
GOING
green

Management 31/07/2007
Magazine Page 51
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 25.60 cms
Width: 19.10 cms
Size: 476.48 sq.cms.

GOING green

THE BOTTOM LINE Starbucks is doing it. So are Shell, Dow, Du Pont, General Motors, News Corp and Virgin. Even New Zealand companies are doing it. Everyone is going green. Why? Although most companies will tell you that they're driven by their love for our planet, the bottom line is that it makes good business sense. by Adelia Hallet

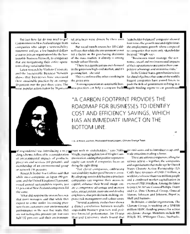
reen is definitely the new black. Social trends researcher Jill Caldwell of Windshift says that last year was the tipping point – the point at which most people "got" climate change and loving the environment became cool.

Two factors helped tip the balance – former United States vice-president Al Gore's film *An Inconvenient Truth* about the horrors of climate change, and the warning by former World Bank chief economist Sir Nicholas Stern that the economic impacts of climate change could be worse than the Great Depression.

But New Zealand has been late in coming to the party. International communications specialist Cindy Baxter, a New Zealander working on climate change projects in the United States, says that smart British and American companies saw the writing on the wall some time ago and moved early to position themselves.

"It makes economic sense as a business to start counting – and reducing – your carbon emissions," she says. "A global and increasing price on carbon is utterly inevitable. The smart businesses are getting in fast."

→



Management 31/07/2007
Magazine Page 52
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 20.62 cms
Width: 18.63 cms
Size: 355.61 sq.cms.

But just how far do you need to go? Commitment in New Zealand ranges from companies who adopt a sustainability statement and pay a few hundred dollars a year to join an organisation like the Sustainable Business Network, to companies that are reorganising their entire operations along sustainable lines.

Latest research by Waikato University and the Sustainable Business Network shows that businesses have increased their sustainable practices by an average 10 percent over the past three years. The most popular action (taken by 70 percent of respondents) was introducing a recycling scheme, followed by a consideration of environmental impacts of products, processes and services (63 percent), and membership of an environmental group or network (36 percent).

Research leader Eva Collins said that while most companies in Japan (80 percent) and the United Kingdom (71 percent) issued annual sustainability reports, just 11 percent of New Zealand companies did the same.

What did surprise the researchers was that most managers said that while they expect to come under increasing pressure from customers over environmental performance in the next five years, they are not feeling this pressure yet. Just over half (52 percent) said their environmental practices were driven by their own values.

But social trends researcher Jill Caldwell says that while the environment is not yet a factor in the purchasing decisions of the mass market, it already is among trendy urban liberals.

"There is a significant un-met demand in the premium high-end market, and it's growing fast," she said.

This is confirmed by others working in the green area.

"A strong reputation in sustainable business practices can help a company build trust with its stakeholders," says Nikki Wright, managing director of Wright Communication, adding that positive reputation equity can result if companies focus on doing the right thing.

"For clever companies, embracing sustainability makes good business sense. By adopting sustainable business practices companies can improve their access to capital, enhance their brand image, create a competitive advantage and increase sales, attract, retain, motivate and develop employees, sharpen decision-making, improve risk management and reduce costs.

"Several academic studies have shown a direct correlation between socially responsible business practices and positive financial performance. An 11-year Harvard University study found that 'stakeholder-balanced' companies showed four times the growth rate and eight times the employment growth when compared to companies that were only shareholder focused," Wright says.

"Businesses must manage the economic, social and environmental impacts of their operations to maximise their competitive advantage and minimise risks."

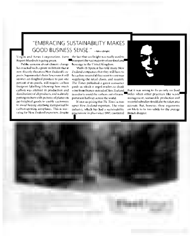
In the United States, green business is so far ahead of politics that some of the world's biggest companies have joined forces to push the federal government to bring in a legally binding regime to cut greenhouse gas emissions and to introduce a cap-and-trade emissions trading scheme.

These are serious companies calling for serious action – together, the companies and organisations that make up the United States Climate Action Partnership (US CAP) have revenues of US$1.7 trillion, a workforce of more than two million people and a combined market capitalisation in excess of US$1.9 trillion. Among the latest to join USCAP are ConocoPhillips, Deere and Co, Dow Chemical Group, General Motors, Johnson and Johnson, PepsiCo, Shell and Siemens.

