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**GREEN BUSINESS PLAN: TOOL FOR ENTREPRENEURIAL
VENTURE IN SUSTAINABLE BUSINESSES**

Abstract: Due to climate change, workers, enterprises and economies have been led to focus on sustainable consumption and production. Businesses that are committed to the principles of environmental protection within their activities, while striving to use renewable energy sources and trying to minimize the negative impact on the environment are defined as green. Main document that explains the business opportunity of green business, identifies the markets to be served and provides information on how it will be carried out is the green business plan. The purpose of the paper is to analyse the environmental aspects that green business plan should have in order to realize a business idea whose basis is environmental protection and on the other hand to emphasize the importance of the same as a necessity for running a successful and sustainable business.

Key words: green business, environmental challenges, entrepreneurial venture, sustainable business

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Introduction

Green business is vital in contributing to sustainable solutions to climate change and other environmental challenges. Creating green products, offering green services, or making sure their processes are green, helps businesses protect the environment and make money at the same time. In this regard, customers can make positive choices with green entrepreneurs because they give them products and services that meet their lifestyles. Since consumers' demands for natural, healthy and ecological services and products are increasing, the markets of these offerings are growing. This creates business opportunities for green businesses and enterprises.

Business plan is priority to start-up on new venture performance and prevalent feature of new venture. A business plan is key to securing financing, maintaining focus, communicating and preparing for the unexpected. Business plans prove the entrepreneur's initiative and let him/her communicate a step-by-step goal-setting schedule. The owner can take an objective, critical, and unemotional look at the whole business. Contingency strategies are included in business plan in case of uncertain outcomes.

Green business plans need to include key elements that are critical in starting a green business. As is well known, a green business is business operates according to green principles and may be a business that sells green products or services. In this regard, green businesses contribute to solving environmental problems and have a minimal negative impact on the environment. Therefore, the green business plan must emphasize its contribution to the environment and the society. Additionally, the green business plan must explain in each segment of the business plan how the company will preserve or improve the environment and promote social justice and equality. Also, it should take into account the impact of its activities on human aspects and that such business must be able to cover its costs and generate profit.

The main purpose of the paper is to research environmental aspects of green business plan in order to identify crucial elements of the green business plan. Based on importance of determined environmental aspects that green business plan should have, the diversity of green business plan will be emphasize in order to show the green business plan as toll that stimulate entrepreneurial venture in sustainable businesses.

For that purpose, the subject of research are the basic characteristics of green businesses, the importance of a green business plan, its development

and preparation in the context of environmental aspects, as well as the key elements that stimulate entrepreneurial venture in sustainable businesses.

Therefore, based on an extensive literature review and the analysis of the state in the respective research fields, it will be clarify relevant distinguish of the green business plan. In this regard, the method of theoretical analyses is used in order to summarizing the most important insights about green businesses and business plan. Through the analytical - synthetic method with the application of descriptive, qualitative and comparative analysis are presented the environmental aspects of green business plan as important elements in realizing a business idea. The inductive-deductive method is applied in order to present the characteristics and elements of the business plan in order to distinguish and perceive the different aspects of the green business plan.

1. MAIN PURPOSES OF THE BUSINESS PLAN FOR STARTING ENTREPRENEURIAL VENTURE

In the conditions of a market economy, no enterprise can operate profitably without a previously prepared business plan. The business plan represents a set of management decisions focused on what the enterprise will do to be successful. It must necessarily contain the answers to two questions: what action will be taken and how it will be implemented. A business plan is a detailed, written document that explains the purpose of creating a new venture to provide new or improved products or services to consumers. It should offer a logical and rational sense of the direction of action, as well as a basis for managing and developing business performance. The business plan is the vision of the enterprises, the path from desire to realization.

Preparing the business plan is one of the important steps in the enterprise management process. The business plan shows how the company will achieve the set goals and work towards achieving the mission. In the course of operation, the business plan is used to check what has been achieved, and by incorporating changes and additions, it can help determine the future directions of business development. A business plan clearly describes how a business plan can market its products or services to generate profit and be attractive to potential investors.

During the preparation of the business plan, special attention is at least of three perspectives, independent of its user, such as:¹

- Perspective of the entrepreneur (The entrepreneur is the most capable to explain the essence of the business venture because he best understands its concept and idea, as well as the processes and technology of operation);
- Market perspective (During the formation of the business plan, operations should be seen through the eyes of buyers, that is, consumers);
- Investors' perspective (Investors expect the business plan to provide realistic and reliable projections of financial indicators, such as: income, expenses, cash flow, financial result, etc.).

