

Encouraging urban planning and development practice to contribute to sustainable development. A methodology and a use case

Margarita Angelidou^a, Eleni Karachaliou^a, Efstratios Stylianidis^a

^a Department of Spatial Planning and Development Engineering, Aristotle University of Thessaloniki, Aristotle University of Thessaloniki Campus, Faculty of Engineering, 54124, Thessaloniki, Greece

Abstract

The scope of this paper is to create a methodology about how planning and development practices can increase their contribution to sustainable development by expanding their business product/service offerings. In terms of methodology, this paper investigates which sustainability challenges are potentially relevant to a small-medium sized urban planning and development consultancy practice in northern Greece, and further identifies specific sustainable development opportunities are most pertinent. An implementation proposal and a business case are made about how this specific urban planning consultancy can contribute to sustainable development, not only through its core activity of planning for sustainability, but also in terms of innovative business offerings. This is a highly original paper, as it is the first attempt to use the Sustainable Development Goal (SDG) system of the United Nations (UN) as a guide for increasing the contribution of a small-medium sized enterprise (SME) to sustainability by establishing new sources of revenues. To this end, it creates a novel methodology which and an implementation proposal in northern Greece. This original methodology can be further applied by other private SMEs in the planning and development sector that wish to maximize their contribution to sustainable development through profit making activities.

Keywords: urban planning; service; practice; innovation; Greece

1. Introduction

During the recent decade, urban planning consultancies in Greece have been suffering due to acute reduction in their annual revenues as a result of the declining buying power of public and private clients, increasing taxation and burgeoning bureaucracy. However, urban planning and development plays a critical role in advancing sustainable economic, social and environmental sustainability, both on the local and the national level. Considering the previous, the scope of this paper is to create a new methodology about how planning and development consultancies can increase their contribution to sustainable development by expanding their business product/service offerings, and further demonstrate how this methodology can be applied in practice.

The planning and development consultancy of this paper is a small-medium sized enterprise (SME) in the consulting/services sector in northern Greece. It is an engineering company, founded by two partners. Its core personnel comprises mainly of urban planners and surveyor engineers, including 2 persons as administrative staff. In terms of activities, the consultancy collects data, maps strategies and creates plans for urban development at

neighborhood, municipality and metropolitan level. Their clients come mostly from the public sector (municipalities and other development-related administrative structures). A small number of clients come from the private sector, mainly large land parcel owners and developers that want to develop their property. During recent years, the consultancy participated very actively in the Thessaloniki Innovation Zone development, and some employees have degrees in economics and business administration.

The paper is structured as follows. The next section presents current policies and published literature on the topic. The following section presents the research methodology used to conduct the presented research. After that, we present the analytical research findings of the performed research. The last section makes the business case for the development of a new service line within the consultancy, which is simultaneously able to advance sustainable development.

2. Literature Review

Sustainability is a new development paradigm that emerged from thinking at the intersection of the environmental, social and economic concerns of the late 20th and early 21st century. Although concerns about the limits to growth (Meadows et al., 1972) had first appeared about fifteen years before, the discussion about sustainability became popular after the 1987 Brundtland Commission, whereby sustainable development was defined for the first time (Brundtland, 1987). In the following years, sustainable development came to the fore of scientific interest and policy making, with international organizations' -especially the United Nations- creating related programmes, reports and conferences. The interest of the corporate world in sustainable development emerged as early as 1991 (International Chamber of Commerce, 2015).

In the following years the sustainability discourse gradually shifted toward more bottom-up, inclusive models, whereby the contribution of all quadruple helix sectors is regarded fundamental. Sustainability penetrated more deeply the corporate world, driven by values such as openness and responsible business. There has also been the realization that there are hidden business opportunities –especially in emerging and frontier markets- but also business risks associated with unsustainable corporate behavior, for example supply chain and business operations disruptions (Chakravorti, 2015; Smedley, 2015). Also, sustainability goals can be used as a proxy for corporate branding, and further to create strategic alliances and build a competitive advantage (Chakravorti, 2015).

