

White Paper

Lean & green

When going green makes
smart business sense

Introduction

Whatever their moral responsibility towards reducing their impact on the environment, businesses will soon have little choice about implementing 'greener' practices. As the Government continues to roll-out new mandates on sustainability, many sizeable contracts are now being awarded only to firms that have demonstrable eco-credentials.

The problem is that, when money is tight as it is for many organisations in the current climate, investing in 'green solutions' feels like a luxury they can ill afford.

This doesn't mean that they should risk putting sustainability initiatives on hold; rather, they need to think laterally when putting together the business case, as green initiatives can also make smart business sense.

The good news is that initiatives to reduce a company's carbon footprint can also have demonstrable and quickly realised financial benefits, dovetailing very neatly with internal strategies to cut costs, heighten efficiencies and grow profitability as trading conditions become tougher. By considering both goals together, organisations can double the benefits, thereby standing a better chance of securing the budget they need.

Wasteful practices, from careless printing to unnecessary business travel, are still costing businesses dearly. A recent report from sustainability advisory service, Envirowise, found that inefficient use of resources continues to drain at least £15 billion from UK industry each year. With the deepening economic crisis now affecting almost every market sector, easily achieved savings from resource efficiency offer a welcome lifeline.

Many organisations are now finding that, simply investing in the right software can pay dividends. For instance, by automating processes that were previously managed manually and by implementing technologies such as business intelligence software, companies are discovering that they can bring operational expenses back under control, while gaining an easy way to assess their performance against green targets. The result is that organisations can rein in environmentally unfriendly business practices whilst ultimately benefiting the bottom line.

Knowledge is power

When seeking to reduce waste and move closer to sustainability targets, companies' starting point must be to be better informed about where the business is haemorrhaging money. Clearly, becoming more efficient (and, almost certainly as a consequence, greener) requires an ability to accurately pinpoint where wasteful spending is occurring so that this can be addressed.

While obvious measures such as encouraging more circumspect use of printing, or switching PCs off properly at the end of the working day, can make a tangible difference, the best way to effect real step change is to capture hard data which can be analysed and monitored for improvement. With the right business management software, this is relatively easy.

The return on investment can be impressive, too. When one large organisation rolled-out an expense and business management system across 3,000 employees, it saw its VAT recovery rise from 0.28% to 1.15% on £5 million each year, with a huge impact on cash flow. This more than subsidised the 'green' benefits the business was also seeking by implementing this system.

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Green procurement

Consumers are currently being persuaded to address their wasteful shopping habits, but what of businesses?

Regaining control of spending and cutting back on waste requires greater visibility of what is being bought and who from.

From a green perspective, you may well be seeking to introduce a preference for environmentally-friendly products such as low-emission IT hardware or multi-function devices that enable you to reduce the number of heat-emitting machines in the building.

You will also need to consider how environmentally-conscious your suppliers are. Organisations striving to gain their green stripes can't afford to look internally only. To demonstrate consistency and avoid undermining everything they've worked hard to achieve on their own premises, they must make sure the suppliers they do business with have their own houses in order. The road towards sustainable business practice involves favouring environmentally-conscious suppliers.

Yet, for many businesses, assessing and comparing existing suppliers is far from easy. It may be that your current spread of suppliers is too broad, or that you do not have a procurement system in place that allows you to capture sufficient information about the firms you deal with.

These shortcomings are likely to be having a much wider impact on the business than simply the inability to deliver a green procurement strategy. Where suppliers are managed haphazardly, on an ad hoc basis, the business will have inadequate control over not only their green credentials, but also their pricing.

If a large organisation is spending £10 million a year on procurement, a saving of 1% can have a huge impact on the bottom line. But being able to achieve this means knowing the scale and manner of the problem so that appropriate action can be taken.

As the company analyses its travel expenditure, for example, to bring down its carbon emissions, it may discover inefficiencies in the way it has been booking hotel rooms.

Take a company that has been using 10,000 hotel rooms each year, booked on an ad-hoc basis - even if this fell within the travel budget, the business is unlikely to have been deriving the best value from its travel spend.

A more economical practice would be to negotiate a contract with, say, one or two hotel chains, enabling the company to benefit from substantial volume-based discounts and thereby bring costs down, while at the same time giving employees access to a higher standard of hotel accommodation so that they don't feel the pinch as belts are tightened.

By standardising on a smaller number of hotels, the business can take back control over its expenditure in this area, with greater visibility of where efficiencies can be gained.

