



Hot Topic Flashlight Green opportunities for SMEs to cut costs and win business June 2009

Key Messages

- The recession and the increasing focus on environmental issues such as climate change mean that now is a good time for SMEs to introduce environmental practices to help them cut costs and reduce their carbon footprint.
- SMEs recognise the value of green credentials in winning new business. However, only 27% of SMEs have promoted the measures they have taken to customers, despite the potential business benefits of doing so.
- Just over a third (36%) of SMEs in the South East have taken new measures specifically to cut energy, water or waste costs. 58% of SMEs have changed the way they use IT over the past 12 months.
- Over half of SMEs in the region would like their business to take more account of green issues. Perceived barriers are the cost of implementing changes and the knowledge of how to apply them.

About this research

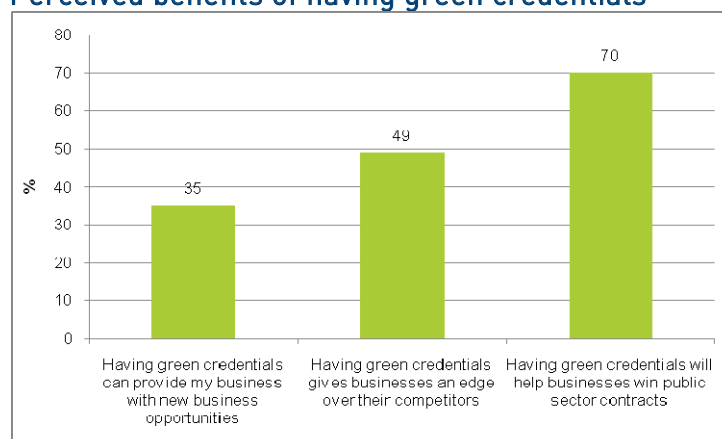
This Hot Topic Flashlight report explores sustainability from the different perspectives of:

- benefits of green credentials for business development
- measures taken by SMEs to cut costs
- use of ICT to reduce travelling
- appetite for introducing more sustainable practices.

Benefits of green credentials

Customer influence on sustainable behaviour should not be underestimated. 34% of SMEs report that customers in their industry *expect* them to have green credentials, especially those 36% who have recently made changes. However, only 27% have promoted their "green" measures to customers. This could represent a missed marketing opportunity among SMEs.

Perceived benefits of having green credentials



Source: South East Business Monitor, February /March, 2009. Unweighted base = 1,206

Those expected to have green credentials are most likely to be:

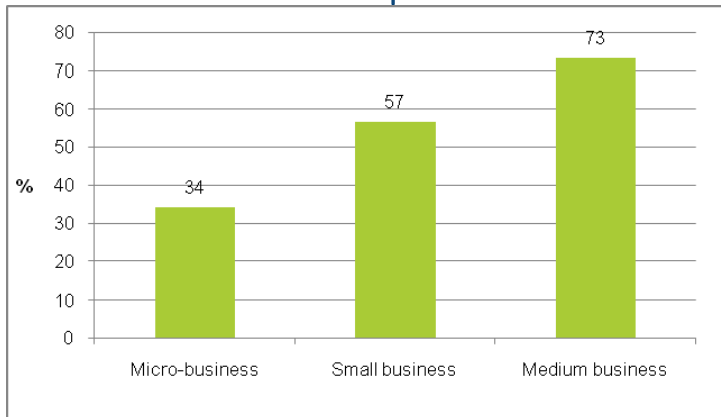
- Medium sized businesses
- Land based
- Manufacturing

For the full Hot Topic Spotlight report, email siohan.smith@businesslinksurrey.co.uk

Cutting energy, waste and water costs

Just over a third (36%) of SMEs in the South East have taken new measures specifically to cut energy, water or waste costs in the past 12 months. Medium sized businesses are much more likely to have taken measures than their smaller counterparts.

New measures taken in the past 12 months



Source: South East Business Monitor, February & March 2009. Bases: Micro-businesses = 791, Small businesses = 292, Medium businesses = 123.

- Retail/ tourism more likely (42%).
- Manufacturing less so (29%).

Reasons for inaction

Almost two thirds of SMEs in the South East (62%) have not taken any measures in the past 12 months to cut energy, water or waste costs.

