

SECTION 2.01
PROCESS - INTERVIEW

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IT'S NOT EASY, BEING GREEN GREEN MANUFACTURING ENVIRONMENTAL ETHICS AND POLITICS



Ewan McEoin: Chris, tell us about your collaboration with Schiavello to develop new, environmentally sustainable products.

Chris Ryan: For the moment our work is focused on researching strategic opportunities in response to environmental issues. I first collaborated on a project with Peter and Schiavello in 1995, which was an exploration of where eco-design could go, in an innovative sense. This resulted in a product that has been quite influential.

Peter Schiavello: Our original project was called the eco-redesign program and was our first exposure to environmental thinking. Schiavello's involvement in 1995 generated a greater awareness and understanding in our company of our environmental responsibility and what we could contribute toward sustainability. Through this project we initiated our environmental management system, engaging Michael Pitcher as our environmental manager. What we are now doing with Chris is formalising our work approach, which began more as ad hoc consultancy. Since 1995 we have been generating a more structured program, which is not just environmental in emphasis, but covers other areas of research.

EM: Paolo Fantoni, who is in a similar industry to you in Italy and is one of the world leaders in the ecological production of MDF, has said that a company's responsibility is to be ethically, ecologically and socially engaged with the community. I think a lot of companies are interested in an ecological perspective because it's a good selling point. What are Schiavello's objectives in this area?

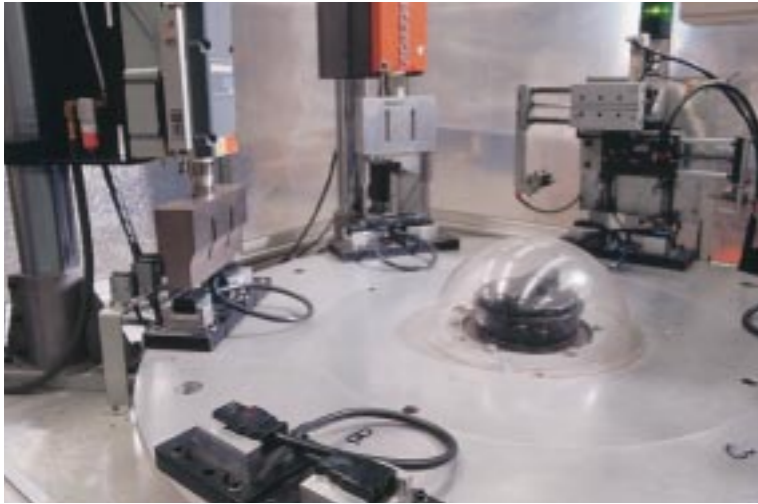
PS: When we decided to invest in an environmental management system, to educate all our people and even our broader client base, it wasn't because we saw instant returns. Our initial commitment was to be morally responsible to our people, our families and our society. Even today it costs us a lot more than we would get as a return. Our impetus is very much about our position in the market and our desire and willingness to be responsible about environmental issues.

One day there will be legislation in place, which will probably require other organisations to head in a similar direction, but we have no idea when that's going to happen.

EM: Chris, you've been working in Australia and in Europe. What is your perspective on the expectations and goals of governments and businesses, and how are these two going to impact upon each other? More specifically, what is the future landscape of manufacturing going to look like?

CR: To start with, I've just been reviewing the latest information on why companies, broadly speaking, go green. It's very clear that there are both internal and external reasons. The internal reasons echo what Peter has just described; companies have an interest in insuring that contributions made through commitment, loyalty and creativity are maximised from the start. One way of achieving this is by developing a company profile that extends beyond business concerns. It's like any of the corporate social responsibility movements.

Chris Ryan is the director of Ecodesign Australia and professor of design and sustainability at RMIT. He recently returned from working with the United Nations developing an environmental evaluation system for manufactured goods. He has been consulting Schiavello on environmentally sustainable workplace design and production for some years. Here, he and Peter Schiavello discuss manufacturing, production and consumption issues and the challenges faced by governments, businesses and individuals in creating a sustainable future. Perhaps the way forward is to examine the processes of the past?



There are also external reasons. Over the last five years these have perhaps not been so clear inside as outside Australia. Ultimately they come from broad community concern about the environment, expressed through the government and policy. If you take Europe or Japan as exemplars, the aim has been to address environmental issues by finding the key drivers for change and by developing a focus on innovative solutions to environmental problems. For example, problems associated with resource issues and waste, how these are reflected in eco-design and how, at the design stage, you can determine between 60 and 80 per cent of the environmental impact of a product.

Internationally, products and consumption are the real concerns in terms of resource issues and waste. Governments have an interest in trying to find policies that will assist companies and ultimately induce, even force, them to make changes in relation to their design and innovation so as to reduce the environmental impact of products. Europe now has a set of integrated product policies, which form the major focus of their environmental policy and enable them to investigate how to set up policies that will drive product improvement. For instance, policies which consider taxes on carbon, and treat issues concerning labelling and materials, policies to do with how you assist consumers in understanding the nature of the impact of production, and how you assist industry to build environmental considerations into the design process.

