



Action Zero:

The Wenta experience of
guiding small firms on their
net zero journey

Foreword

Small and medium sized enterprises (SMEs) are under increasing pressure to act on cutting emissions and helping the UK to move towards achieving the net zero target. Since 2022, Wenta has been offering a new service - Action Zero - that is putting micro ventures and small businesses at the forefront of tackling climate change by producing greener products and services.

According to research from the SME Climate Hub¹, the top reasons SMEs aren't taking climate action are:

- They don't have the right skills
- Lack of funds
- There are other more important priorities
- Lack of time
- Customers are not asking for it

Wenta recognises these barriers and supports our clients, including the voluntary sector, to overcome them. We are seeing them making progress with the skills needed in continuing to address reduction of emissions and to take advantage of opportunities in a greener economy.

Wenta has drawn on previous research done by the Enterprise Research Centre (ERC) on SMEs and net zero to inform the design of the Action Zero service. We approached the ERC in the early stages of the service roll-out to propose a new partnership that would enable us to better understand the net zero journey in small firms signing up to the programme, and provide a robust evidence base to help develop future advisory and support services to help the UK's micro and small firms move towards net zero. This report presents the first findings from the ERC's research, and we look forward to continuing working in partnership with them as the service develops.

Wenta



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out more about
Action Zero

1. <https://smeclimatehub.org/>

Overview

SMEs are responsible for about one-third of UK emissions and close to half of the emissions from business [1]. Many businesses want to do more to reduce their environmental impact. Previous research by the Enterprise Research Centre (ERC) found that 50% of SMEs had a priority to reduce their emissions [2]. However, despite being aware of how their actions affect the environment, only 23% of UK SMEs had adopted any practices to reduce this impact, illustrating an “attitude to action gap.”

The benefits of net zero are society-wide, but the costs of net zero may weigh heavily on individual and often resource-constrained SMEs. Many SMEs need support to begin and develop their net zero journey [3]. It is against this backdrop that Wenta developed its ‘Action Zero’ programme in 2022.

This report presents some early findings from a research project being undertaken by researchers at the ERC to understand more about the experiences of participants on the programme and provide evidence on its effectiveness.

The report answers five questions:

- What stage are the participants at in their net zero journey?
- Who is participating in the programme?
- What are the motivations of the participants?
- What encourages progress?
- What are the next steps?

What stage are participants at?

Wenta's Action Zero programme is designed for small businesses. The registered firms fall into three categories: bronze, silver, and gold, with each offering specific benefits. The bronze level provides an educational foundation with free webinars that help businesses understand net zero better. Stepping up to the silver level, businesses gain access to more webinars, including a confidence-building session, and a dedicated net zero adviser. At the gold level, businesses take a proactive approach, measuring their carbon footprint and developing a tailored plan to reduce it.

We can visualise Wenta's Action Zero programme as a funnel. Firms enter the top of the funnel as bronze, then they become engaged in the programme, working through the bronze, silver and up to gold level.

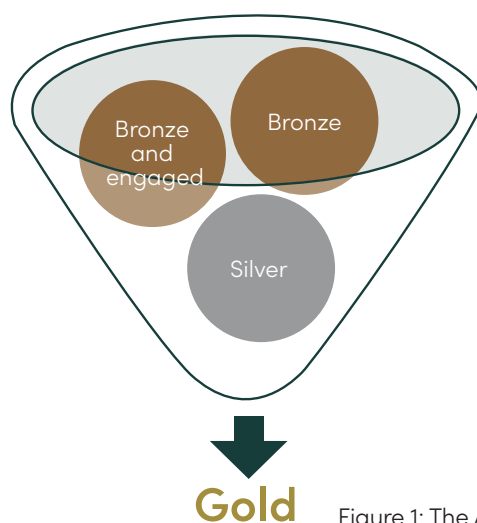


Figure 1: The Action Zero Funnel

Currently, most firms (over 96%) are at bronze level. This category includes both businesses that are actively engaged in the net zero programme, as well as those in the early stages of participation. The concentration of firms at bronze level reflects the programme's relative newness, and the fact that it attracts small firms with limited time and resources. The journey from bronze to silver and gold takes time and dedication.

Who are the participants?

The age of the businesses participating in the programme are shown in figure 2. 'Pre-starters' refers to newly established businesses that have not yet fully commenced their operations. These are the most prominent category, comprising 51.5% of the participants. The next group consists of growing firms that have been operating for between one to three years, making up around 13% of the participants. Established and existing firms, which have been operating for a longer period, each represent approximately 6% of the sample size.

