

# enterprise

THE ~~WORLD~~ AGE

BUSINESS ISSUES PEOPLE ADVICE

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## ROSS GITTINS

WHY THE  
MIDDLEMAN  
ISN'T SO BAD  
P3

## THE TWO OF US

PARTNERS IN LIFE  
AND WORK  
P4

A photograph of three men in suits standing in a forest of tall, thin trees. The man in the center is hugging a large tree trunk. The man on the left is also hugging a tree trunk. The man on the right is hugging a tree trunk. The ground is covered in pine needles and dry leaves. The sky is blue with some clouds.

# EMBRACING CHANGE

Smaller businesses are becoming greener – and it's paying off

## COVER STORY

PAM KERSHAW

# GREEN IS GOOD

Small and medium businesses are beginning to realise the need for sustainable practices.

Asked by a major and very valuable client about its sustainable business practices and the size of its environmental footprint, a small supplier thought carefully before replying, "We don't have a footprint."

When he first heard this, Professor Dexter Dunphy of the University of Technology, Sydney, an international expert on corporate sustainability, admits to some mirth.

"My first reaction was 'what are they, fairies?' They certainly don't have their feet firmly on the ground," says Dunphy (pictured), co-author of the best-selling book *Organizational Change for Corporate Sustainability* (Taylor & Francis Books, \$55).

Unfortunately, the attitude of this small supplier is quite common among Australia's small to medium enterprises, largely because they haven't yet been caught in the glare of the corporate sustainability spotlight.

Big business is now being driven to introduce more sustainable practices (those that embrace environmental and social outcomes as well as economic drivers) because of factors including climate change, the drought, pressure from stakeholders, the community and media, and compliance requirements both in Australia and overseas markets.

When PricewaterhouseCoopers recently surveyed more than 200 mid-market companies about their environmental performance, 59 per cent said they were looking at ways to improve their performance and 11 per cent said they intended to consider this in the next year. But 27 per cent were doing nothing and 3 per cent simply didn't know.

The survey noted that public companies

were more active in improving their performance (66 per cent), compared with just over half the private companies (51 per cent).

But if SMEs continue to ignore the sustainability imperative, they may find they face a nasty backlash.

Dunphy is one of many experts who say the issue of corporate sustainability has suddenly jumped to the fore and will continue to grow. Over the past year, there has been a dramatic change in awareness at all levels of government, business and general citizenry, he says.

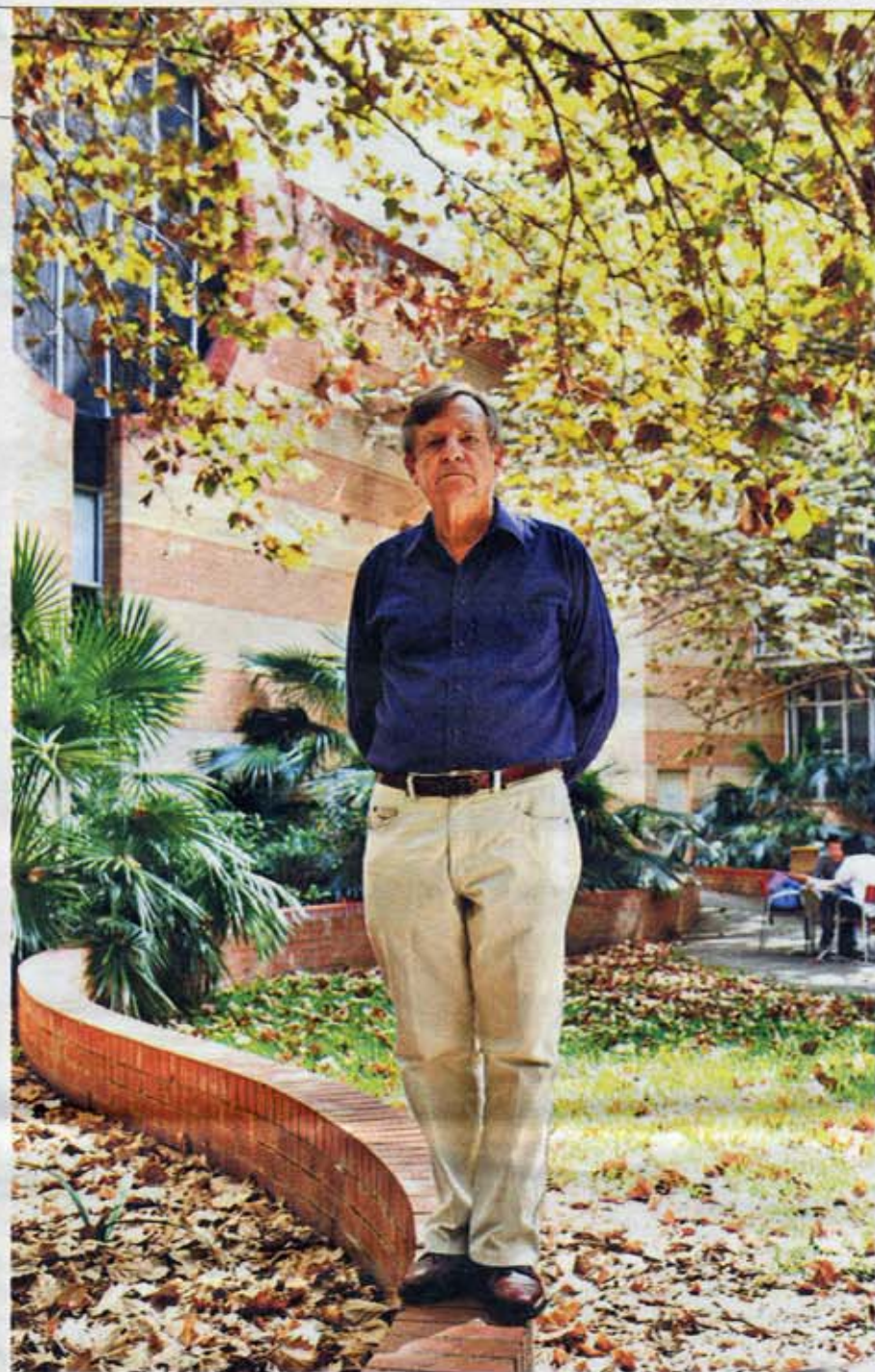
And as more big businesses make a commitment to sustainability, they'll also work

