



Certification Case Study – J Friend & Co Ltd  
Giving Structure to the Dream

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[www.carbonzero.co.nz](http://www.carbonzero.co.nz)



## EXECUTIVE SUMMARY

J Friend & Co Ltd is a small company offering high quality honey products. The organisation and its products are carboNZero<sup>Cert™</sup> certified, one of the first food businesses to achieve this. Together with its 'organic' certification, this makes the enterprise and its product unique, not just in New Zealand but in the world.

The directors consider that the cost for the company to gain carboNZero certification was not large, and the resulting cost savings were sufficient to justify the investment. Cost savings were achieved mainly because the requirement to manage and reduce carbon emissions has encouraged the directors to plan further into the future.

More significant than the cost savings, certification has provided marketing benefits, boosting the brand and the demand for the company's products. This boost comes from creating a point of difference, giving integrity to the brand, and being able to demonstrate environmental credentials, complete with independent verification. This has helped the company to establish and build new markets for its products and is likely to contribute even more in future.

But for the directors there is another, probably more valuable dividend: the knowledge that the steps they are taking towards achieving the vision of a sustainable business are purposeful and effective ones. Certification helps to give structure to their dream of producing the best honey 'without compromising the environment', and to measure their progress towards this. And doing this helps to demonstrate their commitment and results not just to others but, just as importantly, to themselves.

## CASE STUDY

### About J. Friend & Co

J. Friend and Co Limited is owned by the two directors, Jeremy Friend and Sharyn Woodnorth, who work full-time in the business. It has just two other employees. The company has previously traded as 'New Zealand Artisan Honey'.

J Friend & Co produces a boutique range of single flower organic honeys sourced from New Zealand's diverse landscape. This is 'single origin honey', for which no blending of honey from different varieties, regions or even seasons takes place. The company is based in Christchurch, but honey is purchased from artisan beekeepers throughout New Zealand. Products include, for example, honey from Pohutukawa on the Coromandel Peninsula, Manuka in Westland, and Wild Thyme in Central Otago.



Each release carries labels, stating its specific floral source, the vintage, the name of the beekeeper and the specific region this is sourced from.

Approximately 40% of sales are exports, principally to Australia but also to Hong Kong, United Kingdom, and (most recently) Japan.

J Friend & Co is dedicated to making the best honey without compromising the environment that helped to produce it. Essential elements of its business are its organic certification and its carboNZero certification, both of which support its goal to protect the environment

The certified organic status of the company's products is important as it ensures the purity and, to some extent, sustainability of the product and the processes that are used to bring honey from the hive to the plate. These credentials are supported by the fact that bees normally fly just 2 kilometres from their hive, so if the land in a 3 kilometre radius is certified organic or is covered in bush that has not been sprayed, the honey can be certified as organic. 'Single source' claims can be similarly based.

Carbon-neutrality is likewise considered important. Climate change and food production are inextricably interlinked. The impact of food production on climate change is particularly significant in New Zealand, where agriculture contributes about 48% of the country's total emissions. Climate change, in turn, is likely to have very significant impacts on world food production, for example through changes in weather patterns, desertification and disease, in future.

## About carboNZero certification

carboNZero certification offers robust tools for organisations, or for individuals, products, services and events, to measure, manage and mitigate their greenhouse gas emissions (their carbon footprint), with the highest level of credibility and integrity. It was developed in 2001 from over 15 years expert scientific research on GHG emissions measurement, management and reporting at Landcare Research New Zealand Limited, one of New Zealand's leading Crown Research Institutes.

It is the first GHG certification programme in the world to be internationally accredited to ISO 14065 through the Joint Accreditation System of Australia and New Zealand. The programme is recognised in over fifty economies and can be applied as a best practice standard across businesses operations ensuring consistency of emissions measurement, credibility of reduction and offsetting activity and independent verification of claims. carboNZero certification is now offered in Australia, Chile, New Zealand, United Arab Emirates, and the United Kingdom.