Research of Burke, Fraser and Greene showed that ventures with written business plans grew faster than those without written plans, having controlled for selection effects.² In addition, written business plan offers a key referential resource to assess and support the performance of the venture.

A business plan has two key purposes:

- 1) To help the enterprise in securing the necessary capital and
- 2) To facilitate the process of managing the growth and development of the enterprise.

Essentially, the purpose of the business plan is to convince investors that the company has identified market opportunities, has the managerial and entrepreneurial skills to exploit those opportunities, and has a plan to make sure revenues and expenditures get done on time in the foreseeable future. The second role refers to the process of managing the growth and development of the enterprise. In that case, the business plan should enable managers to clearly perceive the consequences of different strategies and tactics, as well as to perceive the need for human and material resources for starting a new or developing an existing business venture.

The business plan is the “backbone” of the entrepreneurial venture. It is the only document that guides the entrepreneur through three critical situations: (1) Sets the decision-making process in times of crisis; (2) It represents

¹ Different Perspectives on Business Planning: Creating the Right Plan for Your Audience, <https://www.brighthub.com/office/entrepreneurs/articles/80737/>, 10.2.2023

² Different Perspectives on Business Planning: Creating the Right Plan for Your Audience, <https://www.brighthub.com/office/entrepreneurs/articles/80737/>, 10.2.2023

a map that shows the way in cases of indecision; (3) It represents a means of motivation in periods of demoralization and failure. A business plan forces the entrepreneur to examine the potential venture in detail in the initial planning phase before significant capital is invested. The business plan is a very complex instrument that enables the management of business activities and the management of business ventures. The business plan sets the goals and directions for future development. It is based on thorough planning and detailed analysis of specific parameters, in the direction of discovering new business opportunities, as well as profitable businesses.

2. IDENTIFYING ENVIRONMENTAL CHALLENGES IN THE CONTEXT OF GREEN BUSINESS

The term “green business” refers to businesses committed to the principles of environmental protection, using renewable energy and minimizing their environmental impact. In this regard, these businesses are part of a long-term strategy for sustainability, i.e. they are an opportunity to achieve business goals without creating economic or social threats to the environment, both for current and future generations. Green business is to adopt principles, policies and practices that improve the quality of life for customers and protect resources. Using renewable energy resources, enhancing material recyclability, reducing toxic dispersion are all eco-efficient practices while doing green business.

In order to start any green business it is necessary to think about the problems in the environment related to the protection of the environment. A green idea can be defined when people are aware of the environmental problem, which will get them thinking about starting something. As such, to define a green business idea, it is necessary to know what causes environmental problems and what can be done about them, i.e., at the level of businesses, what actions should be taken.

The problem of the environment arises from the overexploitation of natural resources at such a rapid rate that they cannot be replenished at the same pace. All this entails environmental degradation as a result of human abuse. Environmental challenges or ecological problem refers to:

- 1) Climate change. The Earth is facing climate change as the increasing of the temperature and this is accelerated due to human activities. The use of fossil fuels (coal, oil and natural gas) releases large amounts of greenhouse gases that cause temperature rise and global warming. This

results in a series of challenges such as the loss of biodiversity due to the extinction of species that are unable to tolerate the new environment; devastation; rising sea levels that will result in shrinking land areas in coastal areas; and extreme weather incidents such as droughts, floods and storms.

- 2) Air pollution. Air pollution is the result of gases or hazardous substances entering the air, most often as a result of human activities such as emissions from factories, vehicle exhaust and smoke from burning farmland or dust from construction.
- 3) Water pollution. Water pollution occurs when harmful substances enter natural waters from domestic sewage, industrial sewage, or farmland sewage that has been treated with chemical pesticides, herbicides, and fertilizers.
- 4) Soil pollution. Soil pollution is caused by contaminated water or polluted air and solid waste, and this includes solid waste from domestic, agricultural or industrial sources, such as organic waste, plastic or metal.
- 5) Waste pollution. With overcrowding and consumers' way of life, waste production is increasing and thus increase natural resource exploitation.