From a sustainability perspective, the company then also has an opportunity to monitor and select its reduced number of service providers, which it now 'knows' on a more intimate level. It will be in a better position to assess and track their environmental credentials as well as their pricing, ticking two large boxes for the business.

Eliminating paper

Paper is vulnerable to being lost or destroyed, is difficult to search and share, and takes up a lot of costly space in a company's premises (think of all those clunky filing cabinets that are full to capacity).

Couple these inefficiencies with the impact of printing on the environment and the argument for a paperless office quickly gains weight.

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The green arguments are clear. Environmentalists note that one tonne of printing and office paper means cutting down 24 trees. And that's not to mention the use of toner, electricity, envelopes, stamps and delivery vans to produce and circulate the printed documents.

The business that issues, captures and stores the majority of its documents electronically is both a highly efficient and an environmentally responsible organisation. Electronically capturing and processing critical documents such as invoices, or issuing sales orders, has obvious additional business gains too. Electronic documents can be sent and received more immediately, processed more quickly, they are not vulnerable to being lost in the post and they can be easily tracked and searched by anyone that has authorised access.

Ditching paper also pleases the auditors and compliance police who want to be able to trace back documents to their origins, and ensure that their contents are being adequately protected.

The associated environmental and business benefits of the paperless office are extensive, including:

- reduced paper use
- reduced printer use
- lower toner requirements
- reduced co2 emissions
- less need for postage, no envelopes, no stamps and fewer couriers and mail vans
- no documents going astray
- ease of document access and document sharing
- eliminated/reduced document storage
- lower costs
- greater staff productivity
- improved compliance
- improved cash flow
- swift return on investment

By pleasing the environmentalists, as well as your customers and business partners, you'll also be pleasing your shareholders and board directors. Everybody wins.

Cross-company information flow and business insight

Efficiency gains needn't – and shouldn't – stop with paperwork. For maximum environmental and financial benefits, electronic information management and workflow must cross the company as a whole.

Internally, you could be issuing and processing payslips, holiday forms and review reports electronically, to cut down on printing costs and make your operations altogether slicker. Human capital management systems and internal company intranets make it easy for human resource (HR) departments to cut down on the paper flow, with the added benefit of making information more easily available to employees where appropriate.

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By increasing the level of information being captured and stored electronically, the company will experience additional advantages, for example by being able to scrutinise potential issues affecting productivity, such as absenteeism trends, so that these can be further analysed and addressed to the benefit of the broader business. If it turns out that the marketing department has had a spate of back trouble, perhaps it's time to review the ergonomics of the team's workspaces.

This sort of insight is only possible when information is stored electronically, enabling it to be integrated and analysed using business intelligence (or, as some now call it, 'business insight') applications.

Indeed, this is a fantastic opportunity to derive a new and very tangible return on investment from business intelligence tools, as managers use them for improved decision making and to directly pinpoint and eliminate sources of inefficiency, excess and waste.

Information self-service

The benefit of being able to readily access centrally stored electronic documents and data, regardless of location, cannot be underestimated. It offers great potential for individuals to serve themselves when they need to access information, reducing the demands on accounts departments, HR departments, and so on.

While access rights will need to be controlled from a security perspective, giving employees direct, immediate access to the records or electronic files they need, when they need them, and wherever they happen to be, could mean a job being finished sooner, a customer query being addressed first time and other members of staff being left to get on with their jobs.

The ability to access and analyse expenses, invoices, sales orders and HR information at the touch of a button supports better, more immediate decision-making, and means employees don't have to bother the IT department, the finance team or personnel each time they need information. In fact, all too often, managers request reports from their IT teams, only to incur a long wait and feed the paper output straight into the shredder once they have extracted the key findings they needed, which is far from environmentally-friendly.

With more business-critical information readily accessible at their fingertips, departmental managers and their teams can do more for themselves, completing their tasks more efficiently whilst reducing waste.

Greener Travel

Carbon footprints are instinctively associated with travel, with businesses especially guilty of clocking up air miles or encouraging drivers to ride solo into work.

Greener travel means doing fewer miles and only making business trips when absolutely necessary. Technology is now so advanced and communications so cheap and fast, that the imperative to meeting face-to-face is dwindling rapidly. The roads are clogged, the trains unreliable and costly, while people are busier than ever, so it makes much more sense to meet 'virtually' wherever possible - especially now that businesses have a greater environmental conscience.

Closer analysis of expenses using expenses management software can provide a powerful tool here, to help persuade staff of their responsibility to cut back on their business mileage. When departments, teams and individuals are faced with their own spending excesses in black and white, the experience can be quite sobering.

