

# Green Economy & Sustainability

**A short & informative overview for policy-makers, green founders and other interested stakeholders**

UnternehmensGrün e.V., the German Federal Association of Green Business, developed this *Handout for Green Start-ups* in close cooperation with Ecopreneur.eu, the European Sustainable Business Federation. The handout was part of the project “Greening Europe’s Economy 2016” which was financially supported by the German Federal Environment Agency (UBA) with funds of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

# The voice of green start-ups in Europe:

What are the **drivers** and **motives** of eco-entrepreneurs?

What are the **challenges** sustainable start-ups face?

What are the right **instruments** for them to succeed?

# 1. Green Economy & Sustainability

A green economy results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. The goal is to create an equal and prosperous society. Green Economy thereby is a central way for implementing sustainability and for achieving the Sustainable Development Goals (SDGs).

<b>4 CORNERSTONES OF SUSTAINABILITY</b>	
<b>SOCIAL ASPECTS</b> Social relationships, interactions etc.	<b>ENVIRONMENTAL ASPECTS</b> Developing business structures and processes leading to sustainability
<b>ECONOMIC ASPECTS</b> Finances, administration, legal internal and external implications of business management	<b>CULTURAL ASPECTS</b> Systematically integrating cultural specificities

## 2. Green & Sustainable Businesses: Main Characteristics

The core philosophy of sustainable start-ups is rooted in the principles of sustainability and ethics. Eco-entrepreneurs base everyday business decisions on fair and just social, environmental, cultural and economic considerations and their actual product or service aims at creating value for society and environment.



### 3. Green & Sustainable Businesses: Main Motives

What are the main motives and drivers for founding and operating a sustainable business? For the majority of eco-entrepreneurs in Europe it's a life commitment to a more sustainable world and contributing to positive change.

The main motives for running a sustainable business are driven by ethics and idealism, examples are:

LIFE COMMITMENT TO A MORE SUSTAINABLE WORLD

TRANSITION TO CIRCULAR ECONOMY

100% RENEWABLE ENERGY USE

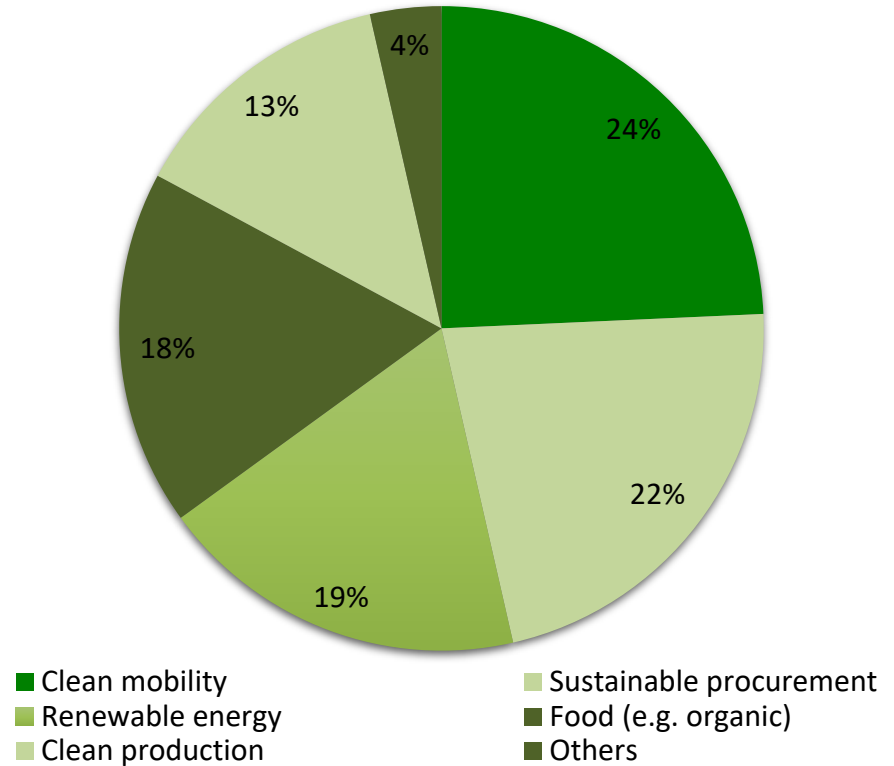
POST-CARBON SOCIETY

TACKLE ENVIRONMENTAL CHALLENGES AND MAN-MADE CATASTROPHES

## 4. Survey: How do you implement sustainability in your daily business life?

As part of the project “Greening Europe's Economy 2016”, a European-wide survey among green start-ups and businesses was conducted. 51 Participants from 7 countries filled out the survey.

