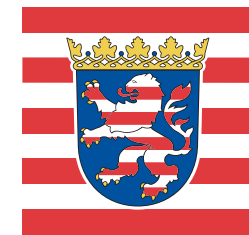


EcoSphäre

HESSSEN



UMWELTALLIANZ HESSEN - An Alliance

March 2007
English edition



ECOSTEP - A MANAGEMENT SYSTEM HAS FINALLY GROWN UP

Quality demands time - 5 years from the idea to the mature system

EcoStep was developed between 2001 and 2004 by commission of the Umweltallianz Hessen for SME and introduced in companies as pilot projects.

The starting point was the consideration that smaller companies lack the financial and personnel means to operate and maintain several different management systems simultaneously.

They have to use the bulk of their personnel and financial resources to maintain production, service existing customers, gain new ones, i.e. to keep the company going. This is the difference between them and larger companies with diversified administration and production structures.

But, be it

- leadership or management aspects,
- quality requirements in the broadest sense,
- labour health and safety issues,
- Environmental impact of operational activities

small companies also need to pay attention to all these aspects.

Another aspect is competitiveness which is essentially determined by internal production costs, raw material costs, costs for resources and the production itself. Areas where costs can be reduced include resource consumption as well as the organisational structure and operating procedures. This is why it makes no sense for small companies to deal with only one field in an isolated manner.

Management systems offer problem solution strategies and case

examples, but they work according to a more or less different model for the various problem areas.

Thus there was a need to develop a system covering all of the stated aspects, which would reduce the requirements to those relevant to the company and was based on the operational work flow.

EcoStep today is a combination of supervised workshops with an exchange of experience between the participating companies and on-site-consultation on individual implementation. Experienced consultants develop continual improvement circle in the company together with the employees and managers.

It is a lean, clear and flexible system, which is able to fulfil any additional technical requirement quickly and efficiently and without any further major outlays.



Freshly from the printing press - project manager Günter Lanz presents the new EcoStep manual to State secretary Karl Winfried Seif

The participating companies acquire sufficient know-how by doing "homework" which has to be done independently and repeatedly in all fields and which is reflected and commented upon in the workshops in order to independently incorporate changes in the organisational structure or amendments to the system. This way it becomes "their" system in future.

The most important aspects of the new project, sponsored by the EU from the LIFE program were:

- EcoStep should be able to integrate trade-specific amendments as add-ons without objections.
- The implementation costs should amortize through the success of operational measures for improved efficiency.
- Indicators should provide evidence of improvement effects over time series to be established.
- It should be possible to supplement EcoStep seamlessly by a strategic instrument, the Sustainable Balanced Scorecard.
- Verification should be provided that a subsequent certification is possible in accordance with ISO standards or similar without increased additional outlays.
- Tools, templates and check lists already available in parts should be completed and turned into a feasible system.
- It should also be possible to apply EcoStep in other member states of the EU.
- EcoStep should develop and establish itself as a system which is accepted by big companies and associations and recommended to suppliers.

All aspects have been implemented successfully:

- Objection-free integration and functionality of trade-specific amendments were verified by the integration of all food-hygiene requirements, including EU regulations, HACCP as well as IFS and BRC.
- For the first time, reliable data and analyses can be presented to assess the amortization.
- A indicator and benchmark system on the basis of simple Excel tables has been developed.
- It has already been possible to provide successful evidence of an additional modern strategic business management instrument, the Sustainable Balanced Scorecard, in five companies.

- A number of companies have already acquired an ISO 9000-certificate, others will follow with this certificate as well as with ISO 14001 and IFS.
- Current checklists, templates and tools are available for all company-relevant processes, which every company may use immediately or after minor adaptation.
- Application in principle has been possible in other member states - despite different conditions - due to system flexibility of the implementation concept and process orientation.
- In order to obtain high acceptance by trade associations and large companies, external certification was achieved by a known authority, with highest system credibility for potential or existing business partners, on the basis of a master agreement.

In the future, participating and certified companies will be listed in an internet-based register which is transparent to the public.

Consultants may work as EcoStep consultants if they have corresponding technical qualification.

On the following pages please find the most important results of the EU LIFE Project in a condensed form. A separate report including detailed descriptions will be available at www.umweltallianz.de as of May 2007.

Günter Lanz
Project manager, HMULV

MANAGEMENT SYSTEMS - OPTIONAL OR COMPULSORY

A MUST for every company - but which one?

If you follow the technical discussions concerning management systems for companies, you realize that the arguments are essentially related to the questions as to which system in which version may be useful for which enterprise. Whether environmental protection, labour protection or quality assurance, the state-of-the-art is to deal with perceived or actual problems by means of a management system, i.e. to "manage" or in other words, deal with systematically.

The market is versatile and vast, new systems are constantly being launched and acclaimed as the solution to all problems.

These systems may be classified into different groups according to various criteria in an attempt to clear the jungle of confusing information.

It is possible to make a first rough classification from different perspectives:

1. Systems, which have been designed and launched by the industry itself and its standardization organisations

These serve primarily as qualification and quality verification of companies in B2B transactions and are aimed only marginally at public effect. Another essential feature is that they exist in the market without any public support (neither monetary nor political) and undergo a constant dissemination in the relevant sectors - worldwide.

Typical representatives of this kind include ISO 9000, ISO TS 16949 etc. Entire families of standards have been developed here, containing complete cycles for the assurance of technical or general quality requirements.

2. Systems designed and launched by third parties

These systems are often based on requirements of external (public) stakeholders, who want to see them realized by the target group. They play little or no role in B2B transactions, not even between companies and the stakeholders demanding the requirements. The European Union has pushed these developments ahead strongly in other fields, for example in the field of agriculture or food safety.

Typical representatives of this type are the European environmental management system EMAS, EUREP-GAP, as well as various so-called "environmental management approaches" on a national, sometimes only regional level.

3. Another possibility for classification: the company size

The established systems (EMAS or ISO) claim to be suited for all enterprises of any size, be it an international group or the smallest-size family company around the corner. In recent years, however, a development has been observed which belies this unjustified claim. That there are sometimes difficul-



ties in practice is illustrated by the fact that in Germany, and in a number of other countries, a multitude of different "adapted" systems are being pushed on the market in addition to the abovementioned established systems. This applies especially to environmental management systems. Adapted to certain sectors or company size, they sometimes compete with the established systems (EMAS, ISO 14001), or complement these systems in individual areas. In response, the advocates of established systems try to develop introduction and utilization strategies, intending, on the one hand, to increase the number of users of "their" system and to prove, on the other hand, that they are adaptable for any company.

Representatives of both competing groups are to no little extent being pushed into the market by public funding.

And both groups claim to be of universal benefit to their respective target group, to be useful to the companies as well as to fulfil incidentally any other possible general requirements.

With regard to the target group of small and medium enterprises (SME), being the very courted by all system operators, this discussion often forgets the simple fact that there is no such thing as **the** SME. On the contrary, this is a group of companies which is infinitely varied in terms of size, production and activities.

As, considering the heterogeneity of the target group and their requirements, no such universal demand can be fulfilled by any system, the following questions arise:

1. Is it generally necessary for any and every small company to have a management system? Isn't it possible that there is a certain category of company, for which even a so-called management approach is too much of a good thing?
2. Is it possible to define criteria, according to which these questions can be answered for such a company?

request a certificate, which might increasingly be the case in the food industry.

In the case of more than 250 employees, the structures get so complex, that the required time exceeds the time on which the

According to experience gained in the course of the LIFE Project EcoStep, clear statements can be made on these questions:

1. End-user-oriented companies without business relations to other companies as supplier, with a small number of suppliers and a small number of employees (pure family businesses, max. 1-2 employees) need neither a management system nor a management approach. They can be served perfectly well by a regular periodical check and consultation by a trade expert (whether trade association, private consultant or state agency). This is sufficient to identify and eliminate risks and potential trouble spots.
2. Companies with business relations to other companies, in particular as supplier or sub-contractor of big companies or groups, however, are often confronted with certain general requirements, e.g. an ISO certificate. The individual company has no option here, it is a matter of gaining orders and turnover in competition with others. This means that the discussion as to whether the company needs a management system ends before it has even begun.

