

Change Navigators: Mapping and Marketing Successfully to a Growing Green Global Marketplace

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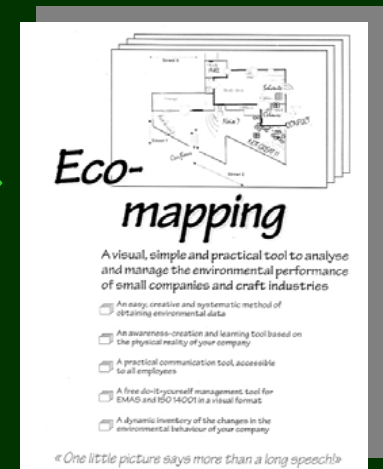
True or False?

1. ISO 14001 requires 3rd party certified systems
2. ISO 14001 is a mandatory government standard
3. ISO 14001 is really only valuable for big companies
4. ISO 14001 does result in improved environmental compliance
5. ISO recognizes four options for conformity
(proving you did what you said you did)

What's your score?

Goals for today:

1 Explain what the EnviroReady© Report is



2 Understand the opportunity and perils related to small business

3 ISO 14001: 2004 key changes + where ISO needs to go if it is to become the brand of choice

Myths, Mystics and Ruthless Realities

The EnviroReady™ Report

Practical Data through the Journalistic Six:
what, who, when, where, why and how?

Strategic Drivers



Primary
market

What is it?

