline

and concessions partners and communicate with our employees and passengers to achieve our ambitious sustainability goals. Having as many conversations as we can, both with individuals and groups, ensures that we can be responsive to the needs of all community stakeholders.”

Broadening Focus

At its core, corporate social responsibility is about broadening an organization's focus from the bottom line of an income statement to a holistic accounting of all its stakeholders' needs. Businesses that embrace this model create feedback loops that increase awareness of emerging risks and opportunities. As the



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pace of change within our industry hastens, businesses that identify these risks and opportunities most quickly will be positioned to adapt and thrive.

The transportation evolution is just one example of how the business of parking and mobility is changing. In 2010, catching a ride in more than 700 cities by tapping your cellphone, choosing to commute via a shared electric scooter, or experiencing a fully autonomous vehicle was unthinkable. While these and other innovations have affected our industry, the true extent of the change these technologies will bring is yet to be realized. For example, by 2030, 125 million electric vehicles are projected to be on the road, and the shared micro-mobility market in the U.S. could grow to \$300 billion.

“Installing mobility amenities such as bicycle parking and electric-vehicle charging stations has enabled us to lower our environmental impact while enhancing the tenant experience,” explains Edmée Knight, sustainability manager at Unico Properties. “It is important for us to stay abreast of new mobility solutions as they come online so we can understand their potential to augment our sustainability work and improve access to our buildings.”

Engaging with innovators and policy-makers who are shaping the future of emerging transportation technologies has become critically important to businesses operating in our industry.

The Real Risk

A broader trend that’s emerged in recent years is climate risk becoming real. In 2018, asset manager Schroders assessed 11,000 listed global companies and estimated that accounting for physical climate risk could, on average, reduce their value by 2 to 3 percent. Given this information, Moody’s recent purchase of a majority stake in Four Twenty Seven comes as no surprise. Four Twenty Seven evaluates physical risks associated with climate-related factors and other environmental issues. To date, the relatively young company has developed a data set that covers over 2,000 listed companies.

As the impacts of a changing climate become clearer, understanding your business’s relationship with the environment will become a basic requirement for success. Moving forward, those businesses that do not understand how resource constraints and severe weather events will impact their organization will harness substantial unknown risk.

Society is also now demanding more responsibility from corporations. The public no longer believes that merely limiting environmental harm constitutes responsible business. Eighty-one percent of respondents to The Conference Board’s Global Consumer Confidence Survey feel strongly that companies should help improve the environment. When seeking work, a similar trend is clear: 75 percent of millennials (30 percent of today’s workforce) are willing to take a pay cut to work for

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a socially responsible company. Meeting legal environmental standards is no longer sufficient. High-performing businesses today must understand how they affect society and the environment and demonstrate to their communities and employees that they are striving to improve that impact.

The transformation our industry is undergoing will create immense opportunity but will also bring about new risks. Engaging with all the stakeholders who impact your organization provides a clear path for managing what will be a dynamic future. Corporate social responsibility is a framework for managing stakeholder engagement that enables you to adapt to new opportunities and mitigate risks before others are aware they exist. Embracing this framework will enable your organization to thrive in what is quickly becoming a much more complex and fluid parking and mobility industry. ♦



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