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*Ministry for the Environment 'Climate Change Information, New Zealand' (updated 2/12/2010). The website states that emissions in this sector are continuing to grow.*

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## Why certify? Why carboNZero certification?

J Friend & Co decided from its inception to become carbon-neutral, this being part of the company's philosophy to produce the best honey without compromising the environment. Jeremy Friend considers that this was 'the right thing to do, morally and ethically'.

The company selected carboNZero certification because it was a recognised system with high credibility. It was considered to be 'a proactive scheme that made us look at our whole business, its impacts and its potential'.

## What is covered?

From its inception in 2009, J Friend & Co was carboNZero certified as a 'small enterprise' covering operational emissions for head office, administration, processing, packaging and distribution. A 'small enterprise' is one with a single site having GHG emissions of less than 50 tonnes per year. The process involves measurement of emissions using an on-line calculator, preparation of an emissions management plan, and mitigation through the purchase of carbon credits, together with third-party verification to ensure that information entered is accurate before the organisation is certified.

Determined to reach new heights, J Friend & Co upgraded its 'small enterprise' certification to 'organisation' certification

from 2010, which meant the business could also achieve certification for its 'product'. 'Product' certification covers the company's products from the business to the point of retail.

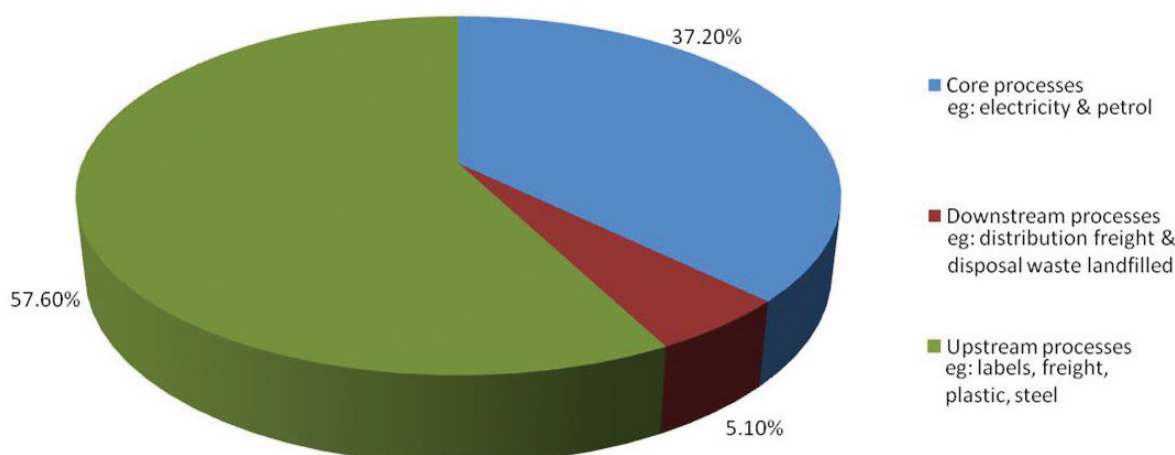
An organisation's impacts include emissions from 'Scope 1' (direct emissions from sources it owns or controls) and 'Scope 2' sources (emissions from off-site generation of electricity or other energy used), and some from 'Scope 3' sources (emissions that occur as a consequence of its activities, but from sources it does not own or control). For certification, an entity must measure emissions from all Scope 1 and 2 sources, and mandatory Scope 3 sources.

For J Friend & Co, both 'upstream' and 'downstream' emissions have been accounted for, but certain defined items are excluded; for example, certain beekeeping equipment and containers are considered capital items. Generally, all J Friend & Co's core emissions and those associated with the life cycle of its products, including packaging, freight and waste, have been measured and are required to be managed, reduced and offset.

Specific details are included in the disclosure statement publicly available on the carboNZero programme website.

