

Birdthistle, Naomi (Ed.); Hales, Rob (Ed.)

Book

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production

Family Businesses on a Mission

Provided in Cooperation with:

Emerald Publishing Limited

Suggested Citation: Birdthistle, Naomi (Ed.); Hales, Rob (Ed.) (2023) : Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, Family Businesses on a Mission, ISBN 978-1-80455-842-3, Emerald Publishing Limited, Bingley, <https://doi.org/10.1108/9781804558409>

This Version is available at:

<https://hdl.handle.net/10419/281258>

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FAMILY BUSINESSES ON A MISSION

ATTAINING THE 2030 SUSTAINABLE DEVELOPMENT GOAL OF RESPONSIBLE CONSUMPTION AND PRODUCTION

EDITED BY

**NAOMI
BIRDTISTLE**

**ROB
HALES**

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production

FAMILY BUSINESSES ON A MISSION



Series Editors:

Naomi Birdthistle
Rob Hales

The Family Businesses on Mission series examines how the United Nations Sustainable Development Goals (UN SDGs) can be applied in family businesses around the world, providing insights into cultural and societal differences and displaying innovative approaches to complex environmental and societal issues.

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Attaining the 2030 Sustainable Development Goal of Quality Education

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Attaining the 2030 Sustainable Development Goal of Climate Action

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production

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Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2023

Editorial matter and selection © 2023 Naomi Birdthistle and Rob Hales.
Individual chapters © 2023 The Authors.
Published by Emerald Publishing Limited.



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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-80455-843-0 (Print)

ISBN: 978-1-80455-840-9 (Online)

ISBN: 978-1-80455-842-3 (Epub)



ISOQAR
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ISO 14001

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Environmental
standard
ISO 14001:2004.



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About the Editors

Professor Naomi Birdthistle has entrepreneurship and family business running through her veins. She tried to work in her family business when she was four but was told she was too small. She came back year after year asking to work and eventually her grandmother capitulated and let her work in the family business when she was seven. After years of working in the family business part-time and having completed her studies at Stirling University, Babson College, Harvard University and the University of Limerick, Naomi established her own consulting business, consulting family businesses in her hometown. She is now a Professor of Entrepreneurship and Business Innovation at Griffith University, teaching future family business leaders and researching family business issues as well. Naomi is an award-winning academic having received numerous awards for her teaching and her research.

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Eric Schlichter was the Head of SHEQ Special Logistics & Manager Group Sustainability Forum at HOYER Group in Hamburg before leaving the company in April 2023 to start his own company Schlichter Consulting. He is a member of DGQ German Society for Quality and of the FQS e.V. Research Association for Quality e.V. Within the FQS he holds the position of a reviewer on the Research Advisory Board. His major field of interest is the implementation and maintenance of ISO standard requirements, as well as other industry standards such as the recently successfully implemented OCS Operation Clean Sweep within the HOYER-owned tank cleaning stations and relevant warehousing locations where plastics are handled. As an expert in safe working practices, he also focusses on the implementation of measures which make the workers' life safer and healthier. In addition to this, he teaches quality management systems as a freelance lecturer at the Elbcampus Hamburg with a focus on risk and opportunity planning, continuous improvement process and auditing. He is part of the examination committee for this area.

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Programme, with his son Maitland, The Lancashire Forum, The Global Eco-Innovation Forum. He is currently sitting on an Eco-I Taskforce to challenge and recommend ways the SME Food & Drink sector in Lancashire can achieve Net Zero Carbon by 2030. In his award-winning blog, one of the Top 40 Coffee Blogs on the Planet, he writes about his Travels to Origin to source traceable coffees that develop into long-term relationships with family farms. He works in 'Speciality' coffee from farm gate to coffee cup and has built Atkinsons into a much-loved brand made up of a Shop and Roastery, four Cafés, a Wholesale B2B and online business.

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Foreword

*Prof. Walter Leal Filho (PhD, DSc, DPhil, DTech, DEd)
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The Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly in September 2015 provide a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity.

They also entail elements of importance towards a strategic business engagement with sustainability issues. These offer a framework that provides businesses with a systematic approach to identifying new business opportunities while contributing to the solution of the grand sustainability challenges facing the world today, including climate change. Each SDG, if achieved, will have a direct and significant positive impact on millions of people's lives around the world and the environment in which they live. Businesses have an opportunity to widen the purpose of business by adopting the SDGs as targets for their operations. Thus, they can make a meaningful contribution to the greater good by achieving their operational objectives.

Family businesses are uniquely placed to contribute to SDGs for many reasons. Firstly, family business models have longer time perspectives, which allows the family business to link with the longer-term SDG time frame – 2030. Secondly, family businesses often focus on aspects of business operation that do not have an immediate return on investment such as relationship building with stakeholder groups. Thirdly, family businesses tend to rate the importance of ethics higher than standard businesses and thus align well with the social dimensions of the SDGs. Lastly, family businesses have intergenerational perspectives which is a core principle of sustainability.

This book provides insights into how family business operationalises SDG#12: Responsible Consumption and Production. The book uses a rigorous case study approach for family businesses to detail aspects of their business that help to advance responsible consumption and production. The cases provided here are living proof that family businesses that operate for the greater good actually work! Non-family businesses can take a leaf out of the family businesses portrayed in this book as they can provide different perspectives on how businesses can successfully align SDGs and business strategies.

Despite many businesses having adopted environmental social governance strategies and environmental management systems, the effect of this activity has not been reflected in a healthier planet. Many ‘state of the environment’ reports indicate that planetary health is decreasing, and planetary boundaries are being crossed or are about to be crossed. Whilst the cause of this decline is not entirely the fault of the business, there still needs to be a greater effort to address the decline. The challenge for family businesses is to use their unique characteristics and set ambitious work programmes that contribute to achieving global goals. This book provides insights into how family businesses can achieve such a mission and how non-family businesses can be inspired to do the same.

Acknowledgements

The Editors would like to thank the contributors of the book for providing insights and sharing learnings from their business practice. We acknowledge that writing up cases in the format required considerable time and effort. The quality of the cases presented is testament to their efforts.

The Editors would also like to thank Emerald Publishing for supporting the publication of this book and the mission for deeper sustainability through utilising the SDGs.

The authors of the case *Klinglwirt* would like to thank Sonja Obermeier, owner, for her time, support, and valuable insights into the *Klinglwirt*. In addition, they would like to thank their student assistant Patrizia Pluskota (Bachelor Tourism Management), who gave them extraordinary support in the preparation of this case study and thus also contributed to the students' perspective.

The author of the Bewley's case would like to thank Mr David Turney for participating in the interview and sharing Bewley's sustainability reports.

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Chapter 1

The Sustainable Development Goals – SDG#12 Responsible Consumption and Production

Rob Hales and Naomi Birdthistle

Introduction

The 2030 Agenda for Sustainable Development, adopted by all member states of the United Nations in 2015, is a shared blueprint for people and the planet, with the aim to achieve peace and prosperity for all. The Sustainable Development Goals (SDGs) are a call to action, to develop innovative solutions to some of the world's most complex, societal and environmental challenges. Businesses play a crucial role in forging this path and since family businesses account for more than two-thirds of businesses worldwide and contribute to 70–90% of the world's GDP, we believe it is important to showcase the role they play in facilitating the achievement of these SDGs.

The 2030 Agenda for Sustainable Development is a call to action for all countries to address 'the global challenges of poverty, inequality, climate change, environmental degradation, peace, and justice'. These challenges are identified by 17 SDGs as depicted in [Fig. 1](#) and within the SDGs are a total of 169 targets. These 17 SDGs acknowledge that ending poverty and other global challenges need strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests ([United Nations, 2021](#)).

This book makes an important contribution to research on family businesses by highlighting how businesses promote particular SDGs through their work. There are several streams of research emerging in the literature on family business and sustainability that are relevant to this book. [Ferreira et al. \(2021\)](#) identify four streams of research in family business and sustainability:

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 1–10



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doi:[10.1108/978-1-80455-840-920231001](https://doi.org/10.1108/978-1-80455-840-920231001)



Fig. 1. 17 Sustainable Development Goals <https://www.un.org/sustainabledevelopment/>. Source: United Nations (2021).¹

family business capital, family business strategy, family business social responsibility and family business succession. The case study approach of this book provides insights into how SDGs can be used to advance the family business's sustainability strategy and social responsibility. How a family's trans-generational sustainability intentions positively influence the strategy of the business and the family's concern for its reputation has been identified as a driver of sustainability in family businesses. Additionally, family businesses routinely combine innovation and tradition to achieve and maintain a sustainable competitive advantage.

During the COVID-19 pandemic, many family businesses have shown to be more resilient and operate more sustainably than standard businesses (such as the shareholder approach). The reason for this lies in family businesses generally taking a long-term perspective on stakeholder relationships and the real need for long-term continuity planning to sustain the people within their businesses. The people in their business are most likely to be family members. However, like all businesses, the COVID-19 pandemic has placed financial pressures on family businesses. One needs to ask the question: *How then can family businesses extend their capacity to operate more sustainably and with more social impact during times of business stress?* Well, family businesses can offer unique insights into how sustainability and social impact can be part of the regenerative response to the impacts of the COVID-19 pandemic. The idea for the book came from two observations. The first observation was that family businesses that had sustainability at their core were performing well despite the impacts of the pandemic. The second observation was that the SDGs were being used as a framework for regeneration after the impact of the COVID-19 pandemic.

The global pandemic of COVID-19 has presented challenges to those working towards achieving the goals. The social and economic impacts of COVID-19 are predicted to increase the divide between people living in rich and poor countries (UNEP, 2020). However, if there can be concerted action using the blueprint of the SDGs, then human development can exceed pre-COVID development trajectories (UNEP, 2021). What is needed is a combination of political commitment from all levels of government, investment in green economy initiatives, socially oriented innovation and a (re)focus on the purpose of business to align with SDGs.

This book focusses on SDG number 12 (SDG#12) which focusses on sustainable consumption and production. As the United Nations states “Goal 12 is about ensuring sustainable consumption and production patterns, which is key to sustain the livelihoods of current and future generations. Unsustainable patterns of consumption and production are root causes of the triple planetary crises of climate change, biodiversity loss and pollution. These crises, and related environmental degradation, threaten human well-being and achievement of the Sustainable Development Goals” (United Nations, n.d.). The main targets within SDG#12 goal are shown below (Table 1).

Table 1. SDG #12 Targets.

-
- 12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.
 - 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.
 - 12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
 - 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
 - 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
 - 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.
 - 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

Table 1. (*Continued*)

- 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
- 12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.
- 12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.
- 12.c Rationalise inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.
-

Source: [United Nations \(n.d.\)](#).

These targets can be translated to business through the strategic alignment of goals and actions of a particular business. The target aligns with many sustainability-oriented initiatives and strategies in business. Some of these include

- Circular economy
- Eco-efficiency
- Reporting and environmental management in organisations
- Environmental Management Systems (ISO Standards)
- Sustainable supply chain management
- Sustainable food management
- Education for sustainable development
- The five capitals approach
- Pollution and waste management
- Social responsibility

The above list provides a framework for how family businesses can focus on achieving strategic sustainability actions that align with the SDGs. Progressive family businesses that have a focus on sustainability and social responsibility are likely to already be focussing on such priorities but may not realise they contribute to a country's SDG target and in particular SDG#12.

The circular economy is integral to SDG#12. The concept of circular economy has become more popular despite closed-loop production being recognised by

scholars and advocates decades ago (Verga & Khan, 2022). The recent interest in the concept and practice stems from the framing of circularity within the neoliberal economic paradigm through the promise of decoupling economic growth from the consumption of finite resources. Not all experts agree that businesses can have their cake and eat it too. They disagree that perfect decoupling is not possible with many concluding that market forces cannot alone lead to the standards needed to achieve this and that regulation is needed (Flynn & Hacking, 2019). If this is the case, then businesses need a mentality of going beyond compliance to achieve the greatest level of resource minimisation. The circular economy is an extension of eco-efficiency, which the latter involves saving money because of efficiently using resources. Achieving circular economy and eco-efficiency contributes to the achievement of many other SDGs including SDG#6 (clean water and sanitation), SDG#7 (affordable and clean energy), SDG#8 (decent work and economic growth) and SDG#15 (life on land) (Schroeder et al., 2019).

SDG#12 also has a target concerned with reporting on consumption and production. This target reflects the growing importance of reporting the whole of business activity in sustainability, namely integrated reporting of sustainability. Family businesses have seen an increase in the importance of integrated reporting (Patuelli et al., 2022). This is because family businesses have a stronger connection to their stakeholders than other forms of business and when coupled with the increased focus on sustainability strategy means a more holistic reporting process including the stakeholders of the business. This SDG target has also been identified as the goal which has the highest trade-offs (Fonseca et al., 2020). Trade-offs are defined as the negative effect of achieving another SDG. For SDG#12 it has been identified that to achieve many other SDGs there will be a negative impact on SDG#12. For example, there will be increased consumption because of decreasing poverty and increasing economic growth. How family businesses conceive SDG#12 through integrated reporting will mean that those trade-offs will need to be included in strategic leadership decisions related not only related to SDG#12 but all other SDGs.

Supply chain management has previously been identified as a problem area for achieving the SDGs (Fritz et al., 2021). Addressing stakeholder requirements upstream and downstream is very challenging especially when the supply chains for a particular company are considered to be long. Given that family businesses are focussed on the social dimension of sustainability these businesses have tended to place additional institutional pressure on supply chains to become more sustainable. Actions that address supply chain stakeholders' requirements upstream and downstream of the family business have an additional impact of challenging the sustainability action and strategy of the family business. Thus, focussing on the social dimensions of family business influences collaboration and cooperation with supply chain stakeholders.

A target which is not obvious when looking at the overall goals term for SDG#12 – sustainable consumption and production – is the target of SDG#12.8 'By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature'.

Family businesses, because of their general social orientation and collaborative approach to stakeholders, are well-placed to advance education for sustainable development. Family businesses can do this by focussing on the learning approaches and topics:

- Using the family business to educate about ecological foot-printing
- Analyse and provide information about different products (e.g. cell phones, computers and clothes) using Life Cycle Analysis (LCA)
- Being part of films about sustainable production and products
- Providing education packages for stakeholders and supplies.

Many family businesses use their social orientation to promote these types of educational approaches which are linked to their core business models.

This book aims to contribute positively to providing evidence of the role of sustainable consumption and production in family businesses in effectively achieving SDGs on a global basis. The case studies on a family business display support and embody the principles of an SDG in their operations, culture, and/or business philosophy. The book is one of 17 vignette book series in which each book will be comprised of a set of short, easy-to-read family business cases related to the unique SDG being discussed in the book. The format of the book series allows the works to be accessible to those working in the field beyond academia such as family business practitioners, family business owners, family business advisors, government and business policymakers, members of NGOs, business associations and philanthropic centres, as well as to those who have a general interest in entrepreneurship and business.

SDG#12 Book Series Focus

The chapters in this book focus on businesses that have prioritised sustainable consumption and production – SDG#12. Five businesses have been profiled in the book.

The HOYER Group is a 100% family-owned business. It is one of the world's leading bulk logistics businesses with comprehensive national and international transport services and complex logistics solutions to the chemical, food, gas and petroleum products industries. The company employs nearly 6,500 people and has had a recent annual sales output of €1.292 billion. Sustainability has been the focus of the HOYER Group for a very long time. It was already the case when Thomas Hoyer handed over the CEO post to non-family hands. Since then, the company has introduced innovative digitalisation processes to support and dive into sustainability efforts. The HOYER Group was well and truly on the path of sustainability before the SDGs arrived on the scene. HOYER mapped existing sustainability activities to the SDGs and importantly use the SDGs as a communicative framework.

Klinglwirt is Munich's first organic Inn and is described as an unconventional, family-run and climate-friendly business. Not only does *Klinglwirt* serve beer as you would expect but it offers a selection of home-made regional food specialities. The meat used comes exclusively from organic and species-appropriate livestock farming, and naturalness and regionality are also the most important selection criteria for all other ingredients. The business is conscious of its waste. Large quantities of waste are produced every day in catering establishments and *Klinglwirt* has focussed on responsible consumption and production of the goods aligning its operations with SDG#12.5 which aims to substantially reduce waste generation through prevention, reduction, recycling and reuse. *Klinglwirt* is aware of the 11 targets and 13 indicators associated with SDG#12 and regularly addresses them. The business is yet to use the indicators to measure performance – but the following goals are being prioritised for action – material footprint (SDG#12.2.1), domestic material consumption (SDG#12.2.2) and recycling rates (SDG#12.5.1). The business has a positive attitude towards improvement in SDG#12 and this is evidenced by progress in its operations over the years.

The next business is Frosta, also from Germany. The family business was established in 1957 through the use of open sea blast freezing of fish fillets. In the 1960s the company developed into a market-leading manufacturer of frozen fish, ready meals, vegetables and fruits. Frosta AG generates sales of €552 million in Europe with around 1,800 employees in six countries, with international sales accounting for over 40% of the business (Frosta AG, 2021a). Frosta has positioned itself as a premium brand for healthy frozen food and promotes target SDG#12.4. Central to this objective is the removal of artificial additives to their products. The business has a focus on consumer needs for healthy and natural frozen food and also pays special attention to 'transparency and honesty' towards its customers. Dedicated ingredient lists going beyond legal requirements are intended to build consumer trust. Since 2008, reducing its CO₂ footprint in the production process has been a key element of the group's internal sustainability practice together to set up a climate-neutral vegetable plant. Frosta operates vegetable and herb farms at two locations in Germany. Frosta uses a stakeholder approach to measure and monitor impacts on sustainability.

Bewley's is a family business from Ireland which started in 1835. Joshua Bewley established the China Tea Company in 1840, which later became Bewley's coffee today. After gaining a reputation in coffee and tea trading, Bewley's opened its first café which offered the first in-store roast coffee in Dublin. The success of Bewley's is closely linked to the Quaker beliefs of the founding Bewley family. The Quakers carry a unique set of ethical and moral priorities such as the values of community, equality, honesty, fairness and integrity of character. This influences the way the business is managed and is aligned with sustainability. Bewley's is a proud advocate of the power of community where they build strong and genuine relationships with various stakeholders including the planet. Bewley's became the first Fairtrade-certified

coffee in Ireland, in 1997. Bewley's also became carbon-neutral in 2008. The chapter has many examples of sustainable production and consumption activities. One such activity is Bewley's initiative of social and well-being programmes by promoting gender empowerment at the farm level, supporting local food banks in Yorkshire, located its new southern UK office to a farm to encourage employees' well-being. The family business prioritises three global goals, i.e. SDG#10 Reduced Inequality, SDG#12 Responsible Consumption and Production, and SDG#13 Climate Action.

Atkinsons Coffee Roasters, based in the United Kingdom, has a purpose statement that is to provide a sustainable platform to work towards the benefit of the people they come into contact with and the planet we all are on, through prosperity and profit. They aim to achieve these goals by providing a rewarding and enjoyable workplace that harnesses the skills and talents of their team to give their customers a great user experience, offering best-in-class products and adding value to their suppliers further down the supply chain. Founded by Thomas Atkinson in 1837, Atkinsons Coffee Roasters is a family business that provides tea, coffee, spices, chocolate and refined sugars. It was originally established by the Atkinson family, but it is now being led by a new family, the Steel family, incorporating the first and second generations of Steel members. They are the last link in a long supply chain and have a sustainability focus on sustainable supply chain management. They have a particular focus on understanding their supply chain down the endpoint and thus know the regions and the local farmers whom they source their produce from. They use a business model called the Relationship Coffee model which is a vital part of the *modus operandi* and has the effect of adding value to the early links in the value chain. They offer financial security to coffee farmers by entering into long-term contracts, often agreeing to buy coffee that isn't even on the tree yet. The global reach of the sourcing extends into India, China and Indonesia for both Tea and Coffee.

Methodological Approach Adopted for the Book

The book used a case study method to gain insights into the practices of businesses using SDGs. The summary outline of the case study template is shown in [Table 2](#). The editors approached a range of potential authors to develop the case studies. They approached early career researchers, PhD students, family business academics, family business consultants, managers of family business centres and family business practitioners to consider submitting a case for the book. For interested authors, they were asked to choose the SDGs that best matched the family business of their choice and use a case study template provided by the editors of the book series to craft a case study on how the family business advanced the particular SDG. A truly global response was received for the book series with participants from all over the globe.

Table 2. Key Aspects of the Case Study Template Used by Authors in This Book.

<i>Vision and mission, services offered by the organisation</i>	<i>How do the vision mission and background of the organisation relate to the particular SDG?</i>
<i>Background to the company</i>	<ul style="list-style-type: none"> • When did the SDG become important to the organisation? • Was there a person who championed the SDG? • Are the SDGs explicitly talked about by staff?
<i>Historical development</i>	
<ul style="list-style-type: none"> • Founding date • Founder Details • Human interest angle of the founder • Quotes from the founder or key people • Size of the organisation 	
<i>How do key stakeholders relate to the SDG championed by the organisation?</i>	<i>Outline the business model of the organisation and add how SDG is important.</i>
<ul style="list-style-type: none"> • What stakeholders influence the organisation? • Has the adoption of the SDG in the organisation had an impact on stakeholders? • Have stakeholders influenced the actions of the organisation related to the SDG? 	<ul style="list-style-type: none"> • Outline key elements • An outline structure of the organisation is needed. • Provide a diagram of business model • Identify key activities and return on investment • How does the SDG relate to return on investment? • How do businesses monitor impacts?
<i>What are the challenges facing the organisation in implementing the SDGs?</i>	<i>How does the organisation see itself in relation to providing benefits outside the organisation? What's next for the organisation?</i>

Note

1. The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

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Chapter 2

The Meaning of Being a Family Business in the 21st Century

Naomi Birdthistle and Rob Hales

The Meaning of a Family Business in the Twenty-First Century

As a discipline, the study of family businesses is still in its infancy and the academic and business community have yet to uniformly define what exactly constitutes a family business. John Davis, a leading expert in family businesses, reviewed an abundance of definitions that abounded in the literature in the early noughties. Based on his analysis he ended up clustering the varying definitions into two major categories: structural definitions and process definitions (Davis, 2001). The main premise of the structural definition is that it focusses on the ownership or management arrangements within the family business, for example, ‘51% or more ownership by members of the family’. The process definition of a family business centres around the amount of involvement the ‘family’ has in the business. Davis (2001, p. 1) provides an example of the process definition based on how much influence the family has on the policy of the business, and the desire to perpetuate the family in terms of its control in the business. Table 1 provides definitions posed in the literature by some of the world’s leading researchers on family business and we have applied Davis’s (2001) principles of structural versus process lens to them.

