



Lloyds TSB

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## **BRITISH SMALL FIRMS REALISE THE NEED TO BE GREENER**

A quarter (25 per cent) of Britain's small firms have not taken any steps to make their businesses greener and a growing number are recognising they are not environmentally friendly, according to new research from Lloyds TSB Business and the SERTeam at the Open University.

The study reveals that the number of small firms who see themselves as environmentally friendly has actually fallen over the past few years – perhaps an indication of the growing awareness amongst firms of the actual lengths they need to go to, to become more environmentally sound.

More than half (52 per cent) of the UK's small businesses believe they still have some way to go before they become 'environmentally friendly' – a nine per cent increase on a similar survey in 1999. This is despite the fact that most firms (57 per cent) realise customers are becoming increasingly sensitive to green business issues.

The firms questioned cite several reasons for their lack of action. A fifth (21 per cent) blamed a lack of information on environmental issues; 15 per cent said they lacked the time to make the necessary changes; and 12 per cent said they didn't fully understand the laws relating to 'green' business. A worrying 14 per cent said they didn't believe environmental considerations were relevant.

Of the actions taken by firms which have made moves to improve their green credentials, most relate to transport. A third (33 per cent) have cut down on non essential business travel, however, just one in ten (11 per cent) have switched to cleaner fuels. Similarly, only 14 per cent have started to make greater use of public transport and just one in ten (11 per cent) have cut down on air travel. However, in a sign of things to come, four per cent have begun to use hybrid vehicles.

Some firms have also made non transport related changes. A quarter (26 per cent) have begun to make more use of technology such videoconferencing to reduce reliance on meetings; one in ten (11 per cent) have downsized their business, for example by moving to a smaller premises; and a similar number (nine per cent) have changed the focus of their products and services to make them more environmentally friendly, for example by dealing only with customers who are 'green'. One in twenty (five per cent) have gone to the extreme of relocating to reduce their impact on the environment.

When questioned about the future, the vast majority of firms (78 per cent) say they expect costs to rise over the next two or three years, as the pressure to go green mounts. However, just over half (55 per cent) expect these costs to dent profits. On the other hand, a third (31 per cent) are bracing themselves for slower growth, while a quarter (24 per cent) expect staff cuts.

Stephen Pegge, head of communications, Lloyds TSB Business said: "No business can afford to ignore the environment, but it's clear from this study that many need more information and support to help them take action.

"This study seems to show that the potential cost of going green is a real worry for some small firms. However, those firms that are taking steps to change are demonstrating that a lot can be done to make an impact – and these changes don't always cost the earth. Indeed, sensible management of energy, waste and travel usually saves costs.

"More importantly, as customers become increasingly sensitive to environmental issues and as the business opportunities around environmental management expand, a greener SME sector could really make a huge difference by helping them grow their customer base and helping all of us by applying the innovation, flexibility and drive that's the hallmark of smaller firms."

Professor John Stanworth, of Westminster Business School, who authored the report, said: "The days of plentiful and relatively cheap energy seem to be numbered. For

example, the UK's self-sufficiency in gas is predicted to deteriorate\* quite markedly over the coming decade.

“Meanwhile, though, it is suggested that we are on the verge of becoming a permanent net oil importer. And so our smaller firms would be well-advised to assess - sooner, rather than later - the opportunities and costs that will arise from the demands of an increasingly energy-efficient future.”

The SERTeam interviews more than one hundred small and medium sized firms for each of its surveys and is interested in finding future participants. Any businesses, typically with up to 50 staff, who are interested in taking part in the study should complete the application form on the SERTeam website: [www.serteam.co.uk](http://www.serteam.co.uk)

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**Notes to editors:**

- The research was conducted predominantly amongst small firms (rather than sole traders) with fewer than 50 employees.
- The research was carried out for Lloyds TSB by the Small Enterprise Research Team at the Open University Business School. The report is based on responses from a panel of over 350 small businesses within Britain drawn mainly from the manufacturing, business services and retail/distribution sectors of the economy.
- The Small Enterprise Research Report, ‘Travel & Transportation’ (£40), is available to order from the SERTeam website ([www.serteam.co.uk](http://www.serteam.co.uk)) or contact telephone number: 01908 655831.
- \*The Future of UK Gas Supplies, 2004

**For more information:**

Emile Abu-Shakra  
Lloyds TSB Press Office  
Tel: 020 7356 1878  
Email: [emile.abu-shakra@lloydstsb.co.uk](mailto:emile.abu-shakra@lloydstsb.co.uk)  
[www.lloydstsb.mediacentre.com](http://www.lloydstsb.mediacentre.com)