The United Nation's (UN) Sustainable Development Goals (SDGs), introduced in 2015, include 169 targets. SDGs have attracted major interest from the responsible business domain. There exist endless business opportunities with respect to the SDGs, as actions can be focused both internally and externally and adhere to any component of a company's value chain. The International Chamber of Commerce (2015), for example, provides a great variety of potential corporate actions related to sustainability and their relevance to specific SDGs. Companies will thus have to carefully select a few ones which they will pursue (Chakravorti, 2017; Smedley, 2015).

Unfortunately, research and best practices about Small and Medium Sized Enterprise (SME) driven sustainability remains limited (Wickert, 2016) and SMEs are less active in the sustainable development domain compared to multinational corporations (Revell and Rutherford, 2003). In recent years, however, there has been an increase in the number of SMEs engaging in sustainability activities (Battisti and Perry, 2011; Revell et al., 2010). Indeed, recent research has found that in SME contexts they can have a positive impact on reputation, brand image and financial value (López-Pérez et al., 2017).

The International Chamber of Commerce (2015) mentions that SMEs can become part of the sustainability discourse primarily by innovating and creating products and technologies that contribute to sustainable growth. They can act as ‘innovation labs’, piloting new solutions. They can be very influential on the local scale, increasing inclusion and awareness and addressing local sustainability challenges. Occasionally, they assume a ‘political’ role, in the sense that they supplement inadequate public services rather than merely promoting sustainability (Wickert, 2016). The major barriers they face are complex regulatory frameworks, and the availability of internal capacity and activity in all the stages and levels of product life-cycles and value chains (Halme and Korpela, 2014; International Chamber of Commerce, 2015; Revell and Blackburn, 2007). Often they lack awareness with regards to the significance of sustainable development to begin with (Revell and Rutherford, 2003; Revell et al., 2010; Santos, 2011).

Thus, constructing a sustainability-driven business case is difficult for SMEs (Wickert, 2016). In practice, decision makers in SMEs attribute their lack of commitment to sustainability due to their perception of sustainability as costly and resource consuming and the belief that sustainability is out of their own control, being a much broader issue (Chassé and Boiral, 2016).

Partnerships and participation in supporting structures (e.g. chambers) are especially important for SME-driven sustainability as they allow for a scaling up of the efforts (International Chamber of Commerce, 2015). Moreover, technology, being a major driver of entrepreneurial innovation, is especially important in the case of SMEs (Day, 2016).

3. Methodology

The methodology followed in this exercise uses several different tools, including three interviews, as analytically described below. To create the sustainability strategy for the company, the basic guidelines (steps) proposed by Chakravorti (2017) were followed, as depicted in Table 1:

Table 1. Research Design - Methodological Steps (author's elaboration)

Step #	Step Description, Tools and Methods
1	Segment the SDGs and identify the ones most relevant to the company. Tools: SDG Compass (GRI et al., 2016), SDG Industry Matrix (United Nations Global Compact and KPMG International, 2015), SDG Indicator Wizard (SDG Funders, 2017), Interviews with consultancy managers and employees
2	Identify which of the company's current activities intersect with the most relevant SDGs identified in the previous step (mentioned also in The Guardian (2017) and Embree (2016)). Method: Interviews with consultancy managers and employees
3	Make the business case of where to focus and why: Methods: interviews and synthesis of results
4	Combine the business case with the case for sustainability into a narrative and communicate it. Methods: interviews, SDG Compass (GRI et al., 2016) and synthesis of results

The interview was structured in a way that yielded input for all steps 2, 3, and 4 of the research methodology. In Table 2, the core questions of the interview questionnaire are presented.

