

Leeds University Business School – Research and Innovation Podcast

Episode 15: How manufacturing SMEs are becoming more environmentally sustainable in the Yorkshire region.

Speakers: Professor Kerrie Unsworth and Mark Goldstone

Kerrie: Hello, I'm Kerrie Unsworth, professor of organisational behaviour at Leeds University Business School.

Mark: And I'm Mark Goldstone, I'm head of policy and representation at the West and North Yorkshire Chamber of Commerce.

Kerrie: And today on Leeds University Business School's Research and Innovation Podcast, we're going to be talking about environmental sustainability in manufacturing companies, and, in particular, small and medium manufacturing firms. So, a good place to start would be to explain what we mean by environmental sustainability. So, Mark, what are we talking about when we say environmental sustainability?

Mark: Well, I think it's a whole bunch of things now, but it's about how do we make sure that what we're doing doesn't harmfully impact the planet, ultimately? And how do we deliver business, products and services, in a way that ensures that they can continue into the future? That would be my brief summation of it.

Kerrie: So, do you think, then, if we're talking about manufacturing SMEs, do you think they can be environmentally sustainable?

Mark: Absolutely, yes. And some good examples that I've seen of businesses in our region, you can spot the ones that are doing it well because all of the staff have bought into it, it's almost as if they have helped create the strategy, and that's really what you need. You know, it can't be dictated from above, necessarily, it needs to have staff buy-in. And also, I think, it's no longer simply a nice to have, it's absolutely essential as part of any future growth strategy and should, in my opinion anyway, run through all aspects of the business growth strategy. Ultimately, it should help drive innovation, I think. I think it will help build reputation, absolutely, and ultimately make the company more productive, and there so many, many good examples in our region of businesses that have done just that.

Kerrie: Yes, great. So, where we've got this great innovation that is moving through and pushing new ideas, do you have a sense of

how that is actually coming about? Where are these ideas coming from?

Mark:

I think... well, it's probably fair to say, over the last, 18 months, two years, way before the current COVID crisis, it's true to say that sustainability had been rising up the corporate agenda for a number of years now, and a lot of that is driven, ultimately, by consumers. Consumers want to know where their products are coming from, what is the heritage, what is the provenance, and I think that is driving behaviours. And businesses are responding. I also think there is another factor as well, which is ultimately a good sustainable business and environmentally friendly business will have saved money to get to that process. So, through introductions of new capital equipment and more energy efficient processes.

Kerrie:

We often hear in the research that we've been doing that cost cutting idea that being environmentally sustainable makes good business sense, but we don't often hear the more value-based options for being environmentally sustainable. But you were saying that it's moving up the corporate agenda, do you think that that value-based assessment and the environmental need is being seen as more important rather than just being a cost cutting measure?

Mark:

I think it's fair to say that originally it probably was... for many, anyway, it probably was about saving money. So, installation of more efficient lighting, more efficient production methods, you know, the whole adoption of just in time processes has certainly helped drive down costs and ultimately, you know, we're getting products that are perhaps cheaper than they otherwise would have been. So, I think that certainly was a big driving force. But, as I say, I think more recently, businesses are being asked, "Okay, this product that you're sending me, or that you're supplying to me, tell me more about it. What is its carbon footprint?" And I think that... certainly you see it on packaging now and, increasingly questions are being asked at a corporate level of perhaps the big retailers, you know, you only need to open magazines or newspapers or watch the TV and you see this comes up very, very frequently now. So, ultimately, who bears the brunt? And it comes back to where and how the thing was made.

Kerrie:

Yes. And that is the really important thing, I guess, is if we can start to get it into that proactive change and we can make the positive changes rather than just cutting away at the smaller bits.

Mark: Absolutely. I think there is another factor as well, you know, a lot of businesses have led this, but, for some, they recognise the need to do something, often the challenge is how and where do you go for advice. And I think that is a really important point. There is an excellent initiative which I would encourage everyone to take a look at who is listening to this, called Circular Yorkshire, for example. And they have put together a lot of case studies of businesses, SME businesses that have tackled these challenges and there is some... these are businesses just like you, that have faced the same challenges you are facing, and actually if they can do it, we can do it. So, I think there is advice out there, I would encourage everyone to go look or come and talk to our organisations.

Kerrie: And that's actually a fantastic segueway into my next question, which is: are there things that you've seen that you've just thought, "Wow, that's fantastic,"?

Mark: There are. There are many, many examples across the region. But if you were to break it into subheadings, for example. So, energy savings, you know, there is a lots of evidence and lots of examples across the region of companies that have tackled this and are simply using less energy through... well, I'll give an example. My own organisation, the amount of times I've been into our offices and windows have been open and heaters have been on, and you just think, you know, it's just behavioural change, we need to get a grip on this.

And actually, it has saved us, we've measured the amount it has saved us in terms of energy costs, but there are other areas as well, you know, packaging. If I get one more package from Amazon that is about the size of a football pitch and contains a packet of Maltesers, I'll just go insane. But there are very good examples out there of companies that are doing more to help minimise packaging and waste segregation, recycling, that was pretty much unheard of even five, ten years ago for many. It is now a part of what people do. And not only does it save money, in some companies it makes them money, they can recycle their plastic packaging and they get paid for it.

So, there is a real business incentive to want to do it. You know, lots of examples. Cooper King distillery over in York, they make, amongst other things, gin. Fantastic organisation. I would encourage everyone to go and take a look at their website and maybe even buy their products, but the work they are doing in

terms of reusing and lightening the packaging and their bottles, it's absolutely mind-blowing.

Kerrie: Yes. Yes, I can vouch for the Cooper King products as well. I'm a fan. So, what would your advice be, then, for people in manufacturing SMEs who want to help their organisation to become more environmentally sustainable?

Mark: I think, as I said earlier, I think absolutely get the staff involved, you know? There is a company we work with over in Bradford that were looking at becoming more environmentally friendly and efficient, and got their staff involved. It was their staff who do this work day to day were identifying areas where they could make savings or do things differently.

And, you know, they have made significant savings as a consequence. But there is advice out there, local enterprise partnerships, the Leeds City region, the York and North Yorkshire Local Enterprise Partnership, both have an initiative which will help, in part, fund capital equipment that will make companies more sustainable. My own organisation can help, Chamber of Commerce. So, there is advice out there, there is lots of government advice as well. I think what might be more helpful is if it was all in one place, but I know organisations are working on that, but, as I say, there is certainly lots of advice out there. You guys at the university, I'm sure, can offer a lot of value to help companies through this process.

Kerrie: Wonderful.

Mark: Just reach out, yes.

Kerrie: Yes. Reach out, fantastic. So, thanks very much, Mark, for your time today. And if there are any manufacturing companies or other SMEs that are listening to this and want to become more environmentally sustainable, then reach out, get in touch with us or get in touch with Mark. So, thank you for listening to today's episode.

Mark: And if you're interested in finding out more about this research or would like to get in touch, our contact details are available in the episode description.