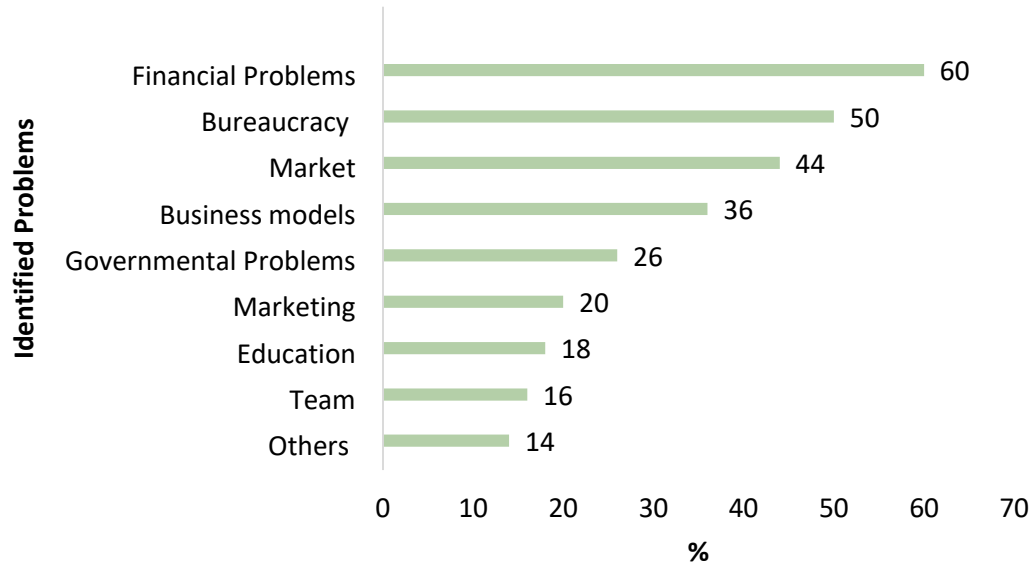
Regarding the implementation of sustainability measures, ranked highest were clean mobility, sustainable procurement and the use of renewable energy.



## 5. Barriers & Obstacles

### Survey: What do you consider the major barriers for green start-ups and green entrepreneurs?

In their daily business life, green start-ups in Europe face an array of problems and obstacles. The survey results indicate financial and bureaucratic problems as most severe, followed by market problems and insufficient business models. Within this section the compiled answers of the start-ups are shown as well as possible solutions and links to web addresses that might be of use.



Answers total: 51  
Data shown in %

## 6. Main Barriers Sustainable Businesses face

### FINANCIAL PROBLEMS

- Degree of Financial access differs among countries. While access to funding is easier in Germany it is more difficult to acquire in other countries, e.g. in Spain
- Access to funding is challenging as e.g. risk capital is hard to find and venture capital tends to not invest in early phases

### GOVERNMENTAL PROBLEMS

- Political support is needed in all countries of the EU
- Political sustainability frameworks do not provide sufficient nor concrete sustainability targets for companies to be reached, yet

### BUSINESS MODELS

- Inadequate business models fail to survive and strive on the market
- Entrepreneurs are often too optimistic about acquiring customers, how to market their product or service successfully

### EDUCATIONAL PROBLEMS

- A “non-sustainable” mindset of society hampers sustainable consumption
- To find customers that truly care for the company’s product is often difficult
- Lack of knowledge of environmental and societal problems and of the positive effects sustainable lifestyle/sustainable consumption brings

### MARKET PROBLEMS

- Distorted market conditions rewarding unsustainable over sustainable products
- Environmental & societal costs are not reflected in costs and prices, making it hard for sustainable products to compete

### TEAM MANAGEMENT

- Difficulty to pay and keep qualified personnel as high remuneration is often not possible

