



Go green your way

It's the right thing to do for the planet, your children and your community. In some cases, going green can also result in some tidy cost savings as you improve the efficiency of your business operations day-to-day. But what benefits does going green deliver to your customers? In among all those fantastic "business opportunities" green pundits talk about, what can you pass on to your customers that they'll be happy with - and even possibly pay more for? **Kate Hennessy** takes a magnifying glass to some innovative Australian small businesses that have changed their operations to benefit their customers, as well as make greener profits.

Includes advice on:

- How to translate the lessons you gain from a carbon footprint audit into a story your customers want to hear
- Why you might want to absorb some costs of doing greener business, rather than asking your customers to opt in and pay for carbon offsets
- Or, alternatively, why some customers prefer to choose offsets as optional extras

Jess Miller believes in creativity. She has worked with small-to-medium businesses in roles at Climate Friendly and advertising agencies and now runs a communications consultancy for a ethical, progressive and sustainable organisation called Goody Two Shoes.

According to Miller, small businesses shouldn't rule out a creative approach to their sustainability plan, because it is something they can get excited about.

Miller admits numbers talk and a carbon footprint audit (see *Nett*, April 2010, p63, on how to measure your carbon karma) is a powerful education tool - "you can't manage what you can't measure" - but she says SMEs shouldn't assume carbon offsetting is the only route to follow. Or even the best one.

"It can get boring if it's just about numbers," she says. "First, sit down and think about your business. What do you do? Who do you talk to every day? What are your strengths?"

1. Green option one: Do what you do best

The strengths of a cafe that serves around 200 people each day are its visibility and opportunity to influence and involve its customer base, says Jess Miller.

Instead of paying for a behind-the-scenes carbon audit and offsetting exercise, that cafe's time and money could be better spent doing something suited to its business.

"It could say to its customers: 'We're going to phase out all disposable coffee cups over the next two years'. That's changing the behaviour of 200 people each day, while also inviting a community approach."

Like other aspects of good business, it's about differentiating and working to your strengths, says Miller.

"If small-to-medium businesses go green their way, they'll have a better story to sell. They can communicate this in a way that makes sense to them, not necessarily talking about tonnes and Gold Standard carbon credits.

"At the end of the process, the cafe can say: 'We have given out 5000 cups instead of 20,000. We've encouraged 25% of our customers to buy a Keep Cup [a brand of reusable coffee cups in standard sizes, keepcup.com.au] and therefore 25% of our customers have changed their behaviour'. That's a really tangible achievement for the cafe and its customers."

In communicating your story, be transparent and say you're on "a journey", says Miller. "Have a goal and admit you're not perfect so people will see you're authentic. Instead of making grand statements like: 'We're 100% carbon neutral! There's going to be a 2% rise in all our products', try engaging with your customers. What do they think you should do? Would your customers be happy to pay more?"

2. Green option two: Absorb the costs

Have you ever considered whether it's more environmentally sound to be buried or cremated?

Centennial Park did. In 2007, this South Australian cemetery and funeral service provider commissioned a study looking into the environmental impact of burials versus cremations.

Perhaps surprisingly, the study found that burials at Centennial Park had a 10%

greater environmental impact than cremations.

"Long-term, burial is more labour and resource intensive, consumes more fuels and produces larger quantities of waste," says Bryan Elliot, chief executive officer of Centennial Park.

In 2002, Centennial Park became frustrated by the large quantities of operational waste it was sending to landfill. It decided to implement an Environmental Management Plan, not only to reduce its waste but also its energy consumption, vehicle emissions and reliance on mains water.

It also undertook a greenhouse gas emissions audit and, by 2009, was offsetting all of its emissions with certified carbon credits.

"This [carbon offset] includes all cremations, burials and funeral services as well as operational emissions from our administration building, garden maintenance, vehicles and equipment," says Elliot.

To date, Centennial Park has spent \$30,000 on offsetting its 1731 tonnes of greenhouse gas emissions. But it didn't go down the path of offering customers a carbon offset funeral. Instead, all customers' funerals are offset.

