Framework for Imbuing Sustainable 'Green' Impact Among Local SMEs

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Abstract

SMEs within the rural Dutch municipality of Utrechtse Heuvelrug (UHG) are becoming increasingly aware of the need for sustainable 'green' business. Their sense of sustainability is strongly defined by the 'green' environment in which they live and work. They were seeking an entrepreneurial approach to sustainability that is reflective of the area and fits their ecosystem. This approach was to be aimed at innovation and branding.

We assumed that the role and function of a location-based brand differs from that of product or corporate brands because it has more complexity. Taking place-branding theory as our starting point, we set out to construe a brand that is a) based on local identity and b) has the power to motivate and mobilize SME entrepreneurs to form cooperative sustainable networks. This paper presents our analysis for a brand framework and demonstrates how it has been applied to imbue sustainable 'green' impact.

Keywords

Brand, Branding, Sustainability, Entrepreneurs, Clusters, Social Innovation

Introduction

Utrechtse Heuvelrug Gemeente (UHG) is a rural municipality located in the centre of the Netherlands near the economic heart (Randstad) of the country, close to the city Utrecht. This area has mainly SMEs, which are represented by several entrepreneurial associations. These entrepreneurs are becoming increasingly aware of the need for sustainable 'green' business, and their sense of sustainability is strongly defined by the 'green' environment in which they

live and work. They've been seeking an entrepreneurial approach to sustainability that's reflective of the area and fits their ecosystem. This approach should be aimed at innovation and branding, given that green entrepreneurship currently has limited differentiating power. This is due to the fact that a) it has increasingly become a strategic underpinning of corporate decision-making, shifting it towards a commodity standard with minimal differentiating power and b) sustainability is not an asset that will sell on its own, or will give only a marginal return on investment. All this can lead to innovation inertia among entrepreneurs. We therefore had to search for innovations that truly achieve ROI and that give entrepreneurs a greater impetus for 'green' entrepreneurship.

The underlying question was therefore defined as: *How can a green economic value proposition be designed and be communicated as a brand in such a way that it generates added value for local 'green' SMEs?*

We considered this question from a place-branding perspective – that is, the process of applying branding principles to a geographical location to promote the place itself, its products or its businesses. We chose this perspective because, first, the entrepreneurial sense of sustainability's strongly defined by the 'green' environment in which the entrepreneurs live and work. This means the place is part of their 'green' philosophy and is, implicitly, a common denominator. Thus, the place presents an opportunity to create differentiation around green entrepreneurship, in which their place perception functions as the binding factor. Second, the role and function of a place brand differs from those of product brands or brands within corporate organizations in the sense that it's more complex in terms of ownership, stakeholders and image development. Places are social constructs and encompass a multitude of contact points, perceptions, salient brands and associations that interact and shape users' experiences and expectations, all of which define its image (Kavaratzis, 2004). This case presents that same complexity, requiring the management of many different stakeholders, businesses and products.

We used a dynamic approach in which the bottom-up and top-down reflections from all stakeholders were mutually influential. We conducted action research in which interview sessions, expert, brand and innovation development sessions, and quantitative research were carried out adaptively.

This paper presents our analysis for a framework and demonstrates how it's been applied to imbue sustainable 'green' impact. We show how the framework was developed based on the following themes:

- The role and function of the specific place
- Defining an identity-based entrepreneurial brand
- How to manage complexity

Role of place

The role of places within place branding and marketing differs depending on the context. For instance, a place can be showcased prominently, such as within city marketing, where the place itself is being promoted. Examples include 'The Big Apple' or 'I Amsterdam'. A place can also function as a weak reference to a product, like *Goudse Kaas* (Dutch Gouda cheese), which is produced all over the world. To distinguish the various roles of place, we drew on Charters' conceptual framework for understanding the role of the French *terroir* in the wine industry (2012). This results in the following definitions:

1. Place as a *physical* concept. The physical, tangible assets of a place are mostly used in city marketing and branding projects. Although it is acknowledged that city brands also need to reflect on intangible elements (Zenker, 2011), in practice these are too often neglected due to the immense diversity of the place itself. Consequently, in many cases of city branding the focus comes to lie merely on a logo that functions as an umbrella brand to unify a variety of assets (Hankinson, 2001).

