

Winter 2010 edition

# Knowledge Insider

Where business meets opportunity | **Finding value in green**



**Farm Credit Canada**  
Advancing the business of agriculture

Canada



**“We can’t solve problems by using the same kind of thinking we used when we created them.”**

– Albert Einstein

**“I think the whole world is eventually going to move into a green economy.”<sup>1</sup>**

– Joseph Stiglitz, *Nobel Prize laureate and former chief economist of The World Bank*, April 20, 2009

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### Business insight from FCC

Make better decisions with better information. Use Knowledge Insider to help track global shifts and industry trends. For more knowledge that you can use to plan for success in your business, visit [www.fcc.ca/learning](http://www.fcc.ca/learning).

Farm Credit Canada (FCC) is proud to present Knowledge Insider, a semi-annual publication offering thought-provoking information to producers and other agriculture entrepreneurs. Trends described in this document are supported with facts and figures and examined in the context of what's on the horizon for Canadian agriculture.

Please direct questions and comments to FCC's Customer Service Centre at 1-888-332-3301 or email [csc@fcc-fac.ca](mailto:csc@fcc-fac.ca).

Knowledge Insider is produced by Strategic Intelligence at FCC.

Our special thanks for contributions from all of our FCC partners and industry experts who generously contributed their time, talent and knowledge to the creation of this document.

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# Understanding the green economy



The green economy is an important topic worldwide. What does this mean for your business? How will it affect your practices and your bottom line? This edition of Knowledge Insider explores opportunities for Canadian producers and agribusinesses of all sizes to find value while minimizing environmental impacts.

Businesses around the world are adopting greener business models. Today's news headlines feature topics like carbon capture, biofuel production and water shortages. Globally, governments and industries are developing regulations to deal with the shift to a greener economy. In the meantime, Canadian agribusinesses are developing innovative solutions to minimize environmental impacts. Some are ahead of the game.

According to the Harvard Business Review, becoming eco-friendly will soon be a required cost of doing business.<sup>2</sup> By thinking beyond

today to better understand the big picture, you can develop viable solutions for your business.

In this edition of Knowledge Insider, you'll read stories about Canadian agribusinesses that have decreased their environmental impacts and become more sustainable and profitable. How can a triple-bottom-line approach that considers people, profit and the planet build a sustainable future for your business?

## In this issue:

- The global economy is greening. Changing regulations and consumer demands call for innovative solutions.
- Corporations large and small are considering the environment when they do business. A triple bottom line business model integrates environmental costs with the costs of doing business.
- Going green does not necessarily mean making a profit. As with any business decision, understanding and analyzing your options are critical to the success of your business.
- There are opportunities for quick wins, like conserving water or reusing waste products. There are also opportunities for long-term strategic approaches to becoming a greener business.
- By rethinking inputs, operations and outputs, you may uncover opportunities to reduce or conserve resources, reuse or recycle waste, or develop new processes or technologies that increase efficiency, save money, better meet consumer needs and decrease environmental impacts.

### Is green the colour of money?

Many consumers care about sustainability. New markets are being formed to manage emissions. Innovators are finding value in waste products and finding markets for them. It is important to meet consumer expectations as efficiently as possible.

