

Costing The Earth?



It is impossible these days to pick up a newspaper or switch on the television without encountering the question of the environment. 'Green issues' are almost all-pervading these days. Sir Nicholas Stern's Government sponsored review on the economics of climate change has been published in the last few days.

From local councils arranging regular recycling of waste paper and garden rubbish to the global discussions about carbon emissions, the whole issue of how we use the resources our world offers has become big news, and it seems unlikely that this will change any time soon. Indeed, it is likely to become more and more important.

The environment has also become big business. The Chartered Institution of Wastes Management alone has a reported 7,000 members.

Despite all this, however, apart from the most peripheral thinking, most businesses have not really addressed the environmental issues of their activities.

The big players in some of the most obvious industries, like aviation and power generation, are only now beginning to look in detail at how they can raise their game and the Government's (and the Opposition's) intentions to 'tax the polluters' one way or another mean there could be huge costs if they get it wrong.

BUT, WHAT CAN A SMALL BUSINESS DO?

What is less talked about are the ways smaller businesses can react to the increasing demands for the environment to figure in planning or undertaking any activity.

Taking a long hard look at all activity may reveal a number of areas where steps can be taken to positively affect the Carbon Footprint (an assessment of the overall impact on the environment in tons of Carbon Dioxide emitted per annum) of the business or organisation.

There are a number of 'calculators' available on the Internet which can give an assessment of the Carbon Footprint of an

organisation and it is thought to be important to consider what can be done to reduce the negative impact of an organisation on the environment rather than simply to arrive at a bald figure.

All this may be very laudable, and many business-people may well aspire to be able to do something positive but feel constrained by the simple economics. People may suggest that surely doing something positive for the environment just costs money and that this is simply not commercially practicable, however much they might personally wish it were.

The truth can be somewhat different, however. There may be quite simple (and cost-effective) ways of doing something positive, in fact.

With fuel and power costs rising, it may be that simply switching to long-life low emission light bulbs is something that would be practical. Perhaps reducing the temperature in part, or indeed all, of a workplace by the odd degree or two would not only save costs, but also help to keep team members alert!

Although the paperless office may simply be a pipe dream, the use of e-mail internally and as a means of communication with clients or customers may significantly reduce the need for paper copies, provided a robust system of backup is in place. In fact a reported two four drawer filing cabinets (20,000 A4 sheets) can be replaced with a single CD of data.

We discontinued our own paper security copies as we have multi-layered, reliable (and tested!) electronic back-up systems.

It may become necessary to prove an 'audit trail' for a particular decision, for example, but this should not be beyond the average user of a good e-mail system.

Even the smallest organisation will benefit

from switching off any unnecessary computer equipment when not in use, perhaps over the weekend or Bank Holidays. Standby modes still gobble up power.

Not only will this save some power costs, but it could protect against power surges or cuts which can often happen over holiday periods when peak demand is present.

It might also allow hard drives and processors which may otherwise be permanently running to have time to cool down, thus reducing wear on the critical parts of a computer system.

HOW ABOUT MOTORING?

Most businesses will need, at some level, motor travel by team members. It may be that this is unavoidable. Perhaps some consideration of suitable alternatives needs to be given. There may be a more fuel-efficient choice of vehicle available.

It could be that the managing director no longer needs a high powered five litre engined car and could easily survive with a smaller engined version.

We have looked at this and although still maintaining cars suitable for longer travel, some of our directors now habitually use small fuel-efficient cars for day-to-day home to office and/or local travel.

Our overall motoring costs, both business and private, have dramatically reduced, the carbon emissions have gone down (as the overall mileage in large engined cars reduces) and, best of all, in one case the car actually qualifies for 100% Capital Allowances in the year of purchase – an almost unbelievable full tax relief – all at the front end - on the whole cost of a motor car!

This may simply not be a viable option for everyone but we could well move to a time

when rather than being the status symbols of the past, big expensive cars may even send negative messages.

NEW PLANT AND EQUIPMENT

When replacing a piece of equipment, it is well worth considering the environmental impact and the energy consumption of the new item.

Tax incentives including yet more 100% first year Capital Allowances are available for using more environmentally friendly units. Even the H M Revenue and Customs website at:

<http://www.hmrc.gov.uk> and
<http://www.eca.gov.uk>

give further details of this, and of qualifying technologies.

FLYING

Aviation, although seemingly ever cheaper to the consumer, is reported to be one of the biggest contributors to the build up of greenhouse gases.

Aviation and shipping emissions are not, in fact, included in the Government targets and are widely reported to have doubled since 1990. We can all blame cheap air-fares and more people wishing to holiday in far flung climes, but business travel contributes as well.

Perhaps fewer flights could be made, perhaps supplemented with video conferencing, or more efficient use made of foreign visits. Flying long-haul is often an expensive business and saving one business-class fare to Asia, for example, might pay for a significant amount of other contact.

DELIVERY COSTS

Increasingly, where goods are shipped to customers, businesses are turning to direct shipment, rather than to shipment

into a warehouse and then on to the end customer. This not only often reduces carbon impact (moving goods once rather than twice), but can also reduce the costs as no storage facility may be needed. On top of that, cash flow may actually be enhanced if there is no need to invest in stock.

Every business is different, of course, and what works for one organisation may be terminal for another. If speed of delivery and variety of stock holding at small volumes are the core of the business, then it may be that it is local delivery costs which need to be looked at. Perhaps replacing that old van with a new more fuel-efficient one is the answer.

There are no magic answers to the many environmental challenges we all face, but even small and apparently inconsequential things, done by everyone, can add up to a huge contribution, and save us money as well.

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