Proceeding from this basic situation, the question remains: which corporate size and profile from the SME category is suitable for a management system?

By now it has been shown that EcoStep is functional an appropriate for SME's between 5 and 250 employees. A **combined** system is not recommendable below this threshold and the focus should be on the abovementioned checks in such cases. Exception: The trade/business partners explicitly

»Due to EcoStep we were motivated, for example, to replace our air compressor. This led to a reduction in power consumption of almost one third. EcoStep also gave us an important foundation to strengthen our production processes. We expect this to give us considerable advantages in terms of cost reductions and flexibility due to the reduction of the throughput times by up to 35 per cent.«

MEKUWA
GmbH,
Caravan- und Motorcaravan-
Zubehör

calculation was based. Adjustments are required here, in particular with regard to the outlays for advising individual companies on adaptation.

Günter Lanz
Project manager, HMULV

EcoStep

FOR SMES IN COMMERCE AND INDUSTRY

Methodology and identified optimisation potentials

30 companies from Hessen and Bremen participated in EcoStep in connection with the EU project. Since both service and manufacturing companies as well as food production businesses took part, a broad range of experiences was to be expected. The sectors ran the gamut from a scientific institute to a bakery to companies in the metal processing field. The size of the enterprises ranged from 5 to 150 employees.

The goal was the introduction and adaptation of EcoStep as a surveyable and practical management system at the participating companies. Two participants already had a management system certified under DIN ISO 9001: 2000, in these cases the focus was the integration of environmental protection and labor protection into the existing quality management system.

»Thanks to EcoStep we now have clear and efficient structures and workflow in our company. This is good for the environment!«

Bücherinsel, Dieburg

An additional remit of the projects consisted in finding cost savings potentials at the companies. Several areas such as energy, water and waste materials were investigated, but also the organisational and thus economic efficiency of the business processes.

The Eco Step checklist served as the common basis for all consultations at the companies. In contrast to the ISO standards, this checklist takes its bearings from the business processes, not from specific themes. Overall, 90 starting-points per company were evaluated with respect to relevance, implementation and possible improvement potential. On average, 25 to 30 measures per participant were established that contribute to internal improvements at the companies.

The opportunities to optimise business processes and to reduce costs in connection with the introduction of a management system are enormous and very multifaceted:

- At one company, it was possible to reduce the energy consumption by 30%.

- At several companies, it was possible to realise savings of almost **EUR 10,000** in the EDP area.
- At another participant, the order processing times could be reduced by 40 percent.

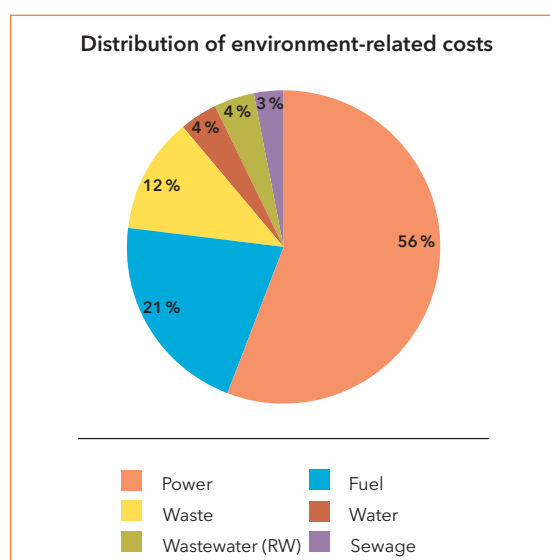
However, one cannot "over-simplify" or quantify these improvement potentials in advance, perhaps according to the principle: "Cost savings of XY percent can generally be achieved in small and medium-sized business." The different starting-points for business improvements are as variegated as the industry compositions. The improvement areas to be mentioned most frequently include:

- Structuring of data and documents (EDP and filing system)
- Collection and evaluation of consumption-related indicators (energy, consumption of raw materials including proportion of rejects)
- Indicators for the evaluation of the effectiveness of processes
- Goal planning, written formulation of (measurable) corporate objectives
- Employee development and planning of training schemes
- Complaints management and correction and prevention measures
- Project management (scheduling and budgeting)
- Efficient implementation of employment law requirements
- Transparency of processes and process results
- In-house logistics (warehouse and flow of materials)

At many companies, particularly those who have been in the same location for a long time, improvement potentials in the areas "transparency of processes" and "in-house logistics" can be achieved. These effects are immense: on closer examination it turns out, for instance, that intraplant distances can be reduced by up to 70%, storage areas can be cut in half, processing times are significantly reduced (see above). All of these factors obviously influence the production costs: in many cases, cost savings effects of 10% to 20% can be achieved merely by means of organisational measures.

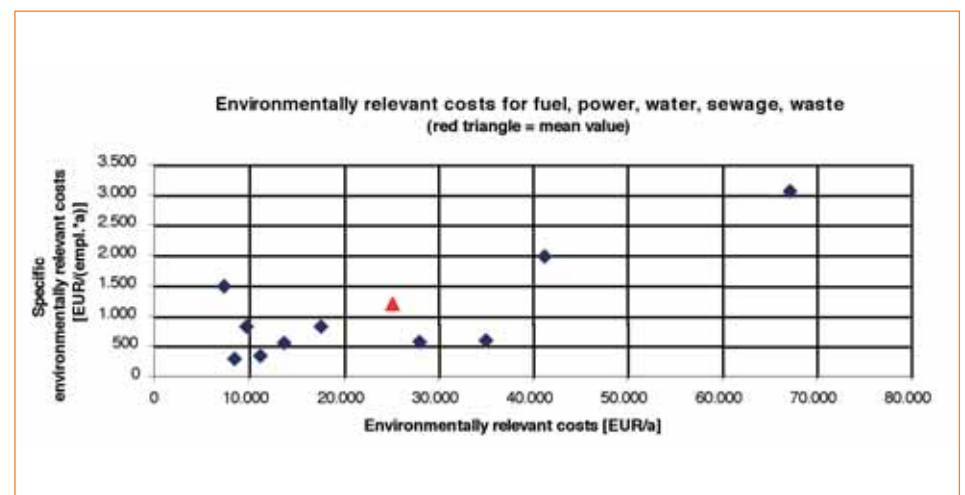
Due to the rising energy and raw material costs, further emphasis was placed on the identification of "costs related to the environment" and thus on the energy and ecological efficiency. After thoroughly looking at the data of 3 selected participants together with the project partner Hessenenergie, the data of 10 other participants were put under the microscope.

At the companies under review, electricity and fuel accounted for the lion's share (77%) of the environment-related costs at 56% and 21%, respectively.



The remaining cost portions (23% in total) are allotted to wastes (12%), fresh water and rain water (4% each) and sewage (3%).

The "average business" had 24 employees and annual sales of approximately EUR 2.5 million on average, corresponding to a turnover per head of EUR 104,000. The mean value of the **environment-related** costs of all participants under review amounted to roughly EUR 25,000, representing a share of 1 percent of the turnover. The employee-specific costs were used as an additional parameter for the assessment of the environmentally relevant costs. The mean value for the participants under review was EUR 1,200 per employee. The corresponding results of the participants and the mean value for all participants under review are shown in figure 2.



Many entrepreneurs are faced with the following fundamental questions regarding their own ecological and energy efficiency:

- How can I ascertain the data and make them comparable without much time and effort?
- How can I judge how efficiently we really deal with energy and the environment?
- How much effort can I put into the determination of detailed data?
- Where can the biggest cost savings be generated with the smallest investment?

With EcoStep, there is now a straightforward method to answer these questions very quickly and simply.