The European Commission has provided a definition of what a family business is and uses that as the basis to measure the contribution of family businesses to the European Union (EU) economy. Family businesses are important to the European economy because it is the backbone of its economy. Findings from *European Family Businesses (2020)* indicate that between 65% and 80% of all European companies are family businesses and they contribute on average more than 40%–50% of all jobs in the EU. Within the EU definition, you will notice that it leans more towards the process definition as identified by Davis (2001). The

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 11–20



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doi:10.1108/978-1-80455-840-920231002

Table 1. Definitions of Family Businesses With a Structural or Process Lens Applied.

Family Business Definition	Author	Structural or Process Lens Applied
Members of one family own enough voting equity to control strategy, policy and tactical implementation	Miller and Rice (1967)	Process definition
Ownership control by a single family or individual	Barnes and Hershon (1976)	Structural definition
Two or more family members influence the direction of the business through the exercise of management roles, kinship ties or ownership rights	Davis and Tagiuri (1982)	Process definition
Family influence over business decisions	Dyer (1986)	Process definition
Ownership and operation by members of one or two families	Stern (1986)	Structural definition
Legal control over the business by family members	Lansberg et al. (1988)	Structural definition
Closely identified with at least two generations of a family, the link has had a mutual influence on the company policy and the interests and objectives of the family	Donnelley (1964)	Process definition
Expectation or actuality of succession by a family member	Churchill and Hatten (1987)	Process definition
Single-family effectively controls the firm through the ownership of greater than 50% of the voting shares, and a significant portion of the firm's senior management team is drawn from the same family	Leach et al. (1990)	A mix of structural and process definitions

European Commission (n.d., para. 2) proposes that a firm, of any size, is a family business, if:

- Most decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have

acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.

- Most decision-making rights are indirect or direct.
- At least one representative of the family or kin is formally involved in the governance of the firm.
- Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25% of the decision-making rights mandated by their share capital.

[Astrachan and Shanker \(2011, p. 211\)](#) clearly state in their work that because there is no 'concise, measurable, agreed-upon definition of a family business', this leads to a 'challenge in quantifying their collective impact'. Emanating from their research they created a spectrum on which one could define a family business, from a broad to a narrow definition. Key to their understanding of the term family business is the 'degree of family involvement in the business'. They depicted this spectrum as a 'bull's eye' with a broad definition in the outer sphere. From a broad definitional perspective, [Astrachan and Shanker \(2011\)](#) propose that to be a family business only requires input from some family members in the business, and the strategic direction of the business is controlled by the family. They also pose a 'middle ground' definition which is the intention to pass the business on to a family member, with the incumbent still involved in the running and operations of the family business. In the 'nucleus' of the bull's eye, [Astrachan and Shanker \(2011\)](#) propose a narrow definition where the management and operation of the family business include representatives from different generations of the family, with siblings in different management roles and up-and-coming family members (possibly cousins) joining the family business at entry-level. [Van Der Vliet \(2021\)](#) provides an expanded version of [Astrachan and Shanker's \(2011\)](#) bullseye as per [Fig. 1](#).

[Van Der Vliet \(2021\)](#) has applied the broad, middle and narrow definitions to family businesses in the United States at two points in time: 2003 and 2021, and has observed the sheer growth in the volume of family businesses by evaluating them based on the revised bullseye approach.

As is evident from the various definitions posed here, writers tend to vary in how much family control of a company is needed to call the business a family business. Writers often disagree on how much the family must want to perpetuate the family control of the business to qualify as a family business. [Cano-Rubio et al. \(2017, p. 132\)](#) advocate that if there was a single general criterion used to conceptualise the term 'family business', this would 'ensure that the concept used in the different studies of these companies does not condition the results obtained'. The lack of agreement on a definition is troubling because it reflects the lack of conversations in the field on this subject. More troubling still is the many writers in the field that use the term family business to identify their subject, without defining the term at all. Writers also frequently confuse the family and other kinds of business, e.g. small business. The two are decidedly distinct, given the large size of many family businesses, i.e. Samsung, Walmart, and the

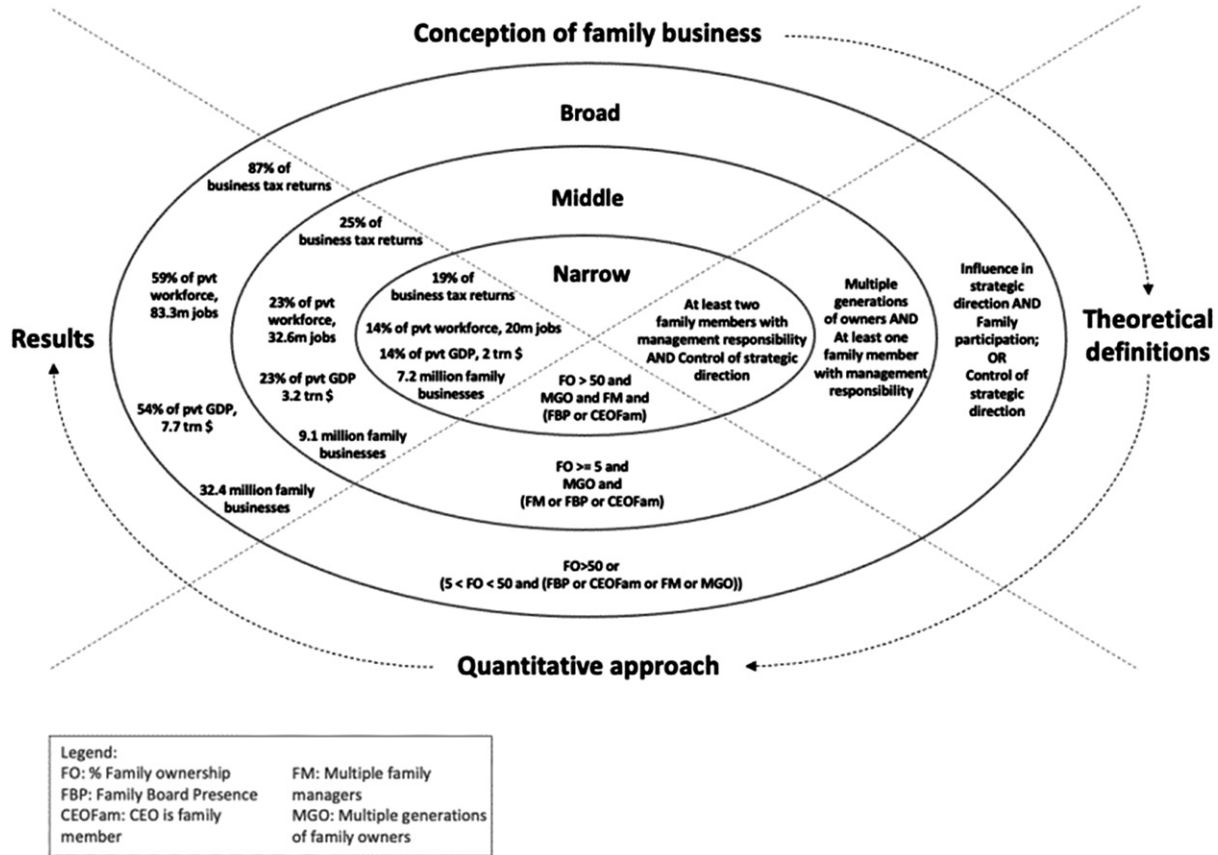


Fig. 1. Bullseye 2021 (Pieper, Kellermanns, & Astrachan, 2021).

non-family ownership of many small businesses. Another often-made mistake is to assume that family companies are private companies. Most are but over half of all publicly traded companies in the United States, for example, are family-owned.

In choosing the respondents for this book, we asked each case study author to ask the family business if they thought they were a family business, and if so then they could be included in the book. On further analysis of each of the family businesses portrayed here, they fitted into either the structural or process definitional categories.

Family Businesses Around the World

Are family businesses an enigma or a reality? They are very much the latter as they are the most frequently encountered ownership model in the world and their impact on the global economy is tremendous. [Tharawat Magazine \(2014\)](#) produced a report that showcased the contributions that family businesses make to the global Gross Domestic Product (GDP) as per [Fig. 2](#).

Just shy of 10 years later we can see from the research that in that length of time family businesses have made an even bigger stamp on a nation's GDP. For example, in 2021, [Van Der Vliet \(2021\)](#) reported that family businesses in the United States, contributed to 64% of the US GDP, a 7% increase. In the Netherlands, it is estimated that over 276,000 of its businesses are family businesses ([European Family Businesses, 2017](#)), and [Finnigan \(2016\)](#) found that in Argentina family businesses contributed just shy of 1 trillion to the nation's GDP.

Most of the world's wealth is created by family-owned businesses. In a joint piece of research, the University of St. Gallen along with Ernst & Young (EY) found that in 2023 family businesses they studied generated \$US8.02 trillion in revenue which was a 10% increase on their previous findings in 2021 ([Robertsson, 2023](#)). Many of today's well-known brands stem from family-owned businesses such as Walmart, owned by the Waltons with revenues of \$572.8 billion ([Ozbun, 2022](#)) and employing 2.3 million people worldwide in 2022 ([Walmart, 2023](#)) to the Porsche family who owns Volkswagen with total revenues of US\$18.8 billion worldwide and with total market revenue amounting to US\$1.8 trillion in 2021 ([Statista, 2022](#)). In some countries, family businesses have a long history in the fabric of the economy. Up to 2006, the oldest family business in the world was the Osaka temple-builder Kongo Gumi which was established in 578. When it succumbed in 2006 it was replaced by Hoshi Onsen, which is in the Ishikawa Prefecture in Japan. Started by the Hoshi family in 718 it is currently being led by the 46th generation of the Hoshi family. [Table 2](#) identifies the 10 oldest family firms according to [Kristie \(2021\)](#).

Countries Represented in This Book

The family businesses portrayed in this book come from the United Kingdom, the Republic of Ireland and Germany.

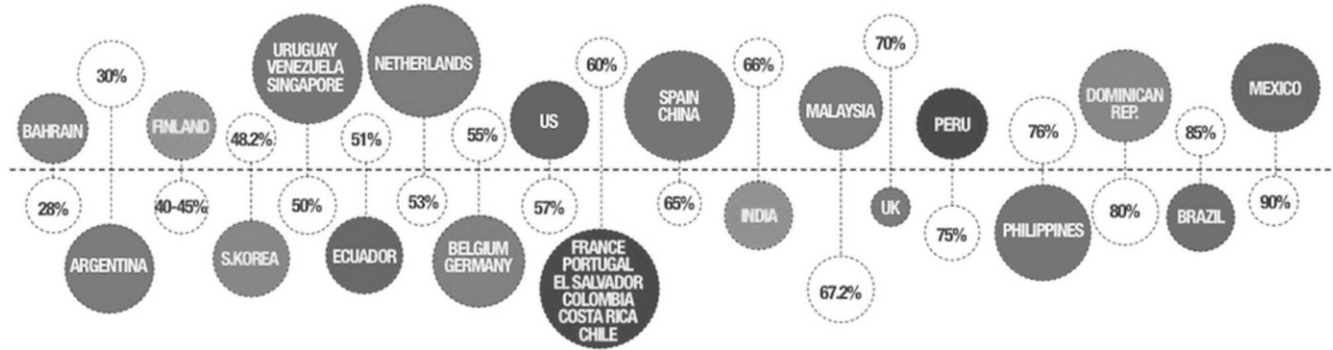


Fig. 2. Percentage of Family Business Contribution to National GDP (Tharawat Magazine, 2014).

Table 2. Top 10 Oldest Family Businesses in the World.

Family Business Name	Year of Establishment	Country
Hoshi Onsen	718	Japan
Stiftskeller St. Peter	803	Austria
Chateau de Goulaine	1000	France
Founderia Pontificia Marinelli	1000	Italy
Barone Ricasoli	1141	Italy
Barovier & Toso	1295	Italy
Hotel Pilgrim Haus	1304	Germany
Richard de Bas	1326	France
Gmachl	1334	Austria
Torrini Firenze	1369	Italy

Interestingly, the United Kingdom's oldest family business is not portrayed in [Kristie's \(2021\)](#) list of the oldest family businesses in the world, even though it has a right to be there. Peter Freebody & Co has been identified as Britain's oldest family business. The Freebody family has been living and working on the middle Thames since the thirteenth century and are master craftsmen when it comes to boat-building and boat restoration ([Grady, n.d.](#)). The second oldest family business in the United Kingdom, based in Dorset, is R J Balson and Son, a butcher and is being run by the 26th generation of the founding family ([Campden, 2015](#)). Scotland's oldest family business dates back over 300 years and is the John White blacksmith business and it is being run by the 18th generation ([Campden, 2015](#)). According to [Oxford Economics \(2022\)](#) family businesses are truly the backbone of the UK economy in that in 2020 they found that there are 4.8 million family businesses, generating £575 billion in gross value added (GVA) contribution to UK gross domestic product (GDP), employing 13.9 million workers. In a nutshell, this equates to 85.9% of all UK firms and directly generating 44.4% of GDP and responsible for 51% of all private sector employment in the United Kingdom in 2020. [Oxford Economics \(2022\)](#) did find that family businesses did not fare as well as other firms in the private sector during COVID as the number of family firms declined by 6.8% between 2019 and 2020 and their turnover also declined by an estimated 9.6% during the same period.

The Republic of Ireland has many old family businesses, many of which are found within the 'Publican/Vintners' domain, with bars and pubs being run by families through to the twenty-first century. For example, Carey's Pub in Carlow which was established in 1542 is still being run by a member of the founding family, and Morahan's of County Roscommon has still been run by the Morahan family since 1641. Though no longer run by a family member of the original founders, Rathborne Candles was established by the Rathborne family in 1488 based in Dublin. It eventually fell out of family ownership in 1914 but it still is in

operation today. Avoca, which is one of the world's oldest surviving clothing manufacturers, was established in 1723 and is still run by members of the original founders. It is estimated that there are over 170,000 family businesses in Ireland straddling all sectors within the marketplace, employing nearly a million people (Deacon et al., 2020).

It has only come to light recently that Germany's oldest family business is that of the Coatinc Company, which was founded in 1502 having started as blacksmiths in the town of Siegen (Deutsche Welle, 2023). Coming a close second is the William Prym Holding Ltd. family business which was founded in 1530. It originally produced rolled plates and wires but changed its business model in 1903 to sewing kits and snap fasteners. It currently has a global workforce of 3,300 employees (Prym, n.d.). Now it employs over 2,200, and it focusses on steel surface finishing. According to the Foundation for Family Business (Schultz, 2019), 90% of all businesses in Germany are family businesses and include icon brands like Volkswagen, BMW, Porsche, ALDI, Bosch and Merck which was founded in 1668 and is one of the oldest pharmaceutical companies in the world. These businesses are also key employers by employing 58% of all employees in Germany. In Germany, most family businesses are small in that 90% of all family businesses generate less than one million in sales revenue (Schultz, 2019) but conversely, the number of very big family businesses, like BMW and Porsche, is extraordinarily high when Germany is compared to other industrial nations. Schultz (2019) found that 43% of German companies with sales revenues of more than €50 million are family-owned businesses. Family Capital (2021) has found that Germany's top 500 family businesses employed over 6.4 million people globally in 2019, generating over \$1.8 trillion in revenues, which accounted for nearly 43% of the country's GDP.

During COVID, family businesses globally managed to survive the pandemic somewhat. Bajpai et al. (2021) found that, on a global scale, family businesses laid off fewer staff (8.5%) when compared to non-family businesses (10.2%). Family businesses displayed resilience during COVID more than other companies and Bajpai et al. (2021, p. 2) advocate that it is that resilience that will lead family businesses to be the 'engine of the global economic recovery from COVID-19'.

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Chapter 3

Germany: The HOYER Group and an Early Passion for Safety/Security, Health, Environment and Quality (SHEQ)

Stefan Prigge and Eric Schlichter

The HOYER Group is a 100% family-owned logistics company founded and based in Hamburg, Germany. With more than 6,000 employees it offers its services on all five continents. Logistics in general is a dirty and dangerous industry. It is dirty, e.g. because of the emissions of the vehicles used for transportation (see Fig. 1). It is dangerous, e.g. because the drivers of the vehicles might be involved in accidents or accidents might happen in the case of storage services for hazardous substances, threatening people and the environment (see Fig. 2). In this setting, the HOYER Group has become an early mover in terms of sustainability in the logistics industry, beginning as early as the early 2000s with its focus on sustainability.

Introduction

In the introductory part of HOYER's Code of Conduct from 2022, it reads: 'We attach great importance to identification with HOYER as a family company' (HOYER Group, 2022, p. 5). What does it mean for the HOYER Group to operate in such a difficult industry as a family company? Their answer to this question is SHEQ. SHEQ stands for Safety/Security, Health, Environment and Quality. SHEQ is a corporate centre at Hoyer Group. It started in the early 2000s, building upon an ISO 9001 certification in the mid-1990s. SHEQ became a powerful state of mind at HOYER Group, covering those aspects for which later the term sustainability became generally known. In this case, we describe how SHEQ became such an eminent topic for the HOYER Group so early on and then present the SHEQ activities that relate to SDG#12 with a special focus on sustainable production patterns.

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 21–33



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doi:10.1108/978-1-80455-840-920231003



Fig. 1. HOYER Truck. *Source:* Photo was taken from the photo stock on HOYER's website (<https://www.hoyer-group.com/en/press/media/photos>).



Fig. 2. Cleaning in the HOYER Logistic Center in Dormagen, Germany. *Source:* Photo taken from the photo stock on HOYER's website (<https://www.hoyer-group.com/en/press/media/photos>).

Vision and Mission

Vision as of 2022: ‘We are the leading provider of logistics solutions for liquid bulk products in the chemical, petroleum, gas, and food industries’ (HOYER Group, 2022b, slide 8).

The core values of the HOYER Group are: striving for excellence, cooperation, integrity, responsibility, safety and sustainability. The core value of safety and sustainability is a long-term commitment to HOYER’s employees, their partners and the environment. ‘We think and act on a generational scale’ (HOYER Group, 2021, p. 10).

Services Offered by HOYER Group

- global transport of liquid bulk
- global on-site logistics
- global warehousing
- global container repair and cleaning
- global dangerous goods storage

Background to HOYER Group

The HOYER Group is 100% family-owned. Currently, the four members of the second generation (Thomas Hoyer – see Fig. 3 – and his three sisters) and their 12



Fig. 3. Thomas Hoyer. *Source:* Photo taken from the photo stock on HOYER’s website (<https://www.hoyer-group.com/en/press/media/photos>).

children hold all the shares. The company was founded in 1946 in Hamburg by Walter Hoyer, the father of the second generation. He called the company 'Bruno Hoyer Internationale Fachspedition', taking the company's name from his father, Bruno Hoyer, who operated a significant milk wholesale business in Hamburg from 1922 onwards. In 1960, HOYER internationalised by founding its first foreign subsidiary in Rotterdam, The Netherlands, followed by its first overseas company, HOYER USA, New York, in 1980. The first succession took place in 1991 when Walter Hoyer became Chairman of the Advisory Board, and Thomas Hoyer took over as CEO. Walter Hoyer died in 2002.

Being rather aware of family governance topics and succession problems, Thomas Hoyer decided to switch HOYER Group to a non-family management approach as the third generation was still rather young when he stepped down as CEO in 2006. Since then, he has still been the patriarch of the company and the Chairman of the Advisory Board. Apart from non-family members, there are also family members on the Advisory Board, i.e. two of Thomas Hoyer's sisters attend the meeting in an alternating manner and, since recently, there is also a member of the third generation on the Advisory Board. Ortwin Nast as CEO and Gerd Peters as CFO were the 'first generation' of non-family executives who shaped the company's fortunes from the mid-2000s to the early 2020s. They were succeeded by Björn Schniederkötter as CEO in 2021 and Torben Reher as CFO in 2022.

Over the years, HOYER Group has become one of the world's leading bulk logistics providers, offering comprehensive national and international transport services and complex logistics solutions to the chemical, food, gas and petroleum products industries.

For the fiscal year 2021, HOYER reported employing some 6,469 employees and generated sales of €1.292 billion. Total assets were €936 million, with an equity ratio of 45.3%. Fixed assets included 50,142 intermediate bulk containers, 37,608 tank containers, 2,621 road tankers and 2,209 truck units (see Fig. 4 for further numbers). HOYER Group has representatives in more than 115 countries (see Fig. 5).

As part of the recent generation change, i.e. that of non-family CEO and non-family CFO, the strategic direction was also reconsidered and sharpened. The influence and binding nature of the values and strategic goals in day-to-day business have increased significantly through the use of the Progressmaker software. The six Guiding Principles (see Fig. 6) to which HOYER has committed itself are themselves strategy modules in Progressmaker, broken down further into Cornerstones and Puzzle Pieces. At this point, it is sufficient for this case study to highlight one Guiding Principle: Sustainability.

