

# Game changers

They're altering the face of business and building future-proof companies. By **CAITLIN SYKES**

“W

hat can we do? We're dirty car drivers!” That was the response from Steve Bonnici's team when he first broached the idea of sustainable

business practices in the late 90s.

Something is better than nothing was his reply. “And that was really the approach we took — let's do little things,” says the founder and managing director of Urgent Couriers.

They may have started with small steps but the sum total of the courier company's efforts is verging on heroic, says Rob Fenwick, Living Earth co-founder and a Sustainable 60 judge.

Bonnici and Urgent Couriers have taken on the challenge of sustainability in one of the toughest sectors in business. The courier business is all about getting from A to B in the shortest time possible, as cheaply as possible. Yet Bonnici, concerned about the financial viability of his drivers, raised prices incrementally to ensure they could make a sustainable income.

Urgent has also made a commitment to boost the number of low-emission vehicles in its fleet, helping its contractor drivers source such vehicles and then assisting with finance.

If Urgent Couriers, a predominantly urban business taking on the transport sector and the spectre of a fossil fuel-burning business model, is the yin of the Sustainable 60, the New Zealand Merino Company is the yang. It's hardly surprising that judges couldn't choose between them in the medium exemplar category.

The New Zealand Merino Company couldn't be further from the concrete jungle in which Urgent Couriers operates, says Fenwick.

“Here's a sector that has rescued itself almost from the brink of extinction in New Zealand by using the sustainability brand, and did it with great integrity and pervaded it throughout the whole business — from farm to shop,” Fenwick says of the merino wool marketing and industry organisation — a 50/50 joint venture between merino growers and PGG Wrightson. “It's a seamless quest for a low footprint and high standards of environmental responsibility throughout every step of the value chain and with great results in terms of securing a profile for that brand based on 100% brand New Zealand.”

CEO John Brakenridge calls it a paradigm shift that presents a wider opportunity for New Zealand Inc. Historically, merino farmers sold their wool at auction to a top



Sustainable business represents a wider opportunity for New Zealand Inc, says John Brakenridge, the New Zealand Merino Company CEO

PHOTOGRAPHY: GUY FREDERICK



maker (who scours and combs the wool), who sold to a spinner, who sold to a knitter or weaver, who sold to a retail brand. Each person in the supply chain would jealously guard their customers and argue each week over price, convinced that others in the chain may be making more money.

“Everybody in that supply chain needs to exist, but they need to exist collaboratively,” says Brakenridge. “We target the retail brand, back-fill the supply chain, and that supply chain works together.”

“If New Zealand and our grower/suppliers are going to get more money, that can only happen if you’ve got more money happening at retail and you’ve got a more effective and efficient supply chain.”

The company’s strategy has been to grow new categories for merino wool, for use in active outdoor wear, through partnerships with retail brands like Icebreaker, Smartwool and Ibex. It has then focused on breaking down the traditional barriers between producers and retail brands by building a culture where openness and interaction between all parties is fostered. Growers

and retail brands share in-depth meetings, for example, and all parties get together to mix business and pleasure at an annual conference, this year called ‘Woolstock’.

Importantly, the collaborative model has enabled the company to establish three-year supply contracts in New Zealand dollars for a substantial amount of fibre, giving confidence to both growers and the end market.

New Zealand Merino has also developed the Zque ethical brand of merino fibre, with credentials supporting its economic and environmental sustainability, as well as animal welfare and traceability standards.

It isn’t rocket science, says Brakenridge; the challenge lies in changing attitudes and behaviours. There is a massive opportunity for New Zealand to take advantage of a global shift to more traditional values, he says.

“THAT WAS REALLY THE APPROACH WE TOOK  
— LET’S DO LITTLE THINGS”

**STEVE BONNICI**

“It is probably the best opportunity that New Zealand has had in decades for us to ensure that we are selling our products on platforms of product integrity and ensuring that we have got the substance and the sustainability and the traceability.

“For New Zealand as a country there needs to be, in my opinion, substantial paradigm shifts. The older and more entrenched the industry, the greater the push back is going to be. But done right, the greater the reward will be for this country too.”