The following basic statements with respect to the energy and environmental relevance of the respective company can be made for the target group of EcoStep which focuses particularly on SMEs:

- Total costs < EUR 25,000
low environmental relevance
- Specific costs per employee < EUR 1,000
low environmental relevance
- Total costs < EUR 50,000
medium environmental relevance
- Specific costs per employee < EUR 2,500
medium environmental relevance
- Total costs > EUR 50,000
high environmental relevance
- Specific costs per employee > EUR 2,500
high environmental relevance

Both amounts - total costs and specific costs - should be considered together.

The determination of these data takes place on the

basis of the invoices for one year and requires very little time. As a rule, less than one hour - if all invoices are available - is needed for this.

If both values fall into the range "low environmental relevance", then it is generally hardly worthwhile to further break down these costs in detail or to capture them on a monthly basis. It is often sufficient to look at the 3 to 5 biggest individual consumers (e. g. compressed air, larger machines, lighting). For example, by replacing an old compressor and simultaneously checking the compressed

air system, it was possible to reduce the power consumption at one participant by more than one third. The new compressor has already paid for itself after less than three years. Subsequent annual cost savings will amount to roughly EUR 1,800. The time needed to identify this cost savings potential is only about 1 to 2 hours of work.

This is just one example for a multitude of highly efficient approaches and methods that are made available to the companies via EcoStep. The motto is always the same: **to achieve the maximum possible benefit by simple means.**

In combination with the exchange of experience through joint workshops and the analysis of in-company processes by external third parties, it thus becomes possible to achieve improvements in many areas of the companies in a quick and simple way. They contribute both to the well-being of the environment and to the economic success of the participants.

EXTERNAL CERTIFICATION

The key to acceptance

One of the key questions one faces in the design of a management system concerns the intended propagation, the placement in the "market-place" of the systems. Obviously, a prerequisite for success is that the expectations of the relevant market participants are met.

Several workshops and discussions with companies of different sizes, with representatives of associations and other experts, as well as through outside information, soon showed that certification, i.e. neutral, external audited, plays a key role in accepting a system, taking into account a variety of arguments.

The reasons are essentially the following:

- an external audit
- creates the necessary credibility and reliability vis-à-vis business partners, especially if there is a large spatial and personal distance between the people involved;
- creates a clear and unambiguous separation of roles between company, consultant and system operator;
- forces the business to adhere to stipulated dates and timely creation of the certification prerequisites - it even "helps" the business to set priorities - and it compels the consistent implementation and use of the system on a sustained basis.

»We use EcoStep to supplement our management system in the areas of health and safety and environmental protection and to constantly improve ourselves and our processes.«

Sapa Group

The development of a coherent certification system, i.e. practical implementation, was then sequentially prepared step by step in an extended, intensive process of discussions between the consultants involved in the project, the project partners in Hessen and Bremen, certification organisations and trade associations.

Several goals were pursued in this process:

- There was to be a tiered system of participation "corroborations" for EcoStep companies;

- Quality assurance was to encompass the entire EcoStep system, i.e. system providers, consultants, participating companies and certifiers;
- External auditing (certification) was to pertain to EcoStep on the one hand, but also, on the other hand, to offer the possibility of acquiring other "external" certificates in connection herewith, e.g. IFS or ISO 9001;
- Certification was to come from a single source, not only in Germany, but throughout Europe.

With the requirements having been or being met, all participants can be satisfied with the results obtained now.



The system provides for a three-stage assessment and certification of EcoStep participants:

In the **first stage**, all companies meeting the basic prerequisites receive a participation certificate confirming that they have advanced their business in the essential areas of environmental protection, labour protection and labour safety, as well as quality assurance, and that they have thus achieved a higher standard than businesses without such goal-oriented measures.

In the **second stage**, external certification takes place on the basis of predetermined audit lists. A successfully completed certification attests the company that it meets the demands made by EcoStep. This is quite an achievement, as it signifies that the business complies with a multitude of requirements in all three areas mentioned (in viticulture also with respect to food safety). Particularly important: the compliance with the relevant legal regulations is part of the audited obligatory programme. Finally, the self-commitment of the company to adhere to the requirements!

This certificate should in many cases provide sufficient evidence that the company meets the necessary qualitative requirements e. g. for a sub-contractor or third-party firm on the factory premises of a large company.

In the **third stage**, this EcoStep certification is supplemented by an audit for the awarding of certificates pursuant to DIN ISO or similar standards.

Quality assurance system for EcoStep is complemented by two additional measures:

1. Consultants have to meet technical standards for their accreditation, they all have the same materials, checklists, sample templates and Excel spreadsheets, and they are obligated to participate in regular supervision appointments. This ensures a consistent quality across all convoys.
2. The EcoStep system itself is subject to an annual systems audit by the certification organisation which is supposed to provide evidence for the continuance of a self-contained, internal continuous improvement process.

The fact that the certification is only contractually agreed between the participating company and the certification organisation, in accordance with customary standards, is a further component for the aimed-for credibility and respectability of the entire quality assurance system.

These flanking measures did not only append a simple certification to EcoStep. In fact, a complex system of comprehensive quality assurance has been created that should satisfy any requirements and is not inferior to existing standards.

What are the costs to the companies and what general conditions apply?

At least 8 locations participate in the certification process. The inspection of the location according to the specified criteria generally does not require more than 0.5 man-days on site, inclusive of 1 hour of preparation. The calculations for the certification are based on the assumption that the EcoStep requirements can be examined completely within the specified time-frame pursuant to appendix 3. If follow-up audits are necessary due to the audit results, they are to be remunerated separately. The reporting for a single location is limited to a checklist according to a specified prototype which shows the essential data regarding the audit result. Travel expenses of the evaluator will be billed separately. If possible, DQS uses evaluators located nearby in order to reduce the travel expenses. The audit takes place every three years. A random sample of 2 locations is arbitrarily drawn from every 10 participating locations during the three-year period. They will be subjected to an intermediate audit following a short advance notice. Companies that participate in a combined audit are not considered in this process.

Expenses for the EcoStep certification

The stated fees for EcoStep, inclusive of a certificate pursuant to DIN ISO or IFS/BRC, apply only in connection with the retention of the EcoStep system.

a) System analysis at the system provider¹

In the first year of the audit - EUR 2,250.00 (corresponding to 2 man-days), these costs are taken into account in the systems audit at the location in subsequent years. Issuance of the master certificate for EcoStep - EUR 480.00 p.a.
Report preparation for all locations in subsequent years - flat fee of EUR 1,430.00

b) Systems audit at the location (certification), EcoStep² only, depending on the size of the business

- Locations with up to 25 full-time employees - EUR 700.00
- Locations with more than 25 and up to 50 full-time employees - EUR 1,300.00
- Locations with more than 50 and up to 100 full-time employees - EUR 1,900.00
- Locations with more than 100 and up to 200 full-time employees - EUR 2,500.00
- Locations with more than 200 and up to 500 full-time employees - EUR 3,100.00

Example:

Location with 30 full-time employees, EcoStep

EcoStep fee	1,300.00 €
Fee during the 2 subsequent years	0.00 €
Total amount, fees for three years	1,300.00 €

c) Systems audits at the location (certification), in connection with a certificate pursuant to DIN ISO 9001:2000, DIN ISO 14001:2004 or IFS/BRC

If EcoStep is combined with one of the DIN ISO or HDE certificates mentioned above, a fee discount of 33% will be granted for the EcoStep certificate. A fee of EUR 1,500.00 will be assessed for the respective additional (external) certificate (ISO, DIN), or a fee of EUR 1,550.00 (incl. registration) for IFS.