This is the kind of work we were doing back in 1995 with the eco-redesign program.

EM: Since at least the Industrial Revolution we've applied and refined the processes by which we extract materials from the environment to manufacture products. Do you think we should be fundamentally reinterpreting our industrial modes of production? And is it a matter of making a quantum leap in our approach to production and consumption?

PS: We are talking about the transformation of the past notion of production and consumption. The old system assumed that you could extract materials from the environment, convert them into products, use them, and then discard them as landfill. This is a very simple linear process, the turnover of which has become increasingly quick. The endpoint of a product's life presents the problem of waste, a problem we have been dealing with for a long time. The whole idea of recycling begins to suggest a shift from a linear process of production and consumption to a cyclical one, where you actually extract the resources before they become waste so as to feed them back into the beginning of the cycle.

EM: Are we returning to a pre-Industrial Revolution system, a time when we were actually quite good at getting the most out of our resources?

CR: Well we must now talk about how that might work with current scales of consumption and production, which are completely different. We are making a quantum leap in that we are no longer talking about recycling, which is a temporary stop-gap measure. Everything you recycle still costs the economy and society in terms of energy and materials. If you look at this chair we are sitting on here as an example of an object of production, it displays an investment in the manufacturing and processing of materials. At the end of its lifespan is our best option to chop it up, divide it into individual bits and feed it back into a system? By doing this we throw away an investment.

EM: Do you think the future of furniture manufacturing will be a process whereby you lease furniture rather than sell it, and where you retain ownership of the materials? And what other adjustments have you investigated, from the process of manufacture through to your relationship with the consumer?

PS: In the first place, by reducing the mass of our products we use less raw materials and resources. We have invested in a number of newer processes, which have enabled us to simplify production and reduce our environmental impact. We believe that we've reduced our impact in production by between eight and twelve per cent.

We are also specifying and utilising materials that are more desirable from a life-cycle analysis perspective. In addition we are focusing on educating our client base, specifiers in particular because they are the ones who have the greatest impact on the process, and the material and product selection. We are working with our clients on making environmental analysis part of their decision-making process and helping them understand the benefits to the broader community.

Schiavello is offering what you could call a whole cradle-to-grave process whereby we will provide not just furniture, but a whole workplace environment on a rental basis. We have already done this with a number of clients. We provide the whole environment, including the furniture, and we rent it out, so that we retain ownership. At the end of the period we take it back on the basis that we can refinish or refurbish parts rather than discard them. This thinking is having an impact on the way we design our new products, as we need to design them to be able to effectively reuse the parts, and to allow ease of disassembly and reassembly.

EM: Ultimately it would seem that the business community can really induce change. When we interview designers about what they do, why they produce ESD (environmentally sustainable design), we find that most of them are responding to what their client wants. Having not yet become a fundamental design concern, it's something extra the designer/specifier offers. It's easy to communicate with the specifier, but how do you encourage the business community to understand the investment they're making?

PS: Major corporations have environmental policies or position statements, but in most cases these don't carry through to their buying decisions. That is, they generally don't have environmental criteria that inform their purchasing guidelines. Most designers we've worked with have wanted to learn more about what we are doing and about what they can do. They recognise that eventually it might create a point of difference in the market, but mostly they are showing interest from a personal position.

CR: One major transformation of design criteria is to attempt to maximise the end-of-life value. You want to minimise the cost of the product by its initial value, but you also want to maximise its value to the company at the end of its life, which you can only do through the design process.

EM: Do you think at some point in the future it will become an international legislative requirement that corporations retain responsibility and address the impact and after-life of their products and material choices? For example, will a car company be held responsible and accountable for its product's environmental impact?

CR: It is already a legal requirement in some industries across Europe and in Japan. The whole idea is that companies will have to bear the responsibility of dealing with the product until the end of its life, and to meet the regularly reviewed requirements of the amount of materials that are allowed to enter the waste track. This is what will drive redesign in the future, specifically toward modular products, which are easy to refurbish and remanufacture, and which are increasingly only leased to the client.

EM: In Australia there seems to be a low level of requirement from the government for companies to perform not only in an environmental way, but in a socially responsible manner. The environmental measures Schiavello has been taking place them at the head of this movement in Australia. How does the rest of the market get drawn down this path?



PS: Specifiers and end users will become increasingly educated and will start to become more aware of the options that are available. Schiavello researches materials and alternative processes to enable us to reduce our impact. As the client becomes aware of these issues, as they begin to understand them and specify accordingly, then really what we are doing is providing choice. If other companies want to stay in business they must compete on a similar level. In our industry specifically, the rest of the market eventually catches up because of client demand.

EM: What about those people who always specify the cheaper product?

PS: Part of our challenge is to offer a choice without actually costing more money because there simply aren't many clients who will pay more for environmentally responsible products.

EM: Do you think something like the 5-star energy rating, the green rating for commercial buildings being developed by the Green Building Council, will help shift the corporate market?