This firm age profile means that a significant portion of participants are relatively new businesses. This group of businesses may face specific challenges based on cost and time, but on a positive note, may be able to embed net zero practices within their operations from the start.

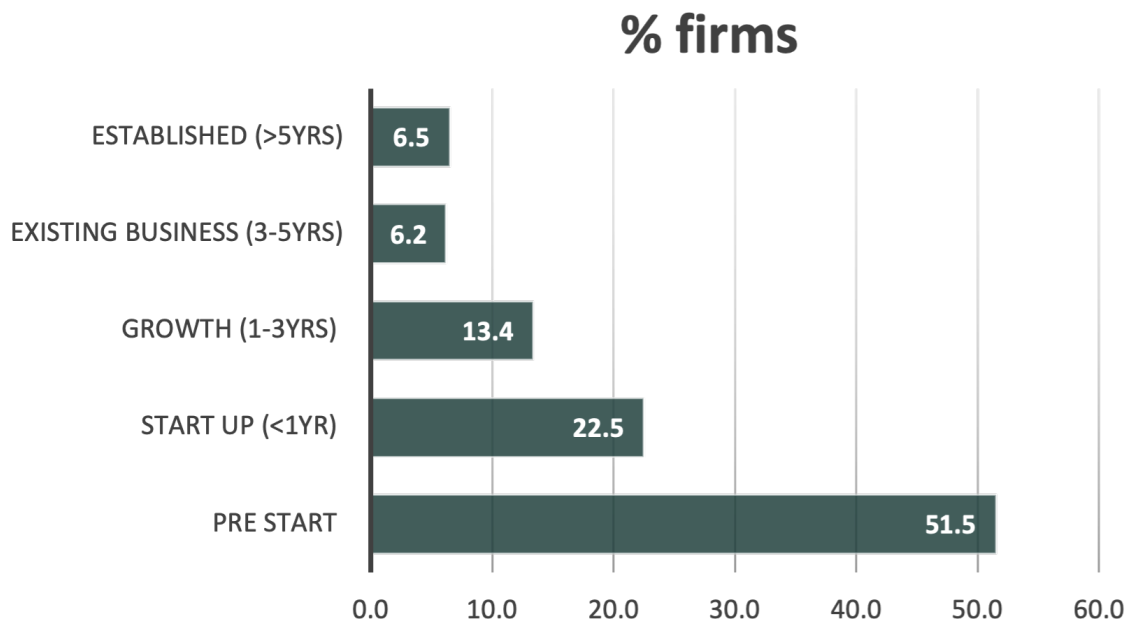


Figure 2: Business category of participating firms

Figure 3 provides insights into the ethnicity of leaders within the participating firms. Among the sample, firms with leaders of white origin are the most prevalent, accounting for 44.4% of the participants. Firms led by individuals of black or Caribbean origin make up 21.4%, while those led by individuals of Asian origin represent 15.4%.

Given that approximately 85% of leadership positions in SMEs in England are held by individuals of white origin [4], the programme is strong in terms of diversity and inclusivity as the percentage of non-white leaders is notably higher than found in the wider business population.