Nowadays, there are hardly any companies in the industrialised nations that have not adopted sustainability as their watchword. Often this is a new development in the respective company, in some cases, it is more greenwashing than genuine work on the sustainability of the company. This is not the case at the

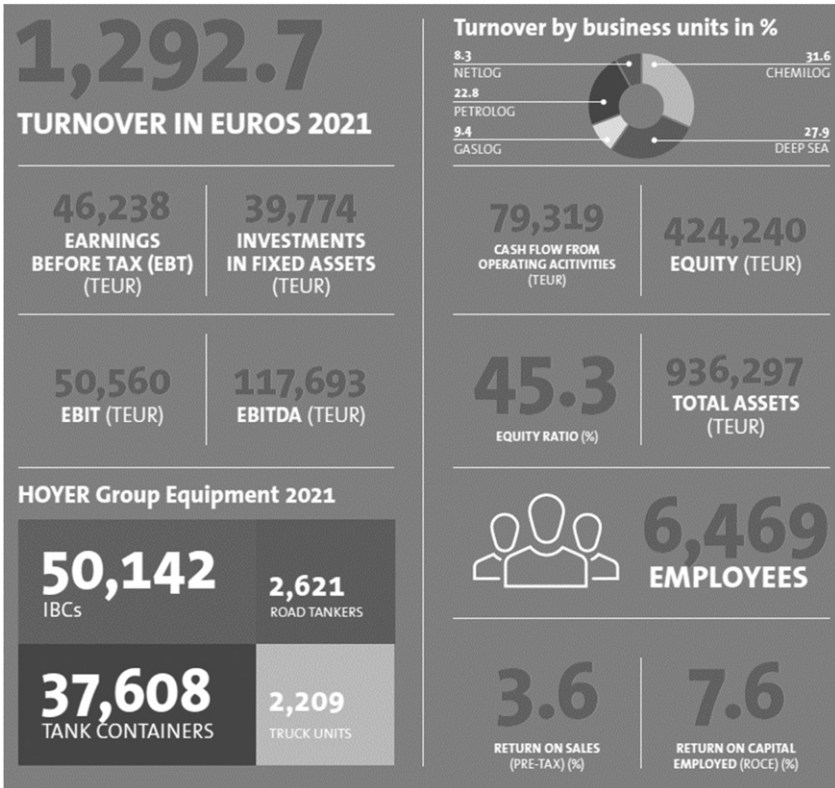


Fig. 4. The World of HOYER 2021 in Figures (HOYER Group, 2022, p. 3).

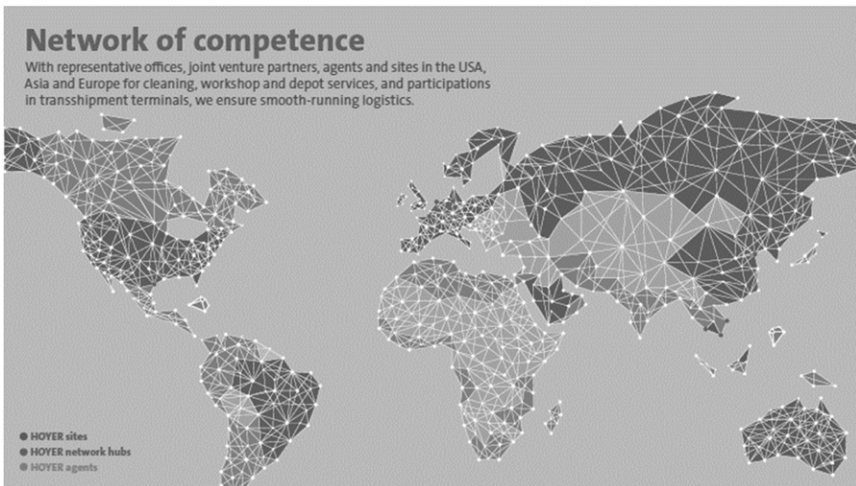


Fig. 5. Global Network of the HOYER Group (HOYER Group, 2022, p. 31).



Fig. 6. HOYER's Six Guiding Principles (HOYER Group, 2022, p. 11).

HOYER Group, where attention was paid to sustainability at an unusually early stage. This is evidenced by the following excerpt from HOYER's annual report (HOYER Group, 2007, p. 15):

Sustainability – A principle lived in the HOYER Group. Only economically sound companies can invest sustainably in social tasks and in the protection of the environment. Such investments are inconceivable without sufficient earning power. Conversely,

it follows that only those companies that practice the SHEQ system out of inner conviction will be successful in the long term. For precisely this reason, sustainability in entrepreneurial thinking and action has become a lived principle in the HOYER Group.

What sounds like a very modern statement actually comes from the 2006 Annual Report. This shows that sustainability has really been the focus of the HOYER Group for a very long time. It was already the case when Thomas Hoyer handed over the CEO post to non-family hands, and it has been deepened ever since. Behind the acronym SHEQ lies the centre of sustainability activities in the HOYER Group. SHEQ stands for Safety/Security, Health, Environment and Quality.

SHEQ is a corporate centre based on the CFO. Long-time CFO Gerd Peters recalls that when he joined the HOYER Group in 2008, the issue of sustainability was already well established. The development of SHEQ was driven from many sides. He says that the long-time head of the SHEQ department, Ms Sabrina Robba, played an important role here, followed in 2014 by Mr Mark Binns. Another strong supporter Gerd Peters remembers is a non-family member of the Advisory Board who was himself part of a logistics family business and who saw the HOYER Group's sustainability focus as very important. As a result, SHEQ became the first agenda item in Advisory Board meetings by default, ahead of financial topics or other issues, underscoring its importance. The discussion on SHEQ topics is often more intense than on financial topics, says former CFO Gerd Peters. He adds that the family also supports this course, and that patriarch Thomas Hoyer is convinced that companies that are good at SHEQ also have good financial performance. What is more, for family members who are not so deeply rooted in business life, the SHEQ area would be more easily accessible, for example in accident protection, so that support is also given from this side.

It fits into the picture that HOYER was among the very first logistics companies to publish its first Sustainability Report back in 2015, although it was not obliged to do so at the time (and still is not) and although family-owned companies typically avoid publicity. This was a direct contribution to SDG#12.6.

The timing means that the HOYER Group had already been involved with sustainability for some time when the SDGs were adopted in 2015. Therefore, the HOYER Group did not start its sustainability activities with the SDGs, but rather mapped its already existing sustainability activities to the SDGs a few years after the SDGs were adopted, i.e. used the SDGs as a communicative framework. As a result, this mapping to the SDGs is aligned with HOYER's understanding and interpretation, which does not always correspond to the UN's interpretation as expressed in the SDGs' sub-targets and indicators.

SDG #12 (Ensure Sustainable Consumption and Production Patterns) and the HOYER Group

Every penny saved is a penny gained. Even though HOYER is a globally operating family business, this old Hanseatic wisdom is also firmly established in the company. But HOYER recognised early on that the right way to save is not being cheap but sustainable. The responsible use of their resources became an important part of the business DNA. This was written down early on in the Code of Conduct for Employees. The Code of Conduct is derived directly from the Family Constitution of the Hoyer family. After the UN Goals were adopted by the United Nations on 25 September 2015, it was a matter of time before HOYER thought about what goals they were already serving and how they could be interpreted and publicly implemented and presented. By the end of 2017, the SHEQ managers in the SHEQ Forum (consisting of the Heads of SHEQ of the different Business Units and the Head of Corporate SHEQ as a link to the Executive Board) had advanced the idea for the first time. The issues were reviewed and analysed, and in July 2020, together with the SHEQ Forum and the Executive Board, it was then determined which of the goals to commit to. Thus, in the 2020 Sustainability Report ([HOYER Group, 2021](#)), HOYER publicly announced for the first time which areas the company would touch on and further promote. Even though it was clear to those involved that the UN's requirements often described larger goals, they nevertheless translated and interpreted the goals for themselves and adapted them to the company's activities. Not with the claim 'we have to implement this 100%', but with the statement of intent 'every little bit counts'. The Executive Board has declared itself in favour of this, and the family, in consultation with the Advisory Board, has declared the idea to be a very good one. The Advisory Board, consisting of members of the family and representatives from business and industry, also responded with interest to the proposal and supported the approach.

And so, step by step, measures are now being taken in greater depth. The sustainability topic is, of course, shared with all employees. It is certainly not always directly linked to the SDG in communication, but the associated values are communicated, top down. And as it should be, the best suggestions always come from the field, i.e. bottom up. Everything is examined, and everything is taken seriously. And when potentials are identified, they are taken seriously. Both in the normal teams and special committees and working groups, the topic of sustainable use of resources is considered and discussed time and again.

The sustainability topic has also received a whole new impetus with the new Executive Board, which has been at the executive helm of the company since 2021 (CEO) and 2022 (CFO). New strategic goals have been defined for the company, and these are also being consistently implemented. And the topic of sustainability as an umbrella term for daily actions is one of six Strategic Guiding Principles. And here, too, the topic of efficient use of resources as required in SDG#12.2 finds its place.

Unlike many companies, where a strategy is just a fancy buzzword, at HOYER the strategy is implemented systematically and in a controlled manner

with measurable results and impact-oriented actions. And this is done with the involvement of the employees. In the beginning, the module teams described various strategic goals, with each strategic goal being a module. These were then subdivided into individual Corner Stones, and subordinate Puzzle Pieces were then drawn. Subsequently, so-called OKR teams (Objective Key Results) are formed, which complete a sub-objective in a six-month sprint. The measurement is not in input/output, but in outcome and impact, which leads to the fact that neither paper nor presentations are generated, but actual implementations of topics with measurable results are presented. These goals are monitored monthly by the Operating Board and intervened if necessary.

Progress in the working groups is documented in software specially designed for this method of working, which means that here, too, people do not have to deal with long PowerPoint presentations for each topic, but instead each module and its progress can be viewed and discussed directly in the so-called Progress-maker software. In this way, it is also possible to recognise at an early stage if a group is unable to meet its goals in the allotted time and to react flexibly to changing circumstances.

Business Model and SDG #12 (Ensure Sustainable Consumption and Production Patterns)

Every little bit counts. It is not the guiding principle, but an important approach that HOYER constantly pursues. As a logistics provider and transporter, the company does not have the opportunity to completely switch resources. And that is why resource conservation at HOYER does not consist of one action, but success lies in the implementation of many small actions, which add up to something big. The levers and tools that are used to make this world a better place to live in are just as varied as the offers from the logistics company's product range. The greatest consumption of natural resources is generated by fuel. It has long been clear that HOYER cannot do without diesel in either the short or medium term. As a transporter of hazardous goods, electric tractors are already eliminated by law. In 2021, the company covered an incredible 174,666,896 km with its vehicles. For their part, the subcontractors of HOYER drove another 86,903,464 km. With an average consumption of between 29.5 and 31 litres per 100 km, the fuel adds up to dizzying heights. It is clear that the company's steady growth does not play into the hands of consumption reduction, but the company has nevertheless found ways of using resources more sustainably.

Intermodal transportation means that at least two means of transportation are involved, e.g. truck and train. Intermodal transportation is an important and big step if you want to reduce fuel consumption. And the solution sounds so simple. But the shift to rail and barge requires customers to change their ordering, production and storage behaviour. Just-in-time delivery works but with much longer lead times. Using barge and rail, a shipment within Europe can easily take two to three weeks, instead of one to three days when travelling by truck, even for long distances. HOYER has therefore entered into dialogue with key customers to evaluate just such

routes. The company changed its mindset early on, offering logistics solutions rather than mere transport. The driver for this was not just the conservation of resources but in particular the reduction of CO₂ emissions. Every year, the share of intermodal transport is increasing. The big challenge, especially in global transport, is recognising changing flows of goods and how the company responds to them. Making the link to the SDGs, these kinds of logistics solutions answer the call for sustainable production patterns in SDG#12.1 as well as the request for ‘the sustainable management and efficient use of natural resources’ raised in SDG#12.2.

Nevertheless, HOYER is and remains a transporter with its large fleet of vehicles. Emissions are unavoidable for transport services for the time being. That’s why it is important to find methods of using resources sparingly. This is where Eco-Drive training for drivers plays a significant role. These training courses are offered by the truck manufacturers in each case, tailored to the vehicle type, and the HOYER Masterdrivers are trained by the manufacturers. The Masterdrivers then ensure that the knowledge is disseminated to the entire driver population at HOYER. Eco-driving is an integral part of regular training sessions. Eco-driving behaviour is recorded and evaluated centrally via vehicle telematics. And there are even parts in the HOYER group where the drivers themselves have started an internal competition, and at regular intervals choose the most fuel-efficient driver. This shows very well that this strategic orientation of HOYER is not an isolated project of the management but is lived by the entire company. In this case, it directly addresses SDG#12.2 requiring efficient use of natural resources.

There are other accompanying measures in this area: The vehicle fleet is being developed so that all vehicles meet the highest EURO class 6; this goal is 98% complete. All tractor-trailers are sealed off at 80 km/h. Trucks will be converted to alternative fuels, i.e. eFuels (HVO (Hydrotreated Vegetable Oil), GTL (Gas to liquid based on biogas)). LNG trucks are being converted to bio-LNG trucks. Small vans for gas cylinder transport are currently being tested as hydrogen-powered.

SDG#12, the HOYER Group, and Its Stakeholders

In this section, we will discuss how different stakeholders have been linked to HOYER’s policy related to sustainability and SDG#12.

Within the *family*, it has a second-generation family member, Thomas Hoyer, who is a strong facilitator of HOYER’s early orientation towards sustainability. According to Gerd Peters, CFO for many years, the third generation’s receptiveness to this topic is somewhat greater, but not by much.

Customers can probably be considered the most important external stakeholders. Former CFO Gerd Peters says that European Chemical Transport Association (ECTA) represents what customers want. And sustainability is a core issue for customers, he adds. Therefore, he says, the issue within HOYER is also driven by sales. The bronze medal in the EcoVadis sustainability rating that HOYER achieved in 2021 should also be seen in this context. EcoVadis is one of the biggest providers of sustainability ratings in the world and assesses companies based on international sustainability standards such as the Global Reporting

Initiative, the United Nations Global Compact and ISO 26000. HOYER was particularly proud of this result as more than 40% of the logistics companies that took part in an EcoVadis evaluation received no award at all (HOYER Group, 2021a). The main consumers of EcoVadis' ratings are global players such as Merck, Evonik, Beiersdorf and BASF, who are also key customers of HOYER. HOYER's customers are increasingly driven by sustainability. Accordingly, they need information from their logistics service providers. In addition to such ratings, which present the big picture and facilitate HOYER's access to such key customers, customers are demanding much more detailed information. A major driving force in the European Union (EU) for this demand for information is the EU Directive on Corporate Sustainability Reporting which became effective recently. It will require about 50,000 companies in the EU to report rather specific KPIs inter alia on their environmental impact. And this includes not only the company's own production site but also its supply chain including logistics. That's why HOYER has developed a CO₂ dashboard for its customers. With this dashboard, customers can determine the CO₂ emissions of services that have already taken place for their accounting purposes. In addition, the dashboard also enables simulations, i.e. CO₂-based planning of the procurement of future logistics services. Thus, the dashboard supports HOYER's customers in their activities towards 'the sustainable management and efficient use of natural resources' (SDG#12.1) and in providing a meaningful sustainability reporting (SDG#12.6).

Since HOYER is 100% family-owned, there are external *capital providers* only in the debt area. Gerd Peters reports that the investor presentation contains SHEQ topics by default. This is a strength of HOYER, he says, where they have front-runner status. However, this has not yet been actively requested by debt capital investors. However, this is likely to change considerably now given the regulatory and other upheavals in terms of sustainability in the financial markets. Banks are starting to look deeply into the sustainability report, and credit terms will become more and more ESG-driven. HOYER, therefore, plans to implement the ISO 26000 Standard principles to be able to map everything systematically.

Among *employees*, it is especially younger employees and job applicants who ask about HOYER's sustainability activities. Employees feel more secure and satisfied with how HOYER does business. A case in point is the example Masterdrivers mentioned above, where drivers started on their own with a competitive ranking on driver efficiency. HOYER considers its sustainability approach as another reason why employees are loyal, and as another reason why there are many long tenures at HOYER.

Challenges of Working With SDG #12 (Ensure Sustainable Consumption and Production Patterns)

Continuous improvement is the greatest challenge. HOYER opened up to the public early on. It has been publishing annual reports for more than 15 years, although it is not obliged to do so. The same applies to the sustainability reports that HOYER has been publishing voluntarily since 2015, thus, being an early

adopter of SDG#12.6. When you open up to the public, they want to know more and more, new topics and stories are always expected of them. Continuous improvement is boring and unspectacular, but it is the way HOYER can drive its sustainability forward with a particularly great impact. The pattern that corporate transparency leads to demand for further corporate transparency nicely illustrates the impact power of transparency and thus of SDG#12.6.

Another challenge is that HOYER is tied to the state of the art. Progress is not as fast as they would like. The climate crisis has been known for a long time, and hydrogen has been known as a solution for a long time, but still, hydrogen trucks will not be ready for serial production before 2030. In the summer of 2022, there are 38 refuelling stations with biofuels in Germany; that is far too few. HOYER complains that politicians are calling for rapid changes but are doing little themselves to develop the infrastructure needed for alternative drives, making them one of the limiting factors.

Business and Greater Good

The activities within the HOYER Group generate a lot of experience and knowledge, which HOYER also shares by participating in various formats. On a European level, HOYER is a member of ECTA. ECTA is the association in which the European chemical transport companies have joined forces. The association is intended to represent their interests but is also a forum for cooperation on pressing industry issues, one of which is undoubtedly the reduction of resource consumption and emissions. HOYER is actively working on these issues within ECTA. Mr Thies Grage from the Innovation & Sustainability department within HOYER regularly gives presentations at ECTA on innovative sustainability topics.

Germany-wide, HOYER's involvement in the 'Pathways to Paris' project (www.pathwaystoparis.com) can be cited. The project is led by World Wide Fund for Nature (WWF) and PwC and funded by the German Federal Ministry of Economics and Climate Protection. This project aims to support the transformation of the German economy towards a more climate-friendly economy and thus contribute to the achievement of the Paris climate targets. The project brings together representatives from the real economy, the financial sector and academia. The ultimate goal is to develop user-oriented, sector-specific guidelines and a web-based transformation tool by the end of 2022. These tools will enable companies to examine the greenhouse gas savings and costs associated with various measures. This should put companies in a better position to decide which reduction path is optimal for them. HOYER is one of 50 companies actively participating in Pathways to Paris, plus 40 companies from the financial sector.

What Next for HOYER Group and SDG #12 (Ensure Sustainable Consumption and Production Patterns)

There are ambitious projects on the agenda for 2023 and beyond. One big endeavour concerns ISO 50001 on efficient energy management. It includes a set

of many undertakings, inter alia heat recovery (e.g. from the hot water cleaning system for large tanks), power-saving lighting and solar panels. The package of measures is to be implemented at the European sites in 2023 and certified there. The remaining sites will follow thereafter. Another major project concerns alternative fuels. They and their scarcity have already been mentioned above. In the meantime, some of HOYER's customers have eFuels and even make their use a condition for HOYER's transport services. Furthermore, HOYER has succeeded in acquiring a larger contingent of HVO (Hydrotreated Vegetable Oil) in the Netherlands. All these measures will further improve HOYER's performance with regard to SDG#12.1 and SDG#12.2.

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Chapter 4

Germany: *Klinglwirt* – Munich’s First Organic Inn: Unconventional, Family-Run and Climate-Friendly

Markus Pillmayer

Introduction

Klinglwirt is Munich’s first organic Inn – unconventional, family-run and climate-friendly. The small selection of regional specialities offered is homemade. The meat used comes exclusively from organic and species-appropriate livestock farming, and naturalness and regionality are also the most important selection criteria for all other ingredients. *Klinglwirt* has an informal and warm Inn atmosphere (see Fig. 1). Neighbours, Haidhausen residents, Munich residents, Schafkopf¹ fans and people from all over the world meet here to drink a beer in a relaxed atmosphere, enjoy Bavarian cuisine, play cards and immerse themselves in the cosy Inn atmosphere.

Vision and Mission

‘I wanted to bring an Inn, like the one I remember from my childhood in the village to the city. And I wanted to prove that a climate-friendly business can be profitable – even in the restaurant business. The result: The *Klinglwirt*!’ (Sonja Obermeier, founder and owner).

Products and/or Services Offered by *Klinglwirt*

- (1) Organic food and drinks in a Bavarian ambience
- (2) Traditional Bavarian Inn

¹Schafkopf is a traditional German card game.

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doi:[10.1108/978-1-80455-840-920231004](https://doi.org/10.1108/978-1-80455-840-920231004)



Fig. 1. Exterior View of *Klinglwirt*.

- (3) Use of compostable packaging only
- (4) Offering small dishes to avoid food waste
- (5) Old pub furniture instead of newly purchased furniture

Background to *Klinglwirt*

More than a 100 years ago, Jakob Kirmair bought a property in Weidach (district of Ebersberg, located east of the Bavarian capital Munich). Jakob Kirmair was a miller and butcher. The property included some meadows, a forest, a barn for cows and chickens, a small butcher shop and an Inn – with a guest room and a large banquet hall. In 1905, Jakob Kirmair and his wife Anna Kirmair opened the *Klinglwirt*, which quickly became a social meeting place for various groups and clubs. The business was run as a ‘*Tafernwirtschaft*’.² The beer was supplied by a brewery, and there was no fixed menu.

During World War II, the books from the Bavarian State Library were brought to safety from the Allied bombardments to the *Klinglwirt*. The books were temporarily stored in the hall.

²‘*Taferne*’, ‘*Taverne*’ (from Latin ‘*taberna*’: hut/shop/(show)-booth/Inn) or ‘*Tafernwirtschaft*’ or ‘*Tavernwirtschaft*’ are old terms for an Inn. The landlord of a ‘*Taferne*’ or ‘*Tafernwirtschaft*’, called ‘*Taferner*’ or ‘*Tafernwirt*’, held the ‘*Taferrecht*’ in earlier times – a right, comparable to today’s restaurant concession, which included various privileges. It was granted by the government.

The Innkeeper at that time, Jakob Kirmair, was the great-grandfather of the current landlady Sonja Obermair and was a landlord with heart and soul. He was humourous, a great lover of horses and very popular in the community. His youngest daughter Babette took over the Inn in 1946, together with her husband Jakob Gerg. When Jakob Gerg died in 1967, Babette Gerg continued to run the *Klinglwirt* alone with her three children.

Ten years later, the eldest daughter Anna Obermeier took over the Inn. Anna's daughter Sonja Obermeier also grew up in the Inn.

When Sonja Obermeier was 10 years old, Anna Obermeier handed over the business to Sonja's older brother Jakob Obermeier (whose first name was the same as the first Innkeeper). In 1987, he gave up the *Klinglwirt* – to the great regret of the community.