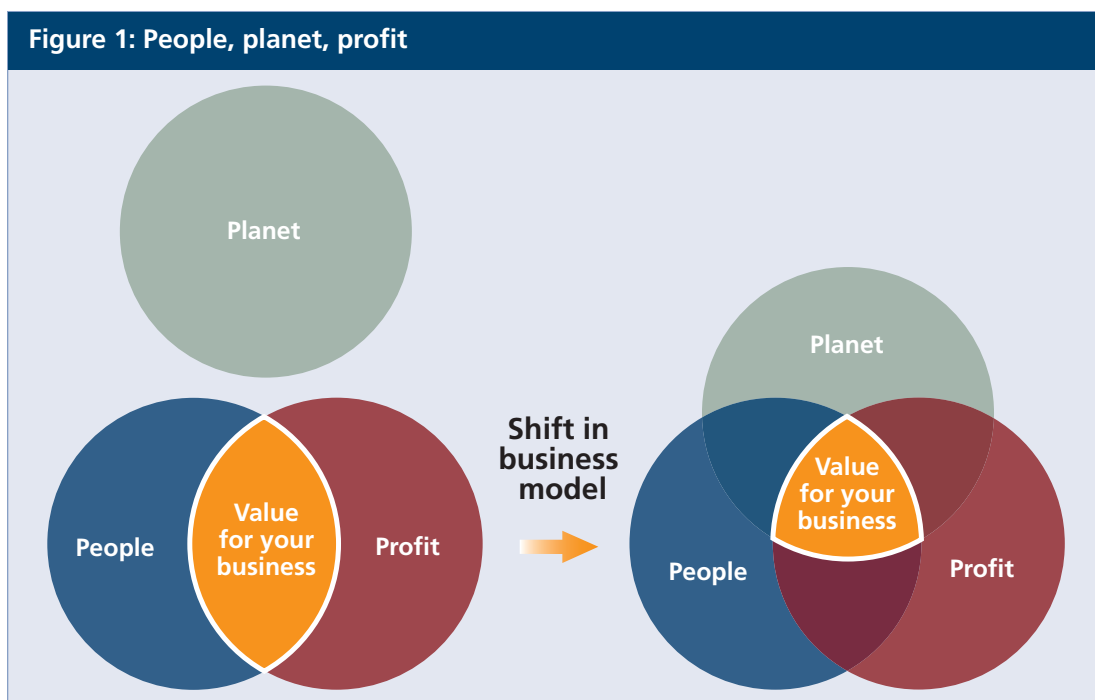
Whether you are motivated by concern for the environment, a need to comply with regulations, or both, green initiatives can help build your business and improve your bottom line. Since being green doesn't always equal profit, understanding how and when to make changes that best fit your business is critical to your success.

You may brand products differently or work within sustainable value chains. You may reduce inputs or develop a corporate social responsibility strategy. Look for quick wins that could create opportunities for the long term.

Working with professionals, you can conduct environmental audits, calculate return on investment or determine the payback period for infrastructure costs. You may already be meeting or exceeding regulations or standards. This could uncover opportunities to brand your products differently or work within environmentally oriented value chains. Like other business decisions, going green involves opportunity and risk. What more do you need to think about in order to make informed, strategic decisions for your business?

### Getting greener

The world of business is getting greener. Growing Forward, Canada's new agricultural policy framework, incorporates programs and measures that continue to build environmental sustainability in Canada's agriculture industry. Long-term trends show growth in green technology, green investment, alternative energy research and green design. Multinational corporations are adopting

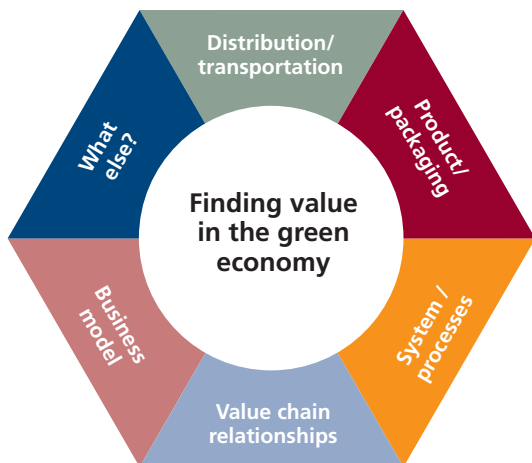


Green economics integrates environmental considerations and people's needs into business models. Many successful agribusinesses are balancing both with their need to be profitable and sustainable.



comprehensive green strategies that go beyond traditional corporate social responsibility models. Around the world, models are being developed to measure environmental impacts.

Green accounting factors environmental costs into the bottom line of doing business and, in doing so, redefines economic value. For example, the impact of emissions used to be primarily a quality of life issue. Now, with the costs attached to emissions, rising waste disposal fees and volatile energy prices, environmental costs are also an integral part of doing business in many countries. Accounting for natural capital like the value of ecosystems and the biosphere will require new ways of measuring value.