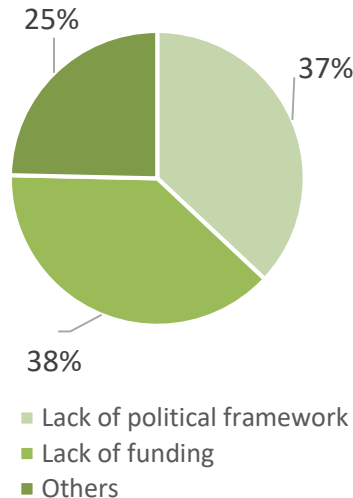
### BUREAUCRACY

- The amount of time and efforts needed to tackle bureaucratic obstacles is very high



## 7. Major Barriers for Sustainable Development & the Green Economy

Across Europe, major obstacles for a societal and economic transformation towards sustainability are insufficient political frameworks, the non-sustainable and consumption based mind-set of our societies and difficulties to acquire funding.



### POLITICAL FRAMEWORK

- Lack of political will to support the transition towards a sustainable economy
- Insufficient legal frameworks and support schemes
- EU-wide tolerance for environmentally and socially detrimental business practices

### FINANCES & FUNDING

- Difficult to get a suitable and supportive financial framework
- In Germany: venture capital, for example, is hard to find
- In other European countries: hardly any support systems for start-ups or micro-businesses to improve green economy

### OTHERS: A HIGH PERCENTAGE IS RELATED TO CONSUMPTION, EDUCATION AND MARKET

- A “non-sustainable” mindset of society hampers sustainable consumption
- To find customers that truly care for the company’s product is often difficult
- The biggest barrier is probably getting – people, societies – “on board”
- Lack of knowledge of environmental and societal problems and of the positive effects sustainable lifestyle/sustainable consumption brings

## 8. Strategies Overcoming Barriers & Exploring Opportunities

Success needs strategies: individual and general strategies such as a successful business plan, adequate financing and also the cooperation and networking with other stakeholders.

<b>INDIVIDUAL STRATEGIES</b>	<b>GENERAL STRATEGIES</b>
Successful business plan	Adaptability and resilience to climate change, environmental & humanitarian challenges
Adequate financing	Exchange of information, knowledge, practices & experience through networking
Expansion of networks and partnerships	Creating a community of different sectors, technologies & regions

## 9. Solutions & Links

It's not enough to identify obstacles - essential for change and success of the individual company and of society as a whole are reliable solutions and options.

PROBLEM	SOLUTION	LINKS TO
Governmental Problem	<ul style="list-style-type: none"> <li>Green Economy and Sustainability must be placed as a top priority on the agenda of all parties and governments</li> <li>Involvement of non-governmental actors fostering sustainability and green economy in policy-making</li> </ul>	<ul style="list-style-type: none"> <li><a href="https://europa.eu/european-union/business/startups_en">https://europa.eu/european-union/business/startups_en</a></li> <li><a href="https://ec.europa.eu/digital-single-market/en/startup-europe">https://ec.europa.eu/digital-single-market/en/startup-europe</a></li> <li><a href="https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en">https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en</a></li> </ul>
Political Frameworks	<ul style="list-style-type: none"> <li>Politics need to change their mindset and realize the value sustainable SMEs bring to society and our environment – lobby for that with other SMEs</li> <li>better understanding of the special needs of startups</li> </ul>	<ul style="list-style-type: none"> <li><a href="https://old.ecogood.org/en/">https://old.ecogood.org/en/</a></li> <li><a href="http://neweconomyforum.org/">http://neweconomyforum.org/</a></li> <li><a href="http://www.unternehmensgruen.org/">http://www.unternehmensgruen.org/</a></li> </ul>
Business Model Problems	<ul style="list-style-type: none"> <li>Inform yourself</li> <li>Participate in a start-up training</li> <li>Connect with green start-ups in your region</li> </ul>	<ul style="list-style-type: none"> <li><a href="https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education_en">https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education_en</a></li> </ul>
Market Problems	<ul style="list-style-type: none"> <li>Price regulator/incentives</li> <li>Green VAT</li> <li>Non-sustainable products: include price of negative impacts</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://startupeuropepartnership.eu/about-sep/">http://startupeuropepartnership.eu/about-sep/</a></li> <li><a href="http://green-budget.eu/">http://green-budget.eu/</a></li> <li><a href="http://www.ecopreneur.eu">www.ecopreneur.eu</a></li> </ul>