In Britain, a similar organisation, The Climate Group, is working on a US$100 million HSBC-funding project for action on climate change. Members include BP, BSkyB, BT, JPMorgan Chase, Starbucks,

"A CARBON FOOTPRINT PROVIDES THE ROADMAP FOR BUSINESSES TO IDENTIFY COST AND EFFICIENCY SAVINGS, WHICH HAS AN IMMEDIATE IMPACT ON THE BOTTOM LINE. LIKE ALL BUSINESS METRICS, WHAT GETS MEASURED, GETS MANAGED."

– Julia Hoare, partner, PricewaterhouseCoopers, Climate Change Team



Management 31/07/2007
Magazine Page 53
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 8.57 cms
Width: 18.54 cms
Size: 144.65 sq.cms.

"EMBRACING SUSTAINABILITY MAKES GOOD BUSINESS SENSE." – Nikki Wright

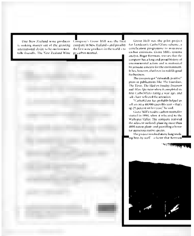
Virgin and News Corporation. Even Rupert Murdoch is going green.

Public concern about climate change has reached such a point in Britain that it now directly threatens New Zealand's exports. Supermarket chain Tesco says it will restrict air-freighted produce to just one percent of its goods, will require carbon footprint labelling (showing how much carbon was emitted in production and distribution) of all products, and is already putting stickers with pictures of planes on air-freighted goods to enable customers to avoid buying anything transported by carbon-spewing aeroplanes. This is worrying for New Zealand exporters, despite the fact that sea freight is actually used to transport the vast majority of our food and beverage to the United Kingdom.

Marks & Spencer has told many New Zealand companies that they will have to be carbon-neutral if they want to continue supplying the retail chain, and recently *The Times* published a green consumer guide in which it urged readers to drink wine from France instead of New Zealand in order to avoid the carbon cost of transportation halfway across the world.

It's not surprising that *The Times*' action upset New Zealand exporters. The wine industry, which has had a sustainability programme in place since 1997, countered that it was wrong to focus only on food miles when other practices like waste management, sustainable production and wasteful subsidies should also be taken into account. But, however, these arguments are likely to be too subtle for the average British shopper.

Tuesday, 31 July 2007, p. 53



Management 31/07/2007
Magazine Page 54
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 20.46 cms
Width: 20.13 cms
Size: 151.53 sq.cms.

One New Zealand wine producer is making money out of the growing international desire to be environmentally friendly. The New Zealand Wine Company's Grove Mill was the first company in New Zealand – and possibly the first wine producer in the world – to go carbon neutral.

Grove Mill was the pilot project for Landcare's CarboNZero scheme, a certification programme to minimise carbon emissions. Grove Mill's systems analyst, Roger Kerrison, stresses that the company has a long and proud history of environmental action and is motivated by genuine concern for the environment. It has, however, also been incredibly good for business.

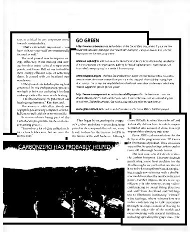
The company got "extremely positive" press in publications like *The Guardian, The Times, The Mail on Sunday, Decanter* and *Wine Spectator* when it completed its first CarboNZero rating a year ago, and sales have reflected the attention.

"CarboNZero has probably helped us sell an extra 40,000 cases this year – that's up 25 percent on last year," he said.

Grove Mill's road to carbon neutrality started in 1994, when it relocated to the Waihopai Valley. The company restored the adjacent wetland, planting more than 4000 native plants and providing a home for numerous native species.

The project involved many long working bees by staff – a factor that Kerrison

Tuesday, 31 July 2007, p. 54



Management 31/07/2007
Magazine Page 55
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 20.57 cms
Width: 20.11 cms
Size: 354.79 sq.cms.

says is critical in any corporate move towards sustainability.

"That's extremely important – you have to have your staff environmentally focused as well."

The next project was to improve energy efficiency. Wine making and storage involves many critical temperature points, and Grove Mill set out to find the most energy-efficient ways of achieving them. It started with an insulated new warehouse.

Other projects included capturing heat generated in the refrigeration process, storing it as hot water and using it in a heat exchanger when the wine needs heating.

"This has netted us 95 percent of our heating requirements," Kerrison said.

The winery's cold cellar also draws negligible power, using computer-controlled fans to pull cold air in from outside.

Kerrison admits being part of the CarboNZero programme has been a time-consuming process.

"It involves a lot of data collection. It was a touch laborious, but we were the guinea pigs."

