



PREMA®



Profitable Environmental Management (PREMA®)

In brief
- method and instruments -

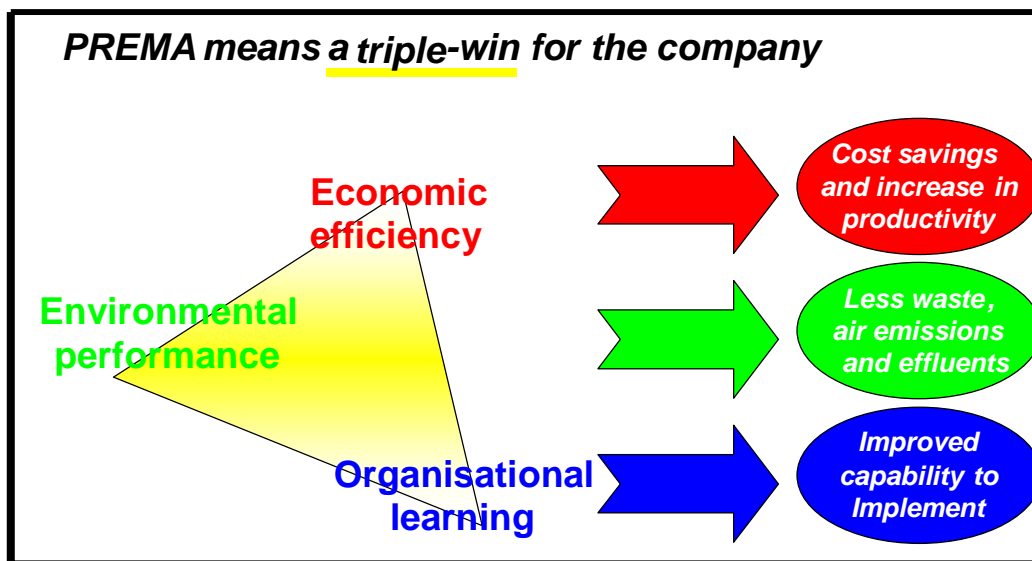
October 2003

Profitable Environmental Management

PREMA is a programme developed by GTZ-P3U for micro, small and medium-sized companies. It aims at practically implementing measures designed to substantially

- ⇒ **reduce costs of production,**
- ⇒ **improve their environmental performance, and**
- ⇒ **enhance their organisational capabilities.**

By adequately taking into consideration these three components, i.e. cost management, environmental management and organisational learning, a **triple win** can be achieved:



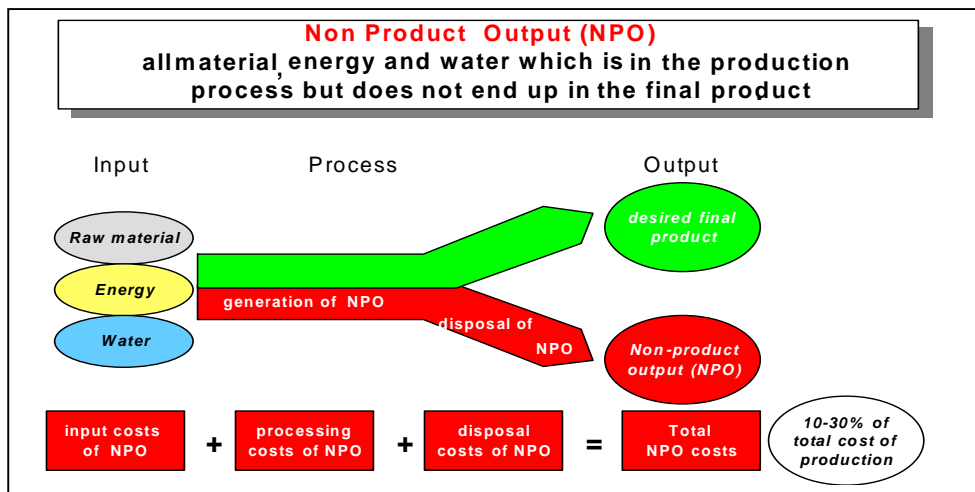
PREMA is designed for owners and managerial staff of micro, small or medium-sized companies.

