

## Case Study: Environment-driven Business Development in Sweden

### What is the Environment-driven Business Development programme?

The Swedish Agency for Economic and Regional Growth (NUTEK) ran the Environment-driven Business Development programme between 2001 and 2004. This programme aimed to strengthen the competitiveness of domestic small and medium-sized enterprises (SMEs) through stimulating product and business development from sustainability perspectives. It was undertaken according to two different themes: “environmentally sound products as a competitive device” (Theme I) and “operational development focusing on continuous improvements” (Theme II). A total of 390 SMEs took part in the programme. All of them were already active in environmental management but were looking for ways to create new market values through environmental innovation. As a government agency, NUTEK co-financed SEK 28 million (approx. 2,8 million) for a wide range of projects in total. The input of the participating companies in terms of time and money amounted to around SEK 50 million (approx. 5 million).

### How does the programme work?

The programme focused on developing new environmentally sound products and on improving leadership, management, stakeholder engagement and communication of companies. The programme was implemented as follows:

#### Preparation

NUTEK called SMEs for project proposals on two occasions. They received and assessed 161 project ideas and conducted a preliminary study for 54 proposals. The preliminary study was undertaken from the viewpoints of how the project concepts meet the companies’ needs and how a buy-in could be obtained from potential co-operating partners and financing organisations. NUTEK provided each preliminary study with a grant of SEK 80,000 (approx. 8,000) and, as a result, decided to finance 34 full-scale projects.

#### Implementation

The programme was run with involvement of various actors: regional development organisations, municipalities, consultants, universities and other research institutions. An average of 12 companies participated in each project. The participating companies received various supports and services from NUTEK and other actors such as:

- Counselling on development of environmentally sound products by industrial designers
- Research on customer needs and requirements
- Application of the Quality Function Deployment, a method for sustainable product and service development
- Assistance of acquiring Certified Environmental Product Declarations (EPDs) from the Swedish Industry Association (SINF)
- Application of the Joint Leadership, a method to stimulate co-operation between staff and management
- Establishing practical environmental goals all staff in the companies can work towards in a simple routine
- Drawing up an internal manual containing indicators that enable the benefits of environmental work to be recognised within companies

Companies taking part in Theme I received assistance from NUTEK to develop new working methods and tools that helped them to incorporate environmental, economic and social aspects into their product development processes. Through meetings, training courses and expert support, participants learnt how to think through the entire life cycle of products from an environmental perspective. In this way, they became able to take into account alternative and more environmentally sound materials, reduction of the number of components, improvement in the product’s durability and the product’s impact on the working environment.

For example, the company HTC Sweden developed floor-grinding machines for concrete floors. The company's machines already enjoyed an environmental advantage as they can create a completely smooth surface that is easy to clean without need of strong chemicals. Owing to the participation in the project, the company succeeded in developing an even more efficient and environmentally sound product: a remote-controlled floor-grinding machine that works twice as fast as the previous models, contains less components and weighs less.

NUTEK funded up to 50% of the costs of each project (the average was 32%). Every company had to invest at least SEK 5,000 (approx. 500). Other funding was received from other companies, county administrative boards, etc. NUTEK also jointly revised the targets and indicators for the programme's monitoring and evaluation to motivate and engage all of the 34 projects, through holding a training and discussion day with all project managers and a clarification process.

### **Outcomes**

Through the programme, about 60 products and services have been made more environmentally sound and more than 100 companies have ensured a system of continuous improvement. The project results and instruments generated were documented and disseminated among other networks through websites, industry associations, seminars and publications.

### **Evaluation**

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The process of preliminary studies was helpful to identify committed companies and to minimise the risk of project failures and delays. This contributed to favourable results while ensuring effective use of public resources. More than half of the participating companies indicated an increase in their competitiveness by working on environmental issues more strategically. Full-scale projects were those based on needs of participating companies and their customers as well as those where companies had a high degree of commitment and enthusiasm for the initiative.

### **Further information**

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NUTEK Website: [www.nutek.se](http://www.nutek.se)