Exclusions are in accordance with the Publicly Available Standard (PAS) 2050. (See Notes 3 and 4)

### GHG emissions and removals for each life cycle stage and unit process 2009/10



## Costs and Challenges

Fees were payable for certification, together with a royalty fee for the 'Product' certification.

The directors consider that the cost for a 'Small Enterprise' was not expensive, involving 'more time than costs'. Increased rigour and some additional costs were required subsequently for certification of 'organisation' and 'product', but again these were not considered major. 'We'd factored in everything from the outset,' Friend said. 'It was what we wanted to do anyway. This just formalised it for us and made us document it, and be more careful about everything we did.'

Annual carbon credits were also required to offset the company's emissions. For 2009/2010 a total of 10 tonnes carbon dioxide equivalents (CO<sub>2</sub>e) had to be offset. These came from a New Zealand native forest regeneration project. At \$25 per tonne, these would cost the company just \$250 for that year, a modest sum which reflects the company's small size and carefully managed impacts.

## Marketing Benefits

Sales have doubled in the past year, and are expected to double again in the current year, the principal limitation being production capacity. There are a number of reasons for this increase. New Zealand's honey exports have, in any case, shown strong growth. J Friend & Co has a very good product to start with, which appeals at least to certain consumers for its 'single source' and 'organic' credentials. To what extent has carboNZero certification helped, and will it help in future?

Friend considers that these various credentials are complementary, each helping to demonstrate the product's special features in a different way, but 'the first asset is a great product'. It is difficult to find hard evidence of the company's carboNZero certification contributing to sales growth, but the following suggests that this might at least be a contributing factor:

1. Without doubt, J Friend & Co's certification differentiates it in the market, creating a special niche. An internet search (Google, 23/02/2011) showed the following results:

- "organic honey" New Zealand: **320,000 results**
- "single source honey" New Zealand: **1,450 results**
- "carbon-neutral honey" New Zealand: just 28 results, mostly re J Friend & Co.

In a worldwide internet search for "carbon-neutral honey" (i.e. without specifying New Zealand), J Friend & Co also features prominently. This suggests a special niche for carbon-neutral honey with very few, if any, other suppliers. (By comparison, organic honey is apparently much more widely available.)

2. There is apparently only one other honey company in the world claiming to operate in this space, a business in Hawaii. That company's honey was also claimed, in 2007, to have become the USA's first carbon-neutral food product. But Friend says that company uses an on-line self-rating system to declare itself carbon-neutral, not the rigorous testing and internationally accredited procedures used for carboNZero certification.
3. The publicity generated by carboNZero certification has been 'huge and very positive', Friend says. 'And we haven't even officially announced our full certification yet. We are currently developing material to promote the fact that we are the first carboNZero certified honey in the world.'

J Friend & Co's certification is likely to have helped in a number of specific new markets:

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*Business NZ summary, June 2010: New Zealand's honey exports increased 74% from 2007 to 2009, to a total of \$94 million in 2009.*

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## Examples – New Export Markets

1. *Friend considers that carboNZero certification's ISO 14065 accreditation certainly helped J Friend & Co to become established in Australia. It appears that this may also be a significant factor in its new and growing markets in Asia.*
2. *A promising new market was established recently and is now being supplied in Japan. This development seems to have been helped by strong word-of-mouth promotion by Millton Vineyard, a New Zealand wine manufacturer with high environmental principles. It is likely that J Friend & Co's credentials helped this manufacturer to be able to promote these honey products, with their unique points of difference, with confidence.*
3. *It appears that certification is helping acceptance of products in the United Kingdom, currently a target market. 'The UK is particularly concerned with the issue of food miles, says Friend. 'With carboNZero certification the*

consumer can purchase our honey knowing that J Friend & Co has measured, reduced and mitigated any GHG emissions associated with its whole life cycle, including distribution to the UK market.' Woodnorth adds, 'It enables our products to compete directly with local honey. Our honey can sit on the shelf alongside a local [UK] product and compete on an equal basis.'