Recognition

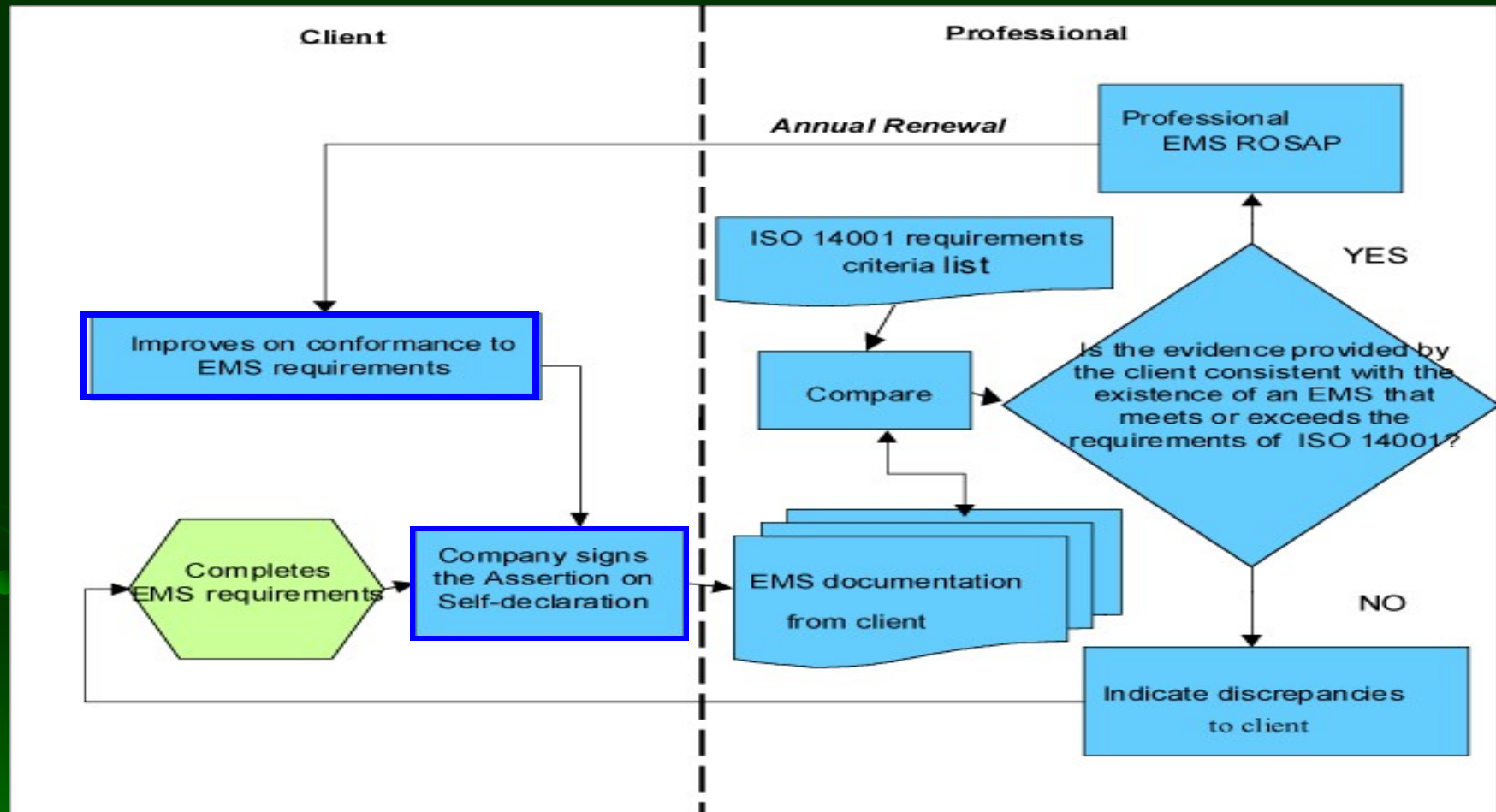
*Enviro*Ready Report

- Technically, a "Report on Specified Auditing Procedures regarding Environmental Management Systems"
- Developed with guidance from CICA's Handbook Section 9100 recommendations regarding assurance engagements and related services
- Marries ISO standards and accounting procedures based on generally accepted auditing standards (GAAS)

Who provides the service?

- Professional accountants take a learning process (IFAC Member Countries ~ ISO)
- Confirmed as members in good standing by their respective professional body
- EnviroReady Accountants receive Certificate of **Recognition** (service framed by rules for professional accountants and registrars)

When is it done? **Annually**



Can be done in conjunction with tax preparation of financial statements

Where is it applicable?

- Applicable in 114 countries through 156 member organizations representing 2.4 million accountants (IFAC)
- This diffusion is paralleled in countries that are members of ISO

Why use it?

- Emphasis on a robust and credible system
- Aligns to the Culture of SMEs
- Limited Disclosure Obligations
- Value against cost



(~CDN\$ 500 – 5,000)

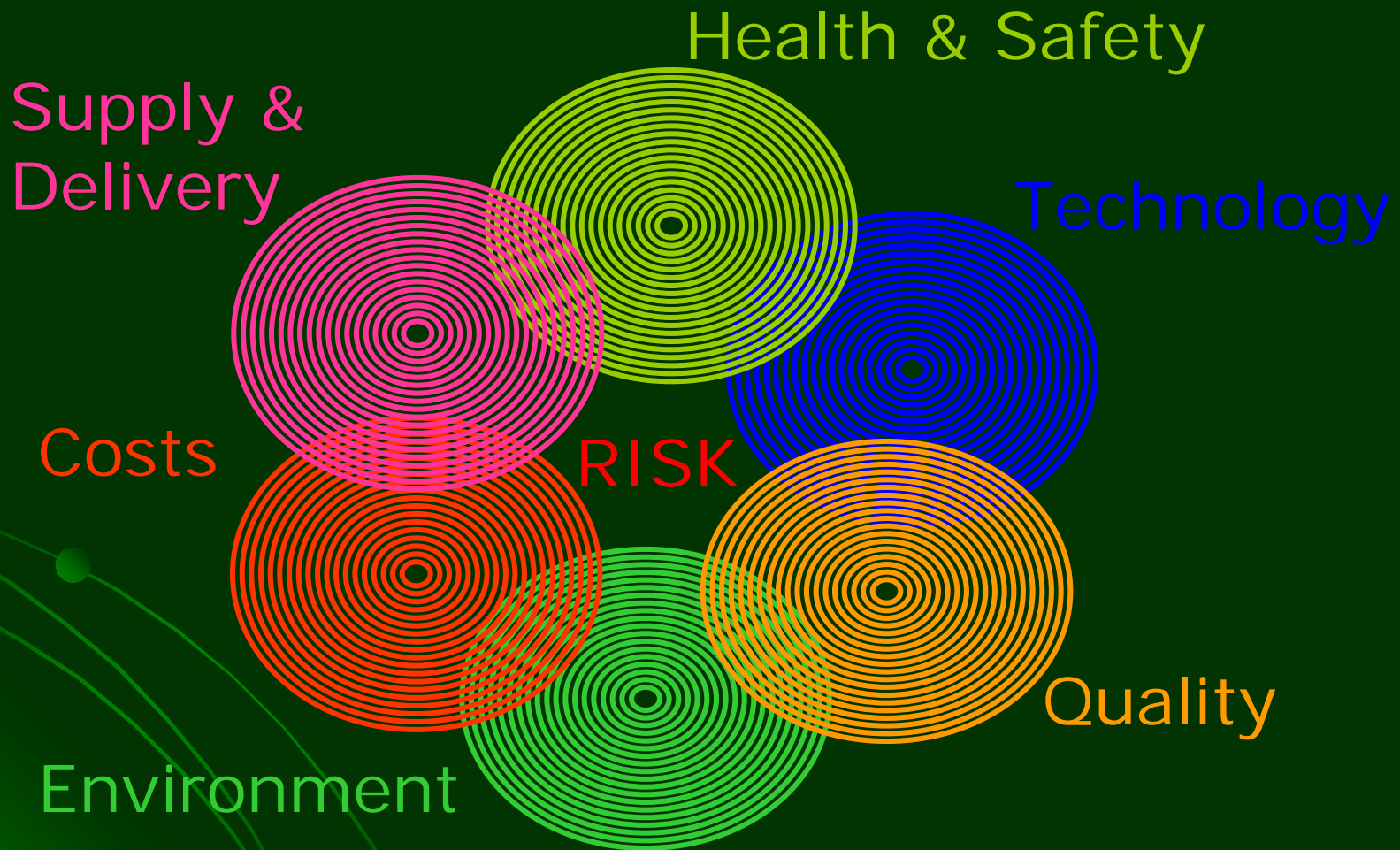
How is it used?

