



Network for
Business Sustainability
Business. Thinking. Ahead.

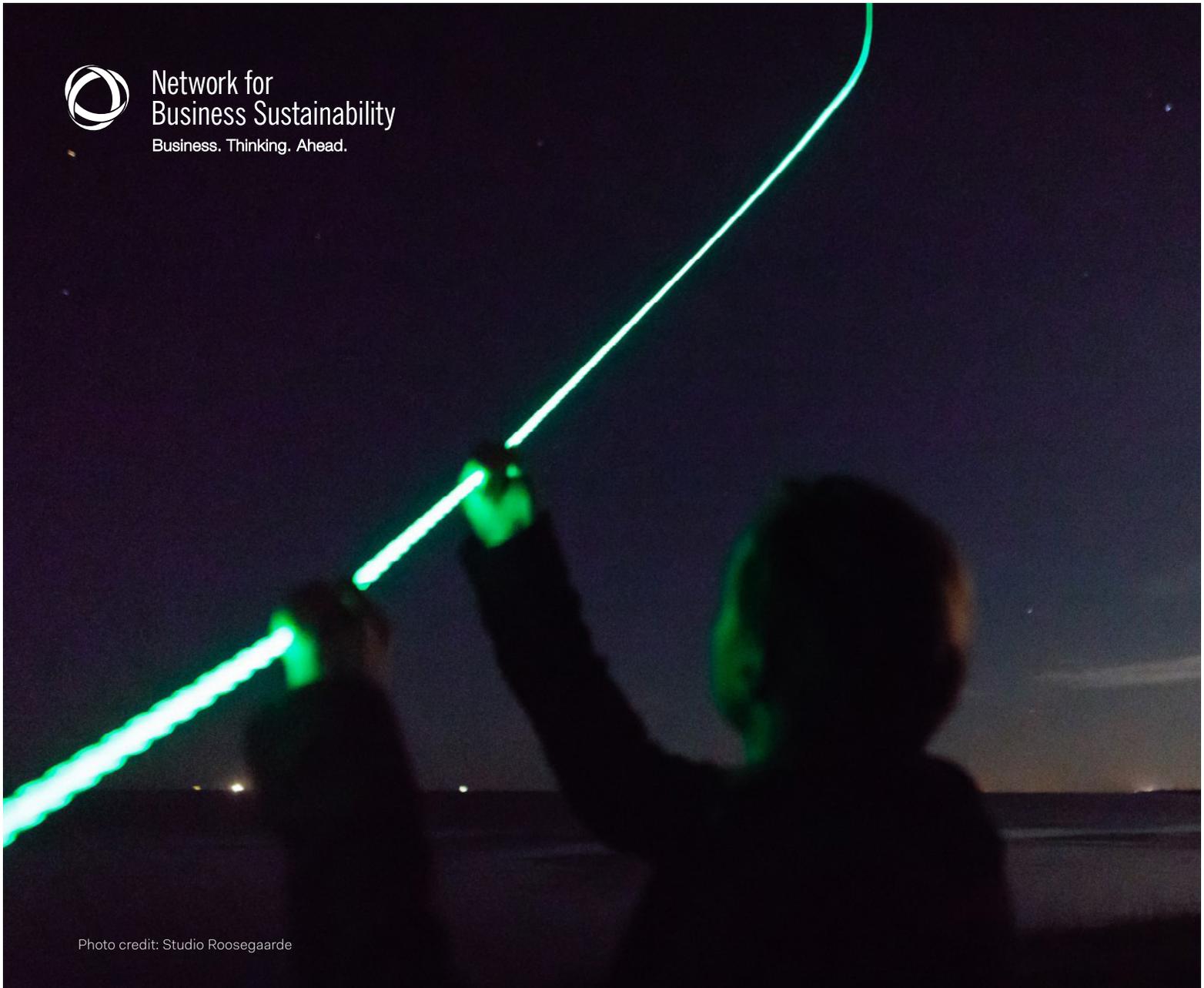
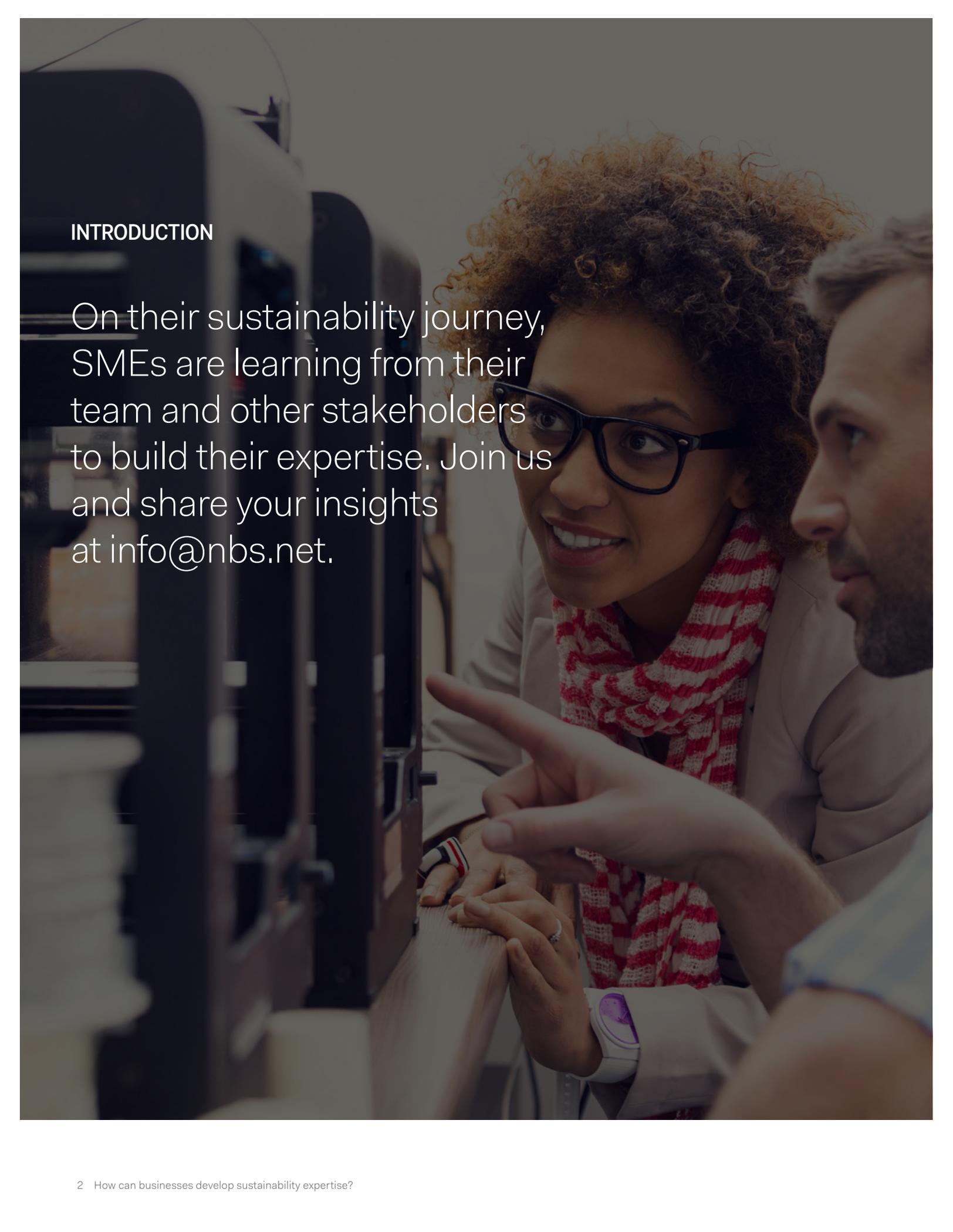