Sonja Obermeier studied social work for a few semesters, dropped out and then worked in the restaurant sector for a while. She then studied tourism management at the University of Applied Sciences in Munich. Afterwards, she worked for two years as a management consultant in the field of climate protection before deciding to set up a climate-friendly and sustainable business in the restaurant sector.

Cosy Eco-Inn in Munich Haidhausen

On 26 August 2011, the *Klinglwirt* reopened in the style of Sonja's family Inn, now at a different location in Haidhausen, a district in the east of Munich. The establishment of the business was supported by family and friends from the very beginning. Sonja's best friend, Maria Rossbauer, helped with the founding and later wrote a book about this phase. Likewise, Sonja's parents helped, as did her husband (Rossbauer, 2013).

Table 1 reflects the central milestones of the *Klinglwirt*:

Table 1. *Klinglwirt* Key Milestones.

1905	Great-grandfather Jakob Kirmair opens <i>Klinglwirt</i> in Weidach together with his wife Anna Kirmair
1946	Handover to daughter Babette and her husband Jakob Gerg
1967	Jakob Gerg dies, Babette Gerg continues to run <i>Klinglwirt</i> alone
1977	Handover to Babette's eldest daughter Anna Obermeier
1986	Handover to Sonja Obermeier's brother Jakob Obermeier
1987	Closing of the old <i>Klinglwirt</i>
2011	Opening of the new <i>Klinglwirt</i> in Munich-Haidhausen

Today, there is a head chef, a service manager and an office manager. These three have more or less equal authority to issue directives. The *Klinglwirt* usually has 20 to 25 employees – depending on the season. Six of them are permanent employees, and the others are students or temporary staff (see Fig. 2).



Fig. 2. Sonja Obermeier (Fourth From Left) and Part of Her Team.

For Sonja Obermeier, the topics of sustainability and responsible consumption or production and climate protection are of central importance, because organically produced food has a significantly better climate balance than conventional food. Since the opening of the *Klinglwirt* in 2011, she has tried to take this into account through the following steps (see [Table 2](#), [Fig. 3](#)):

Table 2. Timeline of Implemented Measures in Responsible Production.

-
- 2011
- 100% Bavarian organic meat, supplied by Herrmannsdorfer Landwirtschaftstätten Glonn GmbH & Co. KG
 - 100% organic bread
 - Exclusively fish sourced from sustainable fisheries at Lake Starnberg
 - Purchase of liquor and eggs from farmers in the Munich area
 - No use of coffee-to-go cups and disposable packaging made of aluminium, styrofoam or plastic
 - Restoration and use of used, old pub furniture instead of using newly purchased furniture

Table 2. (Continued)

	<ul style="list-style-type: none"> • Purchase of 100% green electricity from the Stadtwerke München (Munich public utility company)
2012	<ul style="list-style-type: none"> • Actively offering small portions on the menu to avoid food waste
2014	<ul style="list-style-type: none"> • Motivating guests to take home leftovers in compostable packaging (from 2016 also as a note on the menu)
2015	<ul style="list-style-type: none"> • Switch to 100% cow's milk cheese • Switch to organic apple juice
2016	<ul style="list-style-type: none"> • Switch to 100% organic ice cream • Organic beer from the Dachauer Schlossbrauerei is added to the menu
2017	<ul style="list-style-type: none"> • Switch to 100% organic coffee, tea and milk • Replacing plastic straws with paper or real straws • Switch to biodegradable products for handwashing soap and dish-washing detergent
2018	<ul style="list-style-type: none"> • Use of LEDs for the majority of lighting • Purchase of new energy-saving refrigerators • Refraining from the use of imported cut flowers • Significant increase in the proportion of organic wine on offer • Purchase of many other organic products, e.g. sauerkraut, spelt flour, etc. • Switch to 100% organic potatoes
2019	<ul style="list-style-type: none"> • Regular use of organic seasonal vegetables on the weekly menu • Schupfnudeln (see Fig. 3) as a vegan main meal and vegan organic ice cream (sorbet) as standard on the menu
2020	<ul style="list-style-type: none"> • Reusable packaging from Relevo for takeaway meals • Elimination of single-use bags, e.g. of salt and sugar, during the COVID-19 pandemic • Organic oat milk for cappuccino etc. • Switch to organic eggs
2021	<ul style="list-style-type: none"> • Increasing the proportion of vegetarian meals on the menu to 50% • All dairy products, including butter and cream, are now Bavarian and organic • Switch to organic goat cheese • Purchase of organic dumpling bread from Martins Holzofenbäckerei in Grafing (town outside Munich) • Salad dressing is now also 100% organic and vegan (apple syrup instead of honey)



Fig. 3. Vegan Schupfnudeln (Traditional Meal).

SDG#12 Responsible Consumption and Production and Klingwirt

Large quantities of waste are produced every day in restaurant establishments such as the *Klingwirt*. In Germany, there are many regulations, including those about waste disposal. And rightly so, because hygiene is one of the most important cornerstones of a successful restaurant business. The resulting kitchen waste, as well as other types of waste, must be disposed of properly in accordance with the currently applicable regulations and the circular economy. With the appropriate know-how, however, professional waste disposal is also possible for large quantities. This is precisely where the responsible approach of the *Klingwirt* in the area of consumption and production of the goods used becomes apparent, which is aligned with SDG#12.5 which aims to substantially reduce waste generation through prevention, reduction, recycling and reuse.

Klingwirt is aware of the 11 targets and 13 indicators associated with SDG#12 and regularly addresses them. Although the business has not yet reached the stage where it can use the indicators to measure performance – mainly because there is a lack of staff in the restaurant sector due to the shortage of skilled workers – the following goals are increasingly coming into focus: material footprint (SDG#12.2.1), domestic material consumption (SDG#12.2.2) and recycling rates (SDG#12.5.1), just to mention the most important. *Klingwirt* deals intensively with the other targets wherever possible, always bearing in mind that it is a restaurant. However, this is also where the challenges with the SDGs and

especially SDG#12 for small and medium-sized businesses become apparent: about half of *Klinglwirt's* workforce consists of kitchen staff, the other of service staff. The only person responsible for administrative work is Sonja Obermaier with a part-time secretary. Against this background, time resources are very limited, and priorities have to be set to keep the operational business running, especially in uncertain times. Sonja and her team always try to act in the spirit of the SDGs and SDG#12, even if the indicators cannot be operationalised to this extent. Nevertheless, all those involved strive to comply with this successfully.

Waste Separation Regulations and Systems

In Germany, there is an obligation to separate waste, which is laid down in the Commercial Waste Ordinance. Therefore, restaurant businesses need to follow the regulations. The following common types of waste can be distinguished:

- Leftovers
- Cooking oils
- Paper and cardboard
- Glass
- Residual waste

In addition, there are further waste categories which include metal, plastic, wood, organic waste, and textiles. However, they occur less frequently in the restaurant sector. To properly dispose of all waste generated, there is a waste separation system, which helps to achieve SDG#12.5.1 (this indicator relates to the national recycling rate, tons of material recycled). For this purpose, appropriate containers, which are suitable for restaurants, are useful. These are made of hygienic materials, are lockable and have a fixed lid that opens quickly by pressure or a clicking mechanism. There is a colour distinction for the different waste containers. To save space in the kitchen, several narrow but high waste containers are used, which are emptied as often as possible, but at least daily, into larger corresponding containers outside. To ensure that this system works well, there are rules for handling waste that comply with the regulations of the Commercial Waste Ordinance. This is implemented through thorough employee training and regular controls. One employee is responsible for the process.

Produce as Little Waste as Possible

Correct waste separation saves disposal costs, but it is even better to tackle waste production directly and minimise waste. The following measures developed by *Klinglwirt* are designed to prevent waste:

- Adjust portion sizes
- Observe the best-before date when purchasing
- Optimise the calculation of meals and demand

- Buy fruit and vegetables without plastic packaging
- Use leftovers
- Make meals such as soups from leftover produce
- Buy cleaning products and food in large sizes to reduce packaging waste
- Use reusable containers for beverages
- Train employees and appoint responsible persons

Klinghvirt is well aware that measurements are necessary for a consistent balancing of the indicators and SDG#12. However, there is still no systematic recording. Sonja Obermeier is well aware of this deficit, which she would like to work on in the future. She is currently concentrating on organic monitoring, which is carried out by independent auditors on a random basis every year. A central point of the organic control is the comparison of the consumption of raw materials with the meals produced from them – the number of purchases and consumption of organic food must match as closely as possible in order to prevent misuse or the use of non-organic products. For this purpose, all figures on raw materials consumed, production quantities, sales quantities, current stock levels and inventories since the previous year's inspection must be available in a clear form ([Bundesanstalt für Landwirtschaft und Ernährung, 2022](#)).

Legal Requirements for the Hygienic Handling of Food Waste

The 2017 amendment to the Commercial Waste Ordinance has brought some important changes. This includes that waste must already be properly separated in the company. This also applies to the difference between food waste and organic waste. Otherwise, there is a threat of fines ranging from €10,000 to €100,000. Similarly, since 2017, all waste generated in a business must be documented. This is an important and costly innovation, as the entire disposal situation must be recorded completely and without gaps. This can be done both electronically and on paper. Every company must be able to present the documentation upon request.

Key Activities of the Business

‘We make Bavarian organic cuisine with many vegetarian and vegan meals and a high organic share. This, as well as our other measures, is our contribution to sustainability and climate protection. As a responsible restaurant, we are committed to using natural resources sustainably and efficiently. We try as much as possible to avoid or recycle waste and not waste food. We want to be an example to our guests and to other restaurants so that they learn more about sustainable consumption. We certainly don't do it perfectly, but we've made a start. And we hope that many other restaurants will follow a similar path!’ (Sonja Obermeier, founder, and owner).

Business Model and SDG#12 Responsible Consumption and Production

Sustainable business models have been experiencing an upswing for some years now, and it is imperative that they do. It takes holistic approaches for a company to realise sustainability. But many sustainable business models must face the challenge of how to reconcile sustainability with competitiveness. That is why such companies need to make the best possible use of the resources available to them. This is, even more, the case against the background of the fact that a restaurant business like *Klinglwirt* has brewery ties.³ Fortunately, guests are becoming increasingly aware that regional and seasonal foods are not only more delicious but also healthier and more environmentally friendly. Exotic meals or flown-in ingredients, on the other hand, are no longer necessary and are sometimes even perceived more negatively than positively by guests.

For *Klinglwirt*, the focus in this context is to offer as many organic products as possible from organic producers with certification from the region and to do so in a Bavarian style, in a Bavarian ambience. *Klinglwirt* strives for the best quality because local or regional suppliers are more trustworthy. It is possible to trace how the goods were produced and how the animals were kept. In addition, the *Klinglwirt* only uses green electricity. In this context, for *Klinglwirt* it is important to avoid long transport routes in the sense of target SDG#12.2 (sustainable management and use of natural resources) for example and to use only regional products from the immediate surroundings for the meals. No fossil raw materials are used for the processing of regional products, but only eco-electricity that comes 100% from renewable energy plants in the Munich area (SDG#12.c.1, removing fossil fuel subsidies).

However, aspiration and actual feasibility cannot always be guaranteed 100%, which was also a learning process for Sonja Obermeier. She wanted to prove, however, that such a business model can also be sustainable: cost-intensive purchasing of goods and fair remuneration of employees. In the 11 years since the company was founded, there have also been financially difficult phases, which could, however, be overcome with cost-cutting measures.

Klinglwirt's activities around sustainability have not yet been noticed by competitors. There are still too few restaurants that focus on sustainability or organic food and beverages. The concern that this business model would find

³Opening a restaurant is first and foremost cost-intensive (real estate, renovation costs, equipping the kitchen, restaurant rooms, outdoor facilities, etc.), especially if there is not enough equity capital available. Furthermore, entrepreneurs in the restaurant sector in Germany find it difficult to obtain a loan from banks. This leads many entrepreneurs to form relationships with a brewery and thus to the brewery contract or beer contract, which has a long tradition in Germany. Brewery contracts are signed by entrepreneurs in the restaurant sector with a brewery – this is accompanied by a brewery tie. Depending on the contract, the brewery helps with start-up capital, equipment or an advertising subsidy. In contrast, the entrepreneur binds himself to certain products, minimum purchase quantities and suppliers – often with an exclusivity clause.

imitators has been unfounded to date. This is also what makes the *Klinglwirt* unique in this segment.

Networks and Awards Regarding SDG#12 Responsible Consumption and Production

A restaurant offering organic food, and Bavarian-style food at that, is still considered an exception in the state capital of Munich. The USP is regularly honoured both by guests and particularly by the press. Especially at the opening in 2011, the *Klinglwirt* enjoyed extensive press reporting as local, national and even international press reported extensively on the opening.

The *Klinglwirt* receives consistently positive reviews in the relevant online portals, which in turn generates interest and a related demand among those groups that have dedicated themselves to organic food. For example, members of the political party Bündnis 90/Die Grünen⁴ (Munich chapter), the Slow Food⁵ Movement or Gemeinwohl-Ökonomie München e.V. (GWÖ)⁶ regularly hold meetings at the *Klinglwirt*.

The following partners and suppliers are also part of the *Klinglwirt* network:

- Herrmannsdorfer Landwerkstätten Glonn GmbH & Co. KG: Herrmannsdorfer Landwerkstätten is an ecological company founded in 1986 for farming and livestock breeding as well as the production and marketing of fresh food. The name derives from its location on the former Herrmannsdorf estate, now a district of Glonn in Upper Bavaria. *Klinglwirt* sources beef and pork as well as sausages produced from them.
- Fischerei und Fischzucht Sebald in Ammerland (Münsing) am Starnberger See: Sebald supplies various fish specialities such as hot- and cold-smoked fish from its smokehouse as well as a wide selection of delicatessen salads and other specialities.
- Bio-Hofkäserei Stroblberg: In the farm cheese factory, 25 different types of cheese are produced from raw cow's milk. Non-GMO cheese cultures and rennet, sea salt and purely natural additives such as organic herbs and organic spices are used. The *Klinglwirt* uses the BioKäse for Brotzeitbrettl (a wooden

⁴Bündnis 90/Die Grünen is a political party in Germany. One of its focal points is environmental policy. The guiding principle of 'green politics' is ecological, economic and social sustainability.

⁵Slow Food was coined by the organisation of the same name as a term for enjoyable, conscious and regional food and describes a countermovement to uniform and globalised fast food. The movement, which originated in Italy, strives to preserve regional cuisine with local plant and animal products and their local production.

⁶The concept of the common good economy ('Gemeinwohlökonomie') was developed by Austrian author Christian Felber as a vision of an alternative economic system based on values that promote the common good, such as cooperation and solidarity, rather than competition and profit maximisation. Instead, trust, responsibility, compassion, sharing and solidarity are to be promoted.

board with various traditional specialities such as sausage, cheese, ham, vegetables, etc., depending on the season), Käsebrettl (the same as Brotzeitbrettl, but only with a different kind of cheese) and Käseknödel (dumplings with lots of cheese).

- Unser Bio-Ei: The eggs from the Zehatmoarhof come from free-range chickens that are fed with exclusively local and GMO-free feed. Soy, wheat and oats are grown by the farmers themselves. The eggs are used for the award-winning egg liqueur 'Gack' or the freshly baked Kaiserschmarrn.
- Organic farm Lenz: *Klinglwirt* buys potatoes from here, which are grown without chemical growth accelerants and therefore have time to fully develop all valuable ingredients and flavours. The potatoes are used for homemade mashed potatoes.
- Epos Biopartner Süd: The company supplies bulk consumers with high-quality foods from controlled organic farming. The organic sauerkraut that goes with Herrmannsdorfer pork sausages or products such as Rapunzel's organic spelt flour for the cheese spaetzle is ordered from here.
- Munich-based ice cream manufacturer Del Fiore: Instead of the usual use of a standard basic mass, different types of sugar, high-quality proteins and valuable fats are used for each type of ice cream and served at the *Klinglwirt*.
- Coffee roastery Merchant and Friends: Processes the best organic raw materials into excellent coffee, which is served as an organic espresso (80% Arabica, 20% Edelrobusta).

Challenges of Working with SDG#12 Responsible Consumption and Production

The biggest challenge for *Klinglwirt* in the context of SDG#12 is to avoid waste in the first place – this is the best solution ecologically. The second step is to recycle, and the last step is to dispose of waste correctly. This is considered in their purchasing behaviour or the menu must be changed to an appropriate extent.

Waste Prevention

Waste prevention is particularly close to *Klinglwirt's* heart. In a business that is confronted with high hygiene standards, dealing with waste of any kind is considered a major challenge. Packaging material should be avoided wherever possible or reused where this is not possible (SDG#12.2.2, domestic material consumption). The same applies to food waste – an issue that is particularly important in the restaurant sector (SDG#12.5, substantially reduces waste generation). For example, leftover or returned food may not be reused but must be disposed of in accordance with German law. SDG#12.3 (halve global per capita food waste) also plays a major role, as *Klinglwirt* strives to use the same raw materials for different meals, but without the meal becoming monotonous.

Here are some examples of what *Klinglwirt* does:

- Fruit, vegetables and eggs are only purchased in wooden crates or reusable containers (which can be returned to the supplier) (cf. Fig. 4)
- As few portion packs as possible for sugar, butter, mustard, ketchup, etc.
- Use of reusable packaging for cleaning agents
- Use of bulk packaging (50kg bag of sugar or flour)
- No use of paper table linen, beer sleeves, plate covers and disposable placemats (instead use cloth napkins, for example)
- Serving of beverages only from taps and reusable bottles
- No use of normal batteries but only rechargeable batteries are to be used
- Use of refillable toner cartridges
- Suppliers take back packaging or use reusable containers

Waste Recycling

- Use of recycled products (e.g. paper, paper napkins, toilet paper, etc.)
- Use of unbleached tea and coffee filters
- Responsible and clean separation of waste

Klinglwirt does not use public waste disposal companies, but a service provider who sorts, separates, and disposes of the waste. The recycling and disposal of restaurant waste are subject to the Animal By-Products Disposal Act or the Waste Act, depending on its origin and purpose, and are regulated by the German Federal Animal By-Products Disposal Act. In this context, the service provider *Klinglwirt* hires, acts in accordance with SDG#12.6.1 (companies publishing



Fig. 4. Reusable Container for Eggs.

sustainability reports). On the menu, for example, there are meals such as the 'Gröstl'⁷ for the use of leftovers which can contribute to the achievement of SDG#12.4 which is to reduce waste generation through reuse.

None of the cost-intensive organic produce should be wasted. Likewise, the portions are not supersized, so there are fewer leftovers on the plates that have to be disposed of.

Both on the menu and through the service staff, there is an offer to take leftover portions home in compostable boxes. *Klinglwirt* also offers a reusable system for to-go meals (using Relevo packaging), which is used by more than half of the guests (see Fig. 5). The aim is to produce as little waste as possible. Background to this is SDG#12.3, which aims to achieve a global halving of food waste per capita in trade and at the consumer level by 2030. It also aims to reduce food waste along the production and supply chain, including post-harvest losses. SDG#12.5 is also affected by this, in order to avoid as much waste as possible, such as coffee cups made of papier-mâché. Relevo offers sustainable reusable-to-go solutions as a pay-per-use system, adapted to the individual needs of restaurants, cafés, company catering, caterers and communal catering (Relevo, 2022).



Fig. 5. Relevo Reusable System.

⁷Gröstl, in its original sense, is a Monday leftover from Sunday roast. Gröstl is a traditional pan-fried meal, usually consisting of boiled potatoes and beef or pork (shoulder or shank) cut into pieces and roasted in a pan together with chopped onion and mushrooms in clarified butter. It is seasoned with salt, pepper, marjoram, caraway and parsley. The Gröstl is often served with a fried egg.

Founded in the spring of 2020, the start-up has since gained partner locations in over 50 German cities and grown to 35 employees in four locations. With the current investment, Relevo plans to further scale its solution and expand in the German-speaking region and beyond. The reusable system in particular plays a key role in waste avoidance: in Germany, for example, reusable packaging will be mandatory from 2023. This means that restaurant businesses will be obliged to offer their takeaway food in reusable packaging. This is intended to contribute to the environment, climate protection and sustainability, especially in cities.

The reason is quite simple: every year, almost 350,000 tons of waste are generated for disposable tableware and packaging in the to-go sector. System caterers and snack bars each contribute a third of this tonnage. This short use of to-go packaging has far-reaching consequences not only for the environment but also for cities and communities. To some extent, this is also reflected in the street scene: to-go packaging causes trash cans to overflow or is simply left lying around in the first place. In the meantime, 40% of the street waste in Germany consists of packaging for short consumption. For cities and municipalities, this means 720 million euros a year in costs for cleaning and disposing of disposable packaging waste (Deutsche Umwelthilfe, 2022; GVM Gesellschaft für Verpackungsmarktforschung mbH, 2018). This is where SDG#12.7 comes in: for example, the German Climate Protection Act regulates a preferential duty for climate-friendly products and services of municipalities. A similar regulation is made with the Closed Substance Cycle Waste Management Act for resource-saving products and services. Mandatory regulations now exist to anchor sustainability aspects in the public sphere. Plastic containers are used for purchases such as eggs. Organic food suppliers use reusable boxes – waste is to be avoided even before delivery (Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), 2022).

These approaches, which can certainly be seen as a challenge, are part of *Klinglwirt's* overall concept. Although they are reflected in the price calculation for food and drinks, it is an important concern for Sonja Obermeier that people with an average salary can also afford a visit to *Klinglwirt*. She does not want to charge gourmet prices – it is better to have smaller portions, so nothing is wasted.

Business and Greater Good

Klinglwirt's philosophy is the reason why the demand for jobs is quite high, for example in service. That's why *Klinglwirt* has fewer staffing problems than most other restaurants in Munich, as awareness of sustainability is very widespread, especially among younger people. They apply for positions at *Klinglwirt* because they like the concept. Therefore, they also sell well because they are convinced of the concept. In the kitchen, this attitude is also gradually being adopted by the kitchen staff. The staff is thrifty in its use of goods and does not treat them wastefully; the attitude is being internalised.