- A stand alone for smaller companies or as part of a blanket for smaller divisions in big business
- Key operations are certified, Report to help with due diligence and reporting to shareholders, stakeholders

For the company - a means to coordinate and integrate its financial and environmental resources.

For stakeholders - some confidence of external reviews parallel to the financial statement preparation process.

How is it used?



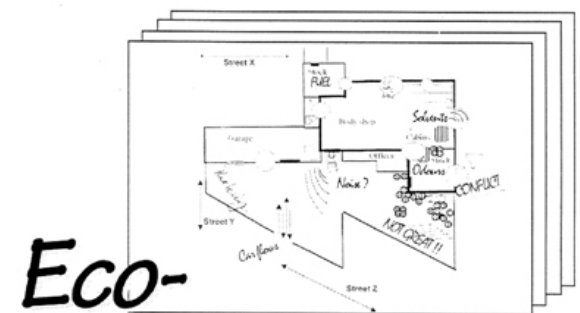
It fits into the more sophisticated procurement strategies as part of their risk assessment approach.

What is Eco-mapping©?

The concept – 80% of environmental challenges are location based

The tool is evolving

Eco-mapping is gaining support as the entry level tool of choice for ISO 14001



Eco-mapping

A visual, simple and practical tool to analyse and manage the environmental performance of small companies and craft industries

- An easy, creative and systematic method of obtaining environmental data
- An awareness-creation and learning tool based on the physical reality of your company
- A practical communication tool, accessible to all employees
- A free do-it-yourself management tool for EMAS and ISO 14001 in a visual format
- A dynamic inventory of the changes in the environmental behaviour of your company

« One little picture says more than a long speech! »

Why Eco-mapping?

No matter where you are in
the world;

What business you are in;

Or how big or small your
enterprise is



Why Eco-mapping?

Its hard to deliver a rose garden

whilst standing in the middle of a barnyard
or field of barrels filled with toxic waste
unless you have a clear process for change.