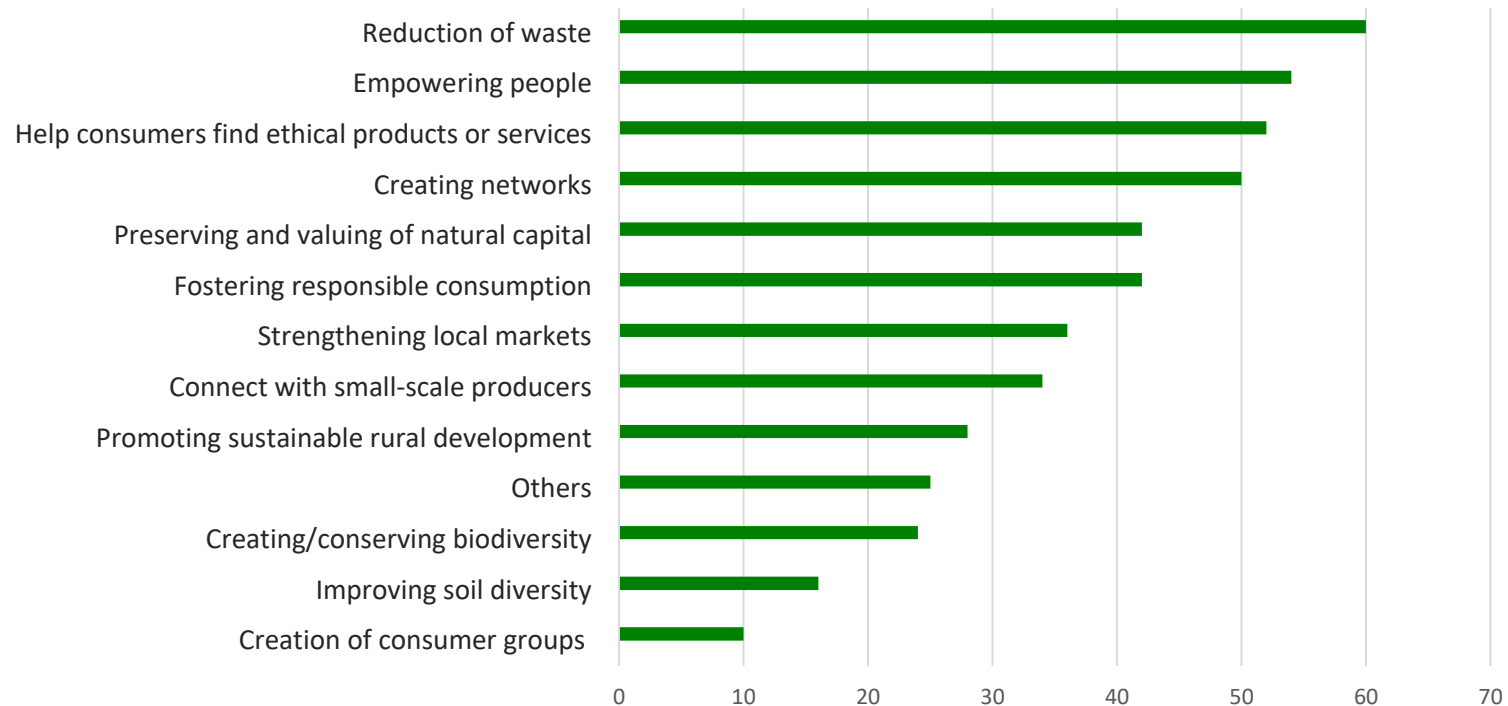
## 9. Solutions & Links

PROBLEM	SOLUTION	LINKS
Educational Problems	<ul style="list-style-type: none"> <li>Customers need to be educated more intensively about the advantages of sustainable products and disadvantages of not-sustainable products</li> <li>Invest in education on all schooling levels</li> <li>Improve curricula</li> <li>Invest in vocational training</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://www.cedefop.europa.eu/de/events-and-projects/projects/skills-green-economy">http://www.cedefop.europa.eu/de/events-and-projects/projects/skills-green-economy</a></li> <li><a href="https://utopia.de/">https://utopia.de/</a></li> <li><a href="https://www.avocadostore.de/">https://www.avocadostore.de/</a></li> <li><a href="https://en.reset.org/">https://en.reset.org/</a></li> <li><a href="http://www.un.org/sustainabledevelopment/sustainable-consumption-production/">http://www.un.org/sustainabledevelopment/sustainable-consumption-production/</a></li> </ul>
Team Management – Problems	<ul style="list-style-type: none"> <li>Invest time, thought and effort in your team</li> <li>Identify who can do which task best</li> <li>Value your staff. They are the key to success</li> </ul>	<ul style="list-style-type: none"> <li><a href="https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education_en">https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education_en</a></li> <li><a href="https://www.greenbiz.com/news/2009/05/05/how-build-green-team-first-step-sustainability">https://www.greenbiz.com/news/2009/05/05/how-build-green-team-first-step-sustainability</a></li> </ul>
Financial / Funding Problems	<ul style="list-style-type: none"> <li>Investors need to change their mindset and realize the value sustainable SMEs bring to society and our environment</li> <li>Political support with raising capital and venture capital</li> </ul>	<ul style="list-style-type: none"> <li><a href="https://ec.europa.eu/digital-single-market/funding">https://ec.europa.eu/digital-single-market/funding</a></li> <li><a href="http://europa.eu/youreurope/business/funding-grants/access-to-finance/index_en.htm">http://europa.eu/youreurope/business/funding-grants/access-to-finance/index_en.htm</a></li> <li><a href="http://startupeuropeclub.eu/eu-funds-and-support/">http://startupeuropeclub.eu/eu-funds-and-support/</a></li> <li><a href="http://ec.europa.eu/information_society/newsroom/image/document/2016-48/proposal_40046.pdf">http://ec.europa.eu/information_society/newsroom/image/document/2016-48/proposal_40046.pdf</a></li> </ul>