## Cost Savings

Certification has led to some significant efficiencies. Friend says, 'It'll certainly pay for itself in cost savings.' The directors have calculated that the changes made as a result of certification, and in the following examples in particular, have cut energy costs dramatically. They had expected these costs to increase roughly in line with production levels. In fact, in a comparison of two similar periods before and after these changes, the directors found that energy costs had not increased at all, while production was now 2.5 times the earlier levels – a very significant per unit saving.



## Examples – Carbon consciousness in action

### Hot Water

*In the short term, an electric system would certainly have been the easiest and cheapest source of hot water for the company, and appeared at first to be the logical answer. But J Friend & Co's carboNZero certification made it look closer. The company uses moderate quantities of hot water, but at infrequent intervals. Due to the need to measure and reduce emissions, the directors considered gas heating for this instead, which cost more at first but saved energy, because hot water was only produced when needed. Total energy use for water heating is now lower, and the extra cost will be paid back in under two years*

### Staff Areas

*To minimise energy use and emissions, particular attention was paid to the heating of staff areas. Ceilings were lowered, work areas were well insulated and a heat pump was installed. In fact, the lower ceilings and insulation have been so effective that the heat pump, initially planned as the main source of warmth, is hardly ever needed.*

### Looking further

*The directors find that carboNZero certification frequently prompts them to focus further into the future. When a honey creaming machine was to be purchased, the directors chose one which was double the size they had originally intended due to the efficiencies and lower emissions this would produce. In fact, the larger machine had not been much more expensive and had delivered worthwhile benefits. The larger machine has helped cut energy costs, as well as to cope with increased demand.*

## Other Benefits to the company

The directors have been enthusiastic about the support they have had through the carboNZero programme. 'We can contact staff for advice and help at any stage. They've been brilliant.'

Waste has been progressively reduced and is now minimal. Friend admits that reductions had been 'slightly better at work than at home'.

Most importantly, Woodnorth says, 'Certification has helped us to fine-tune our business. It's a bit more work but has cut our costs and helped us to be competitive. For us it's a real win-win result.'

## Wider Benefits

J Friend & Co is a small company but is influencing its supply chain where possible. Friend says, 'We have become very pro-active in our future thinking. We encourage our customers to order in full-carton lots to make freight as efficient as possible. We use local producers where we can, meaning less freight/travel involved.'

Employees have become similarly pro-active, making suggestions and changes at work and in their own homes.

Carbon credit payments have been channelled into native forest regeneration on private land in 2010 and a wind farm in 2009, both for projects the directors were keen to support.<sup>3</sup>

## With hindsight, what would J Friend & Co do differently?

The company directors are certain that there is nothing they would change. Friend explains, 'The Small Enterprise certification was a great foundation. This focused on our immediate surroundings and it was a great place to start. Then the 'organisation' and 'product' certification encouraged us to look more long-term. We would certainly take the same route if starting again.'

## Plans

J Friend & Co has plans to reduce GHG emissions which include:

- Minimising travel by utilising email, telephone, skype and other such communications more;
- Reducing electricity use by investing in efficient processing equipment;
- Minimising packaging by reviewing content sizing and potential for thinner glass jars;
- Minimising printed promotional material by offering more online promotions.

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<sup>3</sup>Purchase and cancellation of carbon credits were arranged through the carboNZero programme. Credits for the regeneration of native forest were administered by EBEX21 (Emissions Biodiversity Exchange in the 21st Century).

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About 57% of the company's carbon emissions relate to 'upstream processes' (in the year ended June 2010), and most of this is packaging. To minimise emissions, this was obviously a good place to start and work in this area is on-going.