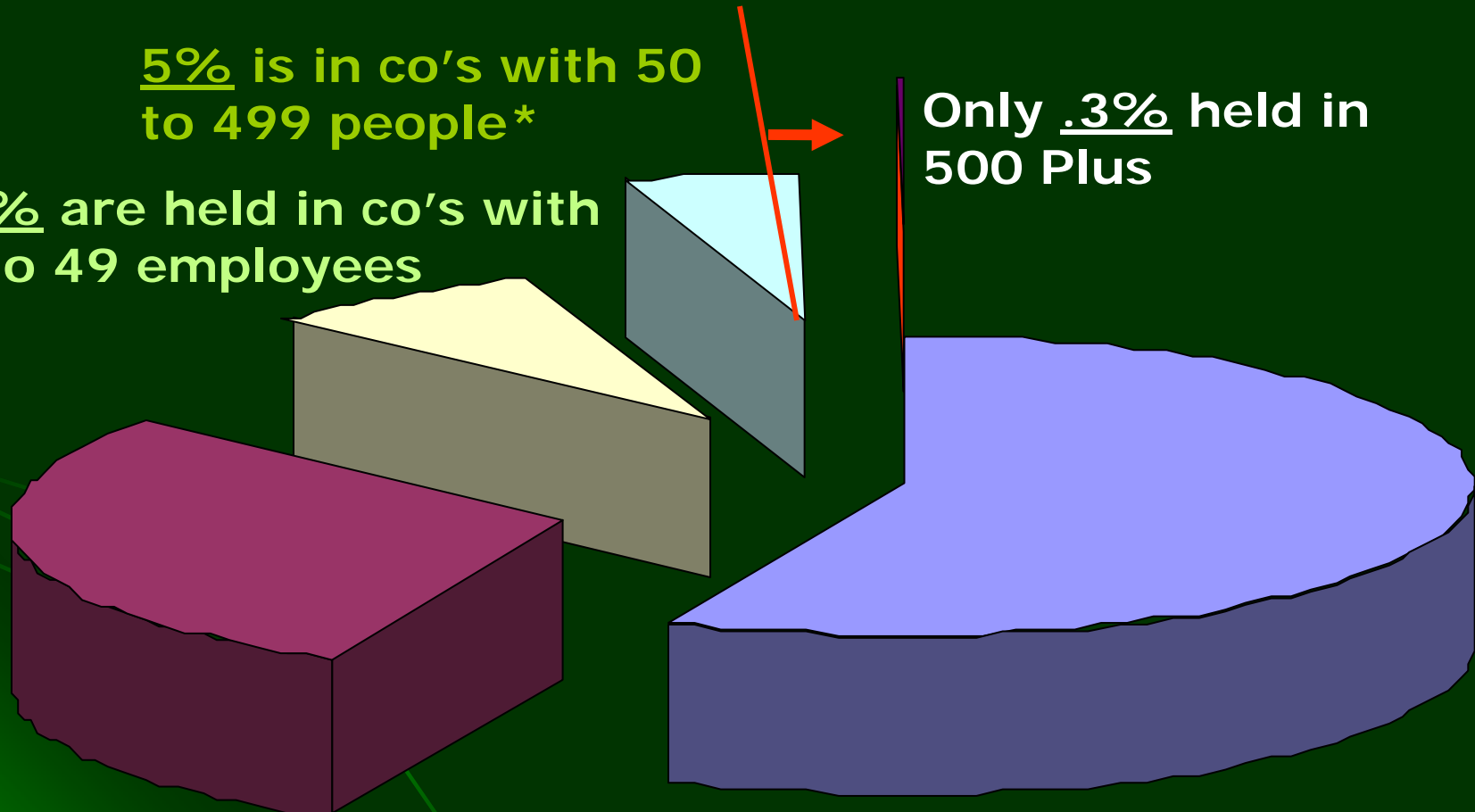
Who's looking out for the "little guy"?