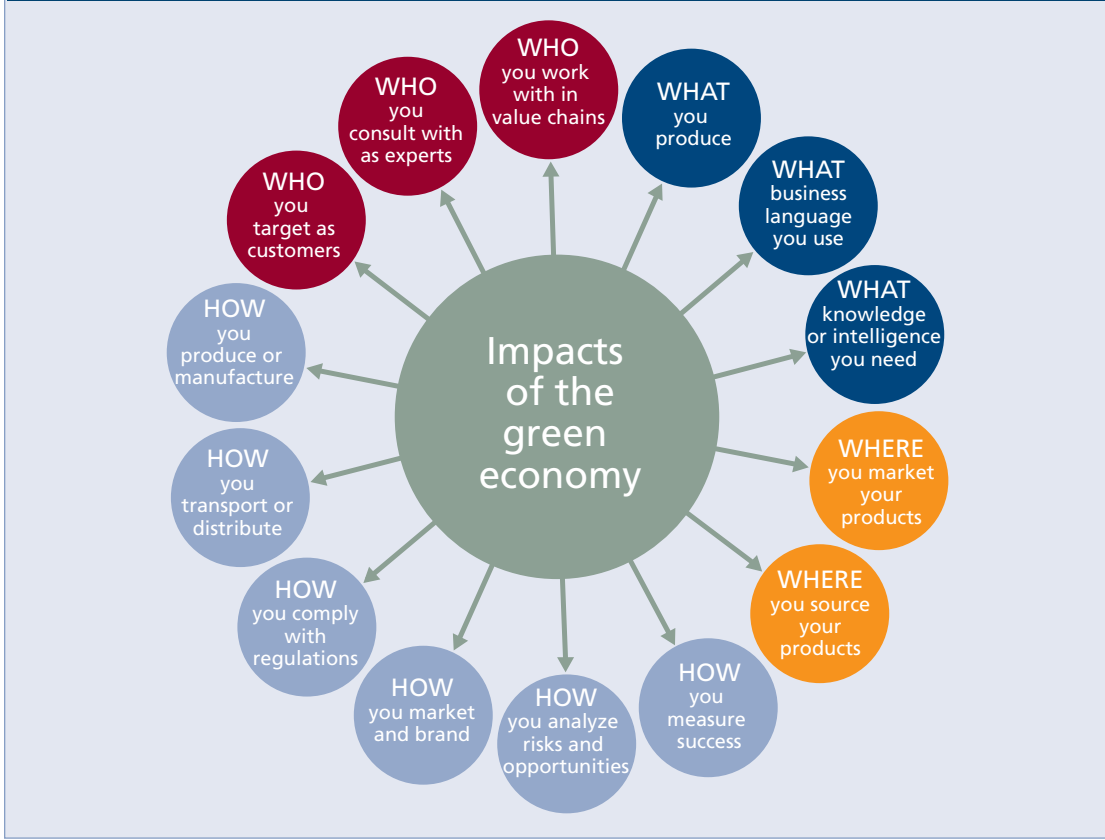
Business tomorrow will be greener than it is today. There will be new environmental regulations, new products and services, and new ways of doing business. Innovators are already making changes for short-term savings and long-term viability. What else could you be doing now to get ready?

### **Green economics are changing the business of agriculture**

For agribusiness leaders, green thinking is not new. Many producers, manufacturers, governments and industry stakeholders already include environmental factors in their strategic decision-making. According to the United Nations Food and Agriculture Organization, opportunities abound to enhance irrigation technology, develop fertilizers that generate less carbon, breed crops that use nitrogen more efficiently and adapt infrastructure to meet the needs of future generations and the planet.<sup>3</sup>

Like many industries, agriculture contributes to climate change impacts. About one-third of global emissions are from agriculture and land-use change related to agriculture, like deforestation.<sup>4</sup> Agriculture is also a big part of the solution. There are growing markets for Canadian agriculture products, like biomass and oilseeds, and innovative new products like bioplastics.