Example:

Location with 30 full-time employees, EcoStep incl. DIN ISO 9001:2000

EcoStep fee	1,300.00 €
Less 33%	- 430.00 €
Audit fee	
DIN ISO 9001:2000	1,500.00 €
Total amount, fee during the first year	2,370.00 €

Fees during the 2 subsequent years³, only DIN ISO 9001:2000 recertification, each

	1,500.00 €
Total amount, fees for three years	5,370.00 €
Fees during year 4, EcoStep repeat audit plus	
DIN ISO 9001:2000	2,370.00 €

Günter Lanz
Project manager, HMULV

¹ Systems analysis: the examination of the effectiveness with the system owner, in this case the HMULV, which defined and published this system as a standard. More considerably Checkpoint is the implementation of the continuous improvement process for EcoStep itself.

² System investigation: the actual certification examination with the participating enterprise.

³ While the EcoStep fees are to be paid only every three years, this is differently for the ISO series, IFS or others, since there are shorter periods prescribed between the audits.

EcoStep EXPERIENCES AT THE RKW BREMEN

EcoStep certification as market advantage

The RKW Bremen is the contact in the Federal State of Bremen for small and medium-sized companies are looking for consultancy. It provides consulting in a range of areas from business questions to the introduction of management systems right up to the implementation of measures for industrial environmental protection. The RKW carries out an average of 350 consultations a year.

companies, clients (e.g. industry) and the public administration:

Benefits of certification from the view of the participating companies:

In the course of daily business there is often little space for strategic considerations in a company, and a systematic observation of the company's own processes rarely takes place. This corresponds to the experience gained in the EcoStep workshops. With the introduction of EcoStep a wide range of alterations processes is initiated and the companies examine their structures. Through the workshops,

part of small companies is extremely important for industrial clients, as most of the accidents are caused by outside companies, thereby hindering smooth operation.

This is why a number of industrial companies are interested in EcoStep. With the introduction of the integrated system the clients can be sure that the requirements for "their" small companies are fulfilled without overburdening them. However, the industry must also ensure that the integrated system is also lived in the companies. This can be achieved by industry audits (already common practice with



»We were already certified some years ago by ISO 9001:2000. The very open and interesting discussions and information received in working with EcoStep were a very good basis for the elaboration of the requirements for environmental protection. We then went to work on implementation and this work is still continuing.«

Köba-Sewifa GmbH

The consulting centre for ecological efficiency at the RKW - an initiative of the Senator for Construction, Environment and Transport of the Free Hanseatic City of Bremen - is concerned particularly with questions of ecological/ economic business management.

The proven ecological control instruments such as EMAS and ISO 14001 are widely applied by large companies. If we look at small companies, however, we find out that these instruments are only rarely used. Obstacles include the relatively high introduction and maintenance costs as well as the personnel outlays.

As a result of this insight RKW has been working intensively for

"homework" and the visits of the EcoStep consultants, the change process is driven ever onwards. After successful introduction of EcoStep, there is a danger that this continuous process will again be submerged by daily business. For this reason the participants welcome an external certification. The external certification has the effect of driving the process on. In addition to this, the companies want to be able to credibly document their efforts and achievements to the outside world.

... the clients:

The industry demands of its suppliers a range of different management systems. These include ISO 9001, ISO 14001, EMAS, OHSAS, SCC, IFS, etc. These requirements can vary depending on the sector and are also subject to varying emphasis. The suppliers are generally themselves large companies who fulfil these requirements. However, there are often a number of smaller companies operating on their premises and providing services for the smooth running of the company (cleaners, waste disposal, electrical work, construction work,

large suppliers). From the point of view of the industry an external certification (assessment) by a certifying body is the best solution. This means that certification is an essential condition on the part of industry for the acceptance of EcoStep as an integrated management system.

... the public sector

The public sector has a double function. On the one hand it is a client and similar to the industry in terms of its motivation for requiring management systems. On the other hand, however, it also has the task of examining whether companies are complying with the law (enforcement authorities, e.g. industrial supervision authority). When companies introduce an integrated management system voluntarily, it can be assumed that there is compliance with the law. The credibility of such a system is of decisive importance.

It must be ensured that the introduction of the system in the company was successful and that the continuous practical implementation takes place in the daily running of the company. An independent assessment by a third party, i.e. certification, can make a major contribution towards increasing credibility.

Conclusion:

EcoStep is an excellent management system specifically aimed at the needs of small and medium-sized companies. In order to assert itself on the market as a system it must be transparent, cost effective and verifiable. With the development of an independent certification system a further decisive milestone has been achieved in increasing the acceptance of EcoStep with the market players.

»The certification of a management system in accordance with ISO 9001:2000 is too cost-intensive for our company. A system such as EcoStep is just right. Everything is included, easy to set up and quickly implementable. EcoStep allowed us to rapidly identify the most important processes. The process-oriented documentation of EcoStep is an ideal basis for a future-oriented corporate strategy. With the aid of EcoStep the corporate targets were newly defined taking into account environmental protection and work health and safety, thereby creating the conditions for a medium to long-term corporate management.«

KTO Kabeltechnik GmbH

EcoStep

over three years now with the management system EcoStep, which was developed in Hessen, and has participated in its further development within the framework of an EU LIFE project.



After introduction of the system at RKW and a survey of the participating companies, EcoStep has demonstrated its high benefit. However, it has become clear that without the corresponding certification of the system it can have no long term perspectives on the market. This is due to the requirements of the market players. These include participating

mechanical engineers etc.). For these, often very small companies the requirements for a number of management systems (ISO 9001 in combination with ISO 14001 or OHSAS) would be an excessive financial and personnel burden.

However, in particular the implementation of labour protection and environmental protection on the

RKW Bremen GmbH
Beratungsstelle für ökologische Effizienz
Langenstraße 6-8
28195 Bremen

Tel.: +49 421 323464-0
Your contact: Martin Schulze
E-mail: schulze@rkw-bremen.de

EcoStep MANAGEMENT SYSTEMS IN LOCAL AUTHORITIES

... and municipal institutions

Even local authorities know the meaning of the term modern management instruments today. Management of municipal authorities also manifests itself in the way that a variety of owner-operated municipal enterprises, limited liability companies, etc. have been established in many cities, communities and districts. There is hardly a community which has not outsourced public utility and waste disposal, municipal maintenance yards, park maintenance, and other departments from regular administration and manages them as independent operational units.

Such companies, being managed from an economic point of view, on the one hand offer a great potential to provide municipal services efficiently and inexpensively,

on the other hand they had and have to comprehend many things in relatively short time to cope with their new task and structure which companies competing in the market already apply as organically developed know-how in their daily routine.

One of the instruments applied in many companies is a management system which supports the executive board of the company in the field of business management, which, however, must also be suited for middle management as well as for employees to ensure an efficient and smooth workflow. It must also consider third-party requirements adequately, as well as legal requirements or the wishes of direct business partners, suppliers and customers.

What can be more obvious than the fact that municipal companies, including municipal maintenance yards, administrations and others should also use such tools? In particular, when it comes to using a flexible system which adapts to the specific requirements of each community, integrates employees and thus makes it THEIR system. And which also suits the Strain municipal budget!

EcoStep has shown within the framework of the EU LIFE Project that it can easily be adapted to the requirements of new sectors. This is also verified by the fact that in Bremen, a project partner of the EU LIFE Project, a convoy is now being implemented with owner-operated municipal companies.

All of the companies participating in the EU LIFE Project have been able to reduce costs to a considerable extent in different areas. Not only the reduction potentials, which were expected and were repeatedly mentioned in the context of environment management systems or other approaches such as Eco-profit or PIUS-Check, are playing a role. Project experience shows that costs may even be reduced in the structural and process organisation, which are to some extent more significant than those in water consumption or waste disposal.

This is evidence for great strength of EcoStep, which from the beginning reviews all operational fields and processes on the same level and is not only focused on one aspect.





EcoStep for municipal authorities?

There are many profitable reasons for implementation of a management system also in municipal authorities and owner-operated municipal companies - many profitable reasons for EcoStep!