Table 2. Core Interview Questions (author's elaboration)

#	Question
1	Please explain your perception of sustainability in the framework of your business
2	Which SDGs and sustainability targets are most relevant to your business? [The interviewee is presented with the most relevant SDGs and targets. He is asked to rate them on a 1-5 scale in terms of relevance]
3	Business-wise, on which of the above sustainability targets should the company focus and why? What would be the expected business benefits? What would be the expected costs? Which would be the expected risks? What is the cost of inaction?

For the purposes of this research, three interviews were taken with company representatives on 16 June 2017, as depicted in Table 3:

Table 3. List of Interviewees and dates of interviews (author's elaboration)

Interview #	Position of Interviewee	Date
1	Company CEO and co-founder, surveying engineer, aged 55	16/06/2017
2	Co-founder, urban planner, aged 65	17/06/2017
3	Associate urban planner with managerial job position, aged 30	19/06/2017

4. Findings

Regarding the interviewees' perception of sustainability (Question 1 of Interview), all three interviewees report a strong commitment to promoting sustainable urban development. This commitment is manifested both in terms of general attitudes and beliefs (*'urban development should contribute to sustainable development'*) and in terms of practice (*'we design on the basis of the compact city model'* and *'we pay special attention to designing qualitative and accessible free public and green spaces throughout the city'*). Nevertheless, the co-founders appear to have a mono-dimensional perception of sustainability, in the sense that they perceive it merely as component of their core business offering, which is about the provision of urban planning and development services. The younger interviewee (aged 30), however, demonstrated an ability to think about sustainability on a broader scale, considering the role of citizen engagement in the pursuit for sustainability, the need to induce a culture shift toward more sustainable urban lifestyles, and the need to manage the consultancy's human, technical and financial resources in sustainable manner.

In terms of selecting a new business offering related with sustainability, the SDG segmentation (Step 1) lead to identification of the Goals and Targets of the first column of Table 4 as the ones most relevant to the company profile. The interviewees were asked to rate the relevance of each target considering their relevance to the consultancy's current activities (Step 2, Question 2 of interview), rating the most relevant ones with five points and the least relevant ones with 1 point. The points were summed up for each target, allowing us to identify the final most relevant ones.

Table 4. Sustainable Development Goals and Targets and their relevance to the consultancy's current activities, as rated by the interview respondents (author's elaboration)

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG Target #	Relevance			SUM
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	5	5	2	12
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	2	5	4	11
8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	4	3	4	11
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	5	1	1	7
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	5	2	1	8
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	2	1	1	4

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG Target #	Relevance			SUM
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	5	3	3	11
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	3	2	2	7
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	2	1	2	5

Goal 11: Sustainable Cities and Communities. Make cities and human settlements inclusive, safe, resilient and sustainable

SDG Target #	Relevance			SUM
11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	4	3	4	11
11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	5	5	5	15
11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	5	5	5	15
11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels	4	5	5	14

Goal 12: Ensure sustainable consumption and production pattern

SDG Target #	Relevance			SUM
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	2	1	4	7
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	3	1	1	5

Through the analysis (Table 4), ‘Goal 11: Sustainable Cities and Communities’ was found to be clearly the most relevant to the company –is also happens to be an area that largely coincides with the company’s core business offering currently. Since the focus of the company is largely overlapping with this goal to begin with, and the company is well positioned to contribute to the included targets already (targets 11.3, 11.a, 11.b), it was decided to exclude this Goal from the business case. Among others, the interviewees reported a preference for the Target 8.6¹ (Question 4 of interview), arguing that this is a practice already partially implemented in the consultancy, although not very consciously, not in an organized manner, and on a different scale. The consultancy owners do want to encourage the circulation of new ideas within and outside the office, which could lead to the development of innovative ideas and practices of high added value in terms of sustainability. The expected business benefits include new sources of income for the consultancy, but also better reputation and the demonstration of the consultancy’s ability to innovate and to stay up-to-date with current developments in the sustainability domain.