**'THE ISSUE OF CORPORATE SUSTAINABILITY WILL CONTINUE TO GROW.'**  
PROFESSOR DEXTER DUNPHY

through their supply chains, asking suppliers to meet the same kinds of standards.

Big businesses are usually quite helpful, trying to educate their suppliers and work with them to bring them up to standard. But if they don't meet those standards, eventually they will simply be dropped, Dunphy says.

The news in some export markets is similar. The European Union is setting sustainability standards and if you can't prove your products and processes meet them, you won't get your foot in the door. Even China is acting and has an environmental



logo that will be awarded to preferred goods and services that the government believes are produced by sustainable processes.

That could be a huge export opportunity, Dunphy says. But if you can't meet the standards and can't get the logo, you won't get the business.

So what does it mean for an SME to adopt sustainable business practices?

Paul Payten, an associate with sustainability consultancy EcoSTEPS, has worked with local governments and SMEs, particularly in the Blue Mountains, in delivering sustainability programs.

Considering economic, social and environmental factors is part of the strategy but these are just the tip of the iceberg, says Payten, who also emphasises culture and ethics.

He has created an extensive checklist of the areas where companies can act. These include the reduction of all forms of waste and better use of resources, including water, energy, air and light. Business processes and procedures must be evaluated and smart companies involve their staff, clients and suppliers in their sustainability plans.

Payten says it's important to develop a



Sustainable model ... WestWyk's Mike Hill and Lorna Pitt (centre) with EcoProperty's Catriona Jane MacDiarmid.

## BUILDING A BUSINESS

When Catriona Jane MacDiarmid launched her Eco Real Estate and EcoProperty business seven years ago, she thought it would take a long time for the concept of sustainable living to become a marketable commodity. But the drought, water restrictions, energy costs and the growing impact of climate change have resulted in a phenomenal leap in interest in the past six months.

MacDiarmid decided to launch her business when she became concerned about the number of environmentally significant properties that were being lost. "People would buy an energy-efficient home but didn't know how to live in it and would often change the integrity of the property. Or you'd get farmers buying up organic farms because no one understood them or wanted to carry them on."

She wanted to protect what an owner had achieved by finding a buyer who would

retain and enhance a property's features. While it was initially difficult to locate properties because real estate agents did not describe them in a relevant way, MacDiarmid says awareness of the need for sustainable living has at last reached a true tipping point with business, government and the public.

MacDiarmid now has 6000 people on her database, publishes an EcoDirectory of 330 suppliers of sustainable products and services and is building a network of local sustainability consultants and real estate agents around Australia.

She assesses potential eco properties in five categories: land, the built environment, community, energy and water, then produces an EcoProperty guide outlining each property's values and resources.

Do these properties sell for more money than conventional properties? Not necessarily. The truth is that a lot of

properties just end up being really well designed and are great places to live, MacDiarmid says.