## 10. Values of Green Businesses

Sustainable start-ups create social and environmental values in addition to being economically successful. Such a comprehensive approach - addressing social, economic and environmental needs - aims at transforming local, regional and international economies.

### Survey: What are the values your business brings to society? (%)



# 11. Basics & Must-Haves

Listed are some basic information / “must-haves” for green start-ups about stakeholders, sustainable business plan, consumer and marketing issues and finances crucial for success.

## STAKEHOLDERS

- A stakeholder is anybody who can affect or is affected by an organization, strategy or project
- Stakeholders are crucial to the success of any entrepreneurial project
- Identify your stakeholders and develop a stakeholders’ engagement strategy

## SUSTAINABLE BUSINESS PLAN – Building Blocks

- Executive Summary
- General Start-up Description
- Communication, Sales and the Importance of Customers
- Market Analyses | Management and Organisation | Finances | Financial Plan

## CONSUMER AND MARKETING

- Sustainable consumption is turning into a big consumer trend (i.e. products that are organic, regional, seasonal, fair-trade and are produced employee-friendly)
- Marketing strategies should cater for consumer’s problems, interests, beliefs, desires and surroundings
- Sustainability must be used as a selling point

## FINANCING

- Success depends on understanding, raising and properly managing financial resources
- Attract potential investors (traditional investors and banks; use wide range of new and non-conventional funding mechanisms, such as crowdfunding, financial cooperatives, Micro-credits, ethical banks)

## 12. About the project

UnternehmensGrün e.V., the German Federal Association of Green Business, developed this *Handout for Green Start-ups* as part of the project “Greening Europe’s Economy 2016”.

The project “Greening Europe’s Economy” was initiated to support the European-wide transition towards a sustainable and climate-friendly economy. The project, which included an Online Action Day, a European-wide survey among green start-ups and green businesses, networking events, aims at facilitating a Green Economy on a European level by supporting eco-entrepreneurs.

The project “Greening Europe’s Economy” was implemented by UnternehmensGrün e.V., the German Federal Association of Green Business, in cooperation with Ecopreneur.eu, European Sustainable Business Federation, and was financially supported by the German Federal Environment Agency (UBA) with funds of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).



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