¹ “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”

5. Implementation Proposal - Business Case

The selected target is 8.2 “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”, part of SDG Goal 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

A responsible business opportunity in this respect is the one of offering integrated advice in the growth and innovation consulting sector to startups and small entrepreneurs. This new line of business for our company could be regarded as a new business venture that can be treated as a start-up. This means that its entire life cycle should be planned from the outset. The major services provided through this business idea would be:

- Financing advice: advice about existing microfinancing options in high-value added and labour-intensive sectors, both domestically and internationally. There are currently several microfinancing schemes available in different parts of the world, but there is no place where an interested party can be informed about the available options and be guided accordingly. The consultancy’s services will address this gap by matching grantors and grantees and allowing for custom search for grants and grant schemes through online maps. Also, growth hacking advice will be offered, i.e. advice on rapid experimentation across marketing channels and product development to identify the most effective, efficient ways to grow a business.
- Preparation of grant application documents and growth hacking plans for grantees.
- Educational recourses on key subject areas, for example SME management, marketing, business plan development, etc.
- Advice and guidance during the entrepreneurial venture lifecycle
- Most importantly, information and training about the added value and the social scope of innovative ways of thinking with respect to business, as well as microfinancing, and its contribution to sustained, inclusive and sustainable economic growth.

The consultancy, having had decades of experience in the advisory services domain, a good grasp of social and economic development components, and a recent experience in innovation ecosystems, is well positioned to fill this gap. Such an initiative would yield internal benefits for the consultancy and external –for small entrepreneurs, society and economy. Moreover, this would have a significant local impact, because in recent years business and entrepreneurship have been hit hard due to the economic crisis.

More particularly, the expected benefits with regards to sustainability will be:

- Increase in number of expanding and innovating SMEs locally and outside Greece
- Enhancement of broader sustainable entrepreneurship ecosystem and innovation market dynamics, with positive effects on economy
- Increased awareness about the value of innovative and sustainable ways of thinking and operating for grantee staff
- Increase of awareness about sustainability and innovation throughout society, through open and broad information dissemination and the acting of the grantees as ‘ambassadors’ of alternative ways of thinking.

The expected business benefits for the consultancy would be:

- increased revenues from new line of business

- expansion of potential customer base
- increased visibility
- brand diversification
- employee engagement and personal development

The expected costs of the project include:

- online application development costs
- employee/human capital reimbursement costs
- facility/office costs
- marketing and communication costs

As Key Performance Indices (KPIs) the following ones can be used (IRIS Metrics, 2017):

- Number of active clients at the end of each annual reporting period
- Number of different countries served by client origin annually
- Ratio of positive/negative feedback from clients annually
- Number of beneficiaries belonging in specific demographic segments: women, young people, disabled, low income, minority groups
- Number of beneficiaries belonging in specific geographic segments: developing countries, etc.
- Number of active borrowers per Loan Officer

The expected risks include:

- Difficulty in finding and allocating the necessary internal resources (time, cost, human resources)
- Increased cost and time due to complexity, paperwork, legal and fiscal barriers
- Difficulty in attracting customers

The business narrative of this new venture for the consultancy will be: *'we are a forward looking company seeking to promote sustainability and innovation in all functions of urban life. We are championing this vision by expanding our sustainable development advisory capabilities to small entrepreneurs. We help them thrive by becoming more responsive, intelligent and innovative'*.

References

- Battisti, M., Perry, M. (2011) 'Walking the talk? Environmental responsibility from the perspective of small-business owners', *Corporate Social Responsibility and Environmental Management*, 18(3), p172-185.
- Brundtland, G.H. (1987) *Our Common Future*. World Commission on Environment and Development. United Nations.
- Chakravorti, B. (2015) What Businesses Need to Know About Sustainable Development Goals, *Harvard Business Review*. Available at: <https://hbr.org/2015/11/what-businesses-need-to-know-about-sustainable-development-goals> (accessed 13 June 2017).