Health problems are directly related to air, water, and soil pollution. The International Agency for Research on Cancer (IARC), as a specialized agency of the World Health Organization (WHO), announced in October 2013 that outdoor air pollution is classified as carcinogenic to human health (group 1).³ Nearly half of the world's population, and almost entirely from developing countries, suffers from various diseases as a result of insufficient amounts of water or because of its pollution. According to the World Health Organization, 2 billion people are at risk of intestinal diseases, caused by contaminated water and food.⁴ Pollution and changes in weather conditions disrupt food production and food security. Droughts and unseasonal rains result in heavy losses and limit access

³ Outdoor Air Pollution, IARC Monographs on the Evaluation of Carcinogenic Risks to Humans Volume 109, IARC, 2015

⁴ SDG Goal 6 Ensure availability and sustainable management of water and sanitation for all, SDG Targets 6.1/6.2/6.a Drinking water, sanitation and related official development assistance (who.int), 12.2.2023

to food. In addition, changes such as an increase in temperature make it easier for diseases to spread. The effects of pollution are numerous and include creation of new diseases, disruption of ecosystems, reduced soil fertility, which results in the reduction of natural resources.

If the resources that people depend on are destroyed, business and incomes are affected. There are certain genera that will not grow where they used to because of temperature changes. This means business closures and losses for communities that depend on these resources. In business the effects of pollution, whether air, water, soil or solid waste means higher medical costs and increased lost work days, which subsequently reduces productivity. For example, PM particles alone can cause a 5% to 6% reduction in productivity.⁵

Also, areas with higher than average levels of air pollution are often seen as undesirable cities in which to live and work, meaning that a company's ability to attract skilled, top-quality employees can be severely hampered. Research published by Bain and Company, as well as the American Chamber of Commerce in China, found that 53% of American-owned businesses operating in China have difficulty recruiting highly skilled employees, citing the area's high levels of air pollution as one of the biggest contributors to this shortage.⁶

Given the negative consequences of these environmental problems, businesses can take action to tackle them, such as gradually shifting from the use of fossil fuels to alternative sources of energy and implementing the "3R" strategy of reducing, reusing and recycling. By reducing unnecessary consumption, reusing things and recycling waste material to create new material, the efficiency increase, waste minimize and the overexploitation of natural raw materials is avoid.

3. IMPORTANCE AND DISTINCTIVENESS OF A GREEN BUSINESS PLAN IN SUSTAINABLE BUSINESSES

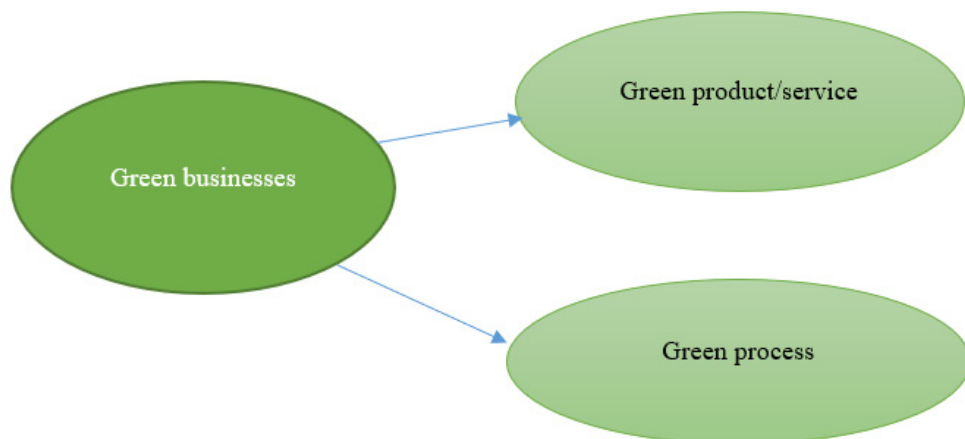
Green business can be defined from two perspectives: one relates to the output in the form of green products or services, while the other relates to the process of an economic activity. (Figure1) This means entrepreneurs can enter into the "green" business sector by either providing environmentally friendly

⁵ Dechezleprêtre A., Rivers N., and Stadler B., *The Economic Cost Of Air Pollution: Evidence From Europe*, Economics department working papers No. 1584, OECD, 2020

⁶ Member Survey US-China Business Council, 2022

products or services, through an environmentally friendly process, or with the help of clean technologies that reduce any negative effects of the business.⁷