An independent validation by McKinsey & Co found that the New Zealand Merino Company is adding value for growers to the tune of \$10 million to \$15 million annually.

“If you talk to the people in the supply chain, this is probably the best part of their



business — whether it's the top maker or the spinner or the knitter — because of the certainty and the consistency," says Brakenridge. "Then if you look at the retail brands we're working with, despite the recession they're doing pretty good too ... the sum of the whole is worth more than the individuals."

Urgent Couriers has built its own sustainability ecosystem and become a leader in its sector as a result. When the courier company adopted sustainability as a guiding philosophy in 1999, it indeed began with small, single steps — recycling paper, turning off computers, that sort of thing.

"But it made me realise that as an organisation which has a couple of thousand clients and around 100 people who work for us on and off, we have an opportunity to have a reasonable amount of influence," says Bonnici.

"The more I got involved, the more passionate I got about the idea that even an SME has the opportunity to actually make a bit of a difference. And we should. It's part of your licence to operate."

**"MY ABILITY TO PERSUADE PEOPLE TO DO THINGS HAS BEEN SOLELY BASED ON THE FACT THAT THEY THINK I BELIEVE IT TOO"**

**TIMOTHY ALLAN**

Bonnici was introduced to environmental sustainability while completing an MBA at Auckland University in the mid 90s — a topic covered in a single weekend of the two-year course.

But Bonnici was taken with the idea. Urgent Couriers produced its first sustainability report in 2001 and remains the only courier company to prepare a standalone report on the subject.

Urgent is well aware sustainability means much more than 'being green' and the philosophy is embedded in all aspects of the business. The company's first sustainability report, for example, also revealed a critical workplace sustainability issue: its courier drivers were simply not making enough money. Bonnici knew only too well the daily challenges facing courier drivers — he

started working as one in 1984 before setting up Urgent in 1989 — and the company decided to take a bold lead in the industry and implement price increases to help address the issue.

"From a pure business perspective, sustainability is about being here for the long haul, and if we're not doing the right thing by the people that face our clients every day, then we're not here for the long haul," he says.

Other examples of its holistic approach include a 40% weighting on suppliers with a sustainability focus, and providing support to not-for-profit organisations such as the Auckland City Mission.

The four exemplars chosen by the Sustainable 60 judges — plus Westpac, specially commended as the only company

named a finalist in all categories and an exemplar finalist — run that sustainability thread through all aspects of their business. And it's a powerful thing.

Sustainable Business Network CEO and Sustainable 60 judge Rachel Brown talks about the 'ripple effect', citing small exemplar winner Locus Research as a great example of how even a small business can have a wider impact in terms of sustainability.

The Mt Maunganui-based research, design and development company has just six staff, but has positioned itself as a leader both here and abroad in the field of Life Cycle Thinking (LCT).

Managing director Timothy Allan trained as an industrial designer then worked for iconic Kiwi companies Macpac and Design Mobil before founding Locus Research in 2002. He's a passionate advocate for the power of both R&D and sustainability to add value to design and, given his ability to build relationships and networks, his passion is contagious.

The company has spearheaded the establishment of the Sustainable Design Group for New Zealand, a network of design professionals; worked with industry body Textiles New Zealand on Transform, an initiative aimed at helping textile companies develop innovative products; and developed a series of workshops to educate businesses and other interested parties on LCT. Allan also speaks internationally on the topic.

"I like the country I live in — whenever I go away it's reinforced ... and it's going to take an awful lot of care and attention to keep it that way," says the New Zealand natural history buff.

Sometimes, says Allan, you need to be hard-nosed about your principles; if a client isn't at least prepared to engage with research, sustainability or LCT, he'll tell them perhaps Locus isn't the company for them.