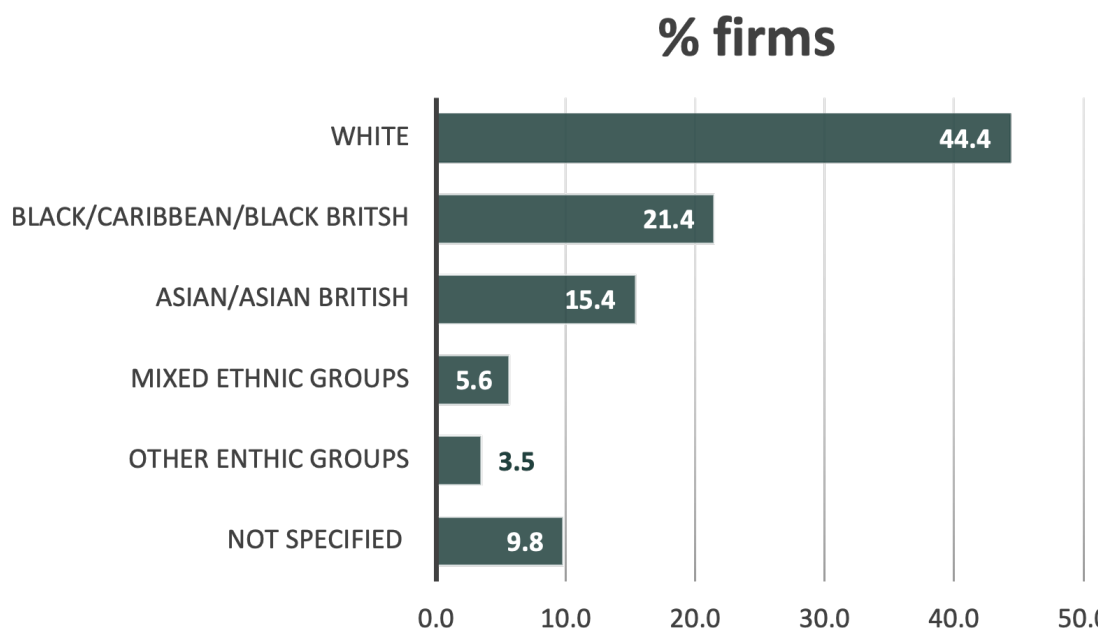


Figure 3: Leader ethnicity of respondent firms

We also analysed the data to tell us more about what influences the level of engagement with the Action Zero programme amongst different groups. We find here that the level of engagement in the programme increases with firms' age (figure 4). Among the different firm categories, 'established firms' are significantly more likely to be more deeply engaged in the programme compared to 'pre-starters' by nine percentage points, and 11 percentage points more likely than 'existing businesses' (3-5 years). This indicates that as firms mature and become more established, there is a higher probability of them more actively participating in the programme. Understanding these patterns can inform targeted strategies to encourage greater programme participation as the programme develops.

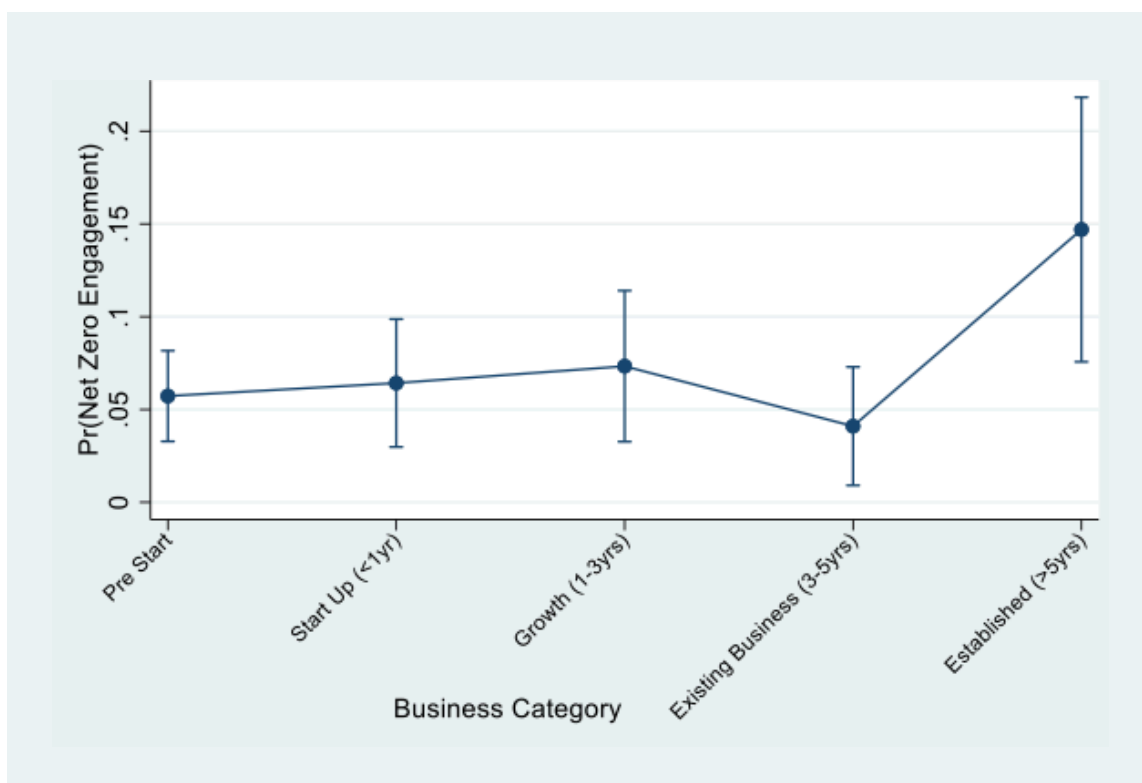


Figure 4: Levels of engagement with the programme by firm age

We also found that firms led by individuals of Asian origin showed the highest engagement rate with the programme at 8.5%. Firms led by white individuals follow, with a 7.9% engagement probability. The lowest engagement rates are observed among firms led by people of black or mixed ethnicity, at 3.8% and 4.3% respectively, which is worth monitoring as the programme develops to ensure disparities don't develop.