As a matter of principle, Sonja Obermeier donates to Amnesty International, Greenpeace or Doctors Without Borders, for example. For her, this is a matter of

conviction. *Klinglwirt's* staff is international or has an intercultural and/or asylum background. Furthermore, *Klinglwirt* participates in the Munich regional group of Gemeinwohl-Ökonomie Bayern e.V. (GWÖ).⁸

Further commitment is difficult for the mother of two children against the background of the time resources. What counts here is the focus on *Klinglwirt's* core competence – offering guests good regional products and good food at an acceptable price.

What Next for *Klinglwirt* and SDG#12

The next steps for *Klinglwirt* are to offer more vegan meals. Currently, the menu features one vegan main course and one vegan dessert. The goal is to offer about a third of the meals as vegan meals. Furthermore, the conversion of several side meals to purely vegetable ingredients, e.g. mashed potatoes, is planned.

Moreover, the corporate recovery from the COVID-19 pandemic, which has not yet been overcome at present, is on the agenda. Against the background of the two lockdowns in Bavaria and the associated financial losses, the aim is to generate sufficient reserves again. In addition, Sonja Obermeier would like to build up a second mainstay, which will go in the direction of mentoring sustainable start-ups of restaurants. She sees herself as an ambassador or pioneer in the sense of SDG#12.8 (promote universal understanding of sustainable lifestyles). With her commitment, she thus makes a considerable contribution to raising awareness, especially among future entrepreneurs. Due to her qualifications and experience, she is particularly authentic and trustworthy. Details have not yet been finalised, but she would like to encourage and inspire other people to start up in the restaurant sector. In her opinion, there are too many myths and prejudices about start-ups in the restaurant sector, which she would like to dispel. These include, for example, the permanent presence of the owner to control the employees. Furthermore, one cannot earn money in the restaurant sector that one cannot make a living from it, etc. A first step in this direction is a podcast, in which Sonja Obermeier reports on the founding of the business, her business model and her business philosophy (*Gastrogrün – Nachhaltiger Erfolg für Restaurants und Cafés*). Even though the *Klinglwirt* is facing many challenges – for example, the aftermath of the COVID-19 pandemic, the shortage of skilled workers, especially in the restaurant sector, and the impending energy crisis due to the Ukraine war – this is no excuse for the family business.

Sonja Obermeier and her team are aware of the importance of the SDGs in general and SDG#12 in particular for the business: environmentally friendly handling of all waste is to be achieved. Waste production is to be significantly

⁸Based on universal values such as human dignity, solidarity, social justice, ecological sustainability, transparency and co-determination, the GWÖ movement (=common good movement) is pursuing the realisation of a vision: a common good economy equipped with certain elements, anchored in law and as a guarantor for life in a society of the common good. The Munich chapter is trying to implement this idea in the city of Munich.

reduced through recycling. Food waste is to be reduced and sustainable management is to be practised. The climate impact should be kept as low as possible. Even if some of the SDG#12 targets have not yet been addressed or fully implemented, the *Klingwirt* is considered a benchmark in the Munich restaurant sector and should be an example to other restaurants.

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Chapter 5

Germany: 20 Years of Corporate Development of Frosta AG – From Thought Leader to SDG#12 and Category Leader

Adrian Ade, Stefan Kemp and Peter Klein

Introduction

Pioneering achievements consist of steering an entire industry into a sustainable direction based on strategic and entrepreneurial convictions. This cannot be only measured by collecting administrative metrics (Anderson, 2021). The following empirically supported case study reflects this notion and shows how Frosta AG anticipated the future and achieved SDG#12 leadership in the German fast-moving-consumer-goods (FMCG) segment of frozen food with a household reach of 98% (Lebensmittelverband Deutschland e.V., 2019). The family business has been able to pioneer responsibility and sustainability in food production and consumption starting about 15 years ahead of, for example, the Paris Climate Agreement and has thus given the industry and the value chains a strategic impetus for pioneering change.^{1,2}

¹This case study is prepared as part of a qualitative research project. The content is based on company documents as well as on personal interviews with the current family CEO Felix Ahlers, his sister Friederike Ahlers, Public Relations, and their father Dirk Ahlers, former CEO.

²Verbatim quotes refer to the joint personal interview conducted by the authors on 9 December 2021, with the CEO Felix Ahlers and his sister Friederike Ahlers. Quotes from the interview with the former CEO Dirk Ahlers on 17 March 2022, are referenced separately.

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 51–65



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doi:[10.1108/978-1-80455-840-920231005](https://doi.org/10.1108/978-1-80455-840-920231005)

Corporate Background

The company was established in 1957 through the use of open sea blast freezing of fish fillets. The initiator of this venture was Adolf Ahlers, an entrepreneur in the textile industry. Under the leadership of his son, Dirk Ahlers, the Frosta brand was registered in 1961 and the company developed into a market-leading manufacturer of frozen fish, ready meals, vegetables and fruit. Since 1988, the company has been operating as a corporation (plc). The main shareholders and key decision-makers in the operational management are members of the Ahlers family, today in the third generation, Felix Ahlers (CEO) and Friederike Ahlers (Public Relations). Looking ahead, succession from a fourth generation is a conceivable option (Uhlig, 2020). The company is family-owned with a family share of just under 50%. However, it is managed and controlled by the Ahlers family. Frosta AG generates sales of €552 million in Europe with around 1,800 employees in six countries, with international sales accounting for over 40% of the business (Frosta AG, 2021a).

Mission, Vision and SDG #12

The Initial Situation

‘In the beginning, everything was far away for everyone’ says Felix about the transformation of the company from a conventional manufacturer of frozen food to a sustainability leader. In 2000, Frosta AG was in an economically critical situation. The Frosta brand had no relevant value proposition in frozen ready meals, fish, vegetables and herbs. The company lacked a competitive advantage, which had consequences for the earnings situation: turnover, EBITDA, and group results showed negative trends (Frosta AG, 2002, 2003). Continuing would have ‘led to the decline and possibly collapse of the company and brand. It simply could not go on like this’ (Hetzer, 2018, Section 1).

A new strategic course had to be set: ‘We want to implement this [the change in strategy towards sustainable production and consumption] now. . .and as a family business we have the luxury of having a longer time horizon’. Their intention relates to SDG#12 target 12.1 suggesting a long-term orientation: The company was to be ‘completely repositioned’ (Frosta AG, 2002).

At that time sustainability was not yet a big issue: neither politically, socially or economically. Sustainability also had no high relevance in the context of end consumers’ purchasing decisions. While today 62% of all consumers consider sustainability critical for the purchase of consumer goods (Ott, 2021), a sustainable lifestyle in the sense of SDG#12, target 12.8 including aspects such as product origin or animal welfare did not play a significant role in 2003 (Frosta AG, 2004). Even today – 20 years later – Chairman of the Supervisory Board, Dirk, still states that ‘Frosta has the value proposition of the future’.

The Motivation

Family businesses pursue non-financial goals with higher priority than non-family businesses (Kemp, 2009). Family managers Friederike and Felix report that corporate goals such as ‘maximising profit’ and ‘high dividend payments’ are ‘less important’ from a family perspective. Their father, Dirk, who was approached with merger and acquisition offers during his time as CEO, also holds this view: ‘Maximising profit is not the goal’. A higher priority in corporate management is, for example, ‘employee satisfaction’ and ‘social commitment’.

Family businesses are systemically influenced by family owners (Tagiuri & Davis, 1992). Building and maintaining ‘Socio-Emotional Wealth’ (SEW) is a major quality of family businesses (Berrone et al., 2012). SEW refers to the stock of accumulated non-financial affective value in the family business (Gómez-Mejía et al., 2011). Empirical SEW measurements often show the deep integration of family businesses into their communities (Berrone et al., 2012). The owner’s family’s desire for identification with the business, meaningful relationships with stakeholders and transgenerational control play an important role. Combs et al. (2022) show that SEW can generate corporate resources. Therefore, the integration of the firm into its environment is not a ‘romantic weakness’ but a strength of family firms (Combs et al., 2022). This transforms the integration of family businesses from an economic to a social construct (Baumeister & Leary, 1995), whose operating principle is based on systemic reciprocity – put another way: sustainability.

The Purity Law

Felix’ background includes training as a chef and economist. As a chef, Felix is familiar with sourcing and preparing ingredients in high-end cuisine. When Felix joined the family business in the late 1990s, he noticed that the doctrine of industrial food production differed from traditional preparation methods using natural ingredients without additives. Industrial food production uses many additives, substitutes, and auxiliary substances. He wondered if there could be more authentic alternatives for the industry. ‘Why can’t we actually do that [traditional preparation methods] as a company? The [Purity Law] is a real distinctive feature that can give the brand differentiation power’.

What exactly is the Purity Law about? The considerations within the company regarding the planning and implementation of the Purity Law are at the core of the ‘complete realignment of the company’ (Frosta AG, 2002). This means consistent sustainability orientation and alignment in the sense of SDG#12, agreed upon by the UN some 14 years later. Frosta embarked on a long-term development journey in line with and beyond SDG#12, Target 12.1, suggesting a 10-year framework. Frosta’s long-lasting strategy is an attitude shift towards the spirit of the SDG#12 targets 12.1–12.9 and 12.B. At the heart of the Purity Law, introduced to the market in 2003, is to abandon any food additives. ‘We only use purely natural ingredients without any additives because we do not want to make our products optimal for the machines, but optimal for the people’. In 2008,

measures to reduce CO₂ emissions are added to the corporate agenda (Frosta AG, 2009). 2010 marks the beginning of a holistic environmental and climate balance sheet (SDG#12, target 12.6) again prior to the creation of the UN SDGs (Frosta AG, 2011). Thus, the corporate mission ‘We believe in real food’, which was created about 20 years ago with the Purity Law is as valid today. This attitude is supported by the sustainable corporate mission, valid since 2003: At that time, this mission already corresponded with the UN’s overall goal SDG#12. Today, Frosta is ‘in tune with the times’ (Frosta AG, 2021a).

The Environment

‘We were working on a large scale [on the Purity Law and its implementation] rather than with a group of [just] five people. The entire company was part of the initiative, and this is how the enthusiasm was developed’ says Felix about the first steps towards the new sustainability strategy. However, the desired transformation generated internal scepticism. Additives were an integral part of the industrial food doctrine and part of the educational background of, for example, food technicians and mechanical engineers. Felix and Friederike report a phase of about 2 years ‘at the end of which most of the employees were convinced because they had the opportunity to work on it themselves, and to convince themselves of the Purity Law’. At Frosta, owners, managers, family members, employees, and ‘suppliers were, of course, involved very early on’.

Business Model and SDG #12

Frosta’s business model is based on a strong brand business with high differentiation power for its frozen products. Since then, different targets of SDG #12 are addressed by the company’s operations and products.

Frozen food is showing significant growth, due to greater health awareness of consumers in modern societies. Frosta AG develops and produces frozen products at four international locations (Frosta AG, 2021a). These production sites serve the sales markets in Germany, Poland, Austria, as well as Italy, and other parts of Eastern Europe. Customers in the markets are not only food retailers, but also business customers (e.g. food service operators) and end consumers. Fish, vegetables and fruit, as well as ready meals, form the product portfolio (Frosta AG, 2021a). With the launch of the Purity Law in 2003, Frosta has stopped adding any additives or flavour enhancers. Through this, Frosta positions itself as a premium brand for healthy frozen food and promotes SDG #12 target 12.4. Hence, artificial additives are omitted to reduce their adverse effect on human health. The fundamental focus on consumer needs for healthy and natural frozen food is core to the value proposition. Recent developments supported this orientation. Frosta pays special attention to ‘transparency and honesty’ towards its customers. Dedicated ingredient lists going beyond legal requirements are intended to build consumer trust.

When Frosta questioned its product range fundamentally at the beginning of the 2000s, ‘we saw that with frozen food it is technically possible to reproduce the traditional cuisine that people like to cook at home just on a larger scale’. When Felix says Frosta ‘makes 100%, so 100% declaration’, this means that collective terms like ‘spices’ in the ingredients list are taboo. In addition to the food itself, the packaging is also subject to continuous improvement efforts. To support SDG’s target 12.5 of waste reduction, the company only uses recyclable plastic bags and aims for the introduction of an alternative paper bag packaging. The product portfolio was reduced by about 50% and it was clearly communicated internally that now there would be a clear focus on cooking high-quality food. Since 2008, the publication of the CO₂ footprint of the production process has been a key element of the group’s internal sustainability practice together with the aim of setting up a climate-neutral vegetable plant. Hence, the company addresses SDG targets such as avoiding wasteful consumption of fossil fuels (SDG#12.c) and efficient use of natural resources (SDG#12.2). Frosta operates vegetable and herb farms at two locations in Germany. The processing plants are owned by Frosta and employ around 300 people. They are certified, in accordance with the EC regulation for organic farming. The Frosta Group’s business is divided between 57% in Germany and 43% abroad. The Frosta brand achieved the greatest growth with +13.5% on an annual basis (Frosta AG, 2021a). Nevertheless, dedication to sustainability has always been important to the company’s management. Since 2015, Frosta donates 2% of the total dividend amount to social projects. Frosta’s results stagnated in the early 2000s due to its fundamental change of strategy.

If we had set the goal for making the fundamental change to only one or two years, then we would perhaps not have done many of the far-reaching things in the beginning and missed the strategic intention.

The ‘Purity Law’ achieved an unexpected effect. Sales of the Frosta brand plummeted by around 40% and one in 10 employees had to be laid off. The existence of the family-owned company was at risk (Terpitz, 2022). The CEO at the time, Dirk, also states that marketing decisions made at the time almost ruined the company (Hetzer, 2018). However, especially as a family business, they had the opportunity to pursue a longer-term strategy. A turnaround was achieved after three unsuccessful years. Nevertheless, the result of the realignment is positive on a ten-year roadmap measured in terms of EBITDA, earnings almost tripled over the period from 2004.

Stakeholder Relation to SDG #12

One of the tools frequently used to analyse the environment of organisations is stakeholder analysis. Of particular interest is the identification of the stakeholder groups and the assessment of their ability to influence the organisation. The

objectives of every company should be aligned with the interests of the stakeholders.

Overview

While inventing its sustainability strategy, Frosta has identified the main stakeholders: Value chain partners, customers, target groups, regional institutions, representatives from the social and institutional environment and its own employees. Thus, the sustainability report states, referring to SDG#12.8: ‘Since 2003, we have been fully committed to the topic of sustainability. And by us, we don’t just mean Frosta itself, but the entire ecosystem in which we operate. To meet all needs, we are in close exchange with our stakeholders’ (Frosta AG, 2021a).

The management of Frosta AG has made the stakeholder approach a central topic. Workshops with employees at international locations identified and prioritised action areas. The action areas differentiate between economic, ecological and social aspects in accordance with the three dimensions of sustainability, which are summarised by a significance matrix (Fig. 1) and address SDG goals 12.2 (efficient use of natural resources), 12.3 (food losses) 12.5 (waste reduction) and 12.8 (awareness).

A particular characteristic is not only the diversity of the action areas but also the interesting approach of involving many employees in the development phase (Frosta AG, 2021b). Local and international aspects are captured. Overall, this process increased the likelihood of wider acceptance by employees and local management.

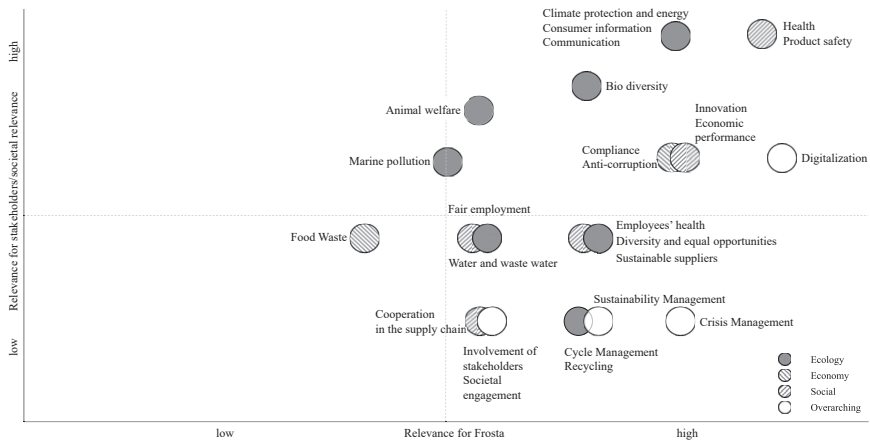


Fig. 1. Significance Matrix of Frosta (Frosta AG, 2021b).

Suppliers

Clear objectives and measures, in particular referring to SDG#12.2 and SDG#12.3, were developed for each action area. For example, product quality and safety are measured by the complaint rate of the Frosta brand. The target is to reduce this rate by 20% compared to the previous reporting period. In the context of environmental and climate protection, the reduction of the total meat content of all ingredients is to be reduced by 20% in the same period. Frosta also wants to strive for a legal standardisation of the labelling of the CO₂ footprint on the packaging.

An overarching long-term goal until 2024 concerns biodiversity, under which the measures for the protection of biodiversity and the conservation of ecosystems in agricultural landscapes are summarised addressing SDG#12.5. Here, Frosta wants to engage in the process of new developments of a scientific calculation standard for biodiversity.

Packaging, especially plastic, is an important topic in the ecological discussion. Therefore, Frosta specified strategic guidelines for all packaging clearly focussing on SDG#12.2 and SDG#12.5:

- No packaging material made from potential food products
- Multiple single-variety recyclability
- Biodegradability

To comply with the guidelines, Frosta must involve suppliers along the value chain. For this reason, a code of conduct has been developed that defines ethical and social standards. Regular audits and certifications ensure compliance with the standards that follow the idea of SDG#12.6 and SDG#12.8.

However, the partnerships with suppliers go further beyond. Packaging that does not yet exist on the procurement market (for example, recyclable paper bags for frozen food) is set up as a standalone research and development project (Frosta AG, 2021b).

Clients and the Market

From Frosta's point of view, two strategic groupings can be distinguished: Retail organisations as trading partners and consumers. Thus, it is not at all surprising when Felix says

The most important stakeholder groups are clearly the customers, i.e., the buyers, the retailers, and [then] the consumers.

However, unfavourable experiences in the company's transition towards sustainability and the launch of the Purity Law also play an important role here. Frosta realised, however relatively late, that intensive communication with its sales channels is critical to success. All too often, Frosta saw itself as a producer that creates and manufactures products. The highest priority was given to recipes

and the refinement of ingredients according to the self-imposed Purity Law. Neither the trade nor the customers had understood the new concept and its benefits deriving from the products and brand strategy change. Convincing the central and regional buyers of key accounts and getting them on board now became the ad hoc task for the entire management board. Regardless of the respective department, all members of the Executive Board had to approach and engage customer groups to promote the Purity Law concept with its benefits to make up for what had been missed ‘My team and I relied on the market researchers’ and overlooked the fact that ‘people [consumers] no longer recognized the brand[. . .]’.

Several measures have been taken to immerse consumers, support their loyalty and provide transparency. The ingredient declarations on the packaging go far beyond the legal requirements, for example in terms of origin and the level of detail (SDG#12.8). Another demonstration of transparency is the opening of a ‘transparent factory’ for fish sticks in Bremerhaven, which provides a panorama view of ongoing productions. In addition, public relations work – actually the customer approach – is supported with intense multi-channel media work. Of course, social media is used intensively and consumer-generated content including reactions of any kind is reflected on the website (<https://www.frosta.de>). Frosta is also transparent here and engages with customers consistently and honestly. Ahlers confirms that customer statements, praise and criticism are published uncensored in forums such as the Frosta blog (SDG#12.8 can be recognised here).

Politics and the Public

Of particular significance for Frosta are the stakeholder groups of politicians and the public (referring to SDG#12.8). The food industry is characterised by various forms of regulations and legal framework conditions, which also have an impact on the public. These primarily concern the labelling requirements of ingredients. For Frosta, these regulations apply without restriction, which as such is nothing special. However, Frosta uses the regulations as a minimum benchmark indicating the differentiating features of its products transparently and beyond the legal requirements. As such, the ingredient list should become a differentiation factor for Frosta. However, the approach also implies a risk for Frosta. For example, Ahlers says: ‘The legal regulations do not help us, but actually make it difficult for us to differentiate ourselves from others’. The background to this assessment is that Frosta considers the legal regulations to be too imprecise and vague: An example is the ingredient salt. Silicon dioxide, which is used as an additive and anti-caking agent, is not subject to separate labelling requirements in ready meals because it has no technological effect on the end product. For this reason, an exemption from the labelling requirement applies which allows the ‘concealment’ of silicon dioxide under the generic term salt, which in the eyes of Frosta is potentially not in accordance with SDG#12.8.

Similarly, solvents and carriers for additives, flavours and vitamins such as alcohol, edible oil, sugar or maltodextrin. They are not considered ingredients, provided they are used only in the technologically required quantity.

In a high-profile letter to the responsible federal minister, Felix says: ‘we need more food and less fake - and above all, we need a transparent declaration not only for additives but also for flavours and additive imitations’ (Frosta AG, 2021b). Ahlers’ position is that, in his view, the federal government is giving priority to further research projects for the development of substitutes. Therefore, Frosta supports petition initiatives such as ‘Ehrlich isst besser’³ (Frosta AG, 2021), which demand a complete listing of all ingredients in food, provide for a uniform labelling requirement of flavoured foods, and call for clarity and comprehensibility in the declarations of additives (Frosta AG, 2021b).

Retrospective: Lessons Learnt ‘SDG#12 Perspective’

A retrospective review identifies various ‘lessons learnt’ that accompanied the process towards Frosta’s current level of sustainability. The most important factors are:

- (1) Participation of employees as early as the conceptual design stage (SDG#12.8)
- (2) Sustainability as the central point of strategic orientation (SDG#12.6; SDG#12.8)
- (3) Consistent implementation (SDG#12.3; SDG#12.4; SDG#12.5)

Truthful reflection and agile response, as mentioned above, is of paramount importance. The family management admits having paid too little attention to the ‘most important stakeholder’ during the implementation phase and market launch, which explains the economic slump in 2003. Although the abandonment of flavour enhancers and other additives was the inevitable step to implementing the Purity Law, it met an unprepared stakeholder environment. Neither the trade nor consumers responded positively to the changes. While the natural taste resonated well with consumers, the price increase of about 0.30€ per ready meal triggered the rejection. Improved communication and transparency (SDG#12.8) opened the way to winning back the acceptance of consumers and also of retail partners. Even today, this stakeholder group is at the centre of brand communication around health as well as product safety and quality.