The full PREMA programme consists of several instruments to introduce profitable environmental management in companies.

The programme is modular and flexible so that the various tools and techniques can be combined or adjusted to suit the specific requirements of each company. Time requirements range from 2 days to an engagement for up to six months.

What are characteristic elements of PREMA?

- PREMA offers instruments which can be used to achieve a *triple win* by
- ⇒ quickly identifying easy-to-implement measures in the field of quality, environment and workplace safety; and/or
 - ⇒ addressing potentials for improvements in a more systematic way through the Non-Product Output approach.



In order to enhance organisational capabilities, PREMA also trains the **presentation, visualisation, moderation and team-building techniques** which are required to implement measures, to enhance the knowledge and problem-solving capacities existing within the company, as well as for effective networking between companies.

The PREMA training programme is **creative and interactive**: it builds upon the professional and personal experience of participants and aims at transferring in a sustainable way the newly acquired knowledge and skills into the companies.

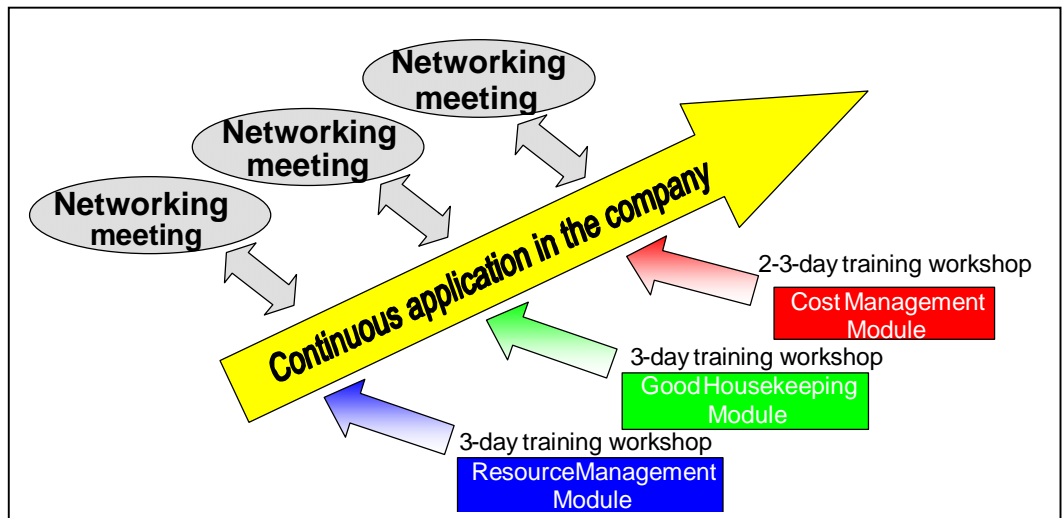
PREMA mostly allows for **inexpensive implementation** with little external input and, consequently, for **wide application** in a great number of companies.

The modular combination of instruments promotes the initiation of a **continuous process of improvement**, which reaches from simple improvements in the company to the introduction of complex management systems in the fields of quality, environment and workplace safety. It can be linked to other management systems, including certifiable ones.

What is the PREMA programme?

PREMA comprises short trainings or a complete programme of up to six months for owners and managerial staff of micro, small and medium-sized companies.

It is structured in **interactive training workshops** conducted by qualified and authorised trainers and consultants, and **networking meetings** of the entrepreneurs, which may be maintained beyond the duration of the programme.



What are the Modalities for PREMA trainings?

PREMA trainings are offered by authorised trainers and consultants in cooperation with local partner institutions which are qualified through workshops and/or on the job.

Since PREMA is intended to be a market-oriented service, participation is subject to the payment of a fee to cover at least the costs incurred locally.

Participants will receive a certificate issued by GTZ and will become members of the PREMA network which serves to exchange information on new developments in the field of Profitable Environmental Management, and offers coaching and upgrading.