2. Place as *identity*: much empirical research has been done showing the positive influence of the image and reputation of a city, region or country on product categories such as French wine (Kotler & Gertner, 2002). However, the question is how crucial the physical place (the *terroir*) is for the actual taste of a wine, as there is no convincing evidence to support such a link. It is therefore accepted that the image of a region (Champagne represents prestige and luxury) is the true value of the product (Charters, 2010).

3. Place as a *market (i.e. commercial) site*: companies and governments are increasingly recognizing the potential value of cooperative company networks and clusters (Gower, 2008). Companies therefore often unite under what are called cluster brands, in which all of the firms are operated as a single brand in the interests of a strong industrial reputation or market influence for their product. Such brands are inherently organized around a specific 'industry' or 'leading product' and a dominant local actor such as a

knowledge centre or a lead company (Wolfe & Gertler, 2004). Examples of such industry-, product-, lead company- and knowledge centre-centricity are, respectively:

- Silicon Valley, Food Valley, Paper Valley (Tactics, 2012), Entertainment (Las Vegas, Los Angeles, Hollywood);
- French wine and cheese, Frankfurter sausages, Laguiole knives;
- Lego (Billund), Volkswagen (Wolfsburg);
- Eindhoven University of Technology (Brainport region).

A 'supra-brand' overarches the collective of companies and their competences (Wang & Wang, 2010). However, the role of the place itself is quite limited. Here, the only function the region has is to facilitate business in terms of location, a suitable site and the presence of an entrepreneurial infrastructure.

So far, we have considered three perspectives on the role and function of places. The initial proposal was to organize a region brand initiated by the business community. However, it became clear that this wouldn't be feasible. First, it would lead to an inevitable increase in organizational complexity, generating a plethora of new stakeholders such as the government and the tourism sector. These actors would add new focus areas and other target groups, which, in turn, would derail the original focus on green entrepreneurship and therefore defeat the purpose. Second, it would mean relinquishing authority: the entrepreneurs would have to hand over at least some of their control to the government, which wasn't negotiable, and they were afraid that too much governmental interference would negate the process. Third, it would lead to a diffusion of mobilizing power: expansion into a region brand could have a negative impact on the 'green' mobilizing power of the brand due to the absence of direct financial links between stakeholders and target groups.

We also looked at the alternative: the cluster brand. However, there were no clear constituents of a cluster brand as defined under *place as market.* Moreover, the SMEs were only marginally developed in correspondence with their environment. The UHG is fairly conservative and traditional in orientation and provides no openings for very large-scale innovations, windmills, gas plants or industrial companies. Local industrial competences are no more than moderately developed and show no direct evidence of innovation. Although some major economic fields can be identified, no cooperative networks are present. These companies primarily intend to work independently.

Thus, the only potential binding factors among these SMEs were 'green philosophy' and regional embedding, which is scant, according to Wang & Wang (2010) and Wolfe & Gertler,

(2004), and which positions the prospective brand somewhere between a region and a cluster brand. This led us to opt for an identity-based brand for entrepreneurs that would fulfil the following functions: 1) establish a differentiated meaning for green entrepreneurship, 2) mobilize entrepreneurs in the region around green entrepreneurship and 3) provide an inspirational source for innovations leading to economic prosperity for the green entrepreneurs and therefore for the region.

The brand: identity-based

Initially, we sought to separate the place identity concept from the prospective entrepreneurial brand because we no longer supported the idea of a regional umbrella brand. As we have seen however, place identity is important to an entrepreneurial brand. This meant place identity first had to be defined. Zenker (2011) outlines distinct elements, categories and dimensions of a place brand that should be included in the measurements, and suggests using a mixed-method approach in order to 'catch' a place.

To 'catch' the identity of the UHG, we conducted qualitative research among 'iconic' figures and formal representatives of the UHG, as well as residents and non-residents. The study was complemented by a large-scale quantitative survey among residents and a representative sample of Dutch citizens. We further chose to use a comparative analysis, comparing the identity of the UHG to that of three adjacent green areas.

To cover all the relevant elements of place identity we used the model of Grabow, et al. (1995) as discussed by Zenker (2011). It consists of four categories, called pictures, which represent the physical and geographic structure of a place (spatial), its historical heritage (historical) and cultural activities as well as the mentality of the inhabitants (cultural) and its economic function (business). The place identity of the UHG is summarized in table 1.

After defining the identity, we co-creatively pinpointed the brand essence together with the SMEs as 'valuable development'. This brand essence incorporated the elements of the place identity, namely: 'start small and locally', entailing a focus on concrete, tangible measures in or near the UHG, and 'preservation through innovation', the values of the UHG (see table 1).