PS: I imagine it could cost significantly more in rental terms for a tenant, and that it will only be taken up in a broader scale if it's legislated. We need to appreciate the financial pressure that global competition and shareholder expectations is applying to companies and corporations in all sectors. In many cases you can see what motivates the short sighted decisions that are made for financial reasons alone.

CR: At a federal level there is no leadership in this area. The government's approach to the environment and regulatory change strikes me as an echo of the older protectionist eras. They seem to be saying, don't worry, we will protect you from this, we won't bring in the Kyoto summit, or anything that looks like it's part of a shift for the environment. Generally, the message to industry has been, don't worry it won't happen here, which is a very different message from what you are hearing in a lot of other countries. And yet Australia can't escape the global market.

On the other hand, I've been really surprised by the number of large commercial clients, even in the last six months, who are introducing quite stringent, well-thought through requirements for environmentally sustainable design in their product specification.

EM: Do you think this is a symptom of the fact that multi-national corporations have set such criteria?

CR: It's either because at the Australian end companies are part of a global chain, and these specifications are intended to operate across the board, or else it's because companies are playing in the international market. It often comes down to brand identity; many companies want to make sure they are up with or ahead of everybody else in relation to social and environmental issues. You are beginning to see the same thing happening here, but not as a response to government incentives. Instead it is more about corporate - social responsibility (CSR) and the idea that you can have companies judged on and ranked according to their CSR. This is not coming from a clear legislative or government situation. It's more about brand, and a recognition that these are changes happening elsewhere in the world from which we can't stay isolated, no matter what the federal government would like.

PS: From my knowledge, even if industry had to revolutionise the way we operate today in an attempt to significantly reduce our environmental impact, and the emissions that are causing global warming, the average temperature is still going to continue to increase for a number of years. The damage could be permanent. The biggest risk we face today is that most people don't recognise the risk of global warming and the depletion of our natural resources, or accept it; they think it's only a bunch of scientists talking up an issue.

SCHIAVELLO IS OFFERING WHAT YOU COULD CALL A WHOLE CRADLE-TO-GRAVE PROCESS WHEREBY WE WILL PROVIDE NOT JUST FURNITURE, BUT A WHOLE WORKPLACE ENVIRONMENT ON A RENTAL BASIS.

CR: Richard Pratt has recently voiced a very strong opinion that the Federal Government's approach to things like the Kyoto summit has been fundamentally wrong. The Australian government might say it will protect us from having to make changes, that although we may emit the second largest amount of CO2 per head of population in the world, we are such a small country and a small population it's not going to make a great difference to global warming. But the reality is, with the rest of the world increasing its investment in innovation, and in the fundamental change of systems, and of consumption, we will end up having to buy technology, systems and products from overseas as we won't have invested ourselves. In the future it's going to have a very significant impact on our economy.

EM: Talking specifically about corporate fitouts, many of the materials specified on sound green projects that have been highly researched are being imported from Europe or the United States. We are beginning to understand that other companies, which are doing what Schiavello is doing now, that is, investing in this process, are reaping the rewards in the global marketplace. Right now the environmental performance of products is a strong market advantage. As a business leader in this industry in Australia, what is your view on the lack of governmental and legislative support?

PS: We are disappointed that at a federal level the government isn't really using its position to influence the market. In many ways the government is like the parent who has to make the hard decisions that will be better for our future. At this stage the Australian government is not taking this responsibility. What is more interesting is that state and local government are doing things. For example, the Victorian State government has a strong environmental position in terms of the new office spaces they are planning to move into over the next few years. We've been working with a number of local councils over the last three to four years, and they have had strong environmental criteria. Some of these local councils are also accredited for the ISO14001.

EM: This is local rather than federal government thinking globally.

PS: It's interesting to see how local councils really support the people who live in their municipalities. Eventually, the federal government will be in a position where it will have to start taking environmental responsibility.

We've been through the industrial revolution and we are still in the midst of a technology-communication revolution. The next major revolution will be an environmental one, and I think the timing has to be over the next 10 to 30 years. We will have to significantly change the way we live and operate. There will be a greater understanding and a growing momentum, which will be led by star countries and governments, companies or organisations, and star individuals who will take the responsibility on themselves. My own children, for example, are much more socially and environmentally responsible than we were as children, and that's only through their schooling. As they become consumers, decision makers and people with influence, they will begin to have an influence themselves.

CR: It's significant that we are beginning to hear leaders of companies in Australia making those sorts of statements. When I returned to Australia in the middle of last year, I was surprised by the situation at a federal level where I saw no real incentives. It seems the advice that federal government is getting is from a very small section of the business community, the oil and aluminium industries, in particular, who are continuing energy intensive activities and who see environment issues as a constraint. When I talk to people in such companies they say that they know this is not the future, but they are only saying this privately. Now what I think we are beginning to see - illustrated by Peter's comments - is companies saying this is the way to go. What they need now is recognition, not just at a state level where change has already begun to take place, but at a national level. Ultimately it requires this backup in order to reap the benefit from the work of such companies as Schiavello.

