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Environmental controls make some companies turn green

Cleaning up operating practices does not threaten endangered profits

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It has become a motherhood issue for smart companies to care about Mother Nature. Curbing pollution can cut costs and avoid pricey lawsuits and regulatory battles. It's also good public relations.

But some companies still turn green at the thought of environmental controls.

They're afraid such measures could jimmy their works and threaten already endangered profits. Only one-quarter of Canadian businesses have adopted significant pollution prevention programs, according to Randy Billing, a partner in environmental services at Ernst & Young of Toronto. He advises companies on what's known as TQEM – total quality environmental management. TQEM not only cleans up operating practices, Mr. Billing maintains, but the bottom line.

"The basis of this is that it improves your competitive position," he said. "You can bring costs down by reducing defects and waste. It's a preventive approach to problems rather than dealing with them at the end of the pipeline."

One convert to eco-economics is **Quaker Oats Co. of Canada Ltd.** in Peterborough, Ont. The company's largest plant, which makes all of its breakfast cereals and oat products, produced about 4.5 million kilograms of waste in 1986, just before controls were put in place.

This fiscal year, the waste dropped to 450,000 kilograms. In the past seven years, Quaker has saved \$395,000 in landfill costs. Another \$780,000 has been preserved by simply cutting down on spills, using less material in startup and selling surplus cardboard and plastic to recyclers. Edible waste goes to animal feed companies.

Quaker is now considered a leader in environmental practices in Canada, although it didn't intend to be.

"We knew we were losing money on our lines and that's what made us look at what we were doing. It didn't start out as environmentally driven," said Alan Wilson, manager of engineering and environmental at Quaker Canada.

Virtually all of the money that has been saved has been poured into improving other problems. A new cooling system that recycles used water rather than spilling it back into the Trent River, for instance, cost \$1 million.

Expenses like that can scare off even the environmentally committed. Mr. Billing concedes that a comprehensive overhaul doesn't come cheap. The kind of system he provides can cost "in the hundreds of thousands."

That's one reason why the Canadian Manufacturers Association advocates that companies go slowly when introducing controls. The other is that a less demanding system is more likely to succeed and lead to other advances.

"You don't go to a golf pro to bring you down to 68 if you're shooting 110. What you've got to do is go from 110 to 90," said Bent Larsen, vice-president of CMA member services.

Some companies, notably in the United States, where quality management is more pervasive, have found that it hasn't worked. The CMA itself weathered one experiment with a system that, instead of solving its problems, created bigger ones. Now, along with outside consultants, it trains Canadian companies in the International Standards Organization (ISO) 9000 system, which is less intensive than TQEM.

Competing camps aside, in order to succeed, any environmental program must have unflinching support and involvement from top management. Employees then have to be trained and motivated. Environmental audits must be carried out.

Noranda Inc. of Toronto has found that it's not an easy process. "Success varies plant to plant. It depends on how much the plant manager believes in the quality approach," said Frank Frantisak, senior vice-president of environment.

He says Noranda is mining good results by encouraging those on the shop floor to take initiative. "There was a case where a maintenance person came across a seepage of mine water that could have been a problem. He took immediate action and pumped it back in because he didn't have to go to his boss."

Other examples have greater impact. Noranda's large copper smelter in Rouyn, Que., has reduced its emission of sulphur dioxide by 70 per cent more than the 50 per cent required by law and will have it down to 90 per cent by the end of the decade, Mr. Frantisak maintains.

Not surprisingly, resource companies like Noranda tend to be the most advanced in TQEM. It isn't true to say that's mainly to keep the regulators at bay, Mr. Frantisak contends, although it can mean that "you can anticipate some of these issues and be ahead of the game."

Two provinces – Ontario and Manitoba – are planning laws to force more stringent waste reduction. And corporate customers, especially in Europe, are demanding more accountability – that pulp and paper companies, for instance, practise sustainable forest management.

There are some companies that "only do what they have to do to stay out of jail," said Dennis Durrant, special adviser in environmental protection at Environment Canada in Ottawa. Others may avoid a formal environmental program, fearing that it will draw heat to problems that otherwise wouldn't be visible.

Not only is that unethical, it's short-sighted, Mr. Durrant points out. "You can pay now as you go and manage it, or wait until it's a requirement and pay millions."

Besides, although Ottawa doesn't exactly turn a blind eye, he said, companies that are making an effort to improve are "getting a more objective ear" when things go wrong.

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