Business and Greater Good

Frosta has donated 2% of its dividend sum to charity since 2015. This is used to support projects in the areas of youth development. At its locations in Germany, Frosta pursues various projects, for example, equal rights for young women during International Women’s Day or multicultural cooking events to promote social cohesion. However, especially in an international context, Frosta is involved in the local environment of its locations and the countries of origin of its

³‘Ehrlich isst besser’ can be translated as ‘The taste of honesty’ and refers to an initiative for transparent lists of ingredients.

ingredients. ‘Half of the donations go to the countries we work with, especially to developing countries’, states Felix.

In cooperation with the aid organisation Plan International, Frosta supports a social project to build job prospects for young people in Ecuador. 900 young people have now benefited and participated in over 100 educational workshops (Frosta AG, 2021b). Hence, the SDG’s target 12.8 is addressed by providing relevant information and an awareness of sustainable development via education. During the COVID-19 pandemic, seven tailoring workshops were able to emerge and produce 11,000 masks for the local population. Among the track record in Ecuador, Frosta now records 209 jobs created, 27 small vegetable farms and 4 bakeries.

Diemand (2022) names animal welfare, assortment design and food waste as essential aspects in the context of an industry check and review of retailer value propositions (see Fig. 1). The following will review these aspects to Frosta’s respective engagement.

Animal welfare deals with the keeping, transporting and slaughtering of animals. To ensure animal welfare on land, Frosta always requires access to its suppliers and, if necessary, to obtain audit certificates. In parallel, Frosta is committed to animal husbandry at sea. To counteract overfishing of the oceans, Frosta only processes fish and seafood from certified fisheries and aquacultures. Hence, the sustainable use of natural resources as per SDG target 12.2 is an element of Frosta’s operations.

In addition to the selection of suppliers based on aspects such as regionality or organic quality, the assortment design considers ecologically produced and marketed foods. In addition to screening its suppliers, Frosta sources its demand from cultivation areas around the world. Thus, improved growing conditions avoid the use of pesticides and prevent a larger CO₂ footprint due to the transport route. Furthermore, Frosta tries to switch its packaging to paper in the next few years. Hence, the SDG’s targets of preventing chemical usage (SDG#12.4), a reduced carbon footprint (SDG#12.2) and recyclable packing (SDG#12.5) are addressed.

As per the SDG’s target of food waste (SDG#12.3), companies are trying to counteract the wastage and waste of food with their own or partnership initiatives (see Fig. 1). Frosta sees itself in a good position as a frozen food producer, as the products can often be stored for months and there is, therefore, less risk of the best-before date expiring than with items that may only last a few days. Any surplus resulting from changes in the product range, for example, is donated to social projects as far as possible. These donations increased from 20 tonnes in 2019 to 28 tonnes in 2020 (Frosta AG, 2021b).

In summary, Frosta’s social and environmental commitment covers a wide range of projects with a variety of stakeholders along the entire value chain. From the choice of suppliers to food production and consumption – i.e. beyond the company’s direct sphere of influence – sustainability aspects form the guidelines, Frosta is credited with having defined a new industry standard early on with the creation and launch of the Purity Law and with making a benchmark and social contribution with its own initiatives.

Measurements

National and International Standards

Frosta's sustainability strategy is subject to quantified measurements that are in formal accordance with the standards of the 'German Sustainability Code' (Frosta AG, 2021b). This state-financed framework comprises 20 criteria and measurements that make sustainability initiatives transparent (<https://www.deutscher-nachhaltigkeitskodex.de>). Corresponding reports fulfil the legal requirements of the German CSR legal guideline, which imposes reporting duties on German companies depending on revenue, total assets, capital market orientation and a number of employees. However, Frosta is not required to report as per this guideline. Therefore, Frosta's sustainability reporting is voluntary.

Measurements of SDG#12 Aspects

Frosta reports regularly in the form of a sustainability report under their motto 'Frosta for Future' on the objectives and status of its many sustainable initiatives. Frosta has defined sustainability goals according to the categories shown in the significance matrix (see Fig. 1). Under the perspective of SDG#12 measures, we highlight the following examples structured in five clustered categories. (1) 'Product quality and safety' is measured by customer complaint rates, which are to be reduced by 20%. (2) 'Environment and climate' has the goal of reducing specific greenhouse emissions and achieving climate-neutral manufacturing processes in the long term. (3) 'Biodiversity' focusses on protecting and preserving ecosystems in agricultural landscapes. (4) 'Digitalisation' focusses on reducing electricity consumption and CO₂ emissions through digital solutions and transformations. The category (5) 'Packaging Characteristics' aims as a general goal to achieve no long-term negative impact on people and the environment through packaging. In each of these listed categories, specific target contents are defined quantitatively and qualitatively which are summarised below (cf. Table 1).

Table 1. Measures and Timetable for Achieving SDG#12 Targets based on Frosta's Sustainability Report (Frosta AG, 2021b).

Category	Goal	Schedule
Product quality and safety	Reduction of the complaint rate (for products of the Frosta brand) by 20% compared to 2018	Long-term
Environment and climate	Reduction of the total meat content by 20% compared to 2018 in the production of the products	2022
	Promotion of legally standardised labelling of the CO ₂ footprint on packaging	Continuously

Table 1. (*Continued*)

Category	Goal	Schedule
Biodiversity	New development of a scientific calculation standard for biodiversity	2024
	Creation of 100,000 m ² of ecologically valuable habitats and further development of the biodiversity area.	2022
Digitalisation	Reduction of power consumption by 80% compared to 2018 due to migration of telephony to MS teams	2025
	Reduction in the use of air conditioning by switching to cloud servers	2025
	Reduction of business travel including company vehicles by 40% compared to 2020 due to remote workplaces and online communication	2025
Packaging characteristics	No packaging material made from food (e.g. corn-based bioplastics)	2025
	Multiple and unmixed recyclability	2025
	Biodegradability	2025
	Conversion of secondary packaging (outer cartons) to 100% recycled paper	2023

Family Aspects

This case study suggests that legal reporting requirements may insufficiently reflect the sustainability orientation of a company. The Paris Climate Agreement and SDGs date back to 2015, and the CSR guidelines date back to 2017. Still, Frosta pursues its sustainability strategy since 2002. At that time, Frosta was ahead of the curve. This meant that sustainability orientation goes beyond the preparation of reports into the area of the owner's family's values and attitudes and perhaps the desire for an emotional return.

Business Aspects

Frosta's Purity Law has proven to be a distinctive feature that gives differentiation power to the brand. Realigning the strategy towards a sustainability orientation reversed the business odds. In 2003, Frosta's reason to exist was in question, yet in 2021, it maintains its market leading position and a contemporary value proposition. Long-term and current business measurements suggest that Frosta's sustainability strategy secured the commercial continuity of the business strategically and that it still does. The business strategy delivers commercial return and therefore seems to have paid off.

Bottom Line

The reflection of measurements related to Frosta's sustainability strategy suggests that the more recent quantifiable sustainability measurements and the measurement of the business impact are necessary conditions for stating the course of the company. However, the strategy's origin and execution have not been driven by legal requirements or by a desire for maximum profitability. The values and attitudes of the owner's family and the willingness to move ahead of the curve were and still are the original driving force. Thus, in this case, emotional returns and commercial returns are the pioneers of what is measured as a legal requirement today.

What's Next?

CEO Dirk Ahlers explains that, in his view, the legal form of a public limited company guarantees management continuity and a strong management team.

The separation of the Executive Board and the Supervisory Board is an organizational guideline that avoids conflicts by clearly assigned roles and responsibilities. Therefore, it is particularly useful for family businesses.

The management is committed to innovative product development, which will remain a key differentiator for Frosta:

We are convinced that there is no other brand that pursues a concept so consistently. If you then take a close look at [the competition] [..], you can see that no one does it as completely as we do.

'We have the value proposition of the future', says Dirk Ahlers, 'I believe that we are not lacking ideas'. Frosta classics are offered as vegan variants without additives or flavours. This ties into Frosta's sustainability strategy, as vegan dishes reduce the CO₂ footprint by up to 30%. The overall aim is to reduce the meat content of all ingredients by 20% (Unknown Author, 2022). Hence, Frosta continues to address SDG#12 targets such as 12.2 and 12.8.

Sustainability will remain at the core of Frosta's way of engaging with stakeholders. At Frosta, sustainability is not a technical execution of standards and laws but an attitude. In that sense, we observed connections to other SDGs including, but not limited to, Climate Action (SDG#13), Life below Water (SDG#14) and Life on land (SDG#15).

Epilogue

Of course, Frosta is subject to generic business risks such as unpredictable cost developments or changes in customer preferences. The following challenges were identified to be specific to Frosta's economic sustainability.

Strategic Challenge: Product Imitations

Maintaining sustainable differentiation is a strategic challenge because the guiding principle of the Purity Law can be imitated. Meanwhile, sustainability is likely to have arrived at all levels of the supply chain, so it can be assumed that the entry barriers for competitors will be lower over time.

Politics: Today's Differentiators Become Tomorrow's Standards

Policy plays an important role. Frosta's unique selling proposition is based on exceeding legal requirements, dealing and communicating transparently with the customer. This enables Frosta to play a unique leadership role. However, what happens if the political framework changes in such a way that Frosta standards evolve into an industry standard? The Purity Law would lose its differentiation power.

Challenge Procurement Markets: Dependencies

Not without pride, Felix refers to the selection of suppliers who (must) follow Frosta's specifications. Although this is not the standard in the areas where R&D is carried out, this is a double-edged sword because it can lead to dependencies. The more specific the product or service, the more supplier power tends to increase. Therefore, if exclusive agreements exist, disadvantages for Frosta can also develop from this (for example, price dependencies and delivery conditions).

Our concluding reflection is an aspect of family business research arising from this case study. We suggest that family businesses could be 'born sustainability leaders'. The proposition is that environmental integration and sustainable action are related concepts that correspond in meaning and impact. This could even increase the importance of family businesses in attaining the sustainable development goals.

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Chapter 6

Ireland: Bewley's Coffee

Poh Yen Ng

Introduction

Promoting sustainable patterns of consumption and production is one crucial effort to ensure the resources of the Earth are managed efficiently for future development. The continuous growth in the world's population and a surge in consumerism as countries develop are forcing more competition for resources to fulfil the growing needs of humanity. According to the United Nation's latest SDG report ([United Nations, 2022](#)), the reliance on natural resources is rising by over 65% globally from 2000 to 2019. But at the same time, waste and pollution are also increasing exponentially. This suggests high inefficiency in the use of resources would jeopardise future development. As such, there are calls to decouple economic growth from environmental degradation ([Sanyé-Mengual et al., 2019](#)). Sustainable consumption and production (CSP) offer an integrated approach that extends into economic, social and environmental aspects of sustainable development which help to provide a systemic change to manage resources in a sustained way. One family business: Bewley's Limited, headquartered in Ireland with operations in the United Kingdom, is managing sustainability through relationships, community and environment. Bewley's works hard to ensure its business manages resources and production responsibly and is cautious of its carbon emissions and actively supports others' success.

Products and/or Services Offered by Bewley's

- Grumpy Mule, Eros and BE coffee brands
- Bewley's and Eros tea brands
- Rude Health dairy-free drinks
- Sweetbird syrup and extras

Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 67–76



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doi:[10.1108/978-1-80455-840-920231006](https://doi.org/10.1108/978-1-80455-840-920231006)

- One World's bakery and snacks
- Bewley's Café

Background to Bewley's

The history of Bewley's begins in Ireland. In 1835, the Yorkshire-originated father and son, Samuel and Charles Bewley decided to challenge East India Company's monopoly on tea trading by importing tea directly from Canton, China, to Ireland. This risky decision paved the way for a long-standing family venture. Joshua Bewley, brother of Charles, established the China Tea Company in 1840, which later became Bewley's coffee today. After gaining a reputation in coffee and tea trading, Bewley's opened its first café which offered the first in-store roast coffee in Dublin. Joshua was succeeded by his son Ernest Bewley who imported the first Jersey cows into Ireland from Jersey Island, as his motto says, 'I want the best of everything and that's not good enough'. The pursuit of excellence with a unique family atmosphere enabled the business to grow successfully over the years. Victor Bewley took over the business from his father Ernest and made Bewley's a household name in Ireland since 1932. The business endured through generations of family successors. But it was acquired by Patrick (Paddy) Campbell in 1989 who then formed the Campbell Bewley Group with a family member from the Bewley staying on the board of directors. Patrick Bewley was the last direct line to Bewley's family dynasty to be on the board of directors as he passed away on the 26th of December 2021 ([The Irish Times, 2022](#)). Bewley's brand name remains in this newly formed group as it carries *a spirited history of adventure and originality*. Paddy's son, Cól, is currently the Chairman of the group.

Under the leadership of Campbell's family, Bewley's ventured into the international markets by setting up operations in the United States, where it is traded under the following names: Rebecca's Cafe and Java City since 1997, then in 2011 the Bewley's UK. Today, Bewley's is one of the largest coffee roasters in the United Kingdom and Ireland. The business also includes the provision of tea and coffee solutions to the hospitality and service sectors. In the United Kingdom, Bewley's owned a roastery in Meltham, Yorkshire, four distribution centres, and provides close to 260 jobs at an average turnover of £50 million a year. The roastery reached its capacity of 1,200 tonnes in 2018. Bewley's is also the first certified Carbon Neutral Specialty Coffee Roaster in the United Kingdom which it achieved back in 2008. The Guild of Fine Foods has also voted their coffee as 'Best UK Coffee Brand' four years in succession 2013–2017 (Grumpy Mule Coffee, Bewley's Artisanal Coffee brand produced in Yorkshire).

The success of Bewley's is closely linked to the Quaker beliefs of the founding Bewley family. This 'religious' process of decision-making developed more than 350 years ago has attracted interest in management and organisation studies ([Muers & Burton, 2019](#)). The Quakers carry a unique set of ethical and moral priorities. As such, this family firm emphasises the values of community, equality, honesty, fairness and integrity of character, which influences the way business is managed and these beliefs are still exhibited in their business value today:

- We respect people.
- We are enterprising and resourceful.
- We do what we say we will do.
- We make our planet a better place to be.

The business values espoused by Bewley's offer a strong foundation for it being a sustainable family firm. Bewley's is a proud advocate of the power of community where they build strong and genuine relationships with various stakeholders including the planet. Continuing this legacy, the Campbell family led Bewley's in becoming the first Fairtrade-certified coffee in 1996. Bewley's Ireland, which is headquartered in Dublin, became carbon-neutral in 2008, way before sustainability was attracting attention on the global stage. This strategy is nicely aligned with SDG#12.2, which is *to achieve sustainable management and efficient use of natural resources*. In the United Kingdom, Bewley's also spearheaded several initiatives displaying their core value such as donating over £300K over the last three years in Fairtrade Premium and supporting research on the sustainability of coffee cups where the outcomes have been submitted to the Government Enquiry into coffee cup waste. This latter initiative can be linked to SDG#12.5 which aims to *substantially reduce waste generation through prevention, reduction, recycling and reuse*.

Being a coffee roastery and trading company, Bewley's is aware of the negative impacts its business brings to the environment. From working with growers in developing nations to shipping the beans to a roastery facility located in Yorkshire and then distributing them to customers around the United Kingdom, the business generates an enormous carbon footprint and emissions. As such, Bewley's has constantly looked for ways to mitigate environmental risk and work with partners to make the world a better place. They have also participated in social and well-being programmes by promoting gender empowerment at the farm level, supporting local food banks in Yorkshire, located its new southern UK office to a farm to encourage employees' well-being. Bewley's also formed a team called 'Bewley's for Good' that constantly examines and improves the way they do business with the world. In sum, Bewley's has coupled sustainability into its business strategy as shown in Fig. 1. Based on the sustainability framework focussing on people, sourcing, operations and offer, they track progress against objectives set annually. The family business prioritises three global goals, i.e. SDG#10 Reduced Inequality, SDG#12 Responsible Consumption and Production, and SDG#13 Climate Action.

Aligning the family business with SDG# 12 – Sustainable consumption and production Bewley's has a bold mission to ensure

Everyone whose lives are touched by Bewley's has the chance to thrive.

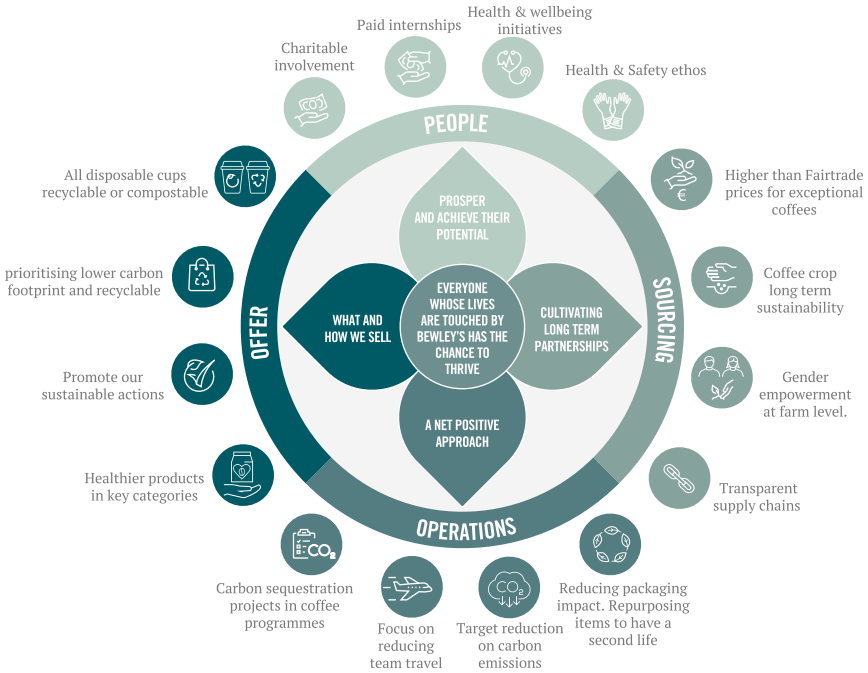


Fig. 1. Bewley’s Sustainability-Driven Strategy (Bewley’s, 2020).

With this, they have a vision to

...provide a leadership framework that empowers our team to work responsibly today for themselves, our business, our community, and our future world.

To realise the mission and vision, their business position as the leading coffee producer requires a closer look at how they produce and roast coffee. As said by David Turney, the National Account Manager in the United Kingdom:

Our business has a very negative environmental impact. Growing coffee is great but we harvest it and ship it to a roastery 8,000 miles away. Then we roast it in incredibly hot ovens, which uses an awful lot of energy. Then we pack it into something you can't recycle. We ship it off somewhere, who then takes a machine and again uses this incredibly high energy to produce a cup of coffee and heat it and whatever else to serve it to someone into a cup that may not be recyclable. So, every piece of what we do along the line has a negative impact on the planet. The more coffee we sell, the more carbon we produce.

(D. Turney, personal communication, 3rd October 2022)

The critical reflection on the challenges of running a successful coffee trading and roastery business motivates the family business to align its values with good business practices constantly. As such, they have developed several programmes and accomplished significant milestones in ensuring sustainable production and consumption.

Sustainable Production

Bewley's sourced coffee from all around the world so it is crucial to monitor the bean-to-cup journey and consider the impact on profit, people, and the planet, which aligns with the family business values. Back in 2000, Bewley's in the United Kingdom started to support Fairtrade and pay above the Fairtrade minimum price for all the branded coffees. Through this system of certification, Bewley's ensures their coffee beans are produced by farmers and workers who are treated fairly with safe working conditions and fairer pay. Their commitment to the Fairtrade programme continues through the years where Bewley's purchase of Fairtrade coffee has increased by over £1.5 million in the past five years. This aligns with SDG#12.1.1 where the family firm shifted its sourcing policies with a focus on sustainable production. Along with Fairtrade-certified coffee, the company has developed a long-term relationship with farmers at the origin. These relationships enable Bewley's to provide 100% traceable coffee and allow direct trade that benefits the grower communities. Bewley's delivered several meaningful impacts to the grower communities. Socially, they supported the community around Finca Santa Paula in Coban, Guatemala, for many years through the school building, equipment and teaching improvement fund by donating 20p per pack of Guatemala Pocola sold (under the brand Grumpy Mule coffee). They have also worked with the Capucas Cooperative in Honduras to provide a dental clinic for coffee growers in the community. Another project in Northeast Nicaragua where Bewley's donated £9,000 to fund a building that is currently used by a group of women working at a coffee mill to develop energy bars to sell into the local market.

From environmental and economic aspects, Bewley's assisted a group of farmers in Comisuyul, a village in the central highlands of Honduras, who have been struggling with an airborne fungal disease specific to coffee which affected the health of coffee trees and yields. This effort is in line with target SDG#12.a: *to support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production*. With financial resources from Bewley's, two field-based agronomists were engaged to assist in the development of educational coffee programmes that would help the farmers to improve quality and yields. This initiative bolstered the crop's long-term sustainability by improving local biodiversity and coffee yields, in agreement with SDG#12.2.2 *to ensure the efficient use of natural resources*. Besides the global coffee grower communities, a family business like Bewley's takes pride in its long-term relationship with local suppliers. For instance, one of their milk suppliers has been providing milk since the eighteenth century in Ireland.