* 97.7% enterprises have less than 100 employees

5% is in co's with 50 to 499 people*

8.4% are held in co's with 20 to 49 employees

Only .3% held in 500 Plus



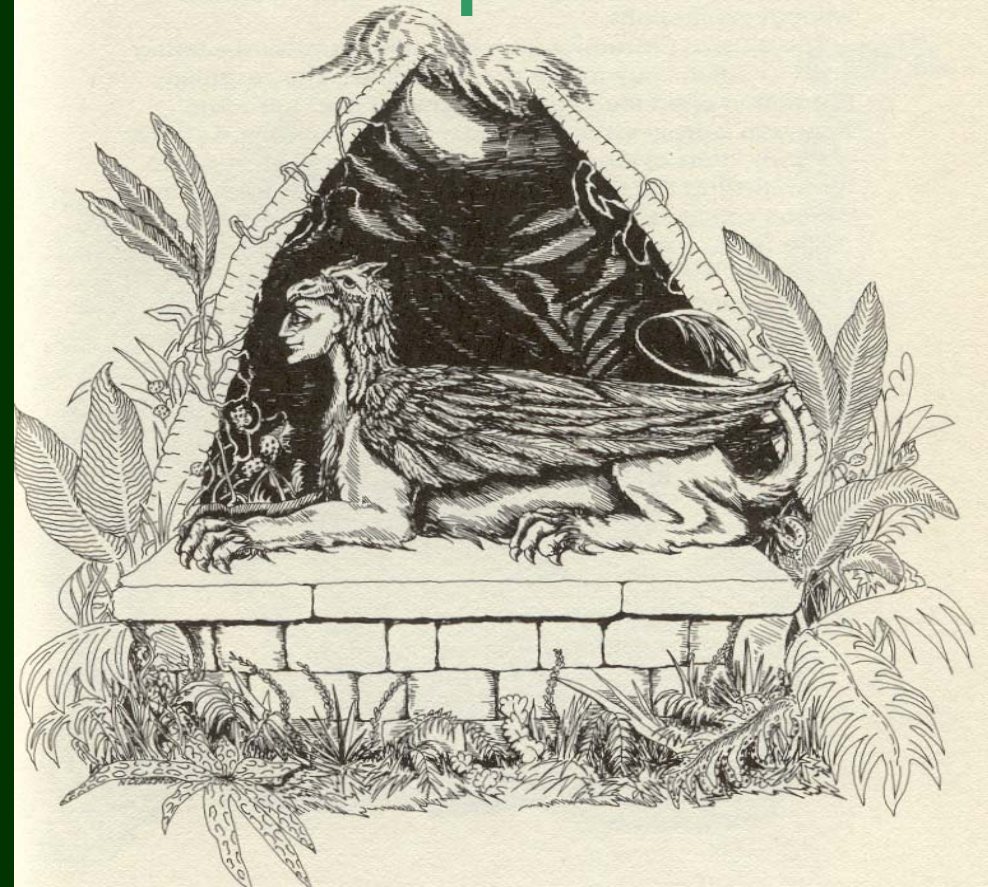
Small business represents 29.4% of business with 5 to 19 employees

Micro-enterprise is greatest with 56.9% of Canadian employers in companies with 1 to 4 people

This is not a slam dunk.

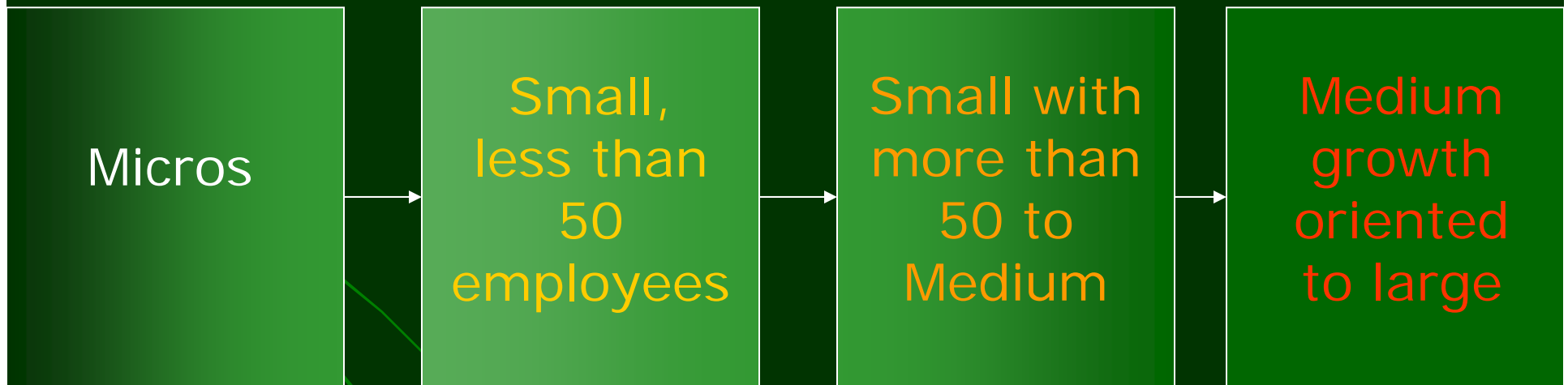
- Lack of Awareness
- “Certify or die”
- Certification Value - perception/costs
- Lack of \$ Resources
- Knowledge and Time
- Documentation – the paper burden challenge