For further information, please contact:

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The comprehensive PREMA programme

Activities & Duration	Results
<p>Resource Management Module 3-day training workshop</p>	<p>Entrepreneurs</p> <ul style="list-style-type: none"> ▪ understand the relevance of an efficient use of raw materials and energy, and the basic interrelations between product design, work planning and organisation, as well as costing, ▪ know how to use flow-charts for the identification of weaknesses in the production process ▪ are able to transfer ideas into practical changes in their own company, ▪ become members of a network to assist each other in improving resource use in their companies
<p>Networking Meetings e.g. 0.5 or 1 day or evening per month, facilitated by an external moderator</p>	<ul style="list-style-type: none"> ▪ elaborate economic, environmentally sound solutions and action strategies for problems which have occurred in the company's routine operations
<p>Good Housekeeping Module 3-day training workshop</p>	<ul style="list-style-type: none"> ▪ identify cases of obviously inefficient and environmentally adverse use of natural resources, ▪ achieve cost reductions and environmental improvements in a relatively short period ▪ increase workplace safety. ▪ use it as an entry into further-reaching activities of environmental management.
<p>Networking Meetings</p>	<ul style="list-style-type: none"> ▪ as above
<p>Cost Management Module 3 training workshops of 2 – 3 days each, for bigger companies a separate 6 months programme</p>	<ul style="list-style-type: none"> • engage in systematically and continuously reducing the costs of Non-product Output, NPO, i.e. any output which does not form part of the final product • thus reducing production costs, decreasing the company's negative environmental impact, and initiating a process of internal organisational learning by increasing transparency and motivating staff to actively contribute to further improvements
<p>PREMAplus Module</p>	<ul style="list-style-type: none"> • analysis of the gap with regard to management systems according to ISO 19001-2000, 14001 and OHSAS 18001

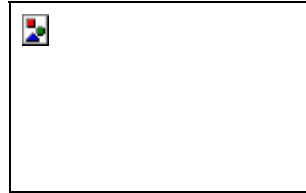


PREMA[®]



PREMA – a Service for Small and Medium-sized Enterprises

PREMA is an integrated concept for the promotion of environmental management designed for micro, small- and medium-sized enterprises (SME) in developing countries.



The target group of this concept are not only owners or managers of SME in developing countries, but at the same time local and international multipliers and intermediaries (consultants, business associations, private sector promotion institutions), who may contribute to the application, diffusion, quality assurance and sustainability of the PREMA approach.

At the same time, the provision of additional, market-oriented services related to PREMA can create income which will enhance their financial sustainability.

PREMA pursues the **triple win approach** by:

- **offering simple instruments** with which resistance to change may be easily overcome and which allow for **inexpensive application** with little external input and, consequently, for **wide application** in a great number of SME,
- set in train a **continuous process of improvement** through a **modular combination** of these instruments, which reach from simple, quick measures in SME to the introduction of more complex management systems which lead to substantive improvements in the areas of quality, environment and workplace safety, while strengthening the organisational capabilities of the company
- promoting the **problem-solving capacities** of the individual companies as well as the mutual support through **networking** between the companies,
- making training **creative and interactive**, with the aim of building upon the professional and personal experience of participants and continuously transferring their newly acquired knowledge and skills back into their companies,
- assuring the **sustainability** of the instruments through (on-the-job-)training of local and international consultants, multipliers and intermediaries,
- guaranteeing the **quality** of the instruments through viable long-term mechanisms, especially cooperation agreements with local institutions.
- PREMA is a private sector approach which is relatively independent of the political framework in the respective country by mobilising the self-interest of the companies in a sustainable, i.e. economically efficient and environmentally sound production. Some minimum conditions, such as incipient legislation, and increasing prices for natural resources, should however be given.

Improved resource efficiency and pollution prevention are also key success factors for public health, the long-term sustainability of national resources and economic development in developing countries, as well as enhanced competitiveness at the international level where consumers and international agreements are demanding ever more environmentally sound products.



