

# Director

GREEN GROWTH

Putting sustainability  
at the heart of your  
business



In association with



# INTRODUCTION

The low-carbon agenda is important to all businesses. The rise in energy costs by itself provides an incentive for businesses to become more energy efficient. In addition energy costs are a major component of businesses' costs and thus by implementing energy efficiency measures, companies can improve their competitiveness and reduce their costs.

Many IoD members want to feel that they are contributing to the global initiative of reducing carbon emissions. Carbon reduction and energy efficiency are important for both businesses and their clients. However, most companies face a knowledge barrier, simply not knowing what can be done in order to improve their energy costs.

The collaboration between the Carbon Trust and the IoD addresses this barrier. We hope to provide companies with practical knowledge and advice on how to address energy efficiency and improve competitiveness.



**Miles Templeman**  
*Director-general,  
IoD*

<b>FOREWORD</b> .....	<b>3</b>
Those businesses that take advantage of the growing green market will reap the benefits	
<b>THE BUSINESS VIEW</b> .....	<b>4</b>
The low-carbon market is worth £100bn in the UK and the smart firms are seizing opportunities	
<b>REDUCING COST</b> .....	<b>6</b>
Investing in energy efficiency can save your organisation money and improve its reputation	
<b>WBC AUTOMOTIVE</b> .....	<b>7</b>
How one car company's green investment paid off	
<b>CERES POWER</b> .....	<b>8</b>
Green technology helps boost business	
<b>ENTERPRISE</b> .....	<b>9</b>
Green products and services are driving growth and opening up new revenue streams	
<b>STRATEGY</b> .....	<b>10</b>
Businesses are creating long-term value for the UK economy and attracting top talent	

**Deputy Editor** Amy Duff  
**Writer** Alison Coleman  
**Sub Editor** Robert Sly  
**Art Director** John Poile  
**Advertising Director** Jo McGraw  
**Client Sales Manager** Fiona O'Mahony  
**Senior Sales Executive** Tanu Kurien  
**Production Manager** Lisa Robertson  
**Chief Operating Officer** Andrew Main Wilson

**Editorial** 020 7766 8950  
director-ed@iod.com  
**Advertising** 020 7766 8900  
director-ad@iod.com  
**Production** 020 7766 8960  
production@iod.com  
**Subscriptions** 020 7766 8866  
membership@iod.com  
**Institute of Directors** 020 7839 1233  
www.iod.com

Published by Director Publications Ltd for the Institute of Directors, 116 Pall Mall, London, SW1Y 5ED. Opinions expressed do not necessarily reflect IoD policy. The IoD accepts no responsibility for views expressed by contributors.

# The only show in town



**R**esearch published by the Carbon Trust reveals that 92 per cent of business leaders agree that green growth represents an opportunity for business. But only one in three are developing new low-carbon goods and services. This complacency has to end otherwise business leaders will fail to exploit the opportunities that will ensure this country can enjoy a healthy and sustainable recovery.

It is time to match the ambitious green rhetoric employed by some of our leading businesses with bold action.

According to government figures, the green market is already worth £3trn a year globally and, crucially, is set to increase in size by 25 per cent over the next four years. In my view, green growth is the only show in town. No other sector can drive the recovery. The consequences of British business failing to grasp this opportunity are almost too horrific to consider: anaemic growth, a jobless recovery and the risk of a return to the economics of boom and bust. We cannot afford to carry on as we did before.

The UK is home to plenty of innovative green companies. A missing ingredient at present is access to affordable finance to enable more to make green investments. But a planned joint partnership between the Carbon Trust and Siemens promises to provide UK businesses with green

equipment finance worth up to £550m over the next three years. This finance facility will help improve business competitiveness, cut carbon and boost green growth.