The Paradoxical Search for The Simple Answer



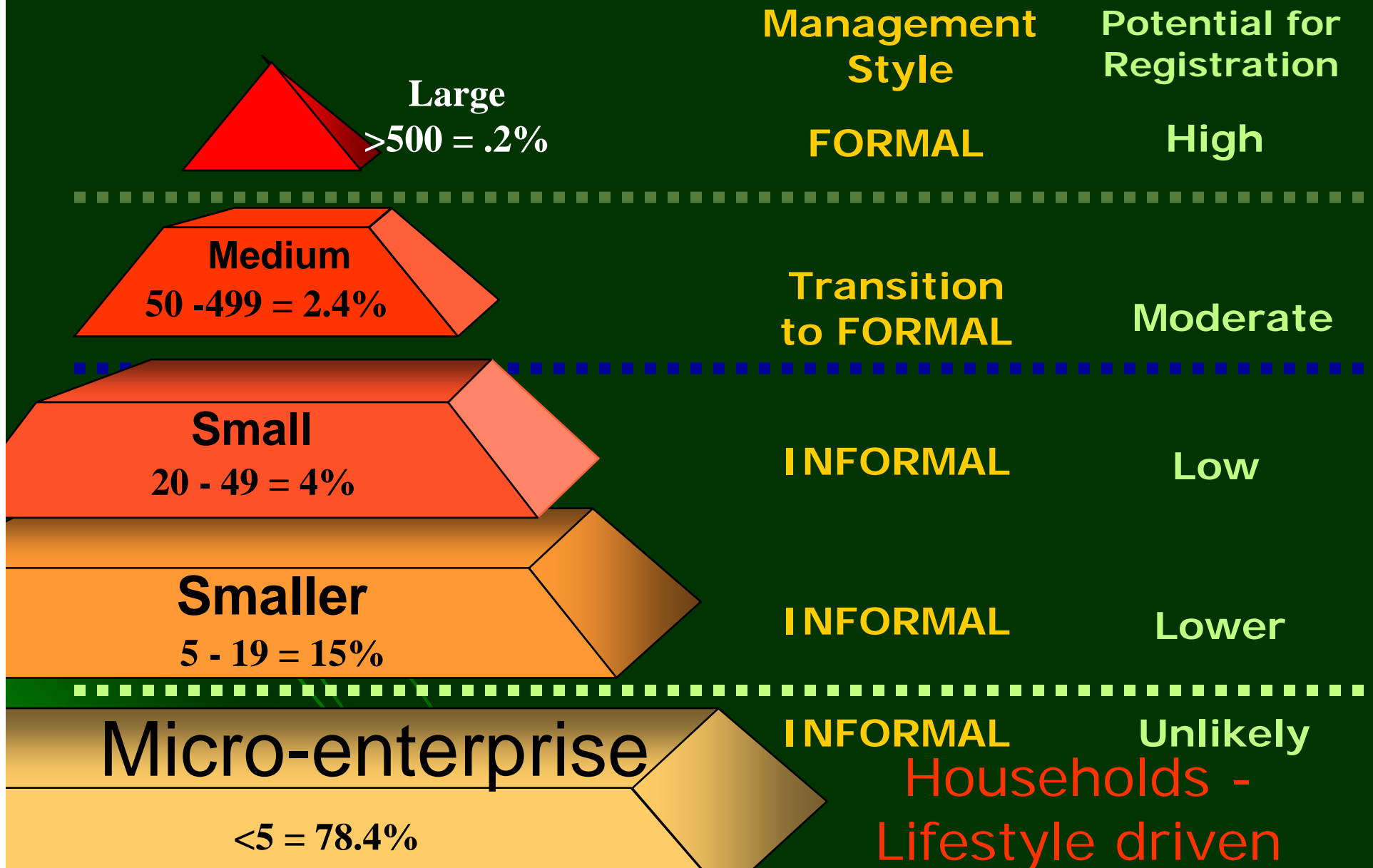
Do we have the right equipment?

73 million legally constituted employer businesses in the world: 65 million are SMEs



Level of detail, same set of rules, moving from informal to formal as the company size increases

Formal vs. informal management



What is the Cost Benefit Analysis?

Price of Certification versus sales

(~U.S.15,000 per annum)

Size/Sales	# of Employees	Initial & Follow-up Reviews	Total Cost Per Employee	Minimum Total Cost as a % of Sales
Small - \$500,000	1 to 49	\$8,500	\$174 to \$8500	1.70%
Medium - \$5,000,000	50 to 100	\$15,000	\$150 to \$300	0.30%
Large - \$50,000,000	101 and over	\$25,000	\$0.21 to \$248	0.05%

Based on Data collated by E2M from Registrars in North America and ISO 9000

What type of disclosure is best?