The P3U Pilot Programme is implemented by GTZ on behalf and with the funding of the German Ministry for Economic Cooperation and Development (BMZ)



PREMA®



Resource Management

(RMM®)

Objectives	<p>Motivating entrepreneurs to use resources (raw materials, energy) more efficiently; this is effected by</p> <ul style="list-style-type: none">• transmitting basic interrelations between product design, work planning and organisation, production, generation of waste, as well as production costs, and• transferring this knowledge into the enterprise's routines.
Target Groups	<ul style="list-style-type: none">• small and medium-sized enterprises, especially those which have participated in a CEFE Programme (Competency-based Economies through Formation of Enterprise);• local trainers and consultants working in the fields of quality, environmental and resource management as well as economic development and CEFE
Main Features of the Instrument	<ul style="list-style-type: none">• Practice-related exercises regarding material flows (e.g. preparation of a typical national dish – this everyday activity serves to illustrate phases and problems of a production process in the form of a flow chart; production of greeting cards to demonstrate costs and environmental problems of remaining materials (non-product output), and to analyse weak points and measures for improvement)• Elaboration, by way of role plays, of cooperation strategies to implement measures in the entrepreneur's own company• Promotion of the formation of coached self-learning groups („aides of excellence“ or similar) based on an Action-Learning Set (i.e. in regular meetings, members support each other in elaborating concrete solutions and strategies for action for problems which have occurred in the company's routine operations and in thus producing in a more environmentally sound and at the same time more economic way).
Methodology	<ul style="list-style-type: none">• 3-day workshop for entrepreneurs, which can also be realised in six evenings• 3.5-day training-of-trainers-workshop (ToT) for trainers and management consultants as well as subsequent practical application by moderating a workshop for entrepreneurs under the supervision of external trainers



PREMA®



**Learning
Objective and
Input Required
from
Participants**

- Having participated in the 3-day workshop, **entrepreneurs** are able to review production processes in their own company with a view to improved resource use; participation in an entrepreneurs' self-learning group enhances the solution of concrete problems (between 2 hours and a day/month) and encourages entrepreneurs to implement further-reaching improvements
- **consultants** who have participated in a ToT and have moderated a workshop for entrepreneurs under the supervision of external trainers are able to transmit the instrument on their own (3 or 5 plus 3 days); additional coaching if required, e.g. via the CEFE Distance Learning Centre or the P3U discussion forum; or co-moderation of further trainings

**Implementation
Examples**

- Workshop for entrepreneurs in cooperation with the business association CANACINTRA in Mexico (July 98 and February 99), the workshop is now being offered by CANACINTRA;
- workshops and cooperation with Fundação Empreender, Santa Catarina, Brazil
- training for hotel owners and staff in Chiangmai, Thailand
- various trainings in the Middle East (e.g. Syria, Palestine/autumn 99, spring 2000)
- training for Zimbabwean consultants (8/99) and cooperation with the export promotion institution Zimtrade
- ToT for CEFE-Trainer from various Asian countries in Vietnam (March 99)
- ToT for German trainers (December 99)
- various workshops for entrepreneurs in the framework of the DEG Programme "Environmental Cooperations Philippines", combined RMM-GHK Programme ("circle of excellence") in food processing companies in cooperation with TaT/Rheine and the Philippine Trade Training Centre (PTTC) (June to December 99)
- / integral part of long-term training programmes offered by the Carl-Duisberg-Gesellschaft (CDG) since November 98



Good Housekeeping (GHK®)

Objectives GHK enables small and medium-sized enterprises to **independently** and with low external support achieve the following:

- **identify** cases of obviously **inefficient and environmentally adverse use of natural resources**,
- **achieve cost reductions** in a relatively short period,
- **increase workplace safety**, and
- organisationally prepare the **implementation** of adequate measures.

GHK thus creates a basis for further-reaching activities in the field of environmental management.

Target Groups

- **local and international consultants and advisors** who contribute to disseminating GHK;
- **small and medium-sized enterprises**, both in **producing sectors** and in the **service sector**;
- **local institutions** that ensure **dissemination** and **quality assurance** of both the instrument and consultants.