The research also shows there are greater levels of engagement in particular places. The probability of stronger engagement is highest among firms located in Bedford, North Northamptonshire and East Hertfordshire.

There are also sectoral differences. Strength of engagement is highest among firms in the legal services (30%) and the sciences (25.4%), and least among those in the broadcasting printing and publishing, food and drink, and hair and beauty industries. Firms in the creative and education sectors have similar level of engagement (between 15% and 16%), and slightly lower are firms in the property, accounting, and entertainment industries (between 11% and 13%).

This indicates that some sectors may be more open than others to implementing environmentally friendly practices. Businesses in some sectors also might find it more straightforward to incorporate sustainable practices into their daily operations. This emphasises the necessity for targeted strategies when promoting net zero practices.

What are the motivations of participants?

We explored the motivations of the participants to get involved with Action Zero through a set of in-depth interviews.

Most of the business leaders interviewed displayed a positive attitude towards net zero. They expressed a strong desire to embrace the net zero journey because it aligned with the core values and principles of their businesses. For these businesses, sustainability and environmental responsibility were fundamental drivers. One participant put it succinctly:

“morally it’s the right thing to do, regardless of whether it’s because we’re going to have to.”

Others also noted that the programme was also aligned with their personal values:

“I think I was going on my own journey in terms of kind of looking at ways to be a bit more net zero. This was offered to me at the time, and I thought well this is great because it’s all about things that are quite aligned to my values. So obviously it was there, it was offered to me at the time, and I thought well, what a great opportunity.”

Some businesses were driven by the aspiration to be an active part of the solution to net zero, offering goods and services that could significantly reduce environmental impact. As one participant noted:

“Our mission is to reduce impact on the environment and to restore balance to the ecosystem.”

Additionally, the influence of a push towards net zero was observed within some supply chains. Some businesses noted that tenders now incorporated net zero considerations. This reflects a growing demand from customers for environmentally conscious practices, businesses to integrate sustainable approaches throughout their operations.

The research has started to explore the diverse motivations that propel businesses to participate in Action Zero, and this will continue into the next phase. From intrinsic values to market-driven forces, the commitment to net zero is emerging as a multifaceted journey with significant implications for both individual businesses and the broader environmental landscape. As one participant noted:

“It’s threefold actually. So firstly, from the outset of trying to follow the NHS Green goals... we know that they’re only wanting to procure from suppliers who can show their carbon credentials. The second element is that when we engage with distributors, the ones that we want are also ones that already have sustainable values, so we have to be showing them ours. And the third thing is the values of our company.”

The overall impression was of a positive attitude towards net zero from participants, with some influence from clients and customers reported, but overwhelmingly the key driver was that moving to net zero was considered as 'the right thing to do'.

What influences progress?

In this section we look at what participants told us about their progress through the programme and with the net zero journey more broadly.

Making it relevant

One theme that emerged through the interviews was business relevance. Even those leaders strongly committed to net zero principles did not always see how this applied to their own businesses, and this affected their progress from the early stages.

One participant for example highlighted the challenges they faced in fully immersing themselves in the programme's offering:

"It's because I'm a consultancy business. I felt it was a little bit harder for me to kind of really immerse myself. I think if I'd have been kind of maybe a bricks and mortar business or had I had an office or things like that, you know, I think parts of it were a bit more aligned to other people."

This participant raised concerns about the relevance of the programme's services to their business and the partners they worked with as a service-based consultancy. This points again to the importance of tailoring programmes to suit different types of businesses, ensuring that all participants can derive maximum value from the support provided.

Having the net zero conversation

Participants reported benefits from the early modules in terms of engagement with their employees and colleagues, specifically enabling the net zero 'conversation' to take place. As one participant reported:

"Bronze and silver has let me... gave me some vocabulary to use when talking about it [to staff], and gave me the confidence to talk about it."

This confidence to talk about net zero within the business enables more of the workforce to get on board the net zero journey, which influences progress. As two firms noted:

"Yes, it was important for us as a small company that...whatever role, whatever level, however long you been at the company, you're involved."

"We have as a company decided that each quarter we will plant a tree for each member of the team and everybody was also asked to do their personal carbon footprint."

The research has highlighted the importance of the role of 'the conversation' in enabling businesses to engage the whole workforce in the net zero agenda.

