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Green changes can improve bottom line, says new report from leading consultancy

Implementing deep-seated environmental change can improve companies' profit margins. That's the surprising conclusion from leading change management consultancy Corven in a Report, *Green Lean*, out today.

Corven's research in implementing "Lean" programmes has surprisingly revealed that combining green initiatives with proven "lean" methodologies can deliver environmental benefits together with simultaneous improvements in efficiency and profitability.

Wake up now

Companies need to realise that the time is now to address environmental pressures. These impacts are currently underestimated, both in terms of severity and the speed with which they will affect businesses.

Lawsuits seeking damages are already being brought against polluters, and there is evidence that litigation will be back dated to 2007 – the date of the IPCC Climate Change report, while the price most organisations put on their carbon dioxide emissions is either non-existent or far too low. The Stern Review puts the true cost at \$85/tonne; that could put many businesses out of business

Failure to act will seriously disadvantage businesses, as both legislation and market conditions are changing *now* to favour companies equipped to operate around environmental drivers.

Benefit not cost

Most executive teams see green initiatives as a cost, but in fact combining green thinking with proven "lean" management techniques can deliver environmental improvements and real gains in efficiency and profitability as part of the same process. Companies can be greener and more profitable.

Kevan Jones, Director of Corven, commented "Our research has demonstrated that when tied to the success of the business and integrated with continuous improvement programmes, green initiatives can deliver astounding results in many areas: financial; corporate reputation; new products and services; and staff productivity."

Corven have many years' experience helping organisations to implement continuous improvement or 'Lean' programmes in both production and operational processes. Their research for this project revealed many unexpected parallels between 'Lean' and 'Green' initiatives.

"We believe that harnessing Lean and Green together creates a corporate-wide agenda that will generate greater engagement and deliver sustainable results on both the environmental and the commercial fronts," said Kevan Jones. "Bringing the environmental focus of 'going Green' (and its

high levels of engagement) into a financially-focused 'Lean' programme (with high levels of business drive and sponsorship) gets the best out of both.”

Background

- *There is growing government attention on this area, with a likelihood of legislative pressure:*

The Stern Review for the UK government calculated the cost of each tonne of carbon dioxide at \$85.

Though “polluter pays” legislation has not yet been implemented determinedly, its time is coming.

Hilary Benn, Secretary of State for the Environment announced in February that the Government would set an annual target range for emissions reductions. He also said the Climate Change Committee would be asked to consider whether the 2050 target should be tightened up to 80 per cent.

- *There is growing consumer demand not only for green products and services, but for what consumers perceive as responsible behaviour:*

Spend on green energy in the UK in 2005 was £54m (up 42% on 2004)

While over the past year, at least one third of the 30 Down generation has chosen a green energy provider. (Co-operative Bank's *Ethical Consumerism* Report)

Companies not directly involved in producing “Green” goods are also affected, as consumers increasingly expect all companies to behave in a manner that helps with environmental sustainability. The total value of UK ethical consumerism in 2005 was £29.3 billion, higher than the retail figures for tobacco and alcohol (£28.0 billion) (Co-operative Bank's *Ethical Consumerism* Report)