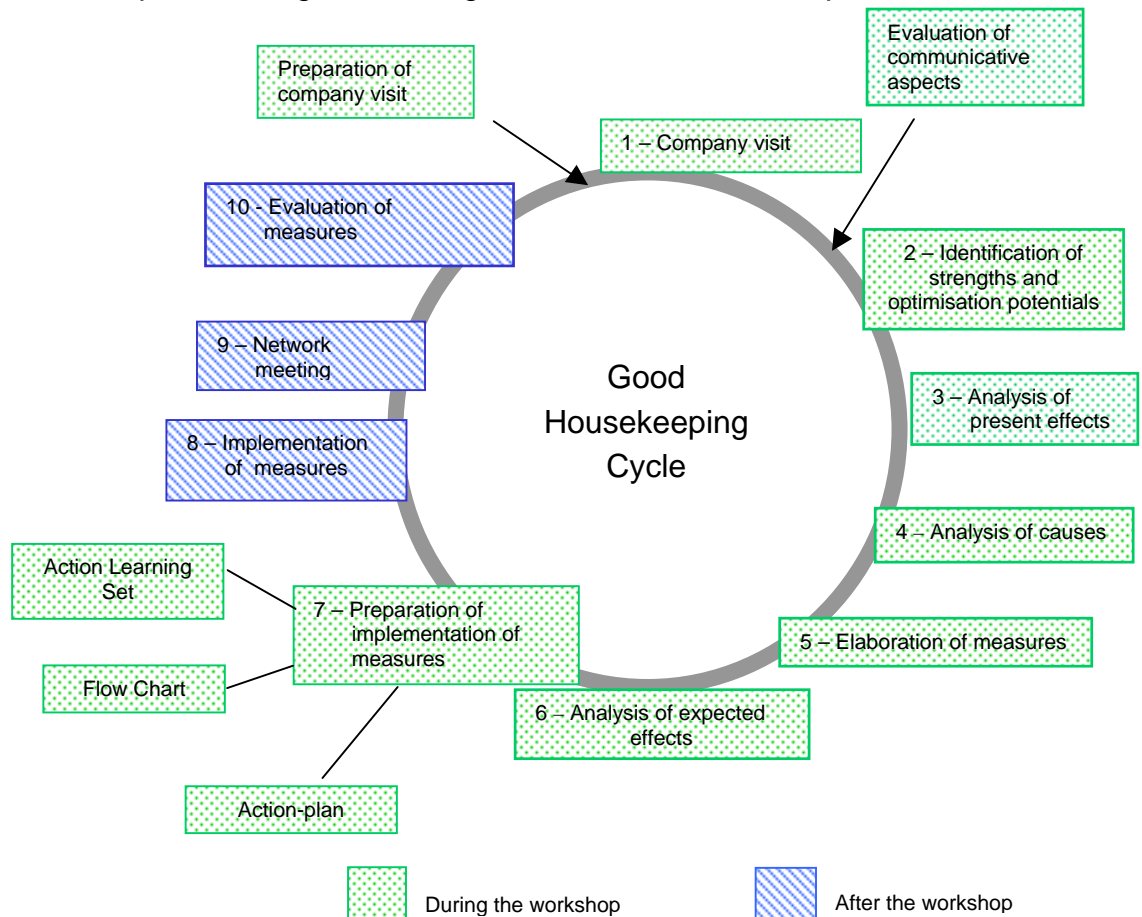
Main Features of the Instrument

The **Good Housekeeping Guide** contains

- **general checklists** regarding e.g. the efficient use of input materials and energy, the reduction and treatment of waste, as well as workplace safety and health protection.
- It also includes information on how to calculate costs related to the implementation of measures and how to establish flowcharts. It is available in German, English, French, Spanish, and Portuguese, as well as in Arabic, Vietnamese and Thai.
- In addition, **sector-specific checklists** have been elaborated in selected languages; presently they are available for bakeries, hotels, garages, furniture manufacturers, food processing companies, rubber industry, footwear industry, printing houses, industry of building materials as well as for agricultural production.

Methodology

- For multipliers, GHK is trained in a cross-sectoral or sector-specific **3 - day workshop**. Role plays serve to reflect the consultant’s role and to improve question techniques. A practical application of GHK in local SME during the second workshop day, based on the **Good Housekeeping Guide**, has proved to be useful. The evaluation of the company visits, including a cost estimate, is also submitted to the respective enterprises.
- The third, half or full, training day is used for a comprehensive evaluation, the elaboration of an action plan, as well as a short training for a follow-up in entrepreneurs’ networking groups.
- As another possibility, enterprises can implement GHK rather independently on their own after having participated in a training.
- GHK has also been integrated in a **group-centred approach** of the “Resource Management Module”, and can be combined with element of “Environment-oriented Cost Management”.
- The application and implementation of “Good-Housekeeping” is done by passing through a **circle of ten steps**. Seven of them take place during the training, three after the workshop:





Profitable Environmental Management (PREMA®)



Learning Objective and Input Required from Participants

- Having participated in the workshop, **entrepreneurs** are in a position to implement and apply GHK in their own company.
- **Consultants and advisors** are enabled in the workshop to disseminate the GHK approach in enterprises, to generally take GHK elements into consideration in management consultancies, and – depending on previous moderation experience – implement trainings.