GO GREEN INFORMATION

http://www.carbonzero.co.nz for details of the CarboNZero programme. Try out the free household calculator (looking at your household's transport, energy and waste levels) before leaping into the business programme.

www.us-cap.org for information on the United States Climate Action Partnership, an alliance of major corporates and organisations pushing for federal legislation on climate change. See *http://theclimategroup.org* for a similar UK-based group.

www.shapenz.org.nz – the New Zealand Business Council site that measures New Zealanders' views on issues like climate change. Have your say in the latest poll, then read the findings from other surveys. The surveys are very detailed and often break views down to the way in which they relate to support for specific political parties.

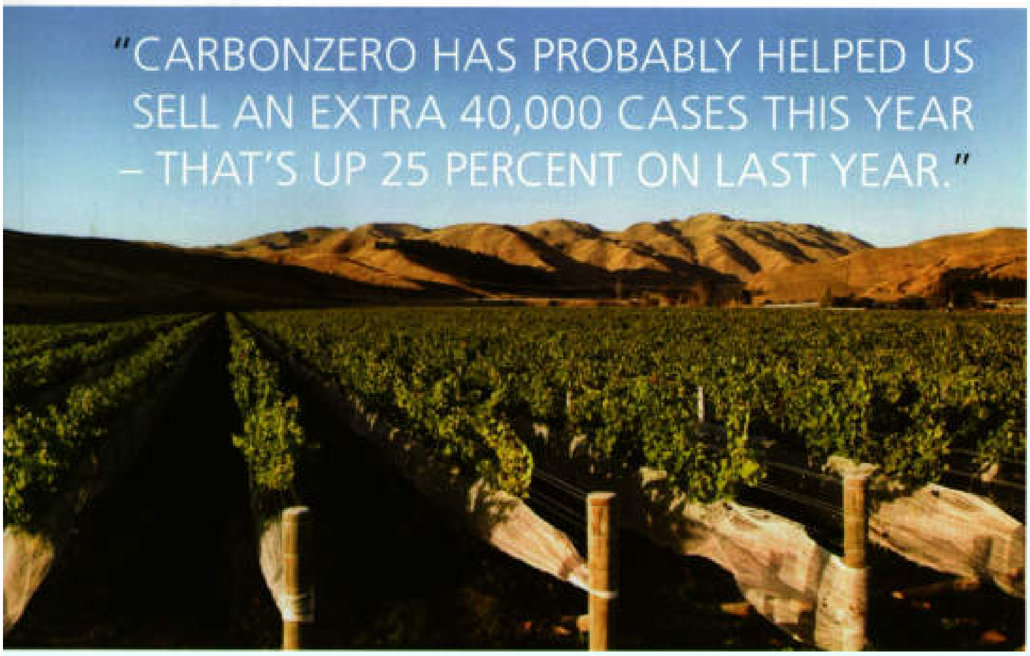
http://www.management.ac.nz/sustainabilityreport/ for the latest report from the Waikato Management School and the Sustainable Business Network on the sustainability practices of New Zealand businesses. See *www.sustainable.org.nz* for the SBN website.

www.grovemill.co.nz for videos and information on the Grove Mill CarboNZero project.

They began by measuring the company's carbon emissions – everything from petrol in the company's fleet of cars, to air travel, to diesel in the tractors, to LPG in the burner at the staff barbecue. Although Grove Mill sells its wines 'free on board' and technically did not have to take transport to market into account, it chose to accept responsibility for these emissions.

Grove Mill's carbon emissions for the first year of the programme were 312 tonnes for 1500 tonnes of product. These emissions were offset by purchasing carbon credits from a Marlborough Sounds farmer.

The task now is to effectively reduce the carbon footprint. Measures include purchasing a new frost machine for the Marlborough vineyard so that one doesn't have to be flown up from Wanaka; replacing a single row-trimmer with a double-row model to reduce the number of tractor passes; further improvements to energy efficiency in the winery; using video-conferencing to avoid flying directors and staff from Auckland and Wellington to Blenheim; instituting "virtual" wine tastings, where winemakers use video-conferencing to talk customers through tastings instead of having to fly to the other side of the world; and experimenting with natural fertilisers, including spreading the grape marc (the



BOTTOM LINE

- Enhances business reputation and brand attraction
- Builds existing customer loyalty
- Creates competitive advantage
- Attracts new customers
- Expands market share
- Helps attract and retain talent
- Increases employee engagement
- Finetunes business processes
- Eliminates waste
- Reduces energy use
- Saves money
- Saves resources
- Accesses new opportunities
  - Public & private companies with market clout are 'greening' their supply chains
  - Investors are increasingly chasing 'green' opportunities
- Improves risk management
  - The costs of failing to embrace sustainability as a business principle exposes organisations to such risks as: consumer backlash, potential loss of stakeholder confidence/support, loss of shareholder support, loss of employee engagement.
- Stay one step ahead of a potentially stricter regulatory environment.
- Let the markets know you're there for the long term.

crushings from the vintage) around the vineyards.