Government can also encourage business to behave better by providing a stable regulatory environment. Consumers have a part to play too, by voting with their wallets. Ultimately, all business leaders need to look beyond the short-term financial reporting cycle and place some smart, early bets on the

**“THE CONSEQUENCES OF BRITISH BUSINESS FAILING TO GRASP THIS OPPORTUNITY ARE ALMOST TOO HORRIFIC TO CONSIDER”**

future. O2’s ongoing commitment to carbon reduction is an example. It has invested £300,000 in micro wind turbines to test feasibility for installation at cell sites and its main office buildings.

We need others to follow—not just for the country and the planet—but also for their own corporate survival. If they fail to do so, one day not long from now, the quarterly revenue figures will start drifting south and they will be too late to halt the slide.

**Tom Delay** *Chief executive, Carbon Trust*

# THE NEW GENERATION

---

Carbon emissions may be falling but the pressure to maintain the momentum of growth in the green market is higher than ever

**T**he UK government has identified green growth as a key driver in the nation's economic recovery and other organisations believe the UK is on the threshold of becoming a world leader in this sector.

In terms of innovation, Britain is already at the forefront of offshore wind, wave and tidal renewable technologies. It has also pioneered new developments in green transport through innovations in the electric- and plug-in hybrid car sector.

But there are opportunities for green growth on a much broader scale. In fact, there is huge potential



---

for organisations to create new markets and boost their profits by investing in the green economy.

The vast majority of senior business leaders in the UK agree, with 92 per cent of those surveyed by the Carbon Trust seeing green growth as a real opportunity for their business. However, with only a third actively investing in sustainable goods and services, many risk missing out on the significant economic rewards.

The rationale for putting green and sustainability business strategies at the heart of the corporate agenda is compelling.

Recent research suggests that green growth will outstrip conventional growth in the energy, utilities, transport and automotive sectors over the next 12 months and by 2016 could account for a larger percentage of UK exports.

Moving to a low-carbon market means new jobs, with three-quarters of UK senior business leaders

expecting a bigger percentage of jobs to be in the green economy.

Perhaps more important is what is happening globally. China's long awaited low-carbon revolution is gathering speed, and combined with the US, now accounts for a third of the world market, while key emerging economies such as Brazil and India are also adopting greener models.

These major overseas markets are creating a wealth of opportunities for those British firms operating in the green economy. It means they can compete internationally and forge export opportunities as well as create those coveted jobs on home soil.

With the UK government set to launch a Green Investment Bank to unlock private sector funds for the transition to a green economy, and the worldwide investment community taking a healthy interest in business efforts to be more sustainable, British companies cannot afford to be left behind.

Small and medium-sized businesses will have a key role to play in driving this vision of green innovation and wealth creation. Many are already gaining a competitive advantage and exploiting new business opportunities from investment in green technology and sustainable business practice.

The time is now for UK firms to capture the momentum and capitalise on this market. Those that join the green growth movement will secure a prime position to drive recovery and reap the rewards.

**"IN TERMS OF INNOVATION, BRITAIN IS ALREADY AT THE FOREFRONT OF OFFSHORE WIND, WAVE AND TIDAL RENEWABLE TECHNOLOGIES"**

PHOTOGRAPHY

# UNDER THE LENS

Consumers increasingly make choices based on a company's environmental credentials. Businesses that reduce fuel consumption and carbon emissions, and manage waste more efficiently, stand to gain from an enhanced reputation that will attract new customers and win new business.

It's no surprise that the energy management sector is currently worth more than £2.5bn and growing. If more companies put their own operations under the carbon lens they could tap into new technologies that will boost energy efficiency and drive their own green growth.

As Ian Cheshire, group chief

executive for Kingfisher, points out, rising energy prices are one of the biggest worries facing British businesses and yet by taking some relatively simple measures, energy bills can be drastically reduced to generate ongoing annual benefits for the bottom line. He says: "I'm sure many business leaders recognise the opportunities green growth represents, yet few are investing to enable them to capitalise on this market."

executive for Kingfisher, points out, rising energy prices are one of the biggest worries facing British businesses and yet by taking some relatively simple measures, energy bills can be drastically reduced to generate ongoing annual benefits for the bottom line. He says: "I'm sure many business leaders recognise the opportunities green growth represents, yet few are investing to enable them to capitalise on this market."