Implementation Examples

GHK has so far been implemented in Germany, Romania, Brasilia, Chile, Ecuador, Central America (El Salvador, Guatemala, Costa Rica, Nicaragua), Mexico, Peru and Venezuela, the Philippines, Sri Lanka, Thailand, Indonesia, India, China and Vietnam, Egypt, Turkey, in the Middle East, the maghrebian region, Republic of South Africa and Zimbabwe.



Environment-Oriented Cost Management (EoCM®)

Objectives

EoCM® is one of the complexer tools of Profitable Environmental Management – PREMA® - and enables enterprises to systematically and continuously

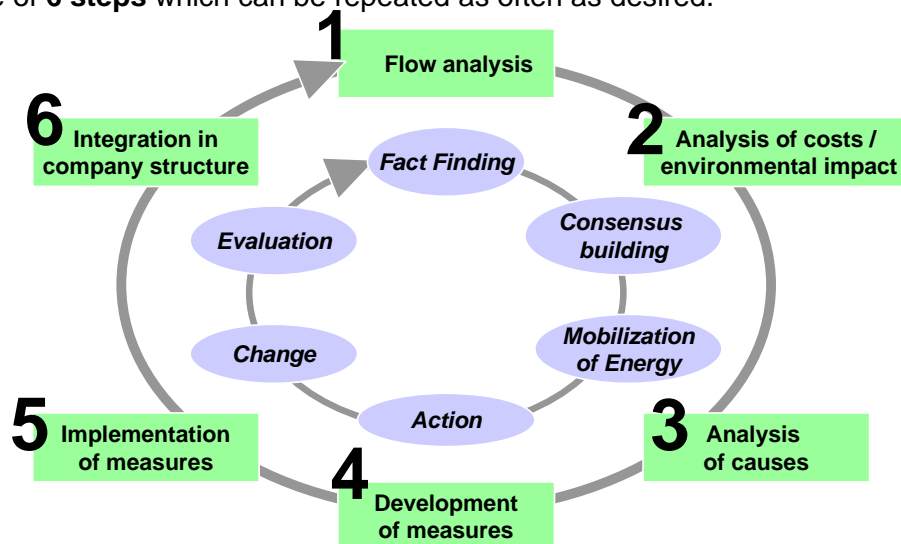
- **reduce** both obvious and hidden **production costs** through the reduction of **Non-Product Output (NPO)** - i.e. those raw materials, water and energy, which are used in production but do not leave the company as part of the product - and thus to
- **reduce** the company's negative **environmental impact** and
- **promote an internal process of change** which increases not only overall organisational efficiency, transparency within the enterprise and effectiveness in the implementation of measures, but also the participation, motivation and self-responsibility of the staff members which will foster a continuous process of further improvements.

Target Groups

- **small, medium and large enterprises in the producing sector**,
- **local and international consultants** who contribute to disseminating EoCM,
- **local associations and economic and environmental promotion institutions** that ensure **documentation** of results, **dissemination** and **quality assurance** of both the instrument and the consultants.

Main Features of the Instrument

EoCM is introduced in a company (i.e. usually in a group of companies) in a cycle of **6 steps** which can be repeated as often as desired.



Following the first three steps, the elaboration of measures can initially be limited to selected NPOs or individual production areas.

This EoCM cycle, however, is only successful if the enterprise, at the same time, goes through a complete **internal process of change**, which in the graph is symbolised by the inner circle and involves all concerned staff members, as well as top management. It is already during the analysis of material flows that low-cost, easy-to-implement *Good Housekeeping (GHK)* measures are being identified, in case EoCM is applied as stand-alone instrument. Further EoCM measures are systematically developed in the course of the cycle; these are not only related to the production process as such, but also to purchase, product design, packaging, storage, sale and waste treatment. EoCM can be combined with other instruments of environmental management (e.g. management systems according to ISO) or applied as second step after *Good Housekeeping* in a modular PREMA programme.