We then had to give the brand a differentiated position. We did this on the basis of regional identity, establishing a specific perspective on green entrepreneurship. Furthermore, the use of regional identity guarantees authenticity, credibility and acceptance as it consists of

identifiable values. Acceptance of the brand is moreover fostered by the co-creative character of the brand development process. This approach is congruent with the key success factors of brand development (Braun, 2012).

Identity Utrechtse Heuvelrug Gemeente (UHG), The Netherlands

Spatial: Utrechtse Heuvelrug Gemeente (UHG) is a municipality central located in the Netherlands in the Southeast part of the Utrechtse Heuvelrug region. The UHG consist of seven, small culturally different municipalities, which used to have independent authority. They merged together in 2006. Unique about this UHG area, is the fact that it's largely situated on a hill ridge (Utrechtse Heuvelrug) that dates from the last-to-next ice age, Saalien. It forms the foundation to a diverse of natural landscapes ranging from woods and heathlands to arable land and moraines, which gave this area in 2003 the National Park status. It is the second large (beyond the Veluwe, situated in the East) uninterrupted, ecological green area of the Netherlands.

Historical: This area has a rich cultural history that resonates through the significant amount of churches, castles, sumptuous country estates that form together the unique Stichtse Lustwarande, and the characteristic tobacco barns. Besides these objects, other historic elements such as old wooded banks, mine structures, barrows, donjons and historic gardens give us historic information about the previous way of life within this area. This place has captured ever since extraordinary people such as writers (Simon Vestdijk; Maarten Maartens), philosophers (Rudolf Steiner; Bernard Lievegoed) and many influential politicians.

Cultural: Habitants of the UHG consider this area as a place where people can ground. The inhabitants believe in the strength of nature and people. Nature, history, the extraordinary people form together a vehicle to self-reflection and unearths the natural self to get to the essential values of life. Work and life in this area are therefore pure. Respect and responsibility, care for people and nature are inherent to the inhabitants. This society strives to live life from a pure, natural, authentic perspective. The following values are assigned:
- Spiritual: Liberal spirituality, grounded, balance, harmony and the quest for true meaning life.
- Respect: Respecting all tangibles and intangibles such as nature, history, craftsmanship, culture.
- Care: Dedicated to the people and everything else surrounding them.
- Responsibility: 'Stewardship', bearing responsibility for preserving the environment, keeping in tact all that's precious.

Business: The UHG is seen as an extreme cultural and natural diverse area, appealing to their residents and tourism in broader sense of the word. Not surprisingly tourism is the main economic field, next to care and service business. Especially, the latter consists of a significant amount of entrepreneurs with less than six employees. They haven't extended much over the years. In general they intend to remain the size they are and suit the slow grow and sustainability intentions - stay one of greenest and sustainable villages within the Netherlands - of the UHG municipal policy (Bosma, 2010). This area has neither great industry, nor mega companies.

Table 1. Identity of the Utrechtse Heuvelrug municipality, the Netherlands.

Innovation: managing complexity

Complexity is characteristic of organizing a place brand. Hankinson (2001) distinguishes four critical success factors for implementing a brand:

1. Organizational complexity: ownership
2. Product complexity: various different products
3. Stakeholder complexity: various different stakeholders
4. Measurement of success: hard to measure success

Organizational complexity has already been addressed. We decided to minimize complexity by focussing on an entrepreneurial brand instead of a place brand. A disadvantage of this choice is that there is no room for brand extension and therefore brand enhancement. However, due to the interconnectedness of location-based brands, we argued that the UHG place identity should function as a starting point for all relevant brands within the region, including our green cluster.

As the brand has marginal substance, the idea was to engender meaningfulness and credibility through iconic innovations (products, services). However, entrepreneurial creativeness and power seemed to be limited. Nevertheless, in order to keep the brand promise, the SMEs have to create sustainable impact. The most logical way of doing this seemed to be innovation through cooperative networking, given that a) working together has a greater impact on sustainability (social return) than working as an independent operator (SROI), b) local supply-chain efficiency and intelligence is achievable within the accounting limits and c) collaboration's necessary to achieve return on investments (ROI). Regional supply-chain efficiency is therefore the product innovation that should be used to support the brand, and vice versa, suggesting a form of innovation through cooperation instead of through new concepts.