Photo credit: Studio Roosegaarde

How can businesses develop sustainability expertise?

Sustainability challenges encountered by small and medium enterprises (SMEs)

Prepared by a group of REDD collaborators,
led by Marie-France Turcotte



INTRODUCTION

On their sustainability journey, SMEs are learning from their team and other stakeholders to build their expertise. Join us and share your insights at info@nbs.net.



The expertise challenge

How can SMEs develop sustainability expertise?

Many executives of small and medium enterprises (SMEs) say that they feel overwhelmed when faced with implementing sustainability in their organization.

In a 2013 survey¹ of Quebec businesses, almost 60 per cent of respondents said that they fail to carry out sustainability activities because they lack adequate information and staff with the appropriate skills.

Many sustainability guides are available for business, but SMEs want more accessible tools, tailor-made to their specific needs.

With appropriate guidance, SMEs can develop sustainability expertise more easily than they might think.

¹ Ministère de l'Économie, de la Science et de l'Innovation (MESI). 2013. *Sondage sur le développement durable réalisé auprès des entreprises du Québec-2013*. Retrieved from https://www.economie.gouv.qc.ca/fileadmin/contenu/documents_soutien/developpement_durable/rapport_sondage_DD_entreprises_qc_2013_vf.html.

Possible solutions for developing expertise in sustainability

This report presents the five most promising approaches to developing sustainability expertise



These solutions come from research carried out by Réseau entreprise et développement durable (REDD) and from the presentations and discussions that took place during the international symposium “*Sustainable Development: Finding Solutions for SMEs*” (Montreal, 2015). REDD is the francophone office of the Network for Business Sustainability (NBS).

SMEs should consider how each approach fits with their specific situation. Don't necessarily follow each step as in a manual; consider what works for you.

1. Listen to stakeholders in order to co-create expertise.
2. Begin with small, easy, and inexpensive initiatives, then continue.
3. Question operational methods, in order to improve.
4. Call on external resources.
5. Designate an internal resource.

Approach #1. Listen to stakeholders in order to co-create expertise



To acquire sustainability expertise, SMEs recommend being open to suggestions and opinions from stakeholders.

Businesses can call on many stakeholders, including employees, suppliers, clients, government agencies, and community members or associations. All these stakeholders have knowledge based on their experience in the organization's value chain², and can offer fresh insights into an SME's organizational vision.

This expertise can help businesses improve their processes, innovate their products and services, and better integrate into their communities.

The following cases describe the experiences of four SMEs. They have innovated and improved their approaches by collaborating with stakeholders such as employees, the community, and government agencies.

² The "value chain" describes all of a company's activities, from the design of a product to its launch. It includes both the primary activities (internal and external logistics, sales, and services) that are part of the production process, and the support activities (business infrastructure, human resource management, technological development, procurement). All these activities create value. Source: Office québécois de la langue française. 2012. "chaîne de valeur." Retrieved from www.granddictionnaire.com/ficheOqlf.aspx?ld_Fiche=8376323.

Case 1: Developing expertise with employees: Vestshell

After a difficult period, the Vestshell foundry decided to integrate sustainability principles into its management and strategic planning process. The SME's senior management wanted, above all, to ensure that this new business project would be meaningful to all its employees.

Managers had developed the organization's previous action plans. This time, senior management decided to entrust 20 employees with drafting a charter to lay the foundation for a new action plan and an operational dashboard.

Some managers' egos were bruised, as they temporarily felt that they were losing power. But overall, the organization saw the exercise as successful because it legitimized the process in the eyes of the employees and brought together the expertise necessary to fill the gap between the managers' vision and that of employees.

Vestshell's employees also participated in operational improvements. Shop floor employees filmed problematic processes and shared their findings with managers, who generally had not been able to see what was happening there. Similarly, Vestshell readily took employees away from their regular tasks to discuss various problems related to their work.



Tip

Involving employees in developing the action plan can stimulate innovation and ease implementation.

"I witnessed shouts of joy from our operators when they understood that we were there to help them implement one of their ideas.

As managers, we didn't lose power, we gained credibility.

The grassroots must have the opportunity to show us how to help them."

– Greg Laflamme, Director of Operations, Vestshell

Case 2 : Co-creating expertise with the local community: Virginia Mines

Virginia Mines was one of the most important mining exploration companies in Quebec in recent history. Working in Northern Quebec, this SME inevitably affected local communities.

Virginia Mines had used traditional communication strategies to promote acceptance of its activities. The company decided to take additional measures: (1) establishing an open communication channel with local communities to inform them of its exploration activities, and (2) working on listening skills of its employees and on engagement with stakeholders.

The company toured the communities that could be impacted by its projects. It sought to ensure that key stakeholders — families, chiefs and band councils, the trapper association, local representatives, and economic development officers — were fully informed of activities taking place on their territory and that the company heard their questions and concerns.

