

A Business Planning Tool for a sector-based P2 initiative

8th Canadian Pollution Prevention Roundtable



Presented by François Bregha

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 **Stratos**
strategies to sustainability



Background

- Ontario Ministry of the Environment business planning tool for compliance assistance initiatives
- Issue: how to ensure environmental performance in industrial sectors with many SMEs while controlling financial exposure?



Presentation outline

1. Business tool structure
2. Analytical approach
 - Sectoral characteristics
 - Goal-setting
3. Preliminary program design
4. Financial Planning
5. Detailed design
6. Conclusions



1. Business tool structure

8 steps:

1. Sectoral characterisation and analysis
2. Establish goals
3. Evaluate delivery agent
4. Evaluate target audiences
5. Identify program elements
6. Detailed program design
7. Program implementation
8. Evaluation and reporting



2. Analytical approach

For each step:

1. Define the purpose
2. Provide context
3. Identify criteria for decision-making and information required
4. Assess key strengths and weaknesses



2.1 Step 1: sectoral characterization

Purpose:

- Understand barriers to P2 in sector and benefits from initiative

Criteria:

- nature of industry: e.g., number of firms, geographical spread, profitability, nature of processes
- barriers: e.g., lack of information, lack of capacity
- benefits of P2: health, environment

2.1 Step 1 sectoral characterization (ctd.)

Assess
key
strengths
and
weaknesses

Score	Nature of Industry	Barriers to P2	Benefits of P2
0	No information on sector	No information on barriers	No information on environmental and resource benefits from P2
1-2	Information available on number of firms and distribution by size	Subjective assessment of barriers	Subjective assessment of the environmental benefits from P2 available
3-6	Additional information available on geographic distribution	Objective assessment of barriers provided	Objective assessment of the aggregate environmental benefits from P2
7-8	Additional information on profitability, capital intensity, maturity of technology, typical spending on environmental controls	Sector categorized according to type of behaviour: <ul style="list-style-type: none"> Lack of information Lack of capacity 	Detailed assessment of the environmental benefits arising from improved P2 rates on most common and most significant process areas
9-10	Robust information base on firms operating in this sector including projections of future sectoral activities	Thorough understanding of the attitudes towards and the reasons for each of the most common and most significant barriers	Thorough understanding of the environmental and economic benefits from P2.
Assigned score:	/10	/10	/10
Total score: (x / 30)	/30		



2.2 Step 2: Establish environmental and financial goals

Purpose

Context

Criteria:

- Nature of P2 goals: e.g., number of facilities, % of economic activity, what specific issues (energy, water, toxic inputs)
- Nature of financial goals: e.g., zero cost, block funding for fixed period, matching funds

2.2 Step 2 (ctd.)

Score	P2 Goals	Financial Goals
0	No specific goals established for P2	No specific goals established for financial objectives
1-2	General P2 goals established without clear links to specific barriers	Financial goals established without clear links to specific aspects of financial performance
3-6	General P2 goals established that relate to specific barriers	Financial goals established that relate to specific aspects of financial performance (e.g. leveraging / matching, revenue generation, etc.)
7-8	Specific, measurable, achievable, relevant and time-based (SMART) performance targets established	Specific, measurable, achievable, relevant and time-based (SMART) performance targets established for financial objectives.
9-10		Likely responses to non-performance on financial objectives articulated. For example: <ul style="list-style-type: none"> • Would the Ministry cancel a program with an association that could no longer meet its funding commitment?
Assigned score:	/10	/10
Total score: (x / 20)	/20	



3. Preliminary program design

- Preliminary selection of program elements for their environmental effectiveness
 - E.g., websites, help lines, listservs, newsletters, conferences, videos, manuals, checklists
- Rough financial assessment of chosen program elements
 - E.g., how much would each cost? potential for cost recovery?
- Second iteration at program design to reconcile environmental and financial goals (if necessary)
- Budget development

4. Identifying program elements

Barrier Addressed	Element(s) Selected (examples)	Justification		
		<i>Environmental Effectiveness (High / Medium)</i>	<i>financial effectiveness (High / medium)</i>	<i>Other considerations</i>
<i>Lack of Knowledge</i>	a. listserv			
	b. fact sheets			
<i>Lack of tools</i>	a. workshop			
	b. video			
	c. self-audit checklist			



5. *Financial planning*

- Projecting program expenses
 - By category, by year, internal and external costs

- Projecting program revenues
 - By source, by program element

5. Financial planning (ctd.)

Score	Financial Goals
0	Estimated Expenses greatly exceed estimated revenues from government, delivery agent and audience, and other third-party sources
1-2	Estimated Expenses marginally exceed estimated revenues from government, delivery agent and audience, and other third-party sources
3-6	Selected elements can be delivered, during this funding period, with notional government allocation and reasonably anticipated contributions from delivery agent, audience and other sources
7-8	Selected elements can be delivered with reduced government contributions during future funding periods.
9-10	Selected elements can be delivered with limited to no government contribution in future funding periods
Assigned score:	/10
Total score: (x / 30)	/30



6. Detailed program design

1. Detailed element design
2. Outreach strategy
3. Defining roles and responsibilities
4. Developing evaluation, monitoring and reporting requirements



Conclusions

- A more consistent approach
- Better informed choices
- Clearer communications to stakeholders
- Greater effectiveness
- Controlled financial exposure
- Can be developed in partnership with industry bodies
- Supports rigorous evaluation of industry proposals