This fits in with recent thinking on brand development, constituting a stakeholder perspective that goes beyond dyadic relationships. Due to increasing complexity, the marketing concept and customer-centricity have become too limited as a foundation for marketing in the broader sense, and, moreover, that brand value is created within stakeholder relationships (Mertz et al., 2009).

This stakeholder complexity makes it difficult to define target groups, all the more when there are no services or products to identify and focus on. Here, individual entrepreneurs have hardly any meaning and must work together as complementarity is their prerequisite for value

creation. This differs fundamentally from the benefits that competitive participants usually derive from clusters, where they're as much participants as they're competitors. Thus, it would seem that strengthening their internal values and green philosophy must be given prime importance. The brand's then mainly inwardly oriented.

We decided to measure success on the basis of two aims: ROI and SROI. To make this more concrete, we defined success prior to the start instead of later, resulting in the following criteria for success: 1) SMEs' network intensity and 2) SROI-criteria proof initiatives. To define these criteria, we worked together with the acknowledged WUR institute. Both criteria were formulated as determinants for the acceptance of (new) entrepreneurs or initiatives. Those that fulfil both criteria will be permitted to join the others and to present and profile themselves under this brand. In addition, we established an organisation aimed at successfully managing the brand and, by extension, green entrepreneurship.

Conclusion

We've set out a brand framework for green entrepreneurship. Our starting point was the concept place branding. We identified several distinguishing elements and positioning options for the region (see table 2). In line with the particular context, we opted for an identity-based brand rather than a region brand in order to a) consolidate the focus on sustainability, b) keep governance simpler and more manageable and c) ensure entrepreneurial commitment. Additionally, the leading principle and values also constituted their own type of sustainability, lending authenticity and credibility. Stakeholder and product complexity were resolved through an entrepreneurial focus and regional supply-chain efficiency, respectively. Ultimately, the challenge will be to fulfil the criteria for success in ROI and SROI through network intensity and SROI criteria-proof initiatives.

We drew three important *lessons* from this programme:
1. We positioned the preliminary brand between a regional and a cluster brand, leading to a separation of place identity and brands. This enabled us to manage place brand complexity, which generally delays the process, as seen especially in city marketing projects (Hankinson, 2001; Kavaratzis, 2004; Zenker, 2011) that limit themselves to logos and slogans. Our approach corresponds with Braun (2012), who signals the importance of sub-brands within a regional brand as a critical factor.
2. Innovation through cooperation rather than through new concepts. We argued that in order to create sustainable 'green' impact among local SMEs in the UHG region, we

would need to focus on relevant cooperative networks (supply-chain efficiency) as the main priority. It has been suggested that value and impact arise primarily from the possible relationships entailed in entrepreneurial sustainability, in which the brand functions as a collaborative partnership for value enhancement (Hankinson, 2004).

3. From a stakeholder perspective, internal branding may become more important than the customary external branding, which is primarily focussed on consumers or customers. As such, the 'green' philosophy seemed to be the right catalyst to stimulate a feeling of 'togetherness'. The entrepreneurial brand is therefore more inwardly oriented, which may in fact be the prerequisite for creating a place brand.

Distinctive elements and positioning options

1. **Context:** *Convincing 'green' entrepreneurship.* Sustainability is one of the greatest societal issues of this era. It leads to increased moral pressure among companies, organisations and individuals and motivates them to act sustainably. And sustainability today is more and more defined as 3P: People, Profit, Planet, which is respectively a combination of the social, economic and ecologic dimension.

2. **Leading principle:** *Start small and locally.* Their sense of sustainability is derived from their environment in which they live and work. It means a focus on concrete tangible initiatives within or close to the UHG.

3. **Values:** *Preserve through innovation.* The UHG values are leading. You can live and work here in a natural environment. It's pure. Respect and responsibility, care for each other and nature are the basic characteristics of the inhabitants. That's why they want to innovate from a sustainable perspective and preserve and respect all the assets from this region. That means small effective actions such as safe forest management, instead of colossal and / or extraordinary product innovations.

4. **Icons:** *Innovation through cooperation.* For the realization of sustainable impact it's essential to cooperate with an increasing amount of entrepreneurs, because this substantial embodiment is necessary to create serious ROI & SROI.

5. **Challenge:** *Sustainability is a matter of action with impact measurement.* We defined, in collaboration with WUR, SROI criteria, which form the 'green' entrepreneurial fundament. Access and brand use is only given to those who can match these criteria. In that way we can assure green guided firm contribution towards 'green' impact.

Table 2. Distinctive elements and positioning options

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