Virginia Mines also cooperated with local communities by creating business partnerships, through which company and community explore large exploitable territories. Local communities have valuable knowledge of the territory.



Tip

Involving the local community has helped the company better identify its activities' impact and meet community expectations.

Case 3 : Co-creating expertise with government authorities: Colombian SMEs

Effective solutions come from collaboration between managers of very small companies and government sustainability experts, according to researcher Paola Vasquez. She compared micro-enterprises in three sectors in Colombia: tannery, electroplating, and *trapiche panelero* (production of *panela*, solid cakes of unrefined cane sugar).

The results showed that when government agencies imposed technical solutions developed for large SMEs on micro-enterprises, those solutions did not work well.

Agencies imposed such solutions in the tannery sector. In response, companies made the significant financial investments required to adopt new technologies — but stopped using the technologies within a few months.

In the electroplating and *trapiches paneleros* sectors, by contrast, solutions were developed cooperatively between micro-enterprise managers and government agency specialists. These solutions led to reduced environmental impact and increased productivity.



Tip

Beware of ready-made solutions created for larger enterprises.

Case 4: Building a broader coalition: the city of Saint Herblain

SMEs interested in stakeholder dialogue may find that stakeholders are more interested in large enterprises, which seem (sometimes incorrectly) to have a greater social and environmental impact.

Public institutions can act as facilitators to help SMEs attract more attention from stakeholders.

In 2011, the city of Saint Herblain, France, created a space for dialogue between local enterprises and their key stakeholders, such as trade unions and non-governmental organizations. The method was a corporate social responsibility charter. Stakeholders helped develop the charter, which was signed by more than 30 businesses, mainly SMEs.

Every year, the senior management of these SMEs commit to developing an action plan in accordance with the charter and submitting it to a committee of external stakeholders. The committee comments on this action plan. The committee can encourage businesses to be more ambitious, while providing advice and informing them of relevant initiatives and resources.

At the end of the year, the executives submit their results and their new action plan to the committee. If the committee agrees that the company met commitments, the community and the business can then publicize their achievement.

Source: Sobczak, A. 2012. *Dialogue entre les PME et leurs parties prenantes : les autorités publiques locales ont-elles un rôle à jouer?* Montréal, QC : Réseau entreprise et développement durable. Retrieved from <https://redd.nbs.net/p/dialogue-entre-les-pme-et-leurs-parties-prenantes-les-d3dcebca-ddec-4541-920e-be21d6248855>.

Approach #2. Begin with small, easy, and inexpensive initiatives, then continue



When companies begin to take sustainability action, many have little expertise. Several SMEs that are now sustainability leaders said that because of their initial lack of expertise, they began with small, easy, and inexpensive initiatives. Sometimes they had a clear vision, but not always.

These companies said that carrying out easy and inexpensive actions leads to a series of successes, ensuring that the approach can be refined and structured over time. Working step by step also let them decide which issues were priorities and needed to be addressed first.

Beginning with larger sustainability efforts can work, but involves more risk because the business may not be able to immediately integrate numerous changes.

More modest initiatives can still have impact. Every action counts.

"First, we carry out the essential, what's the most obvious, the easiest to do. It has to start somewhere.

Over time, we improve and refine our strategy. We take inspiration from good things done in the industry, and we consult experts. We get feedback and make adjustments to ensure continuous improvement.

That's the theory of small steps. Sustainable development is a series of small actions that add up to a big difference. We must make it a priority, but a priority that is within our means."

– André Gaumont, Senior Vice President of Northern Development, Osisko Gold Royalties, (formerly President of the SME Virginia Mines)



Tip

Small actions can pave the way to deeper changes.

Case 5: Implementing small actions that can lead to profound changes: Interface

At SME Interface, the CEO wanted a big sustainability turnaround. But his management team was unconvinced.

The CEO began by changing attitudes in his team, providing presentations, readings, and other material. The team's embrace of sustainability let the company implement many innovations that have benefited the environment and the company. Indeed, Interface — now a multinational — has continued to grow in a shrinking market.

Use relevance analysis to determine which initiatives will have the most impact.

Sustainability experts recommend analyzing the relevance of each possible action. These experts include people involved with the international standard ISO 26000, the Global Reporting Initiative, and the Sustainability Accounting Standards Board.

Choosing issues is sometimes done through dialogue with stakeholders. Do company staff and external stakeholders agree on what is important?