One more incentive for Hessian municipal authorities: **The implementation and application of EcoStep offers an excellent opportunity to fulfil the requirements of the membership in the Umweltallianz Hessen.**














Günter Lanz
Project manager, HMULV

WE TOOK PART!

E-Mail / Internet	Company / adress	Branche	Number of employees (fulltime)
 www.air-eltec.de aireltec@compuserve.de	Air-Eltec Luftfahrttechnik GmbH Junostraße 1 35745 Herborn	Cable manufacturing for aviation technology	15
 www.buecherinsel.net buecherinsel-di@t-online.de	Bücherinsel Rheingaustraße 21 64807 Dieburg	Printing, book trade	9
 www.burk-kunststoffe.de marcoburk@gmx.de	Burk Technische Kunststoffe Bachgrundstr. 6 35075 Sinkershausen	Plastics processing, injection moulding of thermoplastic processed plastics	8
www.mvl-lampertheim.de mvl-daurer@t-online.de	Heinz Daurer & Söhne GmbH & Co. KG Chemiestr. 7 68623 Lampertheim	Metalworking, metal improving	20
www.eichhorn-holzwerkstaette.com a.eichhorn@eichhorn-holzwerkstaette.com	Adrian Eichhorn Holzwerkstätte GmbH Industriestr. 38 63607 Wächtersbach	Workstation furnitures	50
 www.geppertmix.de stefan.heuter@geppertmix.de	Geppert Rührtechnik GmbH Am Ohlenberg 35-39 64390 Erzhausen	Mechanical engineering	20



E-Mail / Internet	Company / adress	Branche	Number of employees (fulltime)
 Papierfabrik HEIL	Papierfabrik Heil GmbH Pfungstädter Strasse 170 64297 Darmstadt-Eberstadt	Paper industry, production of cardboard	50
 KNIPP	KNIPP GmbH Paul-Ehrlich-Straße 10 63128 Dietzenbach	Plastics processing	25
 Köba Sewifa GmbH	Köba-Sewifa GmbH Hauptstraße 90 63500 Seligenstadt	Textile industry, production and improving of technically Textiles	35
 KTO Kabeltechnik GmbH	KTO Kabeltechnik GmbH Schlesierstraße 1 63179 Obertshausen	Plastic processing, Manufacturer of lockable protecting covers for wiring harnesses	5
 MEKUWA	MEKUWA GmbH Nordendstr. 75-77 64546 Mörfelden-Walldorf	Automobile industry, caravan accessoires	50
 sapa:	Sapa Group www.sapagroup.com/de/aluminiumprofile herbert.link@sapagroup.com Industriestrasse 10 77656 Offenburg	Metalworking, Aluminum profiles for windows, doors fronts, sunshades	150
 SECON	Secon Service GmbH www.secon-service.de af@secon-service.de Die Sang 6 61191 Rosbach	Metalworking, sheet metal processing and cut services	60
 Shafa Gebäudereinigungs GmbH	Shafa Gebäudereinigungs GmbH Reinigung.Shafa@gmx.net Asklepios Weg 9 61462 Falkenstein	Hause clean services	50
 Trifolio-M GmbH	Trifolio-M GmbH www.trifolio-m.de hubertus.kleeberg@trifolio-m.de Dr. Hans-Wilhelmi-Weg 1 35633 Lahnau	Chemistry, biological products for: plant protection, animal care, health care, supply and environment protection	17
 UAS United Air Specialists, Inc.	UNITED AIR SPECIALISTS, INC. www.uas-inc.de info@uas-inc.de Otto-Hahn-Str. 6 65520 Bad Camberg	Development and selling of filter systems	20
 ZIREC	Zirec Kabelaufbereitungs GmbH www.zirec.de s.lerch@zirec.de Werner-von-Siemens-Str. 1-5 64625 Bensheim	Conditioning of cables	50

E-Mail / Internet	Company / adress (all viticulture)	company size by ha	Number of employees (fulltime)
	Weingut Fritz Allendorf Kirchstr. 69 65375 Oestrich-Winkel	63	35
	Diefenhardt'sches Weingut Hauptstr. 9 - 11 65344 Martinthal	19	2,5
	Domdechant Werner'sches Weingut Rathausstr. 30 65234 Hochheim am Main	12,5	6
	Weingut Engelmann-Schlepper Hauptstr. 55 65344 Martinthal	2,5	5,5
	Weingut der Forschungsanstalt Geisenheim Kirchspiel 65366 Geisenheim	23	15
	Weingut Prinz von Hessen Grund 1 65366 Johannisberg	35	13
	Weingut Heinrich Jung Nothgottesstr. 27/1 65366 Geisenheim	24	2
	Weingut Baron zu Knyphausen Erbacher Str. 28 65346 Eltville-Erbach	26	3
	Weingut J. Koenigler KG Kirchgasse 5 65343 Eltville	34	4
	Weingut Paul Laquai Park Wispental 2 65931 Lorch	11	1
	Weingut Karl Johann Molitor Weider Weg 1 65347 Hattenheim	12,5	2,5
	Weingut Schloss Reinhartshausen Hauptstr. 41 65346 Eltville-Erbach	81	31
	Weingut Balthasar Röss Rheinallee 7 65347 Hattenheim	33	7

EcoStep FOR VITICULTURE COMPANIES

A challenge for participants and consultants

Viticulture companies are traditionally subject to a wide range of regulations – based on European and national legislation – which are largely also strictly controlled – sometimes several times annually.

The background to this is that wine became a food and is thus subject to much more rigorous regulation than luxury articles or other similar products.

Alongside the official specifications, the requirements of the trade for food safety, in particular the traceability from the supermarket shelf literally right back to the grape vats of the winegrower, have increased and are being ever more rigorously evoked and enforced with every new “food scandal”.

This means that viticulture companies who want to sell their products will sooner or later have to have the corresponding certificate, whether it is IFS or BRC. This special situation which applies to almost all similar areas of the food industry was one of the greatest challenges in the EcoStep project for the viticulture industry:

The aims of the project were therefore the integration of all the relevant legal and formal re-

quirements in the integrated management system as well as the various technical requirements for labour protection, environmental protection and quality assurance and, conceptionally, the largely identical requirements for any food safety system to be fulfilled by the viticulture companies.

At the same time EcoStep fulfils

- the general requirements for the companies with regard to self-control,
- the different legal areas (alongside the above-mentioned aspects of labour and environmental protection and food safety, the special requirements for agriculture and viticulture) and
- the additional requirements of the trade (International Food Standard IFS for food companies and EUREPGAP for the agricultural suppliers).

These different aspects will affect the various participating companies differently. For medium-sized companies with a number of employees, supplying the large food retailing companies and with a high proportion of exports, the benefits of EcoStep are correspondingly greater than for a small family company without exports and doing most of its own marketing.

This is why the introduction of EcoStep depends to a large extent on the concrete requirements of the respective sectoral and company structures so that the existing circumstances in the organisation is taken into account.

Apart from the general IT standards (Word/Excel) EcoStep requires no special or additional programs or systems. Nevertheless EcoStep offers the option of integrating database and/or goods management systems.

Of particular importance within the framework of implementing EcoStep in operational practice, was the fact that a wide range of requirements (e.g. for wine bookkeeping and agriculture) were already fulfilled and only the formal requirements within the framework of document steering had to be adjusted.

Another important aspect was that the participating companies wanted to use EcoStep as a system in different ways.

In the workshops and the accompanying company consultations, all of the participants were concerned about the optimisation of the structural and process organisation. In every company, the main issue – starting from the basis of the familiar work sequences – was to develop the EcoStep system in such a way that it is optimised in terms of the needs of the company. All of the relevant principles, structures and processes were documented and integrated in an organisation system (document folder).

Then the basic conditions and the possible optimisation potentials were investigated (by on-site-consultations concerning the identification of the relevant operational indicators, economic values, hygiene, labour protection and environmental aspects).

All of the planned measures were entered in a to-do list and the concrete implementation of the measures monitored and documented until their conclusion.