One is not "better" than another.

The Real Question is –
which type of disclosure is appropriate
to the level of risk ?

Your market will help you decide.

iso

Equal Access is Vital

Solutions must lower barriers to adoption, not lower the standard

What is the role for: Governments?

Assistance community?

ISO? Brand of choice?

The World Below ISO 14001

INTERNATIONAL

ISO 14001: one for all, or just for some?

SME's are the backbone of national economies and therefore have a major impact on the wealth and environmental health of nations. Despite this, says author Lynn Johansson, ISO 14001 is mainly implemented by the largest companies. She describes some innovative approaches to removing barriers to the implementation of environmental management systems by SME's.

Environmental management systems (EMS) were designed to address the needs of any type or size of organization, anywhere in the world. Yet to date, adoption of the international ISO 14001 EMS standard has primarily remained in the hands of larger national and multinational companies. However, some new approaches have recently been introduced to overcome the barriers to ISO 14001 adoption specifically for small to medium-sized enterprises (SME's).

SME's are the backbone of most national economies. Of approximately 73 million legally constituted entities in the world, 65 million are SME's. APEC (Asia Pacific Economic Cooperation) statistics from 1997 indicate that the 40 million SME's existing in the region account for well over 90% of all enterprises there, employ from 32% to 84% of the national workforces, contribute 30% to 60% of the GDP and account for 35% of exports in the region. Similar figures are reflected in non-APEC economies. Clearly, SME's are critical to the wealth of a nation.

But what about the environmental health of a nation? The perception is that "an SME is so small that its impact is not important". In reality,

they make a significant impact both financially and environmentally. Their cumulative effect on the environment and in the global market-place must be considered.

If one agrees that sustainability is a critical global objective and that environmental management is a necessary interim target, then it is essential to attract all sizes and types of organization. Certainly, ISO 14001 offers a practical path towards this objective. Yet there are a number of barriers that prevent ISO 14001 from becoming the common means of access to a global market-place and to fostering sustainability.

Adoption of ISO 14001 has primarily remained in the hands of larger national and multi-national companies



BY LYNN JOHANSSON

The author, Lynn Johansson, is President of EMS management consulting company E2M and co-founder of The ISO 14000 Registry with Prince, a software and marketing company.

She is a member of the Canadian delegation to ISO/TC 207, Environmental management, on which she takes a particular interest in representing the interests of micro-enterprises and SME's. Lynn Johansson has had over 50 articles on EMS published, plus several guidebooks bringing EMS down to earth, and is currently working on two companion books on Green Productivity.

Her international consulting experience includes Fortune 500 companies, governments in developed and developing countries, academic institutions, NGO's and start-up enterprises.

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Myths, Mystics and Ruthless Realities

ISO 14001: 2004 is the new national and international EMS

Not without controversy – no new requirements? NORM APME

- A consensus process (not unanimity) without a consensus of understanding

Interpretation Issues in ISO 9001 and ISO 14001 – range from confluence  agree to disagree

Myths, Mystics and Ruthless Realities

Summary of key changes between 1996 and 2004:

- Control and influence (clauses 1, 4.3.1 and A.3.1) maintain autonomy
- Legal and other requirements (Clauses 4.3.2 and A.3.2) simplicity to favour one procedure
- External communication (Clauses 4.4.3 and A.4.3) if this is an option, then need a method
- Evaluation of compliance (Clauses 4.5.2 and A.5.2) **NEW** – evaluate conformity with other requirements

Myths, Mystics and Ruthless Realities

- Nonconformity and corrective and preventive action (Clauses 3.15, 4.53 and A.5.3) distinguish between non-conformity and non-compliance
- Internal audit (Introduction and clauses 3.1, 3.14 4.5.5 and A.5.5) clarify purpose and elements of the internal audit, conditions around independence
- Management Review (Clauses 4.6 and A.6)
NEW - Specifying the required inputs

CLAUSE 4.1 General Requirements

The organization shall..... and determine how it will fulfill these requirements. AUTONOMY

If you could ask the President of Mother Nature Inc. three questions what would they be?
Send to Lynn Johannson at etwom@e2management.com

Thank you!



*Don't let what you think
get in the way
of what you see.*

*Don't let what others think
prevent you from making
a better decision.*

Be a change navigator.