SMEs with few resources can do relevance analysis with little effort and at minimal cost.



Ask these questions before going further on your sustainability journey:

- What are the social and environmental issues related to our activities?
- How can we reduce the negative impacts of our activities and increase their positive impacts? How can we position ourselves for opportunities?
- Which of these relevant actions would be easy to apply?
- Which actions would be difficult to apply because they are expensive or don't fit with our operations or values?
- Among the difficult practices that would have a strong impact, how could we pave the way for future implementation? Could we break the problem into pieces or steps?

"Standardization today, in terms of sustainability, takes the concept of relevance analysis to a new level because it is able to adjust the processes and the issues to the specific context of the organization."

– Haykel Najlaoui, Manager, Sustainable Development and GRI Certified Training, Neuvaction

Source: Najlaoui, H. 2016. *L'analyse de pertinence, ou comment prioriser les enjeux de développement durable*. Montréal, QC : Réseau entreprise et développement durable. Retrieved from <https://redd.nbs.net/p/article-l-analyse-de-pertinence-ou-comment-prioriser-f4af6c56-eb6b-4d43-89e1-52bc039531cd>.

Approach #3. Question operational methods, in order to improve



No expert understands the operations of an organization better than those who work there.

Several SME executives emphasized the importance of taking time to question existing operations and open doors to new ways of doing things.

Established processes may hide potential innovations that could enhance the organization's sustainability impacts.

Questioning can initiate continuous improvement of operations, a key principle in sustainability. Continuous improvement involves self-assessment, optimization (e.g. reducing costs, increasing quality, and improving impacts), and evolving in small steps. Continuous improvement is key to sustainability but can be difficult to implement for many SMEs used to working reactively.

"What has sustainable development given us? It's enabled improvements and questioning.

For those managers or entrepreneurs who say they don't have the time, they have to find ways to free up their time.

For us, making time is something that we did before starting the process; if we hadn't, it wouldn't have worked."

– Greg Laflamme, Director of Operations, Vestshell

Case 6: Questioning its operations and improving production processes: Produits Neptune

Produits Neptune manufactures bathroom products, which might seem unrelated to sustainability. Nevertheless, this SME decided to re-examine its practices. This analysis led to production process innovations that improved its economic, environmental, and social impacts.

For example, the SME had previously discarded scraps from the unmoulding process of its acrylic bathtubs and shower modules. Produits Neptune decided to transform the scraps into granules so that a recycler could use them to manufacture other products, including benches for municipal parks.

Previously, water used to perform leak tests was flushed down the drain after every test. Now, leak tests on bathtubs and pipes use recycled and filtered water that is then used to heat the facilities during the winter months.

Finally, discussions with Produits Neptune's raw material supplier resulted in switching to a resin with a much lower toxicity level so that employees can work without masks and no longer need expensive and energy-intensive ventilation systems.

These changes are innovative actions that distinguish this SME from others in the same industry.

Approach #4. Call on External Resources



External expertise is important in implementing a sustainability strategy, SME leaders said. Companies can use such expertise to start sustainability efforts or make them more structured.

External resources can come from many places:

- Government agencies and non-profit organizations provide free information about business sustainability.
- Other organizations provide made-to-measure consultation and coaching.
- Companies can also use external certification and standards to structure their initiatives and measure their progress against that of other businesses.
- Participating in conferences, workshops or working groups can help organizations learn about best practices, share experiences, and find answers to questions.

"Outside assistance can help provide direction, and that gives us confidence.

So we have more confidence when I ask employees to work in this or that direction. It's not just an idea that came from nowhere, it came from scientific data."

– Greg Laflamme, Director of Operations, Vestshell

Case 7: Reaching out to life cycle analysis specialists: Insertech

The information technology (IT) firm Insertech extends the life of electronic devices by refurbishing and repairing them.

Recycling is currently more common than refurbishing in the IT sector. Insertech wanted to be sure that, in refurbishing, it had made a good strategic choice that would enable it to reach its social and environmental goals.

The SME hired two groups of consultants who specialized in life cycle analysis. They identified and compared the social and environmental impacts of computer recycling and refurbishing. They determined that reuse was much more environmentally friendly than recycling. Reuse also created more jobs, aiding the community.