Then the management system thus developed and the related basic principles, targets and measures were evaluated. In each individual case the system and its main elements were examined and evaluated in terms of their practical feasibility or further optimisation potential.

This meant that all of the necessary conditions for the proof of company self-control and for the various proofs for the respective authorities and instances were fulfilled. The necessary conditions were also fulfilled for certification or validation of the management in accordance with DIN EN ISO 9001:2000, DIN EN ISO 14001: 2004 or EMAS, DIN EN ISO 22000:2005, IFS or the ILO guideline on Labour Protection Management.

Participants from the viticulture sector were mainly interested in the proof of the requirements in terms of food safety (in particular the trade-specific requirements of the IFS). Winegrowers who supply large retailers will be required in the future to submit the corresponding proofs through accredited certification institutes. For this reason conditions for cost-effective certification in accordance with the trade standards IFS or BRC were created, refer to the article “External certification” for more details.

KATALYSE Institut Köln
Andrea Bartelmeß
Hans Moll-Benz

MANAGEMENT CONTRACTING

New financing model tested

Within the framework of the EcoStep LIFE Project hessenENERGIE GmbH has agreed to design a management contracting system for EcoStep and to test its feasibility in small and medium-sized companies (SME). The main question was whether, or for which participant group, a practicable contract model can be developed which allows payment of the consulting costs from the savings which can be achieved with the EcoStep management system.

Based on an initial rough observation of the aspects covered by EcoStep, savings could be expected in the following areas:

- Savings potentials in the environmental area
- Savings due to improved organisation of work health and safety (particularly in terms of reduced hospital costs including days absent from work)
- Reduction of the reject rate and thus cost savings for work, energy, raw materials and sometimes disposal costs

- Reduction of the number of cost-intensive complaints by customers

This opens up an opportunity for the application of a model of results-oriented payment for the consulting services necessary for EcoStep. A precondition for the applicability of such a remuneration system is, however, a sufficiently large savings potential relative to the incurred consulting costs. On the other hand, these savings must also be plausibly verifiable for a reasonable outlay so that a contract concept can be developed which is attractive for both parties.

Any attempt to make an estimate of the possible positive effects on costs is faced with considerable difficulties and uncertainties. The level of the achievable cost reduction depends above all on the degree of inefficiency of the starting situation in the respective company. Without detailed knowledge of the company a consultant can hardly estimate this in advance. This is why the assumption of risks by the consultant is only possible to a limited extent.

Six different concept proposals were discussed against this background.

Economic benchmarks

Based on the experience gained up to now within the framework of EcoStep and other projects, the significantly reducible costs should be around 10 per cent up to a maximum of 20 per cent of turnover, although a high level of scattering can be expected

depending on the different sectors and the typical production processes as well as considerable company-specific deviations. The consultant will need around 20 working days for the introduction of the integrated management system including accompanying its implementation in the two years after the system is realised. Thus, on the basis of the current data the total costs for the external consulting will amount to 12 to 18 thousand euro.

Based on experience in the energy sector of achievable savings of around 10 per cent, the costs reducible by the management system would have to be at least 200 to 300 thousand €/a if the consulting costs are to be paid out of the cost savings and if the company is to have any financial incentive for introducing the system.

The market analysis identifies a potential target group for EcoStep on the basis of a results-oriented remuneration of over 100 thousand companies in Germany.

Based on the preliminary investigations, the basic structures of a contract draft for the introduction of EcoStep with results-oriented remuneration was conceived which based on the models from the area of energy contracting. The contract version using an indicator for “eco-efficiency” has been fully formulated

Results from the project

In order to examine the cost structures and savings

potentials of typical SMEs with regard to the chances of cost reductions by EcoStep, sample energy checks were carried out in four companies from the current EcoStep convoy in Hessen.

In all of the companies examined it was possible to identify approaches for the economically feasible reduction of energy consumption and energy costs by immediately effective optimisation measures and in the context of modernisation investments which were going to be made anyway. The results for the energy area can probably be applied to the other environmentally relevant cost types. Thus these sample checks have confirmed the thesis that significant cost reduction potentials can be harnessed by the introduction of EcoStep.

For a detailed representation of the study results go to the layman report at www.umweltallianz.de/ecostep.

hessenENERGIE GmbH
Dr. Horst Meixner

EcoStep THIS IS HOW THE PARTICIPANTS ASSESS IT

Results of an empirical study on acceptance

To take responsibility in the areas of labor protection, environmental protection and quality assurance is a demand that is being made on more and more business enterprises – whether by the general public, by business partners or government agencies. Meeting these expectations requires a professionalisation of the structure and processes at the company. Legal certainty, risk assessment, environmental protection and energy efficiency then become part of a successful everyday life at the company.

Small and medium-sized businesses play an important role in the economy of the European countries. They are the engine of our economies. In Germany, France, Italy, and in other European countries, small and medium-sized businesses account for 99% of all companies. They are not only an important employer, but also a source of innovation. Especially during difficult times, they are more adaptable than

sized businesses in the most diverse areas. This has been accomplished in a convincing manner with EcoStep.

The integrated, process-oriented management system EcoStep unites quality as well as environmental management and labor protection in a single system. EcoStep should thus not be seen as a simple addition of the three management systems, but rather as a bundling of resources and utilisation of synergies. Personnel costs and other expenses are reduced and the implementation is made easier.

An integrated approach offers small and medium-sized businesses the opportunity to meet the requirements of different directives in a flexible manner. Important synergy effects can thus be utilised. Furthermore, it makes sense to incorporate aspects of labor protection and environmental protection into the day-to-day business in an integrated rather than stand-alone form, as this is the only way to make sure that the integration of environmental aspects becomes a matter of course, instead of getting special treatment.

One should not hide the fact that the propagation of low-threshold management approaches has not been very successful so far. Even the reduced effort and the reduced costs involved in the introduction of such a concept are apparently considered by many people to be disproportionate to their benefit.

What obstacles stand in the way of a dissemination?

In order to get to the bottom of this question, the Sustainability Research Centre of Bremen University initiated an empirical study concerning EcoStep. By means of written polls of the participating companies from the three countries, through interviews of experts, assessments of workshops and written interviews of industry partners, the study investigated how the individual participants evaluate the EU project and the method of EcoStep and what types of barriers and advantages have emerged for the participants.

The analysis of the data and information illustrates the difficulties faced by the individual participants, and shows where potential for a better dissemination might be found. Among the participating companies, it was especially interesting to find out about obstacles that are independent of the size of the firm, its location or organisational structure. The reduced resources (financial, time- and staff-related) and the lack of know-how are only some of the handicaps frequently mentioned by small and medium-sized businesses.

The introduction of a management system must obviously be made more appealing to the companies, for example by creating incentives or by reducing the costs. While the costs for the introduction and operation of a management system add up, the inducements also need to catch up or even dominate, e.g. in the form of cost reductions. In addition to subsidies, the creation of incentives may also occur through advantages in the market or deregulation measures.

Dissemination problems may also arise from an unreliable communication of the management systems. Improper positioning may lead to an acceptance problem in the target group.

Furthermore, it must be examined to what extent existing dissemination strategies have been effective. The dissemination via best practice examples has

not stood the test so far. Small and medium-sized businesses are characterised by the fact that they are very multifaceted and are seeking industry- and company-specific solutions. Thus, the transfer of solutions from other companies, particularly from large enterprises, tends to be unsuitable.

Mouth-to-mouth propaganda plays an important role in the dissemination of EcoStep, but only to a certain extent. EcoStep companies may well serve as role models, but one should not succumb to the illusion that this will lead directly to a further dissemination.

Results of the EcoStep study

The following section briefly presents some results of the written survey and expert interviews. The written poll canvassed 52 companies from Germany, France and Italy for the motivation, advantages and difficulties during the introduction of EcoStep, but also with respect to the initial changes since its introduction. The answers and opinions of the respondents are essential, since they make it known which benefits are particularly attractive to the companies. Building on this foundation, one can then develop new dissemination strategies.