## HOW TO CUT COSTS

**Lighting** Why light empty spaces? Occupancy sensors, which switch off lights when a space isn't being used, can reduce lighting costs by 30 per cent

**Heating** costs rise by eight per cent with every one degree rise in temperature on the thermostat, so aim for a comfortable 20-21°C. Give radiators space to heat efficiently, and maintain heating equipment properly, to avoid adding 10 per cent to the heating bill

**Equipment** A single computer running 24 hours a day can cost more than £50 a year. Powering off out of hours and using energy saving standby features could reduce this to £15 a year

**Company** WBC Automotive**Sector** Motoring**Benefit** Saved £70,000 and won new business

## CASE STUDY



Bristol-based car sales and maintenance company WBC Automotive is enjoying an excellent return on its investment in green technology. With the help of a £98,000 loan from the Carbon Trust it acquired new energy-efficient spray booths used to coat vehicles with paint and lacquer.

Managing director David Turner says: “We’ve achieved annual savings of £70,000 in energy bills and other operating costs, and increased our productivity.

“By halving the time taken for the paint and lacquering process we can handle 18 to 20 cars a day compared with our previous average of 14, and we’ve taken on more staff.”

WBC Automotive’s green investment, coupled with an innovative move to team up with other pro-low-carbon operators in the region, has won the approval of several major customers, including CIS Insurance.

“As the South West Independent Repair Group, we were in a stronger position to tender for bigger contracts from CIS Insurance, and were ultimately awarded the work,” adds Turner.

A planned move to new eco-premises, equipped with ground source heat pumps and solar panels, will provide scope for WBC Automotive to make further cost savings, and attract more customers.

**“WE WERE IN A STRONGER POSITION TO TENDER FOR BIGGER CONTRACTS AND WERE ULTIMATELY AWARDED THE WORK”**

**Company** Ceres Power  
**Sector** Energy  
**Benefit** Poised to become worldwide market leader

## CASE STUDY

---

**“THE UK IS ONE OF THE BEST PLACES TO INNOVATE, WITH ITS TALENT BASE AND WORLD-CLASS RESEARCH FACILITIES”**

Ceres Power has developed groundbreaking fuel-cell technology that can turn domestic boilers into micro-power stations, cutting household energy bills by 25 per cent.

An estimated 1.5 million boilers are replaced every year in the UK alone, and over 30 million a year are replaced globally.

Originating in the research labs at Imperial College London a decade ago, the new technology converts natural gas into heat and electricity without burning it. Ceres Power has incorporated the technology into a product designed to be fitted in virtually every home in the UK with installation, servicing and maintenance taking place in the same way as for regular boilers.

In partnership with British Gas, the company is trialling the Ceres home energy unit, replacing traditional boilers in homes across the country.



Chief executive Peter Bance says: “The UK is one of the best places to innovate, with its talent base of engineering scientists and world-class research facilities, and that gave us the best possible start. The Carbon Trust was instrumental in providing funding and then VC equity funding to take product development closer to commercialisation.

“We are now gearing up for volume manufacturing and putting a global supply chain in place. Given the worldwide economic shift towards low carbon, we will be in the right place at the right time to be the global market leader in domestic energy reduction.”

# INNOVATION NATION

**T**he UK environmental and green market is growing rapidly, and set to be worth in excess of £140bn by 2015.

One of the UK's greatest strengths lies in technical innovation. In green and clean-tech engineering, Britain is unparalleled. Given the scale of domestic and global green market growth, the opportunities to generate new income streams by capitalising on the commercial potential of this cutting-edge low-carbon technology are unprecedented.

Hundreds of new low-carbon firms have created investment-ready businesses and secured funding to take their products to market and exploit new commercial opportunities globally.

A "defrost on demand" gadget developed by JTL Systems, for instance, allows refrigeration products such as a supermarket display freezers to defrost only when necessary, rather than to a scheduled timescale, saving around nine per cent of the energy used, and annual costs of £5,000 per unit.