Insertech validated its strategy. It can now confidently market its service, knowing that data support its claims.

Source: CIRAIQ and Groupe Agéco. 2011. *Rapport d'analyse détaillée. Analyse du cycle de vie environnementale et sociale de deux options de gestion du matériel informatique en fin de vie*. Montréal, QC: Centre interuniversitaire de recherche sur le cycle de vie des produits, procédés et services. Retrieved from www.insertech.ca/wp-content/documents/rapport-acv-2011.pdf.

Case 8: Building expertise by achieving certification: Produits Neptune

After several years of improving its environmental and social impact, Produits Neptune sought external assistance to make additional gains.

The SME entered into two certification processes. The company had reached level II of Recyc-Québec's *ICI ON RECYCLE* recognition program and was the first North American corporation in its sector to receive the Council of Sustainable Industries' "Ecoresponsible" certification.

The certification processes gave Produits Neptune access to knowledge because experts audited the company and the certification programs offered guidance in optimizing its processes. Multiple certification levels also make it possible for Produits Neptune to benchmark against others in its sector and track its progress.

"For us, it was crucial to engage in a certification process.

*That gave us the ability to seek expertise from competent people.
It gave us a chance to assess ourselves.*

*And because it was a large project, it mobilized the organization and
the employees to reach a common objective."*

– Jean Rochette, President, Produits Neptune

Approach #5. Designate an internal resource



The first push toward a process of sustainability within an SME usually comes from the organization's senior management. They are often the torchbearers of sustainable development within their companies. The process is thus strongly associated with the executives' own values and depends on their time and energy, above all, to implement it.

However, senior management cannot do everything. SME executives suggest that someone else in the organization be formally assigned to implement the sustainability strategy.

Assigning a specific person to the process increases the chances of successful implementation, while fostering the development of innovative ideas.

Case 9: Assigning a coordinator to help clients meet standards: GGI International

GGI International manufactures electronic interfaces that it exports to its clients.

To do so, it must comply with the numerous environmental requirements of its international clients. Standards and requirements vary from country to country, so meeting them is complicated. For GGI, respecting standards is crucial because failing to do so could constitute grounds for refusal to purchase by the client.

For several years, standards compliance was the responsibility of an employee who had other responsibilities as well. In 2015, with a growing market and more clients asking to meet environmental standards, the GGI department responsible for compliance convinced senior management to hire a designated staffer for the position.

Having a dedicated coordinator led to more rigorous monitoring of standards. The coordinator also flagged possible regulatory problems early, aiding risk management. Finally, the staffer's new proposals reinvigorated the organization's environmental committee's ideas.

"Since 2011, the number of certification requests for products has risen (from 20 to 30 per year five years ago to over 100 today)."

– Pierre Marquis, Director, Quality and Continuous Improvement, GGI International

Taking It Further...

NBS's report on *Embedding sustainability in organizational culture* provides a framework for integrating sustainability into the company's culture.

The report recommends assigning staff to execute the sustainability strategy. Companies should identify people who have both a passion for sustainability development and the appropriate technical skills. Placed in appropriate roles, these people can become sustainability champions.

Source: Bertels, S., Papania, L., & Papania, D. 2010. *Embedding Sustainability in Organizational Culture: A Systematic Review of the Body of Knowledge*. London, ON: Network for Business Sustainability. Retrieved from <http://nbs.net/wp-content/uploads/Systematic-Review-Sustainability-and-Corporate-Culture.pdf>.

CONCLUSION

Explore and experiment on your sustainable journey, and draw on your community for advice.

Remember, a journey of 1000 miles begins with a single step.

Photo credit: Studio Roosegaarde

About this report

Réseau entreprise et développement durable (REDD), the francophone office of the Network for Business Sustainability (NBS), has long considered the main sustainability challenges facing Canadian SMEs. Working with its SME Council, REDD has identified issues and challenges for SMEs in their sustainability journey.

REDD published regular annual reports on sustainable development challenges encountered by SMEs. These reports identified three main issues:

- **Expertise:** How can SMEs develop sustainability expertise?
- **Profitability:** How can we quantify the benefits of sustainability actions for a business?
- **Marketing:** How can SMEs stand out in consumers' eyes with a responsible product?