"If we [offered customers carbon offsets as an option] there would be no guarantee we could offset all burials, cremations and funeral services," says Elliot. "So we absorb the cost rather than passing it on to families. We don't see it as an 'optional extra.'"

Centennial Park has conducted wide reaching marketing activities and generated lively mainstream media coverage about its pioneering study on burial versus cremation to drive its green value proposition.

It makes a big effort to communicate with its customers through brochures, open days, advertising, a dedicated public relations firm, an environment page on its website and an annual report. It's been rewarded by "significant

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coverage in print, radio and online media by local and national media outlets,” says Elliot.

The business is also very proud of its reduction in operational waste.

“In recent years we have reduced operational waste sent to landfill by 97.3%,” says Elliot.

3. Green option three: Experiment with carbon offset models

Launched in 2009, Club KI is an online booking intermediary for holiday accommodation on Kangaroo Island. Club KI director Alex Ouwens saw immediately that it made business sense to align Club KI with Kangaroo Island’s pristine image. Not that it was a cynical decision. Ouwens is genuinely passionate about the Island.

“I love Kangaroo Island and its natural beauty, beaches with no pollution, untouched wilderness and unpolluted skies.

“We wanted our guests to see that Club KI respects the environment and, hopefully, when they visit they, in turn, show the same respect.”

Club KI decided to offer guests an optional carbon offset per evening of accommodation by estimating the emissions created per night in an average holiday house in Australia.

The dollar figure Club KI arrived at was \$2.50 per night to offset a stay. At the checkout stage of booking, guests are prompted to add the offset as part of the ‘extras’ menu.

But Ouwens was disappointed with the uptake. “Our system gives us feedback immediately on guests choosing the option. To be frank, it was almost negligible.”

Pondering the problem recently over a glass of wine, Ouwens decided to move to a model where Club KI absorbs the carbon cost in total, instead of relying on his customers to buy - or not buy - an offset. Essentially, he’s arriving at a similar carbon offset model as Centennial Park.

“Next financial year we will cover the \$2.50 per night in order to promote the message ‘Every stay with Club KI is Green,’” says Ouwens.

Ouwens admits it will cost more money, but he’s optimistic about the long-term benefits.

“We may need to buy \$10,000 to \$15,000 worth of carbon credits for the year but it has a positive ‘halo effect’ to the public, it’s tax deductible, and - most importantly - we are making a big difference to help reduce carbon pollution.”

4. Green option four: Keep it simple for customers

V.I.P Money is a mobile loan consultancy. Its consultants travel to customers’ homes and zip through more than 2000 loan products using specialised software, seeking “the right loan” for customers.

Once the deal is done, V.I.P Money provides a little extra: one carbon credit. “Every time we arrange a home

loan for our franchisees or the general public, we give something back to the environment,” says Karl Niehus, national franchise manager at V.I.P Money. “We deal with over 25 lenders and we give carbon credits back to our clients regardless of bank or lender.”

The offering doesn’t follow Miller’s model of “do something that’s aligned with your business”. It doesn’t follow the usual offsetting model, either, which is to offer an offset based on how much carbon a product or service creates. Every V.I.P Money loan receives one credit. Simple as that. But it does raise awareness of carbon credits for an audience that may not know much about it, while keeping the model simple and cheap to manage and administer.

It also provides a point of differentiation. “As far as we are aware, V.I.P Money is the only Australian wide mortgage broker that does this [provides a carbon credit option]. Research shows that more consumers in the Gen X and Y category are making decisions based on the welfare of the planet.”

Since the credit is built into the loan there is no simple way to measure just how many customers would choose to purchase it independently - but Niehus is unconcerned.

“So far, we have had such a positive response, that we are developing a carbon ‘positive’ home loan. It will take into account the amount of carbon generated in attaining a loan.”

This will factor in the paper the loan documents are printed on, printer toner and all associated energy devices like vehicles, printers, faxes and office lighting, says Niehus.

“Once this energy audit is complete, we can ascertain the amount of carbon credits that need to be purchased to offset the energy consumption. Customers will be able to make a loan decision based on rate, flexibility or environmental benefits.”