The search for improvement potential was the most frequent response to the question "Why did you participate in the project?". 75% of the companies hoped for this improvement effect from the introduction of EcoStep. The environmental protection concept also played an important role for more than half of the companies. An equal number of companies stated their desire to enhance their image through EcoStep. Many companies also mentioned operating cost savings as a motivation.

The majority of the changes since the introduction of EcoStep took place in the area of general management expertise. It makes sense that the first priority of the companies stresses the changes in the area of general management skills, insofar as a better organisation allows the creation of additional capacity.

It became clear in the interviews with experts that there is not just one, but several dissemination strategies that have been deployed with EcoStep:

- Ecological efficiency strategy: "Cutting down on costs and protecting the environment"
- Quality management strategy: "Ensuring product/service quality"
- Risk strategy: "Ensuring legal conformity" (labor protection, among others)
- Industry strategy: "EcoStep as a solution for a specific industry problem"
- General problem-solving strategy: "The company has a problem, EcoStep solves it."
- Management competence strategy: "EcoStep enables the business owner to organise his business on a medium- to long-term basis."
- Marketing strategy: "Improvement of the corporate/product image"
- Next-step strategy: "EcoStep is a training method to prepare the company for the certification/validation under ISO/EMAS."

The transfer barriers mentioned by the companies are often related to the dissemination strategies. Some of them are to be enumerated here:

- the lack of European and national recognition
- the pressure to act is not strong enough or is missing
- companies must identify their problems first before looking for solutions

- secondary importance is attributed to environmental protection and labor protection
- there is a lack of self-motivation among many small and medium-sized businesses

The dissemination of EcoStep following completion of the project

As already described in the theoretical section, it is important for the communications content of EcoStep to be credible and oriented towards the target group. In addition, it is decisive that the personal entrepreneurial benefit and not just the social benefit is pointed out to the small and medium-sized businesses. The satisfaction of the EcoStep participants, as evinced in conversations and survey results, represents a good opportunity for the dissemination of EcoStep. The integrative character of EcoStep also distinguishes the system and provides a competitive advantage to the small and medium-sized businesses.

The government can play an important role in the dissemination of EcoStep. Through framework legislation and governmental procurement guidelines, pressure to act may arise for companies. In addition, the government can promote the dissemination of EcoStep by dangling advantages in the awarding of contracts and in deregulations. Large-scale enterprises could also play a central role in the dissemination of EcoStep if they were to accept EcoStep as an alternative to standard, ISO- and EMAS- compliant management systems from their small subcontractors. A credible EcoStep certification is crucial to the dissemination strategy via industrial enterprises or trade associations. Consequently, such an EcoStep certification has been fleshed out and is being implemented.

The environmental partnerships that are being set up and expanded nationwide could also constitute helpful multiplier networks for the dissemination of EcoStep. Particularly trustworthy testimonials that recommend EcoStep in a credible manner to small and medium-sized businesses and thus contribute to its dissemination could be equally valuable.

»Due to the practice-oriented approach of the EcoStep project, we were able to considerably improve the quality, productivity and health and safety of our company. The target-oriented implementation of the certification in accordance with ISO 9001-2000 was very successful.«

Burk Technische Kunststoffe

large-scale enterprises. The competitiveness of small and medium-sized European businesses must therefore be preserved without fail.

Due to their complexity and the high degree of time and effort for their introduction and maintenance, management systems such as EMAS and ISO have found relatively little acceptance among small and medium-sized businesses. In order to make such standards more attractive to small and medium-sized businesses, they would have to be adapted to the capabilities of small and medium-sized businesses.

This means that a more cost-efficient and less complicated approach must be found that can be used by small and medium-

EcoStep A MILESTONE TOWARDS THE FUTURE

The Chambers of Industry and Commerce (IHK) in Hessen draw a positive balance

When the steering committee of the Umweltallianz Hessen expressed the desire to develop an operations management for small businesses, it was obvious that the IHK would be an important partner in collaborating on the creation and development of the management system, even though nobody really knew in what direction this effort would go when the IHK took on the role of facilitator.

Some key data were known at that time: The future system was to serve as entry aid to management techniques for small businesses. Expending little time and effort and using its own in-house means, the target group was to obtain and be capable of independently introducing a system stripped down to the basic requirements.

There were also no plans for a diploma.

A working group established by the steering committee that was composed of representatives from business, associations and the environmental administration developed the integrated operations management system "EcoStep". The special characteristic of this group was the fact that its members came both from the business sector and from the administration area. This may have also been the reason why they agreed on an integrated management with the modules quality assurance, environmental protection and protection of health and safety standards at work. Thus, one could be certain that EcoStep would get broad acceptance later.

With theoretical foundations having been laid then, it remained to be seen whether the companies envisaged by the working group would accept EcoStep. With financial support from the Hessian Ministry of the Environment, it was possible to find companies that wanted to try out EcoStep.

The strengths and weaknesses of EcoStep were discovered very soon through a combination of group and on-site consultations. The participating

companies further refined the system, driven by common interest. In another project under the leadership of the Ministry of the Environment, EcoStep was tested throughout Europe. This made the EU LIFE programme possible.

Companies from various industries tested EcoStep, not only in Germany - with the city of Bremen as partner - but also in the Hessian partner regions of Emilia Romagna (Italy) and the Departement Aquitaine (France).

The results were as follows:

- the companies affirm and want the integrated approach;
- EcoStep can be deployed in every industry;
- the costs are low;
- the work effort within the company is geared to the needs of small businesses and not comparable to the conventional systems.

The only thing missing at that point was the external acceptance of EcoStep.

It turned out that companies need certificates. Under the slogan "Do good works and talk about

them," the companies asked for a certification by EcoStep. This request was also complied with and a certification agreement was signed with DQS. Now, EcoStep still needs to be publicised on a broader scale and become better known. The first large-scale enterprises are impressed by EcoStep and would accept it at their subcontractors.

From the point of view of the Hessian Chambers of Industry and Commerce, it would be desirable if EcoStep succeeded in establishing itself. It meets all the requirements for a modern management system and represents a genuine alternative for small businesses.

Working group of the Hessian Chambers of Industry and Commerce
Thomas Klaußen

THE SUSTAINABLE BALANCED SCORECARD

Successfully into the future with sustainable strategies

The **Balanced Score Card (BSC)** as a management concept creates the framework for the communication of the mission and strategy of a company. It translates the strategy of an organisation into concrete, measurable success factors. Linking hard factors, such as the financial results, with the soft factors, such as the ability of an organisation to learn, characterise the Balanced Scorecard.

Sustainable development demands that we turn away from short-term profit-thinking in favour of longer term development paths. This aspect underlines the necessary condition for the compilation of a **Sustainable Balanced Scorecard (SBS)**: the existence of a clearly formulated strategy which is oriented in terms of economic, ecological and social sustainability taking into account the general values of the company owners and the corporate model.

Five companies who introduced EcoStep in one of the convoys had the option of participating in another project:

- Bücherinsel Dieburg, Dieburg
- Octacom Antriebstechnik GmbH, Ober-Mörlen
- Papierfabrik Heil GmbH, Darmstadt
- Süß Oberflächentechnik GmbH, Wetzlar
- Weingut Prinz von Hessen, Geisenheim

This addressed the question as to what extent even smaller companies can develop a sustainability strategy.

This meant that various points of view in different sectors could be taken into account. The theoretical principles were worked out in five joint workshops. These were then adapted individually in the respective companies.

The starting point for every score card is the long-term visions and the measurable strategic targets derived from these which a company has set for itself. The company's function is to implement, monitor and control these strategic targets.

In the development of the strategy, the starting point is determined for the company as a whole and - as relevant - for the individual business divisions.

Following the analysis of the starting position, the company or business division strategies are formulated.

