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Promoting eco-innovation among SMEs in Georgia

Introductory Workshop

28.12.2020

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Discussion topics:

- *Why should we care*
- *Benefits of eco-innovation*
- *Best practices in the region*

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SEVERE FRESHWATER SHORTAGES

52%

Of the global population live in areas affected by water scarcity by 2050

>2B

Living with excess water stress

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THREATS TO FOOD SECURITY AND ARABLE LAND

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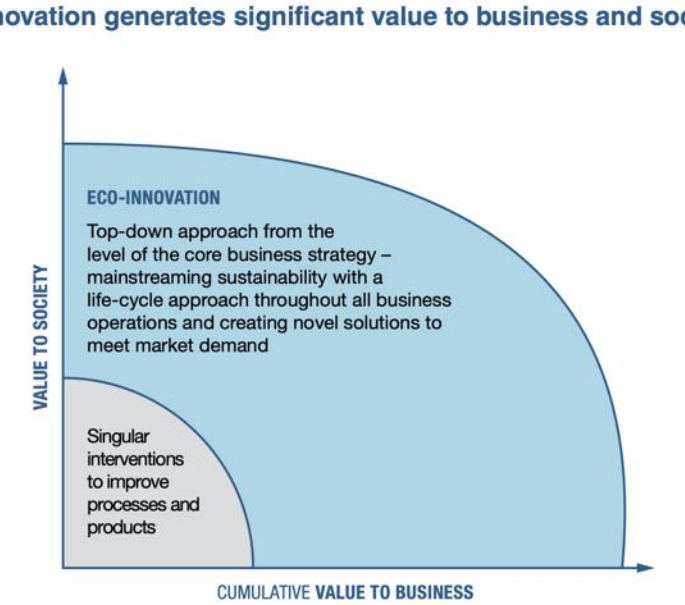
Business benefits:

- Increased market access
- Value creation and business growth
- Average annual growth of 15 % from eco-innovative companies
- Increased operational resilience

! Companies are developing new solutions and products which can perform above industry standards.



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Added value from eco-innovation - an overview of the business drivers

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Access new and **emerging markets**

Applying eco-innovation can help to develop tailored solutions to meet growing market demand ahead of your competitors. This will allow you to access new consumer segments, large companies' supply chains and international markets.

Specialized Solar Systems brings electricity to rural communities

The alternative energy company, SSS, is a small business start-up that has tripled in size in three years[12] and expanded its business operations to four other countries in the region. Its business strategy is to provide renewable energy solutions to meet the market demand of rural communities in Africa with limited or no energy access.

Ecover **meets growing demand for ecological cleaning products**

The market for ecological cleaning products increased by 21 % between 2007 and 2011. In Belgium, the small manufacturer of ecological cleaning products Ecover, seized the opportunity of this growing demand. The company has achieved an annual revenue growth of 10-25 % between 2002 and 2013 while the rest of the market has remained flat. This was helped by expanding from small shops to large supermarkets, significantly increasing its sales. Ecover innovates across all dimensions of its business, from product formulas to packaging, including re-fill options

Case Study Specialized Solar Systems

Location	Size	Established
South Africa	60 employees (SME)	2005

Annual Sales	Sector
2012/13 $US 872 040 2013/14 $US 2 083 687	Alternative energy supply, service and Support

Business Growth	✔ In 3 years, the company has tripled in size. ✔ SSS has become one of the main suppliers to local government. Initial support from local government and institutions, and rollout to the critical mass, have enabled 'enormous business growth'[115].
Business Strategy	✔ Meet market demand from low-income consumers with high levels of energy poverty in rural South Africa through the provision of a Direct Current (DC) micro grid service-system fed by solar power. ✔ To modify home appliances to function on DC which uses 2/3 less energy compared to Alternate Current (AC) when converted. ✔ To change the 'norms' in consumption patterns of electricity from AC to DC from solar power by working in partnership with local government and institutions. ✔ To establish support networks for the technology throughout the region of Africa. Many areas in South Africa are not covered by traditional AC-based energy supply infrastructure. SSS has therefore demonstrated technological leapfrogging through an innovative approach that avoids being locked into less efficient systems requiring highly skilled maintenance.
Business model	✔ The DC microgrid kit is sold as a service system, as opposed to a one-off product purchase, at a price that is considered affordable locally by the target market. ✔ The kit can be managed remotely from a 'smart box'. ✔ SSS provides free trainings for installation, use and maintenance. Through fostering new skills in local communities, which function within service to service exchanges, SSS states that it is creating social and economic value.
Product Innovation	✔ Designed using a life-cycle approach, the product, has a modular base which means that specific components can be replaced without having to reinstall the entire system. ✔ The panels are effective for 20 years and a smart box serves as the functioning mechanism, which enables the system's management and maintenance.
Process and Distribution	✔ The smart box has a web-based system which allows remote system management and payment reducing transport needs and costs for monitoring. ✔ Training and manufacturing plants are moved to the proximity of the respective markets.