To identify solutions to these issues, REDD conducted a broad information search and gradually narrowed its focus. This report is built on a review of the articles and reports summarized on the REDD site and an international conference, including a panel of experts.

This report was completed with the support of:



International symposium



Sustainable development: Finding solutions for SMEs

In October 2015, Réseau entreprise et développement durable (REDD), the francophone office of the Network for Business Sustainability (NBS), organized an international symposium entitled *Sustainable Development: Finding Solutions for SMEs*. The event was intended to support exchange between students, researchers, government representatives, and practitioners. Each day of the event addressed a different issue: expertise, profitability, and marketing. The symposium brought together more than 160 people over three days.

Each day began with a panel of experts, including both researchers and practitioners. In the morning, researchers presented their work regarding the day's challenge. Afternoons featured creative workshops during which researchers, practitioners, and the general public came together to discuss their ideas and reflect on concrete solutions.

Each workshop participant is considered a report co-author (see the following page for a list of participants).

Names of workshop participants

We wish to thank all the participants who fuelled the discussions during the workshop on October 28, 2015, entitled, "How can SMEs develop expertise in sustainability?" The discussions and exchanges served as the basis for exploring the potential solutions described in this report.

Facilitator :

Anne-Laure Saives

professor at l'École des sciences de la gestion de l'Université du Québec à Montréal (ESG UQÀM)

Andréa Trépanier Tardif
ESG UQÀM

Catherine Dufour-Rannou
Chaire Terre Cégep Jonquière

Walid Aïb
ESG UQÀM

Ekaterina Korneeva
RWTH Aachen University

William Tovar
GGI International

Giovane Alves
ESG UQÀM

Isabeau Four
*Centre d'études en responsabilité sociale
et écocitoyenneté (CÉRSÉ)*

Line Sano
ESG UQÀM

Charles Meunier
Consultant

Djiwonou Koffi Adjalo
Université de Lomé (Togo)

Pauline Guyomard
Mobili-T

Sabrina Cholette
SADC de la Vallée de la Batiscan

Charlotte Cordier
Consultante

Koko Zébéto Houédakor
Université de Lomé (Togo)

Anja Leckel
RWTH Aachen University

Nicolas Girard
*Fonds d'action québécois pour le
développement durable (FAQDD)*

Muryel Paquin
*Services environnementaux et récupération
industrielle en collectif (SERIC)*

Pierre Marquis
GGI International

Camille Alison
HEC Montréal

Marilyn Michel
Di-Vert-Sifier Québec

Monique Lortie
UQÀM

Stefan Kunze
EBS University

Daniela Kozubska
HEC Montréal

Iva Piperkovic
ESG UQÀM

Sandrine Berger-Douce
École des Mines de Saint-Étienne

Guillaume Tabardel
ESG-EDHEC

Marie-France Turcotte
REDD; ESG UQÀM

REDD would like to thank especially

the students:

Andréa Trépanier Tardif
Stefan Kunze
Quentin Chapellier
Jean-Yves Lien

and interns:

Morgane Derycke
Eliott Carillo
Anaëlle Caplain
Marion Laperrouze
Margot Schmitt
Nahel Jaabouti

who provided a valuable input to this report.

Le REDD : Réseau entreprise et développement durable

A non-profit organization founded in 2005, Réseau entreprise et développement durable (REDD) is the francophone office of the Network for Business Sustainability (NBS). It produces resources that constitute the authoritative statement on major sustainable development issues to influence management practices and research. We bring together thousands of researchers and professionals from around the world who are interested in matters concerning corporate social responsibility (CSR) and who believe in the value of practice based on research and research based on practice.

For more information on REDD and NBS and to access our reports, please visit <https://redd.nbs.net> and <https://nbs.net>



Network for Business Sustainability

Business. Thinking. Ahead.

Network for Business Sustainability
Ivey Business School
Western University
1255 Western Road
London, Ontario, Canada N6G 0N1
519-661-2111, x88107

NBS.NET



Réseau entreprise et développement durable

Penser l'entreprise en visionnaire

Réseau entreprise et développement durable
École des sciences de la gestion
Université du Québec à Montréal
320, rue Sainte-Catherine Est
Montréal (Québec) H2X 1L7
1-514-987-3000 poste 7898

REDD.NBS.NET

Business. Thinking. Ahead.