Bewley's has a long-term goal to support more farmers moving up the value chain. They have worked to connect some of their farmer partners with consumers. In several Fairtrade Fortnight¹ events, and farmer events at universities and companies in the United Kingdom, Bewley's stresses the importance of minimum pricing and long-term partnerships for the coffee communities. In one of those events, one of their partners from Honduras shared how climate change is affecting coffee growers and the community, low price challenges and the importance of female role models in the communities. Through these initiatives, more voices were given to the grower communities in the supply chain of an important commodity. To address the low commodity price for coffee growers especially female farmers, Bewley's works with Cafe Femenino Foundation in Peru by empowering female coffee growers to grow, market and sell their coffee in their names, creating a unique and premium selling feature in coffee. By paying a premium for every bag of Peru Femenino coffee, women in Peru are supported to claim legal rights to the lands they farm, to take up leadership positions within the co-operative, to receive an ethical price for their crops and earn a wage which is equivalent to the national minimum wage (Wendel, 2021). In addition, the coffee grower communities are also encouraged to seek certifications on their coffee beans to receive premium and competitive pricing. As a result, more than 92% of coffee roasted in Bewley's roastery is certified Fairtrade, Rainforest Alliance and Organic, and many have received all three certifications. Besides coffee, all Bewley's teas are also ethically and responsibly sourced. The ethical sourcing approach provides a competitive advantage to Bewley, where they can uphold the quality and value of their coffee and tea. All these efforts are important to ensure the sustainable production of Bewley's key ingredients.

Sustainable Consumption

One of the main goals in the sustainability framework of Bewley's highlights its enthusiasm to introduce healthier products in key categories (Bewley's, 2020). As such, Bewley's devoted enormous time and investment to creating new product lines that consider the health benefits of consumers. For example, their 'better for you' range of snacks considers the dietary needs of customers and health-conscious trends in the market. Using certified sustainable palm oil with Roundtable of Sustainable Palm Oil (RSPO) standards, the range includes brownies and on-the-go bars under 250 calories per bar. Their One World Bakery also offers snacks, muffins and cookies that are Fairtrade-certified. Aligning with the effort to reduce climate impact, Bewley's also introduced Rude Health non-dairy milk alternatives to go with their coffee and tea. With a transparent supply chain through sourcing from long-term partners, Bewley's can leverage these relationships to provide high-quality and healthy product ranges.

¹Fairtrade Fortnight is an annual promotional campaign which aims to increase awareness of Fairtrade products.

In the United Kingdom, about 2.5 billion disposable coffee cups are creating approximately 25,000 tonnes of waste each year (Doward, 2020). Bewley's is aware of the high carbon footprint and challenges of recycling cups and packaging as a coffee and tea producer. As the first coffee company to spearhead research into reusable cups back in 2016, Bewley's has been actively promoting the use of reusable cups in all its distribution channels. They then introduced 100% recyclable and 100% compostable cups the following year, supporting SDG#12.5 by *substantially reducing waste generation*. In 2022, their sales of disposable cups plummet by 30% while sales of reusable cups doubled. Using a similar knowledge set, Bewley's introduced a range of 100% compostable coffee capsules, which used 100% bio-based materials in 2018. The capsules can be used with a range of home coffee machines including Nespresso coffee machines. They are also an active member of an industry body: Paper Cup Recovery and Recycle Group which aim to increase the recycling rates of on-to-go cups. Bewley's has also sponsored the 'Glasgow Cup Movement' that aims to raise consumers' awareness of making more sustainable cup choices. Their innovative effort and commitment to bringing sustainable solutions to the popular coffee culture aligned with SDG#12.5 and support a circular economy.

Packaging is another key focus for their marketing and operations department. One of their ongoing projects is to review coffee packaging with the advancement of materials technology. They aim to have all their packaging 100% recyclable by 2025. During 2019, Bewley's successfully reduced the packaging on coffees by saving 2.5 tonnes per year of waste. They have opted to stock refillable syrups, loose tea and ground coffees in their distribution vehicles to reduce packaging. In their Yorkshire roastery, all the coffee sacks are recycled locally, and the sacks are turned into fibre which is used in carpet underlay and pipe lagging. This is aligned with their priorities to make sure the packaging can be recycled easily in existing infrastructure to reduce the carbon footprint. They are currently working to launch a lower carbon footprint coffee pack that is also recyclable ready. Research and testing are ongoing to find the best recyclable ready and lower carbon footprint films and non-metallised films. The choice of packaging materials is based on whole life cost analysis specifically focussing on carbon footprint. They also offer support to cafes to recycle used coffee grounds as compost. Bewley's collaborates with Bio-Bean in recycling coffee grounds into coffee logs which can be burnt to heat a home. These initiatives support a circular economy and align with SDG#12.4.

Net Positive Consumption

As mentioned earlier, Bewley's is aware of the large amount of carbon emitted and consumed in their business operations. They have been calculating their carbon footprint since 2007, looking at every aspect of the business. Bewley's has implemented several projects to reduce and offset its carbon emissions. For example, Bewley's was impressed with the work of one of their coffee partners in Honduras where a solar-powered drying facility was built for their cooperative.

Thus, Bewley's invested in this initiative to offset its carbon emissions and is in line with target SDG#12.a as it allows a developing country like Honduras to strengthen renewable energy-generating capacity. The efficient use of energy also happened in the United Kingdom where their roastery located in Yorkshire has installed solar panels, decreasing Bewley's carbon emission. The facility allows them to supply renewable energy to the national grid thus generating additional revenue for the roastery.

Bewley's also purchased carbon credits to plant native trees for carbon sequestration and integrated open canopy farming within the Pico Pijol rainforest national park. This cohesive approach to farming brings benefits in several ways. From an ecological perspective, it expands the coverage of forests thus protecting forest habitats and improving wildlife and habitat levels. For the farmers, this farming method tripled their yields with better fertilisation levels and lowers the risk of coffee plant diseases, supporting SDG#12.2 for efficient use of natural resources. The carbon purchase made by Bewley's also generated additional revenues for the farmers. This project comprises 20 farms that can offset about 7,000 metric tonnes of CO₂ through the 171 hectares of forest buffer used to capture carbon (Bewley, 2020). At the same time, 68 hectares of coffee have been planted in the same area. Closer to home at its Yorkshire roastery, Bewley's funded a project called Peak Partners by donating 20p for every pack of its Grumpy Mule Dark Peak coffee sold to the Peak District National Park (Peak District Foundation, 2022). The project involves restoring old peatlands by putting moisture back into them, which includes diverting streams back into old peatlands so the land can keep the carbon again. This is an impactful project in the United Kingdom as the country's peatlands store about 3.2 billion tonnes of carbon (The Wildlife Trusts, 2022). Giving new life to the peatlands in the Peak district would support the country to achieve the net-zero goal. As a result of these initiatives, Bewley's has offset its scope 1 and 2 carbon emissions in the last 10 years.

Though the business has a global presence with multiple operations around the world, they have been able to reduce team travel using technology as a platform to connect and collaborate. Bewley's has also increased the percentage of hybrid or electric company cars from 35% to over 72% from 2020 to 2022. To reduce their waste and their carbon footprint, Bewley's works with local food banks close to their offices and roastery by donating short-dated stock through 'Bewley's for Good' team where this initiative supports SDG#12.3 to reduce food waste. They are also actively involved in several recycling programmes such as improving the rate at which water filters were recycled in their offices and roastery to give every used item a second life, aligning with SDG#12.5. Currently, there is an ongoing project reviewing the efficiency of coffee machines supplied by Bewley's with new technology.

Reflect and Bounce Back

Bewley's is a family business that started with a risky decision back in 1835 and has grown into a responsible and sustainable international corporation. As mentioned by David:

Cól, our chairman put the values of the company and the history on how it was formed on the top of his agenda when he considered how Bewley's continues to move forward.

(D. Turney, personal communication, 3rd October 2022)

Hence, the business has spearheaded many key initiatives to pursue the sustainability-oriented strategy as outlined in the way they produce and consume. Nevertheless, the work is not complete. In their latest sustainability report (Bewley's, 2022), Bewley's is determined to move the sustainability agenda with the yearly publication of a sustainability report, aligning with the SDG#12.6 target: *to adopt sustainable practices and to integrate sustainability information into their reporting cycle*. To ensure continuity in progressing the business by offering more value to all stakeholders, Bewley's continues to develop future leaders through their Management Development Leadership Programme. The programme will empower and support these upcoming leaders to fulfil their potential. There is also an increasing role played by project groups such as 'Bewley's for Good' which focusses on embedding a sustainable business strategy in day-to-day operations. Collaborations with external partners remain the most effective and important approach. Bewley's has started working with one of its main customers in the United Kingdom by co-funding an academy for young coffee growers in Planadas, Colombia, to ensure sustainability in the supply chain focussing on SDG#12.3.

The COVID-19 pandemic has significantly impacted the retail, hospitality and higher education sector, which are the most important market segments for Bewley's. The logistics crisis due to prolonged lockdowns in some countries also affected their supply chain. Bewley's used the period to reflect on their business processes from a sustainability and innovative angle. As a result, they managed to reduce their carbon emissions by upgrading to energy-saving equipment, downsizing the regional distribution hub by working with partners and changing their product strategy by producing bigger packs of coffee to reduce packaging and cost. The prudent yet environmentally conscious way to bounce back again reflects their core business values.

Bewley's is in the process of aligning its business targets with the SDGs, particularly SDG#10, 12 and 13 (Bewley's, 2022). As observed in the earlier sections, they have implemented many sustainability-driven initiatives and achieved meaningful milestones in the business. Moving forward, the business needs to design specific metrics to measure the impacts of its work against these SDG goals and indicators. By demonstrating contributions that are real and sustainable for the long term, Bewley's would enjoy a good reputation, achieve operational efficiency and effectiveness, and eventually business longevity which is imperative

for a family business that aims to continue its legacy after operating for more than 150 years.

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Chapter 7

UK: Atkinsons Coffee Roasters

Ian Steel and Allan Discua Cruz

Introduction

Atkinsons Coffee Roasters was founded in 1837 by Thomas Atkinson as ‘The Grasshopper Tea Warehouse’ for the sale of tea, coffee, spices, chocolate and refined sugars. Thomas named the company J. Atkinson & Co. after his wife Jane. In 2004, the business was acquired by Ian and Sue Steel, who have increased the reach and scope of the business to this day. Atkinsons Coffee Roasters now involves the second generation of the Steel family and continues to go from strength to strength.

For Atkinsons, attention was drawn to the UN SDGs during the process of filling in the B-Corps Impact Assessment (BIA) forms. Applying for B-Corps Certification takes many hours of rigorous admin work. An answer to one question will result in a cascade of further related questions that require even more in-depth analysis. This way of benchmarking a company to meet ambitious sustainability goals requires a score of over 80 points to be awarded this overarching certification. Atkinsons are still at the measuring stage and have submitted a BIA of 97.3 and is starting to manage the impact of their company in all aspects of its operations and objectives. Atkinsons have just published its impact report for 2022, which outlines the steps made in the past year and their goals going forward to improve their social and environmental performance. The report highlights Atkinsons’ commitment to addressing five SDGs: 1, 3, 12, 13 and 15 (Atkinsons, 2022).

The Family Management Team at Atkinsons (FMT), which is made up of Ian and Sue Steel and their sons, Maitland and Caspar, and Sue’s sister, Mandy, are time-impooverished, cash-strapped and lacking the skills to meet their sustainability targets effectively and expediently. ‘We sometimes have to fight the mindset that considers working on sustainability targets as a bit of a luxury and

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doi:10.1108/978-1-80455-840-920231007

not essential to the running of the business. In actual fact, it plays a crucial role in the survival of the business', says Ian.

Ian Steel (Keeper of the Flame), his son; Maitland Steel (Brand Manager), Madison Ford-Nelsen (Sustainability Development Officer (SDO)) and all of the 70 staff need to engage with the programme and of course, when dealing with Responsible Consumerism, customers also need to buy into the sustainability aims. Ian says: 'We bring our customers along with us on our sustainability journey using the "3 Tr's" that is to say: through Traceability and Transparency we create Trust.'

For the Steel family, using SDG#12 can help a company develop its credentials as an ethical trader. It helps in creating a company with the purpose to communicate to all its stakeholders how to focus on and encourage responsible production and consumption in all sectors that the company operates in: agriculture, farming, processing, milling, exporting, shipping, importing, warehousing, haulage, roasting, packaging, online and high street retail, wholesale and hospitality.

Vision and Mission

Atkinsons Coffee Roaster's purpose is to provide a sustainable platform to work towards the benefits of the people it comes into contact with and the planet we are on through prosperity and profit.

Atkinsons aim to achieve these goals by providing a rewarding and enjoyable workplace that harnesses the skills and talents of the team to give its customers a great user experience, offering best-in-class products and adding value to suppliers further down the value/supply chain.

The Atkinsons Way: The 3Tr's

Ian would like to introduce a new triple acronym into the business and management lexicon, inspired by the 3 'P's of triple bottom line accounting: People, Profit and Planet; he suggests that the 3 Tr's are perfectly in line with the behaviour of the speciality coffee sector.

By gaining the trust of their customers through transparency and traceability, they aim to enhance the experience of their products and services by communicating the narrative of their global connectedness and interdependence. An example of this, which also emphasises a point of difference from other cafés, is the projection of slides on the large wall in the Hall café of various trips to coffee origins to remind customers where their coffee comes from as they sit there and sip it and the hard work that has gone into making it. 'It takes 400 man hours to produce just a pound of beans', says Ian.

The well-being of their workforce is paramount, and the company aims to foster an atmosphere of mutual respect that rewards hard work and initiative by providing opportunities for career progression. When planning staff rotas around their availability, Sue, Ian's wife is very accommodating. 'Most of our staff are

over-qualified, highly talented people. Many of them have a “side-hustle” which we work around by offering part-time shifts. We somehow juggle these to keep both parties happy’.

Wherever possible Atkinsons always tries to find ways to lessen its environmental impact, aiming to partner with suppliers and customers who share their own sustainable development goals. This is particularly aligned with SDG#12.2.2 where Atkinsons aims to achieve the sustainable management and efficient use of natural resources along with its suppliers and customers.

Aligned with SDG#12.3 the production processes that Atkinsons use in their roastery and bakery create very little waste. The only by-product of the roasting process is chaff as the rest of the emissions and some chaff are incinerated by the Eco-Roaster. The cafés create espresso waste grounds which can be used on allotments for compost accelerators and in bio-digesters. The bakery operates very strict stock rotation and portion size controls. Out-of-date bakery items are donated to local food banks. This model of near-zero waste is a template that Atkinsons holds up as an exemplar for other cafés and roasteries to follow in the rest of the sector.

Through their trading partners, Atkinsons work with farmers at the farmgate, across many different coffee-producing countries, who adopt the very best standards of husbandry. Many of them are Rainforest Alliance certified (<https://www.rainforest-alliance.org/>), which is a programme that benchmarks high levels of environmental, social and economic levels of accreditation. In terms of waste management, Atkinsons actively promotes ‘Natural’ and ‘Honey’ processes which use hardly any water in their production. These processes give a fruitier, fermented accent to the cup, which suits Atkinsons house style.

Some coffee farms are also ‘Triple Certified’: Rain Forest Alliance (RFA), Fairtrade and Organic. RFA is the most important one to Atkinsons as it is an assurance of high-quality cup scores. Atkinsons aspire to be at the top end of the speciality market. Only 1% of all the giant hill of beans in the world make it into the ‘Speciality’ grade, scoring over 80 in the Speciality Coffee Association (SCA) cup scoring system. Atkinsons look for 84 and above which SCA recommends the status of ‘ultra-high quality’.

Having built the brand to be recognised as a premium product, sourcing the finest quality products is key to their success, and the farmers, in seeing some of these premiums, trickle back upstream in the supply or value chain to origin. ‘Often when visiting farms or mills’, says Ian, ‘we discover a new micro-lot or process, that we could “premiumise” for the farmers because we know the consumer will pay extra for these coffees. We actually tell farmers and their agents to prepare this coffee in this way and we will pay them more!’

To match the quality of the products, Atkinsons aim for the quality of service to be beyond reproach and expects the same standards of good behaviour from both suppliers and customers. They have a policy of paying supplier’s invoices promptly and expect the same from wholesale customers, some of whom can be in the habit of delaying payment. The practice seems to be working as they generally have very few aged debtors on their balance sheet.

When Sue and Ian first acquired Atkinsons they couldn't help noticing a Grasshopper logo appearing here and there. When Ian asked his predecessor, Eric, who had worked there for 50 years, why the grasshopper? he replied almost mystically: "Because. . . The Grasshopper only Eats the Finest of Leaves." At this point, Ian, who had worked with some of the brightest brains in the advertising industry for 20 years, realised that not only did he have a logo that represented a quality mark but also a slogan that was like a mission statement: Only buy the best stuff!

This logo had been there as a beautiful woodcut in 1837 when Thomas Atkinson first opened what he called his Grasshopper Tea Warehouse. In an almost prescient way the grasshopper, like the Rainforest Alliance frog, represents Atkinsons connection with the natural world and the need to act as custodians of the precious ecosystems that give us our tasty treats which have become our daily staples.

Products and/or Services Offered by Atkinsons

- Tea
- Coffee
- Chocolate
- Cakes
- Savouries
- Conference Catering
- Barista Training

Background to Atkinsons

Originally founded in 1837 by Thomas Atkinson as 'The Grasshopper Tea Warehouse' for the sale of tea, coffee, spices, chocolate and refined sugars. Thomas named the company J. Atkinson & Co. after his wife Jane. There were six other tea merchants in the busy Port of Lancaster at that time. Somehow Atkinsons became the sole survivor and after moving from its warehouse premises on Castle Hill moved to its present address on China Street in 1901.

The 'sole survivor factor' is worthy of further examination. Ian reckons that you will find other 'Atkinsons' in market towns, surrounded by a rural hinterland, up in the North of the country rather than in the conglomerated metropolitan cities, which swept away their independents in a rush to modernise the High Street and in the process homogenise it. There are pockets of survivors in Dundee, Carlisle, Kendal, Lancaster, Lincoln etc. all roasting coffee and selling tea like it never went out of fashion, which unlike snuff and tobacco it certainly didn't. In fact, the core products have enjoyed a huge renaissance, thanks in no small part to the giant chains that repopulated our High Streets with coffee shops during the noughties, in what became known as the Second Wave. They effectively acted as a

recruiting sergeant for a new generation of coffee lovers wanting to explore the real thing. They were to find this step-up in quality at their local 3rd Wave ‘Indy’ coffee shop or, happily for the ‘survivors’, on the hallowed shelves of a handful of merchants who traced their roots continuously all the way back to the beginning of the Industrial Revolution.

So, amazingly Atkinsons’ shop remained pretty much unchanged throughout the entire twentieth century. When Sue and Ian Steel stepped in and bought the business in 2004 the electrical wiring still had ‘Wylex’ plugs from the 1930s. They bought the building from the last surviving member of the family, the fifth generation Constance Anne Riley, who no longer worked in the business. The last active family member was her father Richard Lister Riley who died in 1993. She employed a manager, Eric Thornton, who had worked there for 50 years. . . but he didn’t hold the record for length of service.

No history of Atkinsons would be complete without mentioning the wonderful Lillian Prosser. She devoted 67 years, her entire working life to the firm, except for a break in the war. She once told Ian that: ‘It was always a very happy place to work’. ‘Nice to think’, says Ian, ‘that they had pre-empted the central tenet of what was to be the current company culture!’

The fifth generation of the Atkinson family had no succession plan. ‘When we asked them if we could buy the business’, says Ian, ‘they saw this as an opportunity for the company to continue under another family and snapped our hand off! Plucking up the courage to just walk in off the street to ask to buy a business that wasn’t for sale and then to have the pugnacity to keep pushing the sale through, was probably the most “entrepreneurial” thing I have ever done’ he says ‘but I can’t imagine doing that or any of the 10,000 tiny decisions we make every day, without my wife and children being by my side’ (Fig. 1).



Fig. 1. L to R – Caspar, Sue, Ian & Maitland – The Steels.

‘A New Broom Sweeps In...’

The reason why the Steel family had come to this junction in their family’s journey was simple. They were desperate! Sue and Ian had met at Art College and were both lucky enough to have pursued their chosen artistic paths for 20 lucrative years. Ian was a TV Producer with his own production company and Sue was Head of Textile Design at Crown Wallcoverings. Work had dried up for both of them at the same time. They made the decision to start up something together. Something that they both enjoyed. That thing was sitting on the table right in front of them, in the form of a coffee syphon. That became their career epiphany moment! The rest flowed from there.

Returning to Lancaster after a 20-year absence, with their coffee antennae twitching, they found their much-beloved old coffee shop still the same. Still stuck in a time warp but like a lark’s tongue in aspic, its song had become muted. With nothing to lose, they felt it was worth risking everything for. So, they cashed in all their chips. They sold their dream home and downsized to a tiny rented two-bed lodge house on a shooting estate. This was to be their bolthole, to escape to an oasis of calm after the daily clamour of working in the shop and roastery as owner/operators. This also gave them the liquidity they needed to buy the business and very importantly to subsequently develop it.

They grew the business by 1,000% in the first decade. The key milestones for Atkinsons are shown in [Table 1](#).

Table 1. Atkinsons Key Events Since 1837.

Date	Event	Details
1837	Founding date	Fig. 2 shows the initial site where Atkinsons was founded. The founders were Quakers with a strong human interest overlap with business
2005	The Reboot	Shop front (Fig. 3a), Sue and Ian Steel acquire the firm and introduce a creative ethos for the company
2010	First café	The Music Room (Fig. 3b), a 1730s Rococo Garden Pavilion, wins BSA Five Cup Award and Best Filter Coffee UK. Caspar, Steel’s son, enters UK Barista Championships, the youngest competitor aged just 18. Reaches the finals and comes 18th
2012	Second café	The Hall (Fig. 3c), a 1936 Art Deco Parish Hall, Atkinsons repeat the double of best café and best drink, this time for Best Flat White UK – This was at a time when nobody, even in the industry, was quite sure what a ‘Flat White’ actually was. The boys had been self-taught with hours of YouTube

Table 1. (Continued)

Date	Event	Details
		tutorials on how to make the most luxuriant milky coffee with a higher ratio of coffee (a default double shot) folded into a smooth micro-foam of milk. It was on the menu as a Cappuccino, but the judges tasted it and declared it the Best Flat White they had ever tasted!
2016	New Roastery	To future-proof the business, Atkinsons invest in a new eco-roaster with zero emissions and cloak it in an invisible building, which wins an Architecture Award from the Civic Trust, for showing how to turn a derelict ginnel into a bio-filial space.
2017	Third café	The Mackie Mayor, the 1858 Manchester Meat Market converted into hipster food hall in the trendy Northern Quarter. The going gets tough as Atkinsons stretches their resources to plant a flag in the metropolis but the Espresso Martini wins the day!
2019	Fourth café	The Castle (Fig. 4), Atkinsons completes their portfolio of iconic buildings with the most transformational project yet and brings Speciality Coffee to a major visitor attraction, Lancaster Castle.
2020	The Atkinsons website	The pandemic hits just as Atkinsons starts to see the bricks-and-mortar business finally doing better than breakeven and starting to turn in a decent profit. Atkinsons loses 90% of its traditional business overnight but see the website shoot up by 600%. Even after the initial lockdown period, online sales stay at a new higher plateau than pre-COVID. Atkinsons have invested in the digital domain, building a website in-house that captures the brand and the hearts of its loyal customers. Atkinsons wins a Lux International Award in 2020 as the Best Coffee Roasters and Tea Merchants in Manchester.
2021	The wholesale	The Return of Caspar! Caspar takes over running the Wholesale accounts and manages to make more machine sales to new customers and really grows and promotes this sector. Maitland assists by building a new wholesale website.