Friend says, 'We are constantly thinking of ways to reduce our packaging - we are currently looking at using a barcode that can be scanned by a mobile phone to provide the consumer with more product information instantly, straight from our website. This would ultimately eliminate the need for a printed brochure. We currently apply a label to our collection boxes but we are going to move to a printed box so the need for a separate label is no longer required.'

## What is carboNZero certification really worth to J Friend & Co?

The following are the real benefits that the company has gained and are listed (in the writer's view, at least) in the order of their importance:

### 1. Giving structure to the Dream

The company's mission is to produce 'the best honey without compromising the environment that helped to produce it'. The 'organic' certification contributes to honey quality first, and to environmental protection second. The carboNZero certification is clearly focused on the latter. By minimising and mitigating its emissions, J Friend & Co is transparently 'walking the talk'.

But it is doing much more than that, in a more personal way. Before they established the business, the directors had a vision of the way this should operate, morally and ethically. They wanted to be accountable for its impacts. J Friend & Co's certification has given guidance in fulfilling this vision.

The company's website ('About us') states the rationale for certification: 'We are also committed to reducing our negative impact on the environment and ensuring the planet's future survival...' Their carboNZero certification is one way of demonstrating – to others, but mainly to themselves – that their practice is matching their philosophy. Henry David Thoreau said 'Go confidently in the direction of your dreams.' It is easier to have confidence when one is sure of the direction, is sure that progress is being made, and has evidence to prove it.

The reassurance provided by certification and on-going measurement has helped to give the directors this confidence, and has helped to maintain and build their enthusiasm. 'We come to work thinking 'this is great!', says Friend. 'We are absolutely stoked!'

### 2. A Point of Difference

J Friend & Co's certification has helped it to demonstrate publicly the special features of the company and its product. This has helped it to provide evidence of the total package it is offering, supported by credible, independent verification. It has taken this step at an early stage, giving it an 'early adopter advantage'.

Market behaviour is an inexact science, and a range of factors can influence a purchase. A customer would be unlikely to choose a product for its carbon-neutral certification, for example, if the product was not also a very good one. But it seems clear that its strong credentials have helped to open up new markets, with some evidence to support this.

The company has gained a valuable competitive edge in several ways, including the large amount of publicity received, and the unique carbon-neutral status of the product demonstrated by an internet search. And with stronger environmental preferences and more stringent standards being adopted worldwide, the directors are certain the company will stand a better chance of long-term success overseas.

### 3. Longer-term planning

J Friend & Co's carboNZero certification helped the directors to become more proactive in their business and to focus further into the future. As a result, the company was able to find real savings, in emissions and costs. This benefit alone would justify the investment.

## NOTES

### 1. Key sources

J Friend & Co website: [www.JFriend.co.nz](http://www.JFriend.co.nz)  
carboNZero programme website: [www.carbonzero.co.nz](http://www.carbonzero.co.nz)

### 2. Key personnel consulted

Jeremy Friend, Director  
Sharyn Woodnorth, Director

### 3. carboNZero certification - basis

carboNZero certified 'organisation' and 'product', covering business to consumer. See disclosure statement:  
[www.carbonzero.co.nz/documents/disclosure\\_JFriend\\_0910.pdf](http://www.carbonzero.co.nz/documents/disclosure_JFriend_0910.pdf)

### 4. Abbreviations

CO<sub>2</sub>e = Carbon dioxide equivalent (in relation to potential climate change effects)  
GHG = Greenhouse gas  
PAS 2050 = Publicly Available Specification for assessing the life cycle greenhouse gas emissions of goods or services.

### Writer's Bio:

Bruce Gilkison is a Chartered Accountant and Sustainable Business Consultant, and is a frequently published writer on business and environmental issues. He has served on several NZ Institute of Chartered Accountants committees on sustainability reporting, and was appointed Life Member of the Institute's Sustainability Working Group in 2006. He was appointed International Associate of the Scotland-based Centre for Social and Environmental Accounting Research, from 1992.