Quality interactions

It is well known from research that many senior managers prefer to get business information face-to-face[5]. The interviews also reinforced this when it comes to net zero information, highlighting the importance of different interactions.

The first set of interactions was with the members of the Wenta programme team. These were welcomed as being useful because they reflected different experiences and perspectives. As one participant noted:

"I like the way that they introduce different people.... It wasn't just the same person repeating the same stories. It was different people coming in and introducing their own and their own perspective."

Participants found value in hearing different voices during the programme, especially in their desire for peer interaction. Those who took the face-to-face support route appreciated the peer interactions and referred to a community:

"It was good to be part of – it is like building a community and taking part in different webinars and discussions."

"I'm already connected to and working with different individuals who are really expert in that area... Attending different programmes and hearing different people's perspectives and ideas and solutions, you find information that you weren't already aware of and ideas."

Those who didn't participate in face-to-face sessions expressed a desire to have interactions with a group of firms going through the programme, perhaps as part of a virtual community.

Another type of interaction that was valued was one-to-one advice. Participants noted the positive benefit of personalised guidance tailored to their specific needs. Access to this was seen to be invaluable, especially for businesses with limited budgets and time:

"So, to be able to tap into a resource where you can speak directly to experts and, you know, gain advice and inputs and access... [helps] lay down, you know, the best foundations for your company in the best way you can with very limited budget, very limited time and, you know, brain saturation."

The willingness of experts to take the time to address specific questions and provide explanations was highly valued:

"Whenever we had any question, they were always there and helping and explaining and giving as much time as we need and move forward... And whenever we had the questions, they were jumping and explaining and helping to show how we can adapt to our business model."

The interviews with participants showcase the effectiveness of the one-to-one advice component of the programme. The personalised approach played a vital role in empowering the participants to make meaningful strides towards reducing their environmental emissions.

Taking small steps

The need to take 'small steps' emerged as a key theme during the interviews. Participants praised the programme for taking a step-by-step approach and for being structured and systematic, taking participants through a clear and organised process.

By breaking down the process into manageable steps and providing clear explanations, the participants explained that the programme empowered them to make informed decisions and take practical actions towards carbon footprint reduction. The importance of taking small steps is a theme that has also emerged as significant in other ERC research on net zero[2].

Making a public commitment

The interviews also highlighted the importance of businesses making a public commitment to net zero to progress on their journey.

The participant below explains how they showcased their sustainability efforts and achievements on their company website. This suggests that they recognised the value of publicly demonstrating can confidently communicate their commitment to clients and stakeholders, providing assurance that their sustainability initiatives are well-founded and actively pursued:

"It was just being able to display that on our website, and also to have some kind of formal qualification behind the knowledge that we've gained is important."

Time constraints

A key issue identified as holding back progress was time constraints. Many participants cited 'a lack of time' as a reason for their slower than hoped for progress with net zero. For some firms in the early phases of set up, leaders were preoccupied with the essential aspects of establishing their company and couldn't dedicate the time needed. Others talked about the juggling of priorities:

"To be honest, I think it's just it fell onto a back burner. Yeah, I just need to add it to the top of my 'to-do' list again to actually do it. So, it's not like I've made a decision not to or I'm not going to pursue that anymore. There are so many other things I need to do."

As another participant noted, their decision to prioritise other aspects of their business was not due to a lack of support for net zero. Instead, it was a matter of time management and prioritisation. This quote reflects the challenges faced by many SMEs in balancing environmental goals with the practical demands of running a business:

"In terms of my where I need to prioritise time in terms of getting the business off the ground, it's what gets lowered down on, you know, it's the thing that often gets knocked off the list. If I've got time to do something on a particular day, if something else comes up, that's one of the things that will get bumped."

What's next?

In this report we have presented some of the early findings from our research on the experiences of businesses on the Action Zero programme. The research will continue over the next year as the programme matures, and we will be able to understand more about the journeys businesses are taking, what motivates them, and the barriers they face.

Tentatively, looking at the wider context, from what we have learnt so far, we might suggest that those designing net zero support programmes for small and micro business consider the following challenges:

- 1.** How can we make sure programmes are clearly relevant to smaller firms and those in a range of sectors? Our research echoes previous evidence which shows that small firms fundamentally need to perceive how the programme has relevance for their business if they are to engage fully with it.
- 2.** Are there ways programmes help businesses to make the time for net zero activities, so they can put into practice their learning?
- 3.** When designing programmes there is a need to ensure enough space is provided for interaction, conversations and community-building. Our research has shown the value of peer networking in helping to share practical tips and ideas, helping businesses to begin and stay moving on their net zero journey.

References

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