



Small- and Medium-Sized Businesses: The Perplexing Search for Examples of Sustainable Development

Small- and medium-sized businesses (SMBs) make up roughly 40–50% of gross domestic product (GDP) globally. These firms account for about two-thirds of innovations and are now widely regarded as the principal generators of net new employment, while the payrolls of large companies are shrinking in the United States. Indeed, SMBs are where the action is. What better place to find a powerful array of sustainable development innovations . . . or maybe not.

by **Richard MacLean**

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Last fall, I conducted a half-day sustainable development workshop for business executives on behalf of a client's partners in Asia. Business managers do not care much for theory; they want relevant examples of what works and what does not. Since the workshop attendees were from SMBs, I wanted to incorporate new examples relevant to the audience into the presentation. Rolling out the oft-repeated stories of mega-corporations, such as GE (Ecomagination), Wal-Mart (Green Gold), Proctor & Gamble (Sustainable Innovation), and DuPont (champion of the U.S. States Climate Action Partnership [USCAP]), just wouldn't cut it.

The Criteria

SMBs in the United States are defined as companies with fewer than 100 (small) to fewer than 500 (medium) employees. Outside the United States, the term most commonly used is small and medium enterprises (SMEs) and the size range varies by region or country (e.g., 50/250 in the European Union). According to U.S. Census Bureau data for 2004, of the approximately five million U.S. firms, the breakdown is 97% small, 2% medium, and 1% large.

Selecting size criteria for companies was easy, but choosing the nature of the suitable development performance boundaries was much more complicated. The goal was to influence existing manufacturing companies in which the business executives were not the primary owners and had constraints on what they could mandate. The vast majority of the SMBs frequently cited today were inspired by highly motivated family-held companies or owners of startups who built their competitive strategies around eco-friendly processes and products (e.g., The Body Shop, The North Face, Patagonia, Timberland, Stonyfield Farm, and Ben & Jerry's).

The examples needed to be fresh and demonstrate financial success. Another story on Interface's recyclable

carpets would not do. Decade-old examples would be dismissed out of hand as not representative of current dynamics. The case studies needed to derive their sustainable development success from more than just supplying green products, such as photovoltaics, wind power generators, or organic something or other. Their notoriety needed to go beyond a few product lines, such as Clorox's Green Works cleaners (plus, this example also exceeds the company size criteria). Neither could they be service or product design companies because of the nonrelevance to the audience makeup.

This is a sophisticated group already aware of the well-publicized, green-friendly steps by businesses to reduce packaging, build LEED-certified green buildings, implement energy-efficient lighting, increase recycling, and so on. They are interested in broader strategies that give competitive gain. For example, Aspen Skiing's well-publicized renewable and energy-efficiency tactics would seem to this workshop group more like the completion of an environmentalist's checklist than an integrated strategy spearheaded by executives.¹

In particular, I needed examples that illustrated sustainable development from two different perspectives. First, the value created by either teams or motivated individuals who bring forward paradigm-changing green innovations. The classic example is Xerox's Lakes Project, in which a team of employees focused on a zero-waste goal and shifted the concept of how toner cartridges are manufactured, disassembled, and re-manufactured.² This decade-old example was rejected because of the company size and current relevancy issues.

Second, the power of well-integrated strategies that demonstrated more than just a check-the-box approach or a narrow success story. In effect, I was looking for the Patagonia-type commitment, but driven by business



dynamics and not individual personalities. Al Gore reported recently, "The financial crisis has reinforced our view that sustainable development will be the primary driver of economic and industrial change over the next 25 years."³ What I needed were solid examples of SMBs that were clearly walking this talk and not just shifting their marketing pitches, going through the motions, or highlighting a single green effort in an otherwise dreary track record.

The Search

The quickest way to research any subject is to directly contact the leading experts in the respective field. Journalists, editors, bloggers, and academicians for a particular area are excellent sources since they are the central hubs in an information network. Authors are another ideal source since they often have invested years of original research into preparing their recent book. Consultants are an additional good source of information because of their varied clientele and presence at conferences with a broad section of attendees. Non-governmental organization directors are yet another ideal source for similar reasons.

I contacted nearly a dozen senior colleagues that covered the aforementioned array of sources. Their response was not only disappointing, but baffling. Joel Makower, executive editor of GreenBiz.com and author of *Strategies for the Green Economy* (McGraw-Hill, 2008), told me, "It's hard stuff to find. There's a dearth of SME case studies. I'm not sure where to point you to examples that fit your criteria. I didn't cover much of that in my book." I contacted the Center for Small Business and the Environment based in Washington, DC. Surely they would provide examples? They pointed me to several case studies on their Web site (www.aboutcsbe.org), but again the examples did not fit the criteria and more suitable studies had not been cleared for publication.

I shifted to Web sites and published literature. The World Business Council for Sustainable Development (www.wbcsd.org) has a section devoted to nearly 300 case studies in sustainable development. Again, the examples focused on very large corporations and the case studies were rejected because of either my criteria or because there was insufficient information available (e.g., a interesting case study on Marley Roofing in the UK). Scanning through the indexes and pages of recent books on sustainable development yielded similar results.

The Results

There were a few intriguing results, even if they fell outside the criteria. For example, Edenspace of Junction City, KS, is decontaminating property via phytoremediation

using specialized plants that absorb toxics or detect contamination by changing color. It fell outside the criteria because it was in the "green products" business, but it is still a fascinating story. New Belgium Brewing Company in Fort Collins, CO, was both interesting and relevant because of its very well-integrated sustainable business plan. I'll drink to that.

IdleAire in Knoxville, TN, developed a new concept in overnight parking for long-distance hauling that allows drivers to shut off their engine and remain comfortable when parked and sleeping. Dolby Laboratories in San Francisco, CA, just missed the size cut-off point (1000 employees), but was instrumental in replacing 35-mm silver sound tracks with the less toxic cyan dye: the kind of paradigm-shifting performance I was seeking.

There were a few others, but overall, out of a population of millions, the results were perplexing. Could this be an indicator of the current state of sustainable development? Do SMBs want to keep their accomplishments invisible to the public? Could the impressive actions (and advertising budgets) of giant corporations be distorting the public's, politicians', and even environmental professionals' impressions of the total business community's true contribution toward sustainable development?

To be fair, all savvy and responsible companies are taking actions to improve the environment, if only to increase their bottom line through energy conservation, reuse, and recycling—the usual suspects. However, I was seeking examples that went beyond just reducing the rate of unsustainability and cut to the core of what it will take to make real environmental progress. The distinction is crucial. John R. Ehrenfeld, in his critically acclaimed new book *Sustainability by Design* (Yale University Press, 2008), states, "Almost everything being done in the name of sustainable development addresses and attempts to reduce unsustainability. But reducing unsustainability, although critical, does not and will not create sustainability."

An Appeal

You may find this article controversial and/or baseless. I really hope that it is the latter for the sake of the planet. I have asked experts in the center of the sustainability movement and have done a modest amount of my own homework, but have found little to indicate that the true power of SMBs around the globe is being released to tackle the sustainability challenge. Please prove me wrong and supply me with some breathtaking examples that meet the criteria outlined in this article. I will summarize them in an upcoming issue of *EM*. **em**

Do small and medium businesses want to keep their accomplishments invisible to the public?

References

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