Companies across Britain are seizing new opportunities, increasing competitiveness and raising their profiles by investing in energy efficiency technology

Celebrated innovator Dyson has boosted sales in 19 overseas markets with its Airblade dryer, designed to minimise environmental impact. And EVO Electric's technology aims to make costly-to-manufacture hybrid vehicles a more viable option for mass production.

**"HUNDREDS OF NEW LOW-CARBON FIRMS HAVE SECURED FUNDING TO TAKE THEIR PRODUCTS TO MARKET AND EXPLOIT OPPORTUNITIES GLOBALLY"**

# GREEN LEADERSHIP

---

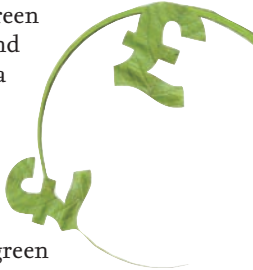
**M**ore than 75,000 new jobs could be created as a direct result of the deployment of the country's cutting-edge carbon technologies. And when it comes to attracting and retaining top talent, green growth businesses will have a competitive edge.

But rapid growth in the low-carbon market is already creating a demand for people with industry-relevant skills and qualifications, so investment in green skills training and development is a priority.

Further and higher education institutions are developing the green and cleantech programmes that employers will need, and the UK government is committing £2.5m of investment over the next three years to a new training academy for environmental technology skills.

As the UK makes the transition to a green economy, a falling demand for fossil fuels will enable large numbers

As well as trade opportunities, the move to a green economy will provide a major boost for jobs and skills development



---

of highly skilled oil and gas industry workers to move into the offshore wind turbine and tidal renewable energy sectors.

Kim Bryan, communications officer for the Centre for Alternative Technology, based in Powys, Wales, says: "Organisations that have invested in their own green growth will have an advantage in the employment stakes because they will be seen as more attractive by potential recruits. However, there is still a massive job to do in education and training to ensure that there will be enough of the right recruits. With the right investment the UK can compete globally. We have the talent, the renewable energy resources, and the opportunities to be a world leader in this field."

Green growth businesses like powerPerfactor, which produces a voltage power optimiser to boost energy efficiency in electrical equipment, have had the foresight to invest in its own future skills. As managing director Angus Robertson explains: "As with any growing business, our people are our greatest asset, and when strong business growth started creating a skills gap, launching our own green academy to deliver training for new staff, engineers and external contractors was a natural progression.

There is no substitute for having a rock-solid technical base to your organisation, and that underpins any subsequent commercial offerings, and enhances your credibility."

Ultimately, green business growth is a leadership issue, says Sandy Rodger, director of executive coaching service, Lighthouse Leadership: "Some of it is about day-to-day business management issues; saving money, cutting waste and so on. But the real opportunities for green growth businesses will come from looking ahead at the changes to come; climate change, extremes of global weather, energy prices, consumer preferences.

"These are unpredictable, but by making the right investment in your assets, resources and skills, you will be in a position to take advantage of future opportunities; to be among the winners, not the losers.

"That takes strong leadership; the ability to influence and engage with your stakeholders, and ultimately the courage to take the long-term view of business and the low-carbon economy, and make the right decisions," he says.

**"ORGANISATIONS  
THAT HAVE  
INVESTED  
IN THEIR OWN  
GREEN GROWTH  
WILL BE SEEN  
AS MORE  
ATTRACTIVE BY  
POTENTIAL  
RECRUITS"**

The Carbon Trust is the UK's low-carbon expert.  
Our aim is to capture the green growth opportunity for the UK  
economy—the global market for green goods and services is  
estimated to be worth £4trn a year by 2015

The Carbon Trust is helping many businesses realise the benefits  
of green growth

For more information call 0800 988 3713  
or visit [www.carbontrust.co.uk/greengrowth](http://www.carbontrust.co.uk/greengrowth)