Kerrison says that while all these projects have an environmental logic, there are sound business cases as well. The row-trimmer was scheduled for replacement anyway, and cutting domestic and international travel has significantly reduced costs, improved productivity and increased staff morale ("our winemakers have got families and don't want to spend half their time overseas").

But what is likely to have the biggest flow-on effect is Grove Mill's decision to "green" its supply chain. It is requiring all 20 growers to join the Sustainable Winegrowing New Zealand programme, and is financing them into it.

And it is about to change its power supply contract to fellow CarboNZero

Tuesday, 31 July 2007, p. 56

Management 31/07/2007
Magazine Page 57
Region: National
Frequency: Monthly
Circulation: 8,799
Height: 20.98 cms
Width: 18.69 cms
Size: 392.22 sq.cms.

company Meridian, a move that will see Contact Energy lose a $100,000-a-year customer.

Kerrison says that it's important to be clear about your intentions.

"We are sending a signal that as more carbon-neutral and environmentally friendly companies come on line, our suppliers will be chosen from those with environmental programmes," he said.

Ann Smith, who runs the CarboNZero programme, says that credibility is vital in any environmental programme.

"For example, we use only third-party-audited carbon-offsetting programmes in CarboNZero," she said.

Smith said that interest in the programme had grown rapidly since the Grove Mill accreditation in June last year.

"Last September we were working with 10 companies; now we are working with more than 400 and it's growing fast."

The programme is not limited to large companies; there are sections on the CarboNZero website for small businesses and householders, and Smith says that ultimately no business will be able to ignore environmental issues.

"Even small businesses can look at their energy and fuel consumption and waste production, and will probably have to if they want to retain customers."

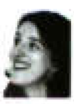
It's a view shared by the New Zealand Business Council for Sustainable Development, which points out that with the Government moving to a policy of sustainable procurement for 34 core government agencies spending more than $6 billion a year, there is a lot of money at stake.

Whether or not companies are feeling public pressure yet, they should expect to. Greenpeace climate campaigner Vanessa Atkinson says that business-as-usual is no longer an option.

"Companies have two choices – to stick their heads in the sand and ultimately suffer the effects on their businesses, or to be proactive and look for ways to become more sustainable by reducing their carbon emissions and looking for ways in which to take advantage of the new world."

Atkinson warns that groups like Greenpeace will be more vigilant in holding managers and directors accountable on environmental issues.

"Green-wash won't wash," she said. "Companies that ignore the warnings will not only lose customers but run the risk of class action from populations affected by climate change." **M**



Adelia Hallet is a freelance journalist who specialises in writing about the environment and sustainability. adelia@frontpagepress.co.nz

HELP FOR GOING GREEN

Rising energy costs and growing concern over climate change emphasises the importance of having an energy efficient business. To help remain competitive New Zealand businesses need to take control of their energy use.

The Energy Efficiency and Conservation Authority (EECA) has a variety of resources, training and funding available for businesses to help save on energy bills.

EECA has management tools such as the online Energy Challenger which offers a quick way for businesses to assess their energy management and identify opportunities to improve their energy use.

Grants are available for businesses prepared to take the first steps towards implementing energy efficient technologies. Up to 40 percent of the capital cost of the project is available to a maximum of $100,000 for a single grant.

EECA also can provide:

- The expertise of Account Managers
- Management tools – identifies action plans to save energy
  - Energy Challenger – for smaller energy users
  - Energy Achiever – spending over $500k on energy
  - One-2-Five – the top 30 biggest energy users
- Resources and training
  - Staff awareness and motivation – how to engage staff in energy management
  - Targeting and monitoring energy use
- Funding for
  - Energy audits
  - Capital for new technologies
  - Energy manager support

For more information visit *www.eecabusiness.govt.nz* or email *emprove@eeca.govt.nz* or phone 0800 358 676