Methodology

- An **EoCM team** composed of 2-3 members (depending on the type of programme and size of company) from various areas within the enterprise (production + accounting + quality/environmental management/maintenance) analyses material flows and their respective costs and environmental impact, in a **process of several months** (2 to 8, depending on type of programme and company size), analyses their causes and develops measures designed to reduce them and analyses expected economic, environmental and organisational effects.
- **Local consultants** are either trained in advance and/or together with the EoCM teams which they will support with their external view and professional knowledge.
- **Networking** among the EoCM teams of the various enterprises, and also among the consultants serves to facilitate the implementation process.
- In the **stand-alone version** of EoCM, the programme comprises 4 Workshops with appr. 10 Workshop days and 4 in-house trainings per company.
- As part of a **modular PREMA programme** there will be a 5 day EoCM-ToT plus 2 TOTs of 2 days for **consultants** always prior to a sequence of 3 company Workshops of 2 days. In addition, consultants will receive each 2-3 in-house training days per company and coaching of their co-facilitation of the company workshops.
- Depending on the need there will be between 3 and 5 **networking meetings** for the companies and half-day **coaching workshops** for the consultants in both versions of EoCM.
- A **training manual for EoCM** is available in English, French and Spanish. Apart from the mere technical contents of the method both programmes also include training in team-building, moderation, presentation techniques, and visualisation, as well as coaching.

Learning Objective and Input Required

- **Enterprises** are in a position to successfully establish EoCM in the company in a sustainable way; possibly even at other company sites.

**from
Participants**

- Apart from a financial contribution (ranging up to US \$ 10.000 as in Zimbabwe, see below), enterprises have to allocate personnel to the EoCM team during the entire process and provide the necessary support by top management.
- Following the training course and the training-on-the-job of the EoCM stand alone version, **consultants** are able to introduce the instrument at the company level on their own within a group application. During the first implementation, some 10 consultancy days are remunerated at reduced rates. In addition, an input of some 20 days of unpaid work is required, eventually a basic fee for the training.
- The time requirements are less in EoCM as part of modular PREMA programme, however, experience with GHK is essential.
- Further trainings, moderation under coaching and the submission of case studies and company reports are required to advance from a junior to a senior EoCM consultant or an EoCM trainer. Each step is followed by an evaluation (self-and group-evaluation, evaluation by the company and the external trainers and advisors).
- A **local partner institution** ensures quality assurance of the instrument EoCM, the documentation of success stories and company or consultants' networks, and the consultants and trainers, eventually combined with other tools of Profitable Environmental Management, and promotes and disseminates EoCM in cooperation with the company champions, consultants and trainers.

**Implementation
Examples**

EoCM as **stand-alone** instrument has so far been successfully implemented in a pilot company and in two group applications with eight enterprises in Zimbabwe in cooperation with the local association Confederation of Zimbabwean Industries (CZI). Up to now the companies saved between 0,2 and 4,7% of their total production costs and reduced their negative environmental impact considerably. The programmes are run by the CZI, 3 authorised local EoCM trainers, 1 authorised Senior EoCM Consultant and 2 Junior EoCM Consultants at present. CZI is able to offer and sell the service at a fee of US \$ 30.000 for a group of max. 5 companies.

In addition, one EoCM stand alone programme was completed in Nigeria with the Lagos Chamber of Commerce (LCCI) and some examples from a less systematic application in Kenya (Swisscontact) are available. New group applications are under preparation in Nigeria and Zimbabwe.

EoCM as part of a modular PREMA programme was applied in the Philippines, and, partly, in Mexico with CANACINTRA, in El Salvador with GESTA and in Algeria with the Ministry for Environment. Furthermore, several short-term workshops have been realised both in developing countries and in cooperation with CDG programmes in Germany. One EoCM-PREMA application is under way in Germany (Wolfenbüttel), one in preparation in Tunisia.