- 40% say that they have done all they can
- 11% think that it wouldn't save enough money

What green measures have SMEs taken?

The more usual actions are "quick wins" as they do not involve much cost outlay or forward planning.

However, it is worth noting that there are several actions that would be relatively easy to implement but have only been taken by a small proportion of SMEs, for example increasing recycling (5%) and reducing heating usage (1%).

Measures taken to cut energy, water and waste costs

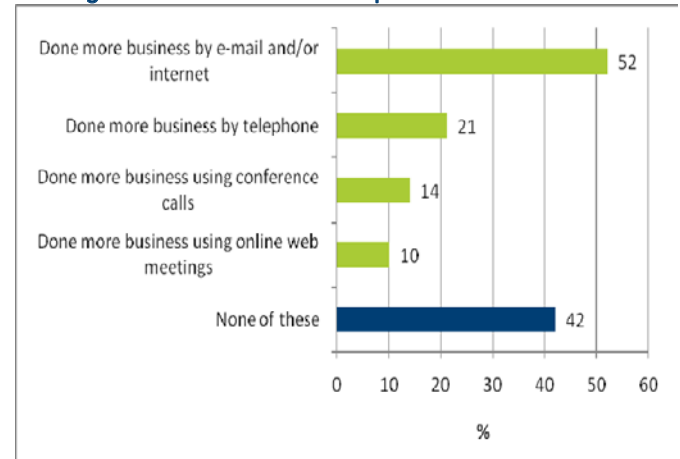
Measure	%
Tried/Reminded staff to switch off lights	69
Used resources more efficiently, e.g. paper, printer ink	67
Monitored bills more closely	65
Changed to low energy light bulbs	64
Tried/Reminded staff to use less water	49
Less travelling	39
Changed to energy saving equipment	38
Changed waste, water or energy suppliers to get a better deal	35
Set up energy monitoring equipment	14
Recycling measures (e.g. more recycling)	5

Source: South East Business Monitor, February & March 2009. Bases:

More effective use of ICT

58% of SMEs have increased the amount of business they do using ICT, enabling a reduction in carbon emissions and travel related costs.

Changes to ICT use in the past 12 months



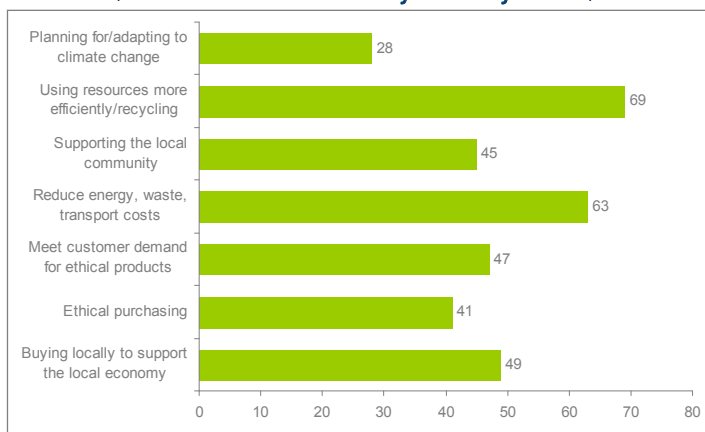
Source: South East Business Monitor, February & March, 2009. Unweighted base = 1,206

- 58% have increased their activities in at least one of these areas.
- 14% are making more conference calls and 10%, more online meetings, especially
 - Business/Financial services companies (25% and 18%).
- Medium sized business are much more likely to have changed the way they use IT.

Sustainability – environment and people

In a separate telephone survey of SME owners, also carried out in February 2009 for the South East Development Agency (SEEDA), Business Link explored changes which SMEs are making across a range of issues.

Measures taken for ethical reasons in the past 12 months (Annual Sustainability Survey 2009)



Source: Annual Sustainability Survey Feb 2009 (Business Link/SEEDA).
Base = 422

The prime motivations for business sustainability still remain around reducing costs/carbon emissions and using resources better.

However, even in these difficult times, the importance of supporting the community and reflecting customers' increasing ethical sensitivities is shown. These are at similar levels to the 2007 Annual Sustainability Survey, while cost reduction activities have, not surprisingly, seen a large rise in take-up.

Those businesses taking the most action include:

- SMEs expecting to grow
- businesses with 11-49 employees,
- land-based businesses.

