



Kingfisher plants a forest to grow sales - and be neighbourly

Author : Harry Wallop – The Telegraph
22nd April 2012

B&Q owner Kingfisher plans to grow sales by planting more trees - and with timber prices up 30ps over the past two years it's not just about looking after the environment.



Ian Cheshire, the chief executive, promises his plans means not just replacing the trees it cuts down to make garden furniture, but also then planting a few more trees. Photo: Rii Schroer

There are difficult times for British retailers. The biggest of them all, Tesco, has just posted its first fall in British profits in at least 25 years.

But Britain's second biggest retailer – in terms of selling space, if not sales – has a plan to boost revenues: plant a tree. Or rather a few hundred thousand of them.

Kingfisher, the parent company of B&Q, which has more square footage than any other retailer in the UK, save Tesco, has unveiled a corporate social responsibility programme. It is entitled “net positive”, and Ian Cheshire, the chief executive, promises it goes beyond anything Marks & Spencer and its “Plan A” has done.

“We want to just go from being sustainable to being net positive.” In simple terms, this means not just replacing the trees it cuts down to make garden furniture, but also then planting a few more trees. So



far, so easy to understand. But the company intends to extend this principle across various parts of its business, including “energy”, “innovation” and “communities”.

“Doing less evil is a good thing, but could we go beyond that? Being a positive force for good is a much more motivating idea than just not increasing the amount of evil you do,” says Cheshire, who is showing me around the B&Q store in Sutton, Surrey.

This sounds suspiciously vague and a bit irrelevant in a struggling consumer economy. But Cheshire is adamant that this is no vanity project “to make the chief executive feel better about the business”.

For him, it is an essential strategy if the company is to thrive in the long-term . “Being a good neighbour” is the only way to avoid the sort of back-lash that Tesco has suffered from in recent months.

“Business is not a pure popularity contest. But it is really critical now that you have a real sense of purpose, that there is something broader about the business and it’s not purely transactional. Because if it’s purely transactional you don’t have an enduring relationship with customers; you’re just taking their money.”

So, how does the plan actually work?

For timber, the company is halfway there. In the UK it is already 100pc sustainable. This is a big task because the company uses a forest the size of Switzerland every year in making all its 16,000 wood and paper products, and not all of the products are sourced directly from a forest. “The absolute bugger to get right was sandpaper.” B&Q last year sold 1.6m packs of paper, equating to 10.8m sheets.

The company intends to start replanting trees on what is known as marginal deforested land – land that has been recently deforested but could be revived fairly quickly. Cleverly, Kingfisher (its shareholders will be relieved to find out) will not put up the funds to start planting hundreds of thousands of trees in Indonesia or Malaysia. But it will underwrite any project funded by the likes of the Department for International Development by promising to buy the timber.

This makes business sense, says Cheshire. “Timber prices are up 30pc over the last two years.” The company calculates that it will save £45m to £60m by 2020 by being “net positive” in timber. This of course is a pure cost saving, it is “an avoidance of a cost increase, but competitively we will come out in better shape”.

Being “net positive” in communities is more difficult to both measure and understand. I point out that he could just pay his workers more and that would do the trick. The plan, however, is to offer consumers free DIY classes, and go into schools to teach children old-fashioned woodwork skills.

The DIY market in the UK has been in steady decline since 2005, linked to the stagnant housing market. There is a risk that there is a whole generation who have never grouted their own bathroom.

“There is a strong-self interest angle here, the more people doing DIY is good for us. But people feel genuinely good about it. And the thing we’ve seen is if we are better connected to the community and seen as a good neighbour, our sales tend to do better.”



He believes about 30pc of consumers are already converted to the green agenda, there's "30pc who basically believe in Jeremy Clarkson who are never going to take you seriously". It's the 40pc "mass middle" he's gunning for and it could make the company a fortune.

The Green Deal, a Government scheme to ensure the UK's homes are zero carbon, is a £22.6bn market between now and 2020. B&Q intends to grab a large slice of this by selling large numbers of solar panels and insulation as well as offering advice to consumers.

Cheshire is clear this is not altruistic: "This is revenue generating for us and we shouldn't be shy about saying that. We have to make a business case for it."

Link:

www.telegraph.co.uk/finance/newsbysector/retailandconsumer/9219576/Kingfisher-plants-a-forest-to-grow-sales-and-be-neighbourly.html