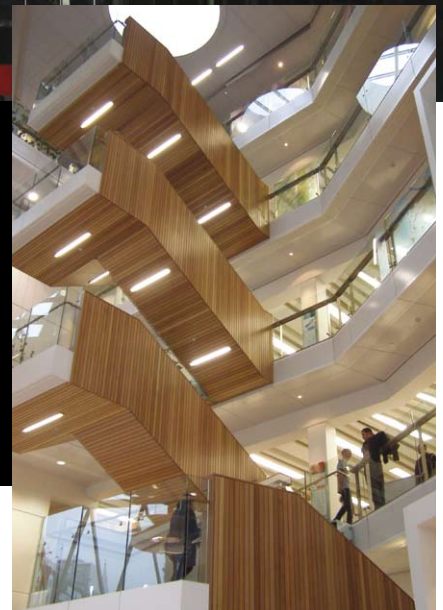
"And people respect that," he says. "My ability to persuade people to do things has been solely based on the fact that they think I believe it too. It's that simple. If it looks negotiable that's exactly what people are going to do."

The company has focused on being vertically integrated, often undertaking the gamut of a client's design work from R&D, to product design, through to point of sale and graphic design. Given the breadth of its offering, another focus has been



**"THE WHOLE  
CONCEPT OF  
SUSTAINABILITY  
IS ALL ABOUT RISK  
REDUCTION"**

**SARAH HOLDEN**



boosting the sustainability of its workplace by implementing strong systems, including continuous professional development.

Says Brown of the company: "It has got very strong social, internal staff and also social contribution parts of the business, but it also has this really strong dedication to reducing the actual environmental footprint of its operation. Then in the service that it offers its clients, it's also going out and looking at their service offerings or product offerings and working out how they can redesign those so that they're much lighter on the environment, or contribute positively to the environment."

Large exemplar winner IAG is the only New Zealand insurance company to put sustainability at the core of what it does

— and there's a strong business case for such a strategy, says the company's sustainability manager, Sarah Holden.

The company started on its sustainability journey about six years ago when it realised the severity and frequency of extreme weather events was on the rise. As a company that insured against such events, it wanted to better understand the risks surrounding climate change. Over the years, however, its concept of sustainability has grown to encompass its five key areas of performance: financial, customer, environmental, people (staff) and community.

“The whole concept of sustainability is all about risk reduction,” says Holden. “It’s in our best interest to keep insurance as affordable and available as possible.”

IAG’s suite of sustainability-focused ideas and initiatives is broad, and with 1900 staff and 2.5 million policies in place, it is realising opportunities to bring about substantial changes both within the organisation and without.

The company has achieved a 10% overall reduction in CO<sub>2</sub> levels since it began measuring and reporting them in 2004, and is targeting a 20% reduction and carbon-neutral commitment by 2012. NZI Centre — the new, state-of-the-art green building in which 750 of its staff work — has not only helped the company reap savings from efficiencies, it has positively impacted the workplace culture, says Holden, reducing absenteeism and staff turnover.

On a community level, the company’s State Driver Reviver programme, which offers travellers a welcome roadside break during busy holiday periods, exemplifies the

risk reduction strategy: fewer accidents, fewer claims, better business.

It is in the company’s vast supply chain where its leadership in sustainability can really amplify. A pollution prevention planning initiative the company rolled out among motor vehicle repairers in Christchurch (in conjunction with the city council) has now been rolled out among IAG’s nationwide network of motor vehicle repairers.

Holden’s advice to any company embarking on a sustainability journey is to begin by asking some fundamental questions: why are we doing this, what’s at the core of our business, and what’s driving it? It’s considering sustainability at this strategic level that will bring about change, she says.

Sustainable 60 judge Rick Christie reckons IAG is walking the talk. “They seemed to be very aware that the sustainability of their customers’ business was very much at the heart of what they do,” he says. “They weren’t just another provider; they demonstrated they knew what they were all about.”

## EXEMPLAR FINALISTS

### SMALL EXEMPLAR

- **Locus Research (winner)**
- Nomad Safaris

### MEDIUM EXEMPLAR

- **The New Zealand Merino Company (joint winner)**
- **Urgent Couriers (joint winner)**
- Yealands Estate Wine

### LARGE EXEMPLAR

- Auckland Regional Council
- **IAG NZ (winner)**
- Landcare Research Manaaki Whenua
- Northshore City Council
- Westpac

### SPECIAL COMMENDATION

- **Westpac**

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