



A Green Pharmacy is Gold

PHARMACY 2009

GREENMODE - OPPORTUNITIES FOR PHARMACIES FROM PLANET-FRIENDLY BUSINESS PRACTICES

Pharmacies in Australia are recognised, high profile, businesses. Pharmacies provide a level of service to the community and society that goes beyond simple retail, delivering health advice and support. This business style offers a unique competitive advantage. Like all other businesses the sector is facing up to a rapidly changing world. The global climate change challenge will reshape the way we do business. But pharmacies often have close relationships with customers; can they take strategic action to recognise the new reality of climate change? Are community and customer relationships a key competitive advantage for such strategies?

This short article challenges us to think about new structures. Can we respond to the risks and opportunities raised through climate change? How do these challenges change our strategy or build on existing business models? Can we capitalise on the opportunities to make the most of an uncertain future and in so doing address highly significant risks? What sort of steps could we take?

Setting the scene - retail overseas

Overseas retail is moving aggressively to maximise climate change advantages. Wal-Mart in the USA is a leading example. Its CEO, Lee Scott, says "our goals are to be supplied 100% by renewable energy ... to create zero waste ... and to sell products that sustain our resources and our environment. Helping customers buy more sustainable products ... is something that I think all of us can be proud of."

Boots in the UK ran a 2007 trial putting a carbon footprint reduction label on products. It's now working with the UK Carbon Trust for a country wide labelling standard. At a store level it's spent £5 million cutting energy use - expenditure that helps reduce greenhouse gas emissions and the company's power bills. And in 2007, 99% of the UK Cooperative Pharmacy's electricity came from green (renewable) sources.

The demands may be from suppliers as well as from competition

You may not have heard of the Carbon Disclosure Project (CDP) but you will recognise many of the big brand names, Johnson & Johnson, Colgate-Palmolive and Unilever, that participating in its Supply Chain Project. CDP represents investors with assets of \$55 trillion globally and out of "1,000 CEO's from some of the world's leading companies ...48% were already making changes in their supply chain in response to climate change or would start within the next 12 months. 66% of these CEO's were already making a return on this investment or expected to do so within the next 12 months."

Clearly it's a small step from asking your suppliers to act on climate change to asking retail outlets to do the same. Lee Scott says we will require "suppliers to demonstrate ... specific environmental, social and quality standards". We will favour "and in some cases even pay more - for suppliers that meet our standards and share our commitment to quality and sustainability. Paying more in the short term for quality will mean paying less in the long term as a company."

Direct returns

Look around you. In nearly every pharmacy you will see halogen down lights or older fluorescent lighting. Each of these lights, remaining in its socket unchanged, is about the same as walking past a \$50 note on the pavement. There are alternatives that use a lot less power, saving you money and cutting the business carbon footprint.

Of course it's not just about changing light bulbs. There are many opportunities in business to make a profit from power savings. Refrigeration, lights, air conditioning systems etc. are all areas which could generate positive direct returns. And give you and your staff excellent examples to demonstrate your business credentials to customers. For such efficiency outcomes a business can often get help through state based programs such as the Victorian Employers' Chamber of Commerce and Industry initiative - Grow Me the Money.

Beyond Numbers

There's more to this than cost. What are the best ways to meet this challenge? Effective responses start with knowing where the carbon is – but do not stop there. Actions that impact the business, in order of effectiveness, are:

9. *Numbers – e.g. a carbon appraisal; setting internal reporting standards.*
8. *Material stocks and flows. – e.g. tracking the flow of a material across business.*
7. *Regulating negative feedback loops. – e.g. internal and external audit.*
6. *Driving positive feedback loops – the more it works the more it gains power to work some more.*
5. *Information flows – e.g. people's personal understanding and stories about products that are creating change.*
4. *The rules of the system – e.g. incentives, punishment, constraints.*
3. *The power of self-organization – e.g. staff create and demonstrate a new response.*
2. *The goals of the business – are there overarching goals for the pharmacy?*
1. *The mindset or paradigm out of which the goals, rules, feedback structure arise – a shared ideal, changing an organisational culture.*

What can we do today?

There are many places for staff and management to start. Ask personally - what is in my control? Around me, what can I influence? Find professional assistance!

Pharmacy staff, more than in any other retail business, are offering help to customers. This high level of engagement means your climate initiatives can be communicated to great effect. This results in a pharmacy more able to engage, for greater advantage from climate change action, with its community and customers.

It's our challenge and opportunity to act. There are competitive carbon advantages for pharmacies in responding to climate change.