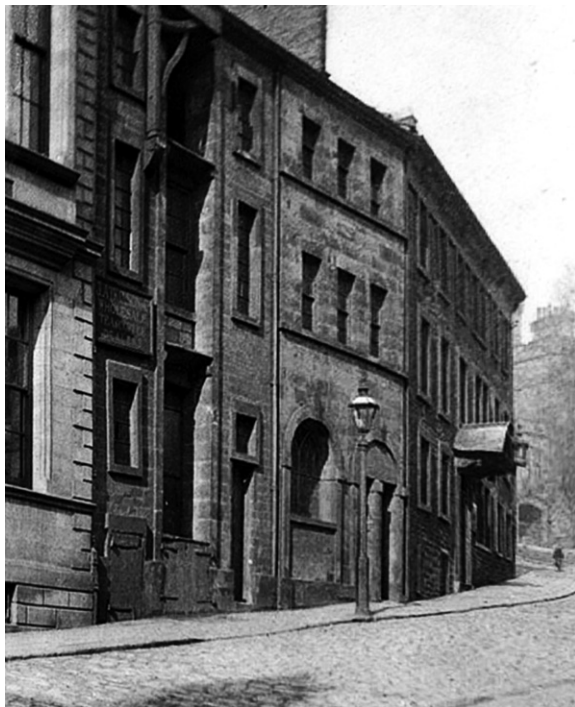


Fig. 2. Atkinsons on Castle Hill in Nineteenth Century – Wholesale Dealers in Tea & Spice.

Organisational Structure and Description

Atkinsons have grown from two part-time staff to nearly 70 in the 17 years of their tenure. Atkinsons is deeply embedded in the history and heritage of the city. Fig. 2 shows an early photo of Atkinsons warehouse on Castle Hill, sadly no longer standing, as it was cleared to make way for the Storey Institute at Lancaster around the turn of the century. If you look closely, you can see that it says J. ATKINSON & CO. WHOLESALE TEA & SPICE DEALERS.

There are four family directors, Ian and Sue Steel, and their sons Maitland and Caspar but as yet only two shareholders, the parents. This is set to change soon, and B-level shares are to be issued to their sons. The Family Management Team or FMT includes the Directors and Sue's Sister Mandy Rimmer, who acts as the financial director. Her husband Ian Rimmer is the Lead Roaster. The family members used to be referred to as the Senior Management Team (the more familiar SMT, in business speak). But Ian wanted to distinguish the family/owners in the hierarchy and at the same time subtly raise the level of the Line Managers to SMT – this is something they have really appreciated and responded to (Fig. 5).



Fig. 3. The Original Shop (3a), the Music Room (3b) and the Hall (3c).



Fig. 4. The Café at Lancaster Castle.

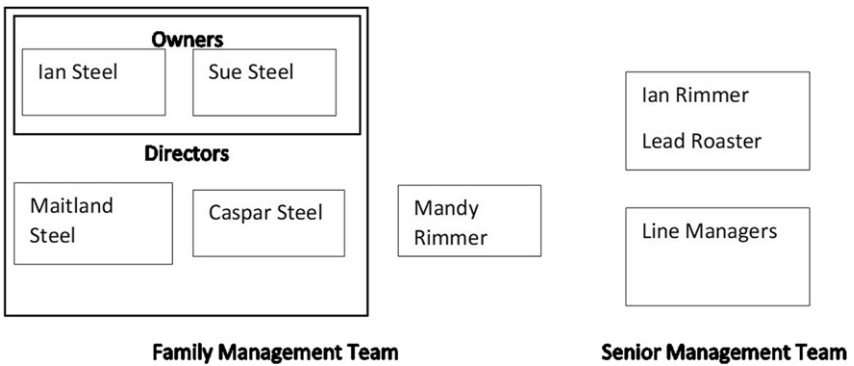


Fig. 5. Organisational Structure.

SDG #12 – Responsible Consumption and Production and Atkinsons Coffee Roasters

In 2015/16, just aiming for more responsible production, prompted the installation of the Loring Smart Eco Roaster (Fig. 6) with near-zero emissions and 80% less energy consumption than conventional roasters. This was just before there



Fig. 6. A Vintage 1930's Coffee Roaster and a Loring Smart Eco Roaster at Atkinsons.

was any mention of UN SDGs. 'We just felt it was the right thing to do', says Ian. The idea of building a roastery out of sustainable materials, like Oriented Strand Board (OSB) with urban beehives above it pollinating the flowering sedum on a living roof, is a dream that Ian feels is important to engage the team with. '...and who knows?' says Ian, 'we may well attract the occasional grasshopper or two?!'

Responsible consumption has also been a part of their philosophy for the last few years. 'We have a very receptive consumer market', says Sue, 'Our customers are really on it when it comes to sustainability and the green agenda. We like to be ahead of the curve and constantly stay one step ahead of our customers if we can!'

In alignment with SDG#12.5, to reduce waste generation through prevention, reduction, recycling and reuse, Maitland has introduced two in-house Terra-cycle pillar boxes for recycling of packaging. This is effectively seizing the initiative from the local council services which refuse to take this particular type of recyclable plastic. The response from the public has been very encouraging. 'We have also joined the Refill Culture', says Maitland, 'implementing a scheme where we offer a discount to customers using their own receptacle or one of our recycled bags to fill up for them. This is very definitely one of those ideas whose time has come and is proving to be a great success'. It also makes financial sense too and this is an important point to make when trying to sell a green initiative. The discount is 40p per bag. The cost of a new bag is 48p so the company effectively makes an extra 8p per bag and it is one more bag left out of landfill: Win/Win.

The SDGs are explicitly talked about by staff, especially since one of their own was appointed as SDO. 'Having someone responsible embedded in the team makes everyone feel more likely to buy into it and share the responsibility', says Ian. He continues by saying 'Staff have been creating their own initiatives, like beach clean-ups, bee-hive visits, and an excellent, very Atkinsons way of

upcycling: Using the shiny paper label backing as packaging insulation rather than bubble wrap’.

Business Model and SDG #12 – Responsible Consumption and Production

Ian says, ‘Our Business Model is very simple. We are the last link in a long supply chain that goes back to origin. From the small producer with an acre of land growing fantastic tea or coffee somewhere in the tropics, to the casual consumer who wanders into our shop or café, in a little city called Lancaster in the North of England. We take this primary agricultural product from a developing country and through the transformative process of roasting, we add value to it and sell it as a premium product. This act also makes us a small producer, feeling as though we have much in common with our kindred spirits, often small family firms like us, putting in the hard graft of working on the land’.

Continuing with the theme of their business model and the SDG#12, Ian states, ‘I see our role at this all-important juncture between the producer and the consumer as a privilege and a responsibility to tell the stories of the people who produce our coffee and tea. We only work with a handful of trusted long-term partners who import for us. So, although this value chain is long, often reaching remote highland villages, there are relatively few links. These crucial stakeholders share our ethical values and perspective to trading, so we have no qualms about including them in our family of Relationship Coffee’.

These traders effectively organise the international logistics and carry the risk for them. Atkinsons then organise the release of the sacks or cartons when needed, almost weekly, to arrive on the pallet network and be funnelled into their small warehouse in the roastery. It is from this point on that tea or coffee finds its way into the seven revenue streams.

There is roughly a 60/40 split of retail to wholesale. Retail is made up of ‘dry sales’ from the shop and online website, for what is called the ‘At Home’ market or ‘AH...’ and ‘wet sales’ through the four cafés in the ‘Out of Home’ market, or ‘OOH...’. So, Atkinsons like to be a little bit ooh and a little bit ah! It gives them strength in diversification.

Atkinsons put a great deal of time and effort and travel into choosing their producing partners but there is less they can do to choose their customers. ‘We do try to send out all the right signals to help them understand what makes our coffee so special’, says Ian. Every day presents new opportunities to spread the word about ‘speciality’ coffee. Atkinsons coffee comes from the very top echelon of the top 1% so they have a lot of converting to do whether it is over the counter in the shop, a latte drinker in the café or an e-mail to an online customer. As they grow, so too do the cohorts of customers who are eager to learn more. They have worked hard on the ‘tone of voice’ that they use to communicate with all their customers. ‘The staff are brilliant at doing this. They see it as a challenge if a grumpy customer comes into the shop, to turn his day around and make him leave feeling happier’, says Sue. What Atkinsons are effectively doing here is

nothing short of educating their customers about global citizenship and bringing the sustainable development discussion into the mainstream, otherwise known as *SDG#12.8.1*.

When they opened their cafes, one of the reasons they decided to step across the line, from being a supplier to a fellow operator, was to learn from the process of setting up shop so that we could genuinely relate to these new start-ups. Atkinsons currently has around 230 wholesale customers most of whom were drawn to them because of their values, a blend of qualities such as local, family, heritage, provenance and environmental. ‘Some of them will always be “accidental” speciality customers’, says Ian, ‘but whether they are universities or hairdressers it is fascinating to see where our coffee ends up.’

SDG #12 – Responsible Consumption and Production and Atkinsons Coffee Roasters

The key stakeholders are also the *SDG* champions. But rather than always hearing the message delivered from on high by the *FMT*, having a *SDO* appointed from their own ranks and embedded in the team has seen much more engagement from the staff. Every department head has some purchasing power to buy stock and is always encouraged to be mindful of following Atkinsons’ *Environmental Purchasing Policy (EPP)*. This even extends to which toilet rolls they purchase, and they try to stock the brilliantly named sustainable bamboo toilet paper called ‘Who Gives a Crap? (<https://au.whogivesacrap.org/>)’.

Their main stakeholders are both upstream and downstream of the supply chain. Their main coffee importers, *D. R. Wakefield*, were established in 1971 and Atkinsons have supported them ever since. They are also a family-owned, *B-Corp* company, and for Atkinsons, they only source their coffee from small enterprising farmers and cooperatives, who show careful husbandry of the land and look after the hard-working workers responsible for bringing the harvest home. ‘On my visits to origin’, says Ian ‘I will often see wonderful crèche facilities for young mothers to leave their children in safe hands, while they go out to work on the land. There will also be clinics and schools, all provided for by the coffee farmers and their *Co-ops*. So, by supporting these stakeholders we also strengthen the social ecosystem that props up the coffee industry for all of us. Often, we will look for progressive processing techniques, perhaps encouraging the use of naturally overwashed processes to use less water. A *Coffee Washing Station* can use up to 7,000 litres of precious water a night. With our insights into consumer trends in the coffee market, we can identify and promote a taste for natural coffees, which are just dried in the sun to remove the skin and the mucilage, rather than all the water involved in a washing station. This ability for us to look downstream at behaviour in the consuming markets and upstream to influence how our coffees are processed and prepared for us in a more responsible manner both socially and environmentally is the *Coffee Roasters’* secret superpower in the fight against unsustainable practices and the campaign to move towards more sustainable patterns of consumption and production!’

Much of Atkinsons work into responsible production and consumption was already underway company-wide before they had even heard of SDGs. It has given them affirmation that they are on the right path and brought an extra focus to continue to follow a responsible production/consumption cycle. ‘Our own team is now much more aware of our urgent need to be more responsible around issues of waste and energy consumption’, Ian explains. He continues by saying, ‘Our customers too have been easily won over to engage with some of our initiatives, like recycling coffee grounds for compost on allotments, bringing their coffee bags back for recycling or refilling – hashtag “no excuse for single use”! It is fair to say that we have a very responsive customer base who are ready to go along with most of the changes we suggest.’

By sourcing from organic or in some cases bio-dynamic farms, Atkinsons encourages environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduces their release to air, water and soil in order to minimise their adverse impacts on human health and the environment, in line with SDG#12.4.

Challenges of Working With SDG #12 – Responsible Consumption and Production

The greatest challenge the FMT and the whole team face is to resist the temptation to say they are too busy doing other things, like running a business, to bother with doing these eco-initiatives. The easiest thing is to put them in the ‘too-hard tray’ and procrastinate hoping that they will get around to these things later, but in this climate emergency ‘later’ may be too late altogether.

Keeping their focus, not just on the particular SDG of responsible production and consumption, means bringing their whole team along to operate with a ‘Sustainability Mindset’. For example, their fruit and vegetable merchants deliver produce in virgin cardboard trays (which cost them, of course). These can be flattened and returned to undertake multiple journeys. ‘A crisp, clean-looking cardboard box on its first outing should be seen as a social pariah and a slightly battered re-used box should wear its multiple stripes of parcel tape with pride, as a badge of honour’, quips Ian. The [Atkinsons Impact Report \(2022\)](#) highlights the SDGs that are addressed by the company.

Business and Greater Good

The Relationship Coffee model is a vital part of the modus operandi, and Atkinsons are always conscious of adding value to the early links in the value chain. So, not only do they find ways of increasing the quality of the beans and therefore ‘premiumising’ their coffees but they also offer financial security to coffee farmers by entering into long-term contracts, often agreeing to buy coffee that isn’t even on the tree yet. This is an example of engendering financial sustainability. Such an important part of the fabric of sustainable practices and one

which often gets overlooked in the rush to promote environmental sustainability. One needs the other to survive, just like any symbiotic relationship.

This is a truly global set of interventions. Ian observes: ‘We have suppliers in nearly every Latin American country from Honduras to Peru and traditionally we have sourced beans from India to Indonesia. In East Africa, we have deep relations in Ethiopia, Kenya, Malawi, Tanzania and especially Rwanda, where we work with a local charity called “Rwanda: a New Beginning”. Whilst we offer commercial assistance with Trade not Aid, our default fundraising is always for this Rwandan charity. You get a lot of bang for your buck in a developing nation like Rwanda. By donating just one day’s takings on a busy Saturday, we can build an entire classroom in Rwanda. The global reach of our sourcing extends into India, China and Indonesia for both Tea and Coffee’.

One particular visit to India was particularly moving. Ian remarks: ‘Sometimes I find that we are privileged to be at a crucial moment in time in the long history of Coffee. High up in Andhra Pradesh, in the Araku Valley, there is an amazing project that is steadily building something unique, from the ground up. In this traditionally non-coffee producing region, marginalised tribes, who have basically been nomadic for the last ten thousand years, have been given incentives of land to settle down in and produce their first ever cash crop: Coffee! These are the descendants of the Adivasi, the original tribes of India, who are being given the means to produce award-winning bio-dynamic coffee. I was invited to visit them and work on the judging panel for their awards day. The winning coffee came from a village that I had visited the day before. The welcome was warm and sincere, and we were danced into the village square and garlanded like returning heroes. We sat under the shade of a huge, holy Banyan tree and exchanged our various stories. Before the day was out, we travelled to a coffee island in a dug-out canoe. We inspected the coffee shrubs growing under the canopy, with silver larches planted for shade cover, towering high above, providing a structure for another cash crop, black pepper to climb up. Sometimes you just have to pinch yourself!’

‘Closer to home’, Ian continues, ‘we have a relationship with a local beekeeper, who also happens to be an emeritus physics professor at Lancaster University. For over sixty years he has supplied us with the most beautiful local honey. Recently some of our staff, eager to learn more about beekeeping organised a field trip to the professor’s back garden to meet the bees that produce the honey we sell. This extra first-hand knowledge translates into a much better sales experience for the customer and who knows... perhaps one day we can offer a succession plan for Peter’s bees and have hives of our own on the living roof above the roastery?’ This aspect links directly to the education indicators within SDG#12.

What Next for Atkinsons and SDG #12

The business operates in a number of different spaces with seven different revenue streams. When customers visit the shop or cafés, they are only seeing the tip of the iceberg. With the 60/40 split of retail to wholesale and there is a lot going on

behind the scenes that contributes to the growth and survival of the company in these challenging times.

Retail is one of the greatest strengths of the company and it exists both in the real world and the virtual. It was decided early on in the pandemic that there would be no more physical expansion but that instead of opening any more actual stores, time, energy and any affordable funds would be invested instead in the website and social media activity.

The first and most important element of the retail offering is the original shop on China Street, with all its magnificent heritage and authentic tea and coffee artefacts. This is for the sale of 'dry' goods, for consumption 'At Home'. This is such a unique place that the family curate it very sensitively. It is the spirit or 'Mojo' of the company, and it is still working.

One unique selling point (USP) of the shop is the amazing aroma as one enters. This is not available online! The key element that gives the shop its point of difference, not just from the website experience but also from other outlets on High Street, is its 1945 Uno Shop Roaster. This has spent months in the workshop to meet new exacting gas safety standards. So, this little dragon can now breathe its fire over the coffee beans and send the smoke out into the streets of Lancaster again. A worthwhile investment in 'nasal marketing' and an essential part of the 'experience economy' to help Atkinsons thrive in the new High Street of the twenty-first century, where customers will be seeking an exciting experience.

Literally behind the walls of the shop, in the new roastery space, is the online shop where orders are made up and despatched all over the country. There is a lot of cross-over between these two spaces for staff and the retail team are all cross-trained to work in both. This gives variety to the day and seeing actual customers in the shop and dealing with virtual ones online. The online offering has seen steady growth since the initial spark of the first lockdown stress-tested the systems. More capacity is being created to cope with this growth. There is even a new packaging machine to pack best-selling blends in larger batches.

'Tone of voice' is very important to us, and we work hard on how the 'script' is delivered, be it in conversation over the counter or responding to telephone or email enquiries. 'Nothing gives me greater pleasure', says Ian, 'than to hear our speciality mantra or state of mind being repeated to customers. This is the coffee-coal-face where we reinforce our message of responsible consumption and how we endeavour to source our coffee and roast it responsibly too'. Customers in the shop are definitely engaging with the new behaviour of bringing in their own receptacle to be filled, or using the two pillar boxes for recycling different bags that are sent off for recycling when full, 'We are taking it upon ourselves', says Maitland, 'to resolve the waste problems around packaging which the Local Council seem incapable of doing'. The success of this DIY approach to sustainable practices around waste could extend to having glass crushers and cardboard balers installed on-site. Then instead of paying to have rubbish removed, it can be sold, turning waste into a revenue stream to fund other green initiatives.

There is another cross-over point in this same area which is the 'Wholesale Department'. Most of the 200 or so B2B customers are local, some regional, and a few national or international. As Casper observes 'We have a great variety of

different wholesale customers. Most of them come to us because they like our brand and something resonates with our principles and chimes with theirs. They are eager to join the “Speciality Tribe”.

Preaching to the converted, the SDG narrative is easy to get across, but the company also has a large cohort of traditional wholesale customers who need to be led in the right direction. ‘We have quite a passive Sales technique’, says Maitland ‘and we rely on our slow PR and Brand-building style of Marketing, which conveys our commitment to Sustainability and Traceability. This gives us organic growth in the right markets’.

Then of course there are the four cafés, selling ‘wet’ coffee and tea. ‘Working as a Roaster that also knows how to run cafés gives us a competitive edge’, says Caspar, ‘Especially when it comes to helping Café Start-ups because we can show them that we know what it takes to run a successful operation. This means that our cafés must be best-in-class. We remind our baristas to treat every customer as though they are a mystery shopper’.

The cafés also promote the ‘Refill Culture’, offering discounts for customers providing their own takeaway vessels. There are also discount incentives for customers using Atkinsons’ own-branded sustainable bamboo cups. This is also a mechanism for locking customers into the brand and rewarding their loyalty. Maitland is also toying with the idea of loyalty cards again, perhaps just digital, rather than floppy bits of cardboard. This would be as part of an App on a customer’s smartphone and offer more ways to become a part of the family, such as signing up for the newsletter. ‘We now have over 4,500 recipients on the mailing list’, says Maitland, ‘and it is growing steadily all the time. Many of them are also customers of our Subscription Coffee, which features a new coffee every month. Every promotion in the Newsletter promotes a spike in demand. So much so, that we must make sure we have enough of the featured coffee in stock before we go live!’

‘I am not looking for, or expecting, an immediate return on investment for any initiatives we may implement in the short term’, proclaims Ian. ‘My vision is much broader than encouraging the use of single use takeaway cups or recycling our retail packaging. I want to invest in a living roof over the roastery, to have a micro-urban farm producing salads for our kitchen. I am trying to purchase the building and turn it into an independent energy provider on its own micro-grid. We could have arrays of solar panels on the roof, perhaps a small wind turbine. Harvest the rainwater for use in flushing toilets and relieve pressure on the water network’, Ian summarises.

Ian also states: ‘Why not?! All these green investments would show our commitment to creating a sustainable company that is prepared to lead the way and stick our heads above the parapets and be a pioneering exemplar. We are already a much-loved local institution in the city, but I want us to show how independent companies can start to green our city centres. We may be the oldest retailer in town but that doesn’t stop us from being an early adopter of sustainable solutions, a pioneer species in the business ecosystem’.

Atkinson’s approach to SDG#12 showcases the importance of sustainability goals for family firms and relates to the identity and interaction of the family

within the industry they operate over time. Due to their attention to family continuity in business, relationships that span across an industry both locally and internationally as well as acting as entrepreneurial stewards within their communities and beyond, family firms like Atkinsons become more sensitive to addressing sustainability goals that relate to the responsible consumption of one of the most traded products around the world (Discua Cruz et al., 2020).

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