- Chakravorti, B. (2017) How Companies Can Champion Sustainable Development, Harvard Business Review. Available at: <https://hbr.org/2017/03/how-companies-can-champion-sustainable-development> (accessed 13 June 2017).
- Chassé, S., Boiral, O. (2016) 'Legitimizing Corporate (Un) Sustainability. A Case Study of Passive SMEs', *Organization & Environment*, 30(4), p324-345.
- Day, E. (2016) How do we Achieve the UN Sustainable Development Goals? Entrepreneurs with the Right Technology. Available at: http://www.huffingtonpost.com/entry/how-do-we-achieve-the-un-sustainable-development-goals_us_57e2d13fe4b09f67131e3a90?utm_hp_ref=sustainable-development-goals (accessed 13 June 2017).
- Embree, I. (2016) How 17 Companies Are Tackling Sustainable Development Goals (and Your Company Can, Too). Available at: http://www.huffingtonpost.com/ingrid-embree/how-17-companies-are-tack_b_11991808.html (accessed 13 June 2017).
- GRI, United Nations Global Compact and World Business Council for Sustainable Development (2016) SDG Compass: The guide for business action on the SDGs. Available at: <https://sdgcompass.org/> (accessed 18 June 2017).
- Halme, M., Korpela, M. (2014) 'Responsible Innovation toward sustainable development in small and medium-sized enterprises: a resource perspective', *Business Strategy and the Environment*, 23(8), p547-566.
- International Chamber of Commerce (2015) Business Charter for Sustainable Development – Business contributions to the UN Sustainable Development Goals (Document No. 213/18-13). Available at: <https://iccwbo.org/publication/icc-business-charter-for-sustainable-development-business-contributions-to-the-un-sustainable-development-goals/>.
- IRIS Metrics (2017) Catalog of generally accepted performance metrics - Financial Services: Microfinance. Available at: <https://iris.thegiin.org/metrics?filters=financial-services-microfinance> (accessed 19 June 2017).
- López-Pérez, M., Melero, I., Javier Sese, F. (2017) 'Management for Sustainable Development and Its Impact on Firm Value in the SME Context: Does Size Matter?', *Business Strategy and the Environment*, 26(7), p985-999.
- Meadows, D.H., Meadows, D.L., Randers, J. and Behrens, W.W. (1972) *Limits to Growth*. Washington, DC: Universe Books.
- Revell, A., Blackburn, R. (2007) 'The business case for sustainability? An examination of small firms in the UK's construction and restaurant sectors', *Business Strategy and the Environment*, 16(6), p404-420.
- Revell, A., Rutherford, R. (2003) 'UK environmental policy and the small firm: broadening the focus', *Business Strategy and the Environment*, 12(1), p26-35.
- Revell, A., Stokes, D., Chen, H. (2010) 'Small businesses and the environment: turning over a new leaf?', *Business strategy and the environment*, 19(5), p273-288.
- Santos, M. (2011) 'CSR in SMEs: strategies, practices, motivations and obstacles', *Social Responsibility Journal*, 7(3), p490-508.
- SDG Funders (2017) SDG Indicator Wizard. Available at: <http://sdgfunders.org/wizard/> (accessed 15 June 2017).
- Smedley, T. (2015) Sustainable development goals: what business needs to know. Available at: <https://www.theguardian.com/sustainable-business/2015/sep/24/sustainable-development-goals-business-sdg-targets> (accessed 14 June 2017).
- The Guardian (2017) UN's Sustainable Development Goals help businesses make an impact. Available at: <https://www.theguardian.com/general-motors-partner-zone/2017/feb/28/un-sustainable-development-goals-sdg-business-companies> (accessed 13 June 2017).
- United Nations Global Compact and KPMG International (2015) SDG Industry Matrix: Financial Services. Available at: <https://www.unglobalcompact.org/library/3111> (accessed 13 June 2017).
- Wickert, C. (2016) "'Political" corporate social responsibility in small-and medium-sized enterprises: A conceptual framework', *Business & Society*, 55(6), p792-824.