Case Study Ecover

'Our expansion from the small shops into supermarkets was thanks to our eco-innovation. This entry in mass retail has given us a big boom in sales.'
Tom Domen, Ecover

Location	Size	Established
Belgium	300 employees	1980

Annual Sales	Sector
$200 million	Ecological cleaning products

Business Growth	✔ Shift from niche markets to supermarkets Europe-wide. ✔ Annual growth rates of 10-25 % between 2002 and 2010. ✔ Acquisition of the company Method in 2012, a US manufacturer of ecological cleaning products, bringing Ecover sales to over US $200 million.
Business Strategy	✔ Innovations mostly through open innovation involving partners and scientific institutions. ✔ Shift from incremental innovations such as replacing ingredients to a more radical eco-innovative path now looking at new business models, supply chains and sourcing strategies. ✔ Respond to market demand: annual growth of the ecological cleaning products market by 21 % between 2007 and 2011[116]. ✔ Business expansion to supermarkets all over Europe with a view to expand to other global regions.
Business model	✔ Innovation in all dimensions of the company considering the entire value chain of its products in order to respond to market demand ahead of competitors. ✔ Certification of its products with eco-labels, if needed, to reach key market segments.
Product Innovation	✔ Development and use of formulas with bio-based solutions using certified ingredients[117]. According to Ecover, it is continuously innovating to develop new technologies that can provide the most sustainable alternatives in the long term. ✔ Re-fill packages and use of 100 % bio-based plastics such as Green PE made from certified sugar cane[118] which can be fully recycled along with conventional plastics. According to Ecover, there is a system in place to audit the sugar cane plantations. ✔ Cleaning products that are effective with a cold water wash (hot water use is a key environmental hotspot in the life cycle of most cleaning products).
Process innovation	✔ Innovating in all processes including manufacturing and distribution channels by promoting dispensing machines with retailers and online purchases.
Organizational structure	✔ Collaboration with actors in the product value chain. ✔ Establishment of a specific position for *Long-term Innovation Manager.* ✔ A company culture of encouraging and inviting employees to propose ideas.

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JUST A FEW MORE EXAMPLES...

Helvetica Group

Supplies, installs and maintains integrated solar solutions throughout Tanzania and East Africa.

40% of Tanzania has access to energy – 1% solar

Covestro

Scientists have discovered the catalyst that allows them to use the carbon from CO2. They have turned the greenhouse gas into a valuable raw material – flexible foam which is already being used in mattresses

Dong Energy

Invested in wind energy. In 5 years they have taken off-shore wind from being one of the most expensive technologies to being competitive with conventional power

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Business practice: Beef-Flavored Plant-Based Plants

Using advanced technology, Impossible Foods copies the taste and texture of meat and dairy products to create 100% plant-based alternatives.

Why you should care

Agricultural operations producing meat and dairy products cover 30% of the Earth's land surface, and the industries are a major source of water and air pollution. With meat consumption expected to double globally by 2050 due to population growth and rising affluence, these environmental impacts are expected to worsen. A simple and effective solution is to develop and sell meat and dairy products made entirely from plants, such as the innovations from Impossible Foods.

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Good health and well-being
Impossible Foods' products are free of cholesterol, hormones, antibiotics and slaughterhouse contaminants.

Clean water and sanitation
The red meat industry has very high water consumption: according to one study, it takes 52.8 gallons of water to produce one quarter pounder hamburger. Impossible Foods claim to reduce this water consumption by 85% for their hamburgers.

Climate action
An Impossible Foods burger emits 89% less greenhouse gas emissions than a conventional animal-derived beef burger, according to the Company.

Life on land
Impossible Food claims to use as much as 99% less land for producing their burgers compared with traditional beef burgers, which need both grazing space and agricultural land to grow livestock feed.

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Business practice: 3D-Printed Shoe made from Plastic Ocean Waste

Adidas and Parley for the Oceans are rethinking design, material use and 3D-printing in their running shoe made from ocean plastic.

Video available at: https://www.youtube.com/watch?v=iisMyJdkyqg

Why you should care

Launched at COP21, the concept shoe brought attention to the issues of plastic pollution and illegal fishing activity in the oceans, demonstrating how industry and environmental organizations can work together to create new sustainable materials and products to combat ocean plastic pollution.

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Business practice: 3D-Printed Shoe made from Plastic Ocean Waste

Responsible consumption and production
The solution helps repurpose some of the estimated 4 to 12 million metric tons of plastic waste that enter the oceans each year.

Life below water
Removing fishing nets and other plastic waste from the oceans and along coasts helps reduce plastic pollution that damages marine ecosystems and chokes marine life.

Partnerships for the goals
This public-private partnership is helping a global brand utilise harmful waste to create a high value product.

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