**Figure 2: How will the green economy affect your business?**



Today, many agribusinesses consider sustainability in how they produce, transport, package and brand their products. From pesticide reduction and traceability to soil conservation and waste management, the agriculture industry has many examples of environmentally friendly principles and practices. As the demand for sustainable

agricultural products and value chains grows, the industry will feel further pressure to maximize productivity and minimize environmental impacts. What can you do today in anticipation of changes coming tomorrow? What will the green economy mean to your customers, your industry and your business?

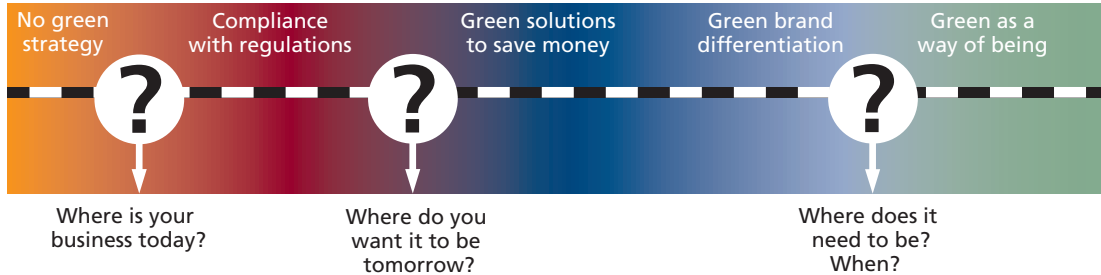
**Did you know?**

Natural Resources Canada is raising awareness about climate change adaptation across the country. Its website includes an interactive tool that describes climate change impacts and adaptation by province.

[www.adaptation.nrcan.gc.ca/index\\_e.php](http://www.adaptation.nrcan.gc.ca/index_e.php)

**Your agribusiness in the green economy**

Your business is unique. You know your products, suppliers and customers. Do you know what green initiatives could mean for your business today? Sustainable practices used to mean higher prices to consumers to cover production costs. Today, they can mean increased profits, improved productivity and satisfied customers.



The September 2009 issue of the Harvard Business Review featured a five-stage process for companies that want to become sustainable. This staged approach provides steps and strategies for creating a vision for companies that envision green as a way of being or end state.<sup>5</sup>

There isn't a single answer for all agribusinesses. Only you can decide how quickly and to what degree your business will incorporate environmental initiatives. How green is your vision for your agribusiness?



### Making it work – Arthur's Fresh

According to Scott Bell, COO of Arthur's Fresh in Etobicoke, Ontario, winning the Packaging Association of Canada's Sustainable Leadership

Award and Walmart's Sustainable Packaging Award in 2009 came from a long-practiced commitment to sustainability. Arthur's Fresh, which supplies fruit smoothies and super juices across North America, is built on the values of healthy eating and sustainability. Its standards include buying Canadian, encouraging sustainable agriculture, endorsing renewable energy, minimizing waste and maximizing recyclability. "We want to lead by example on sustainability because the food we eat contributes the most to our eco-footprint," Bell says. Maintaining these standards while keeping costs down isn't always easy. When the company found that shipping berries from British Columbia by diesel trucks emitted more greenhouse gases than bringing them from Poland by sea, it searched for a greener solution that maintained profit margins and met its standards. Arthur's B.C. supplier suggested shipping by rail, taking ownership in Toronto instead of Vancouver. Not only did this solution reduce emissions by 21 per cent, it reduced inventory holding time and cut transportation costs for both companies by 15 per cent.

[www.arthursjuice.com](http://www.arthursjuice.com)

Photo courtesy of Arthur's Fresh



### Finding value in green

To determine the value of green initiatives for your business, start by rethinking your inputs, outputs and operations. Are there ways your

business can become more productive, increase efficiency, save money or exceed environmental regulations?