Figure 1 Green business output perspectives



Source: Majurin E., Green Business Booklet / ILO; International Labor Office – Geneva, 2017, p. 7

Thereby, green business plan should cover all the aspects that refers to environmental problems, the consequence that are raised from and the action should be taken. In this term, it's very important to determine how each of the business plan components is affected by the green characteristic of the product or service. Therefore, it's useful to give special attention to:

- The executive summary of the business plan should highlight the green dimensions of the business idea, specifically how the environment is affected by the business. In describing the green idea, it is necessary to highlight what makes it unique as a green business (in terms of the product, service or process). The study of environmental problems and the consequences of pollution is crucial in explaining why the proposal is unique, why it will be profitable, how market initiatives will be used to drive environmental or social change, and what positive environmental and community impact. The goal is to get the reader's attention to read the entire document. Figure 2 shows example of sentence structure that clearly distinguishes the green business plan and shows the uniqueness of the green business idea.

⁷ Majurin E., Green Business Booklet / ILO; International Labor Office – Geneva, 2017, p. 7

- Developing the marketing plan should be based on including the environmental challenges in 7P – price, product, place, promotion, people, process and physical evidence. Also, marketing research is needed in order to identify the need of green customers and on the other hand to find out how green business will satisfy their needs. In this regard, it's important to identify the customers that are environmental friendly and green determined.
- Depending on what type of business is intend to start, the operational plan should include an overview that manufacture the goods, selling of the products or delivering of the services will be in environmental mission and initiatives.

Figure 2 Example of sentence for defining green business idea in green business plan

[Name of the business] exist because [environmental problem that green business idea is solving] to [goal market] providing [green product or services] with a [green product or service advantage over the tradition or the competition] for the [benefit witch customers will receive].

Overall, developing a green business plan is a mandatory first step for the entrepreneur with aspiration to create positive social, environmental and economic value, regardless of organizational context or motive and despite uncertain outcomes. Also, consumers are increasingly interested in eco-friendly products due to ethical, cost or health reasons so the demand for green products is growing. Therefore, at the core of the green business plan should be incorporated goals related to sustainable business. This way we can define a different approach related to goal approach to green business plan: select and prioritize sustainable development goals (SDGs) that are closely linked with the green business and where it has the biggest impact on. They can be classified in three pillars of sustainability: social equity, environmental protection, and economic viability in accordance to SDGs showed at Figure 3.

Figure 3 SDGs in green business plan

Environmental goals	Society goals	Economy goals
<ul style="list-style-type: none"> - Enhancing biodiversity - Making resources more productive - Staying within the planet's boundaries 	<ul style="list-style-type: none"> - Providing sustainable public services - Reducing poverty and inequality - Realizing human potential 	<ul style="list-style-type: none"> - Reducing the dependency of economic growth on resource consumption - Creating new markets

Creating green business plan relies on exploring different alternatives, experiments, learning and iterations where besides economic criteria it focusses on **ecological and social consequences of the activity**. Green entrepreneurial ventures are crucial in creating new market spaces that attempt to bring innovative, responsible, and sustainable solutions together.

Conclusion

A business plan is essential whenever embarking on a new venture because it provides an overview of the whole investment, is a reminder of something not to be forgotten or missed, identifies critical points and makes it easier for business partners or financiers to see how valuable the venture really is. Green business plan enable entrepreneurs to make a positive contribution to the environment by setting up and running profitable and sustainable businesses. It helps potential entrepreneurs to come up with a viable green business idea and to develop a business plan from a green perspective, and guides existing entrepreneurs on ways to green their business.

Green business idea comes from the current ecological - environmental problem, and green businesses is a consequence of these environmental problems. Therefore, businesses can take action to tackle them in terms of reducing fossil fuel use and implementing the "3R" strategy of reducing, reusing and recycling. A business plan clearly describes how a business can market its products to generate profit and be attractive to potential investors. In terms of green business, the actions taken should be clearly, comprehensibly and precisely described in the plan and the solutions for the environmental challenges should fully express the intention. Therefore, the key goals of the green business plan is:

- To emphasize its contribution to society and the environment,
- To explain in each segment how the enterprise will preserve or improve the environment and how it will promote social justice and equality,
- The idea should be an example for other companies on how to work in an environmentally and socially responsible manner.

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