One such property is WestWyk in Melbourne's West Brunswick. Originally a historic school that had been closed and was threatened with demolition, WestWyk is now a model of sustainability, with re-use of the prime building and harvested building materials, innovative water and energy conservation systems, sustainable architecture and landscaping design and private and communal open space.

Apartments have been created out of the old schoolrooms and five townhouses are being built, with more to follow.

WestWyk's Mike Hill says that the property is appealing to a great variety of buyers with ages ranging from the mid 20s to mid 60s. While urban greenies love the sustainability features, other people enjoy the sense of community.

strategy and action plan and be able to measure and report on outcomes. You should publicise and promote your achievements, particularly in your local community, because people will connect with your efforts to do the right thing by the planet.

While SMEs with limited time, resources and budgets may feel daunted by the idea of a sustainability strategy, Payten says sustainability principles become just another business filter once they are embedded in your decision-making processes.

Sustainability consultant Robyn Williams of Persistence of Vision, who is working

with the City of Fremantle on a Living Smart for the Workplace project, agrees that SMEs find it hard to consider the environmental and social bottom line, particularly if they are not guided by a business plan.

Williams says interest levels among SMEs are much higher than engagement levels, even though businesses would much rather deal with sustainable companies. "I did a presentation recently and at the end of the session I asked the audience if all other things were equal, how many of them would favour a business that promoted sustainability. Everybody put their hands up."

SMEs that do become sustainable find there can be a very significant impact on their bottom line.

Dr Bob Willard, an international expert on corporate sustainability from Canada, produced an SME business case for his latest book, *The Next Sustainability Wave* (New Society Publishers, \$38.95), that showed an SME could achieve a 66 per cent profit improvement over five years by introducing sustainable business practices.

Willard took a hypothetical case: a SME with revenue of \$4 million, profit of \$200,000 (5 per cent of revenue) and 50

staff. He then used actual savings from real-life SME case studies to calculate the financial benefits.

Companies that became more sustainable made significant savings on utilities, materials and waste. Better people practices and processes resulted in higher productivity and staff retention rates and lower recruitment costs. Revenue went up and expenses came down because risks were reduced.

Bernard Carlon, director of business and community programs in the sustainability programs division of the NSW Department of Environment and Conservation, agrees the benefits can be significant.

His division runs a sustainability advantage program to help companies accelerate their environmental strategies. A business pays about \$2500 for a diagnostic assessment of the company and can then undertake training modules to help it plan, develop and implement its sustainability strategy. The business can also work with a cluster of like businesses, sharing ideas and experiences.

Carlon says that much of what needs to be done for greater sustainability can be integrated into existing business systems. They make substantial savings every time, he says.

Companies will find efficiencies, may develop and implement innovations through closer staff and stakeholder engagement, create better delivery systems, strengthen their supply chains and find new markets, products and services as they improve their systems.

### SUSTAINABILITY WEB LINKS AND READING

- **University of Technology, Sydney, Corporate Sustainability Program** [www.csp.uts.edu.au/index.html](http://www.csp.uts.edu.au/index.html)
- **Sustainable Business Network** [www.barkingowl.com/owlsite/sustainable.htm](http://www.barkingowl.com/owlsite/sustainable.htm)
- **The Handbook on Green Productivity** by Lynn Johansson and its companion, **Greening on the Go: A Pocket Guide to Green Productivity**, can be downloaded at [www.apo-tokyo.org/gp/51ebooks.htm](http://www.apo-tokyo.org/gp/51ebooks.htm)
- **The Sustainability Advantage and The Next Sustainability Wave**, both written by Dr Bob Willard, can be ordered at [www.sustainabilityadvantage.com/author.html](http://www.sustainabilityadvantage.com/author.html), along with sustainability advantage worksheets for large enterprises and SMEs.
- **State government assistance and advice** can be found at [www.environment.nsw.gov.au/education/sustainablebusinessresources.htm](http://www.environment.nsw.gov.au/education/sustainablebusinessresources.htm) and [www.sustainability.vic.gov.au/www/html/1517-home-page.asp](http://www.sustainability.vic.gov.au/www/html/1517-home-page.asp)
- **Green Pages Australia** is a national directory of environmentally sustainable products and services. See [www.greenpagesaustralia.com.au/index.asp](http://www.greenpagesaustralia.com.au/index.asp)
- **Eco Real Estate and EcoProperty** [www.eco.com.au/directory/index.htm](http://www.eco.com.au/directory/index.htm)

Photos: Angela Brkic, Scott McNaughton