Procedure for the introduction of an SBS

The companies participating in the project expected that sustainability strategies could be realised and that management indicators for the measurement of ecological and social targets could be easily integrated in the reporting system. The targets are balanced for the main levels of action or perspectives of a company.

In the **financial perspective** the focus is usually on the classical financial values such as the equity ratio, EBIT, profitability. The economic reference is relativised at most in its value-oriented emphasis by the targets for the other perspectives.

In the **customer perspective** targets are set with reference to target groups, market positioning and market appearance. Ecological and social sustainability references are anchored when it is a matter, for example, of establishing a particular product range (eco label, fair trade etc.) or of gaining new target groups.

In the **process perspective** it is established which processes have outstanding importance in the realisation of the strategy and have to be developed from scratch in the company. The reference to ecological sustainability is usually generated in the

classical fashion from the point of view of production, process efficiency and reject rates.

The **employee/potential perspective** indicates the future challenges that the company must prepare itself for. This refers, for example, to the development of new environmentally friendly products as well as the issue of "empowerment" and individual responsibility of the employees.

The realisation of the strategy takes place on a step-by-step. Strategically important aspects of sustainability can be anchored in this.



Determining strategic targets

The individual requirements for corporate sustainability formulated in the model and in the strategy are anchored in the company by the formulation of concrete, individual strategic targets.

Selection of measurement values

Once the strategic targets have been established and the cause-effect relations identified, it is now necessary to find the indicators for the achievement of the targets.

Establishing strategic actions

The strategic targets are implemented through the so-called strategic actions - projects with strategic relevance - the seriousness with which the individual targets are to be advanced can be identified here.

More sustainability with the SBS!

The Sustainable Balanced Scorecard is an ideal instrument for strategy implementation and communication which can be realised with a manageable number of steps. The methodology is understandable and not only offers the opportunity of facilitating

and ensuring strategic management in medium-sized companies but also the possibility of integrating aspects of sustainable management.

Conclusion

Sustainability is a long-term concept. In establishing this concept on the corporate level, owners and managers are faced with two serious challenges: The decision makers should make a constructive contribution towards the definition and social organisation of the demand for sustainability which tends to be confusingly formulated on the political level. The increasing dynamisation of environmental conditions and complexity of the required actions make it difficult to monitor long-term sustainability targets. However, the clearer and more stable the basic conditions for action are, the better such developments can be monitored.

The value structure of the entrepreneurs is the yardstick as to how much sustainability can be anchored in the strategy. As smaller companies are often strongly integrated in the region, there are many links here with the subject of sustainability. This becomes especially clear with the question: where will I find in the future the qualified employees to suit my requirements? Training within the company itself and the associated targeted qualification is often the only way.

And what could be more sustainable than that?

www.evoconsulting.de
Alexander von Boguslawski

THE ALLIANCE FOR ENVIRONMENT ON SPOT

Umweltministerium würdigt besondere Leistungen der Mitgliedsunternehmen

Not translated due to small relevance for our english readers



Rohstoffsicherungskonzept für Hessen liegt vor 9. November 2006

Gut besucht war die Veranstaltung zum Abschluss des Projektes „Erstellung eines Rohstoffsicherungskonzeptes für Hessen“ und Präsentation der Broschüre „Rohstoffsicherung in Hessen“.

Die Koordinierung der fachlichen Arbeiten lag beim Hessischen Landesamt für Umwelt und Geologie (HLUG). Begleitet wurde das Projekt vom Dialogforum Rohstoffwirtschaft der Umweltallianz Hessen.

Das umfassende Rohstoffsicherungskonzept mit seinen Fachberichten finden Sie unter www.hlug.de/medien/geologie/index.html.



10 hessische Karstadt-Filialen aufgenommen 16. November 2006

Minister Wilhelm Dietzel freute sich, den Geschäftsführerinnen und Geschäftsführern der 10 hessischen Karstadt-Filialen ihre Mitgliedurkunde überreichen zu können.

Das Unternehmen Karstadt hat sich selbst mit der Einführung und Aufrechterhaltung eines umweltorientierten Managementsystems hohe Umweltstandards gesetzt. Ferner engagiert sich das Unternehmen in den Bereichen TransFair, Bio-Produkten und durch die Aktion „ökologischer Schulanfang“.



1000. Mitglied aufgenommen 15. Dezember 2006

Die Umweltallianz Hessen hat ihr 1000. Mitglied. Die Stadt Groß Umstadt und das dort ansässige Unternehmen Pentac Polymer wurden als 1000. bzw. 1001. Mitglied von Staatssekretär Karl-Winfried Seif willkommen geheißen. Groß Umstadt zeichnet sich durch die Erstellung eines Nachhaltigkeitsberichtes sowie besonderer Leistungen im Klimaschutz aus, Pentac Polymer durch der Einführung und Aufrechterhaltung eines Umweltmanagementsystems nach EMAS.

Von links nach rechts: Bürgermeister Joachim Ruppert, Staatssekretär Karl-Winfried Seif, Geschäftsführer Herbert Sindlhauser.

TERMINE & INFORMATIONEN

Zu allen Veranstaltungen finden Sie weitere Informationen unter www.umweltallianz.de

14.02.2007

Start des Klimaschutzwettbewerbes im Rahmen des Hessischen Klimapaktes

05.03.2007 IHK Frankfurt

dt. Abschlussveranstaltung des EU EcoStep LIFE Projektes

08.03.2007 Gemeindezentrum Hofbieber

Biogasanlagen - ein neuer Betriebszweig in der Landwirtschaft

12.03.2007 Landesvertretung Hessen bei der EU

internat. Abschlussveranstaltung des EU EcoStep LIFE Projektes

Juni 2007

Der Hessische Klimapakt stellt sich vor

Juli 2007:

Kongress - „Nachwachsende Rohstoffe, energetische und stoffliche Nutzung - Was sagen die Märkte?“

What is the Umweltallianz Hessen?

An alliance for a sustained regional economic policy!



Safeguarding the high environmental standards in Hessen and simultaneously improving the general framework for an environmentally compatible economic development in Hessen are the objectives of the Umweltallianz Hessen.

The government of the state of Hessen and the Hessian business sector have chosen a new path in environmental policy: On 24 May 2000, a voluntary agreement was concluded and the Umwelt-

allianz Hessen with 127 initial members was founded. The project, initially limited to a term of 5 years, proved to be so successful, that a new general agreement was signed on 20 May 2005. The Umweltallianz Hessen is now set in stone as a permanent task of the Hessian state government. In addition, it has gained new partners with the municipalities, cities and administrative districts.

Voluntary environmental protection efforts of the business enterprises on the one hand, and recognition of the individual

responsibility and commitment of the business sector on the other hand are the focus of the cooperation.

The Umweltallianz Hessen has led to a different kind of cooperation between corporations and authorities. Communications underwent significant changes. Private businesses, government agencies and local authorities have become partners.

In concrete terms, recommendations for action, bulletins, and sample agreements that facilitate the work for everyone have been

developed. Contact points to clarify issues in the areas of waste, plant safety and industrial parks were set up, a dialogue forum for the feedstock industry was established, and joint projects, for example on in-house environmental protection measures, were initiated. EcoStep, EcoBest and EcoKlima have been jointly developed as aids for the companies.

Politics and business as powerful partners in the Umweltallianz Hessen will jointly master the challenges of the future.

You should join in, too!

IMPRESSUM

Publisher
Alliance for Environment Hessen

Responsible for contents
Administrative Office of Alliance for Environment Hessen
Hessian Ministry for Environment, Rural Development and Consumer Protection
Mainzer Str. 80, 65189 Wiesbaden

Editorship
Luitgard Kirfel (HMULV)
Tel. +49 611 815 1179

Artwork
Nina Faber de.sign, Wiesbaden

Photos
HMULV

Printing
ColorDruck Leimen

Edition
8.000 German copies
2.000 English copies

© March 2007