Introduce carbon footprint peer pressure and individuals will soon be competing to see who can achieve and even improve upon their carbon emission targets. For example, by taking the train/bus to work instead of the car, or holding teleconferences instead of travelling up to London or abroad.

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The company edges nearer to its sustainability goals, the business counts in the money saved and staff get more done in the time they've saved by not travelling. Another big win.

Selecting a supplier for your IT requirements

If you establish an environmental strategy, rolling-out appropriate business software should form part of it. You will need to find a technology supplier that can provide a holistic, integrated IT system. Such a system will need to eliminate waste and increase the automation in the business - in a way that ticks key sustainability boxes while delivering a series of substantial and very tangible business benefits.

Ideally, this will be a single supplier that can advise on and provide technology solutions that impact both efficiency and sustainability targets across the entire business. Having an holistic approach is essential to achieving maximum gains across the organisation.

Local expertise will be important, too, so look for a partner that understands UK business and UK legislation on the environment and which has locally-based management and support teams so that country-specific legislation changes can be identified and responded to quickly.

Embed your strategy

Remember that, whether the primary driver is an internal efficiency drive, or an environmental initiative, lasting improvements and the hoped-for return on investment will not come to fruition without buy-in and strong leadership from the top of the organisation. Transformational change will not happen as long as senior management does one thing while those at the coal-face are governed by a different set of rules.

This means it is imperative that companies implement green/efficiency drive strategies wholeheartedly and from the top down, with plenty of internal communication about the initiative and its goals and education and training to ensure that new processes and supporting technologies are adopted wholeheartedly right across the business.

Only this way will organisations achieve the complete cultural shift they need to make to secure widest-reaching results.

The impetus for change exists, which is encouraging. Recent findings of a survey by document management software company, Version One, revealed that as many as 94% of senior finance professionals now have very real concerns about the negative impact their companies are having on the environment, with 45% claiming to be very concerned.

Seeking Help

Embarking on a wide-reaching eco-efficiency drive can be a daunting prospect, especially when so many areas of the business are likely be impacted.

For initial advice and consultancy, there are many sources of help available, not least the following:

Envirowise, which specialises in helping businesses find more practical ways to be sustainable and achieve cost, materials or time savings in the process, recently launched a useful online tool at www.envirowise.gov.uk/change. This is designed to help organisations assess the way they use resources and determine how they can make their activities both more eco-friendly and cost-efficient.

Business Link offers a similar 'getting started' tool at:

<http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1079446510>.

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Conclusion

That sustainability is moving up the business agenda can only be a good thing, both for the wider cause, and for individual companies' economic prospects. Stemming the tide of waste can only benefit an organisation, driving down costs and pushing up profits, at a time when many are worried about what the future holds.

Add to this the mandates of new Government directives and customer pressure for organisations to respond to climate change, and the position for ambivalent, non-eco-friendly businesses soon becomes untenable.

Today, being seen to be green is a competitive differentiator; before long it will be a condition of doing business. Against this stark reality, companies would be as well to go all the way and treat this as an opportunity to drive up their profitability and introduce new efficiencies into the business with the aid of the right technology. This way, they have very little to lose.

Practical steps towards a greener business

As covered in this white paper, here are the top ten steps you can take towards a greener and more efficient and profitable business:

1. Ensure you work with environmentally-conscious suppliers.
2. Implement a procurement system that allows you to capture sufficient information about the firms you deal with, including their green credentials.
3. Look at implementing an electronic document management system for replacing manual, paper-reliant processes with electronic paper-free procedures.
4. Look beyond paperwork to see how information/data is sourced and passed around the company. Can this be done more efficiently and in a less wasteful manner?
5. Use business intelligence tools to enable managers to interrogate data, improving decision making whilst pinpointing and eliminating sources of inefficiency, excess and waste.
6. Use an expense management system that can track staff's carbon emissions.
7. Introduce 'carbon footprint peer pressure' so that staff are encouraged to cut-down on their emissions during travel.
8. Embed your green strategy into the fabric of the organisation by ensuring it's adopted from the top down.
9. Communicate your green initiatives and goals across all staff and introduce education and training where necessary. This will ensure that any new processes and supporting technologies are adopted wholeheartedly right across the business.
10. Don't do it alone. Seek advice and support from environmental organisations and business groups.

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Advanced Business Solutions is the UK's leading supplier of integrated business management and information systems to public, private and not-for-profit organisations in the service sector. Advanced Business Solutions prides itself on getting close to its customers by understanding their businesses and responding to their business needs.

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