



Small Business: Moving Forward 2023

3 A Sustainable Year





Small Business Britain, Square, and Clearpay are teaming up to help small businesses during these challenging times by finding out what they are doing to overcome challenges, particularly in the digital world, and share the best insight to help businesses move forward. This insight is being shared in monthly papers in the first quarter of 2023 and in a report to be launched in April 2023. This is the third paper in the series.

Small Business Britain, Square, and Clearpay have surveyed over 1,000 businesses and spoken at length to many small businesses to see how they have managed the challenges of the last year, how they are looking to the future and thinking about growth, and how they have adapted to manage these turbulent times.

Despite the doom and gloom that crept in during the winter, there are real opportunities for small businesses this year, and one clear focus is sustainability. Far from being pushed onto the back burner by talk of economic downturn, sustainability continues to grow as an important topic of discussion for businesses and consumers alike, and will likely be more significant and relevant in the coming decade as climate issues become ever more acute.

Small businesses have rapidly increased their sustainable practices, which we have seen first-hand through **Small Business Britain's** Sustainability Basics and Business For Good courses in 2022-23. However, much of this activity is informal, ad hoc, and goes under the radar as businesses are not promoting their sustainability credentials to their customers.

Small Business Britain research with **Oxford Brookes Business School** that surveyed 2,000 consumers in January 2023 shows that customers are increasingly looking for sustainable businesses to spend with. In fact, 61% of consumers find the sustainability of the business they are purchasing from important. Furthermore **Clearpay** research with over 1,000 Gen Z UK consumers in 2022 has shown that one in three customers aged 11-26 have abandoned a brand in the last 12 months based on that brand's reputation for sustainability and ethics. Being sustainable, and sharing that with your customers, is not just a responsible thing to do, but has commercial opportunity too.

“Our research reveals that Gen Z consumers care deeply about sustainability, with nearly $\frac{3}{4}$ buying sustainable products when possible. Brands with poor reputations on sustainability and ethics are seeing abandonment by Gen Z. However, not all is lost as they are willing to forgive and forget when brands change their approach and buy into sustainable and ethical practices. To attract Gen Z spend, businesses need to get on board with sustainability in an authentic manner that is true to their business identity.”

Rich Bayer
Clearpay UK and EU Country Manager

Our research with businesses over the winter has shown that businesses are concerned about costs, with many holding back on operational costs, investment and growth as a result. There is a concern that new strategies, such as sustainability changes, could create an additional burden for the business.

However, it is clear that this is not the real-world experience of small businesses. The first step in looking at sustainability is not to invest in new strategies, but to look at areas to cut. Reducing energy usage and travel are both good for the environment and reduces costs. Businesses have changed their working patterns in any case due to COVID and the need for greater flexibility, and this has secondary positive impacts on the carbon footprint of the business.

This is good news for the business, good news for the environment, and can also be good news for customers who want reassurance that businesses are being responsible and share their values. Using digital communication tools like email, chat, or video conferencing can also help reduce expenses on phone bills and travel costs for in-person meetings. By implementing these digital strategies, businesses can not only reduce costs but also improve their operational efficiency and enhance their overall sustainability.

To become more sustainable, businesses can look across the whole business cost base to identify additional cuts that will have a dual impact of reducing costs and reducing impact on the planet. This includes cuts to wastage and cuts to packaging.

Businesses then have the opportunity to engage with their customers and suppliers on their sustainable actions, including via marketing and social media. As we saw in our [first white paper](#) this year, some businesses are holding back on their marketing spend, which is a concern given the potential consequences in months to come if they do not engage their customers. Having sustainability content to share, values to discuss and actions to highlight will give small businesses a ready-made marketing focus.

The British Business Bank estimates that small businesses are responsible for around 50% of all UK business carbon emissions, so small businesses absolutely have a major role to play in addressing climate change in the UK. However, most do not have a formal strategy for approaching this area, and many do not know where to start.



Expert and founder of *Small99*, a business that is focused on leading one million businesses to net zero, Adam Bastock, shares his top tips for small businesses to get going with a plan for sustainability, and explains how it does not have to be complicated and the most important thing is progress.

Reduce electricity usage



Electric vehicles: Focus on the journey



5 Top Tips for being more sustainable



Reduce packaging, not just plastic free



Consider what you sell



Write your policy



1. Reduce Electricity Usage

- a. If you're unable to do the big things like installing solar, then start small with Smart Plugs. At ~£10 per plug, they're a great way to schedule devices to turn off out of hours.
- b. Do a walk around your building too, and check you have LEDs in every fitting. They cut usage by 80%+, and pay themselves back in less than a year.



2. Electric Vehicles: Focus on the Journey

- a. When you're considering a change to your vehicle, sketch out what your week looks like in terms of distance, locations and journey times.
- b. Only once you have an accurate idea of your needs start to look at alternatives.
- c. It may be that new cycle lanes locally mean that an electric cargo bike can replace a van, or a second hand EV has enough range to cover your actual weekly mileage.



3. Reduce Packaging, not just plastic free

- a. Packaging is one of the first places you'll have already made progress if you've gone plastic-free. However even plastic-free packaging has an impact!
- b. No-one likes opening an oversized box that's stuffed full of unnecessary paper. Instead, reduce the amount of packaging you use and find boxes that are appropriately sized for your items. Where possible, use cardboard as it's more easily recycled by your customers than biodegradable plastics.



4. Consider what you sell

- a. The biggest part of your environmental impact is your supply chain. Think of every purchase decision you make, and what environmental impact that business has.
- b. While you may already have swapped packaging, the products you put in those boxes may still be "plastic-full".
- c. Where do your products come from, and how does your customer dispose of it?
- d. Look into alternatives such as upcycling, refurbishing or repairing items for resale. This "circular economy" approach is an opportunity to reduce costs, improve profits and reduce your impact.



5. Write your Policy

- a. You may well have already taken some of the above actions. But have you told others about it?
- b. One of the biggest issues small businesses face is "green hushing" where your action on sustainability isn't discussed, which in turn makes others less likely to take action.
- c. Grab a piece of paper, write a list of bullet points of all the things you have done, are working on, or are planning to do in the future. Use this as a basis to build your sustainability policy and be proud and shout about it!

Small Business Britain, Square and Clearpay will be bringing you more inspiration and advice each month to help businesses navigate this challenging time. Keep an eye out and stay in touch.

You can find out more about the partnership and ensure you are the first to hear about help and advice on the Small Business Britain newsletter on the website at www.smallbusinessbritain.uk

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