Sustainability and low carbon incentives

Further SEEDA/Business Link research into Low Carbon Incentive Schemes concluded that there is no single solution, and that knowledge is the key to action for SMEs.

SMEs' ability to implement measures

The survey asked SME owners how important different activities are to them, and looked at whether these activities have been implemented in the past 12 months. This indicates the changes which businesses are acting on. It also shows where SMEs have found it harder to make change in areas which they feel are important.

Important and achievable:

- Cost reductions and efficient use of resources score highly for both importance and implementation

Important but less achievable:

- Buying locally and supporting the local economy are aspirations which SMEs have not fulfilled as successfully as they would like.

Achievable but less important:

- Sustainable behaviour regarding staff recruitment and retention is outstripping its importance to SME owners, probably driven by legal requirements.

Business Link's Sustainability expert, Erica Russell says:

"This report shows just how much companies in the South East are already doing. However, it also highlights that there are still some major hurdles to overcome on sustainable transport, understanding the impacts of climate change on their business, and for many the move from simple, no-cost measures to more investment-based change"

This Annual Sustainability report is available from siobhan.smith@businesslinksurrey.co.uk

These are highlights of the findings from the South East Business monitor. Every four months, at least 1,200 telephone interviews are conducted with business owners and senior decision makers of small and medium –sized enterprises (SMEs), based in the South East. This allows an ongoing “temperature check” of business issues and concerns. The survey results are weighted to reflect the size and structure of the region’s SME population.

For the full Hot Topic Spotlight report (no. 25) on Green Opportunities for SMEs, email: siobhan.smith@businesslinksurrey.co.uk

Other recent research reports include:

- Credit & Cash Flow in the Recession
- Stress in the Workplace
- Public Procurement
- Enterprise among the Over 55s
- Responding to the Economic Downturn
- Women’s Enterprise

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The Business Link service is available locally and provides the information, advice and support you need to start, maintain and to grow a business.

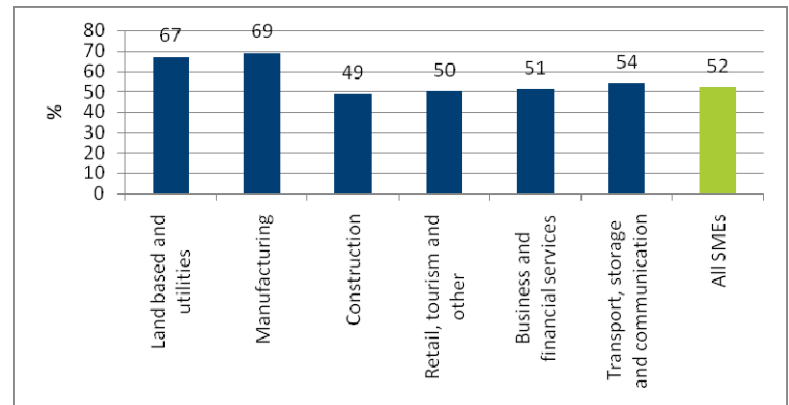
For more information call: 0845 600 9 006 or visit: www.businesslink.gov.uk/southeast



Future intentions

Over half of SMEs in the South East (52%) would like their company to take more account of green issues and sustainable development, equal to around 201,200 businesses in the region.

Would like company to take more account of green issues



Source: South East Business Monitor, Wave 13. Bases: Land based = 92, Manufacturing = 156, Construction = 171, Retail, tourism and other = 355, Business and financial services = 329, Transport, storage and communication = 95.

This was more marked among:

- medium and small SMEs (61% of each vs with 50% of micro businesses).
- Land based sector (67%)
- Manufacturing sector (69%)

The barriers which were identified included:

- cost involved in implementing the changes (30%)
- knowing how to apply measures (11%)
- knowing which measures would be best to take (8%)

Suggestions of support which Business Link could give to overcome these barriers included:

“They could provide us information as to what things my business does that would be considered not green. ... They could email us this information.”

“Make us aware of things that are around. What types of things are available? Small everyday items not big things like solar panels.”

“They could provide more advice on these issues and how they can affect our business. What are the rewards to being more green?”

“Make businesses aware of what they mean and what other people have done. What does the context of green mean?”

“... give us more information on grants available to help us.”

