

LEARNING FROM CRISIS

A series of modular learnings from the
2017-2018 Cape Town water crisis

≡ THE RESILIENCE SHIFT

THE CAPE TOWN
DROUGHT RESPONSE
LEARNING INITIATIVE

module

4

The role of business

Business has a key role in crisis, with its ability to adapt, innovate and invest to reduce its consumption, often cutting it by half. It also has an important role as influencer, sponsor and communicator.

Text component of module 4, accompanying the film www.vimeo.com/cinesouth/ctdri-trs-lfc-module-4

Duration: 17:40

The role of business

Business can play a vital role during a water crisis. In the first instance, as a water user, the private sector during the Cape Town crisis showed itself to be highly creative, innovative and responsive, able to adapt processes and usage patterns quickly to reduce its own consumption. Incentivised to do so by increases in the price of water, businesses were able to invest to effect cost savings through reduced consumption, often cutting usage by 40 to 60 percent. Beyond its ability to reduce its own consumption, business also has a role and importance in society, so it can fulfil a function of influencer, sponsor and communicator. Businesses exerted an influence in their own systems of supply chains, staff and customers. Beyond their own systems, they also aimed to assist in effecting changes in broader societal behaviour through carefully aligned messaging as well as with donations and sponsorship of innovative philanthropic water-saving schemes.



When the private sector is forced into a situation where they kind of have to do something, their ability to react and respond and invest is incredible

Claire Pengelly

The sort of success story in Cape Town is the kind of adaptability and resilience and creativity to change, and change rapidly

David Green

EXECUTIVE SUMMARY

- Business can play a key role in a water crisis, both as a water user capable of dramatically reducing its own consumption and as an influencer encouraging water savings by others
- In Cape Town during the crisis the private sector demonstrated high degrees of creativity, innovation and adaptability when forced to react and respond by rising costs and the risk of running out of water
- Solutions that were previously unviable became cost competitive when the price of water increased; businesses were willing and able to incur investment costs with a view to recouping these through savings on operating costs over time
- In some instances, such as the construction industry's replacement of potable water with treated effluent to mix cement, the drought and corresponding water price increases acted as catalyst to fundamental changes in how the economy is clearing, and this will be permanent: there is no economic driver to revert to using potable water, as the latter is more expensive
- Businesses achieved reductions in water use ranging between 40 and 60 percent
- In the case of some businesses with national operations, the cost savings they were able to achieve in the Western Cape led them to roll out the same approaches elsewhere
- Beyond adjusting their own consumption patterns, businesses also fulfilled a number of other roles, starting with the role of influencer within their own systems of supply chains, customers and staff, and expanding to their communities and broader society
- Large public-facing corporates cooperated to ensure that the messaging emanating from them was consistent, and aligned with the messaging emanating from local government, for continuous reinforcement of messaging from multiple sources
- Businesses also made available donor and sponsorship funding to the broader society through CSI and philanthropic activities to encourage and assist in water savings
- Businesses reported a sense of responsibility to help during crisis

Interviewees in order of appearance:

Claire Pengelly

Water programme manager: GreenCape

David Green

CEO: V&A Waterfront

Mike Mulcahy

CEO: GreenCape

Nardo Snyman

Sustainability specialist: Growthpoint Properties

Feroz Koor

Group head of sustainability: Woolworths

Full interviews on [Cape Town Drought Response Learning Initiative](#) website

Opinions expressed by interviewees are personal viewpoints
and do not necessarily reflect those of their organisations

STRUCTURE

00:00:05

Hooks:

- Private sector highly adaptable and responsive when it has to be (CP)
- Success story in Cape Town was the ability to change rapidly (DG)

Widening circles of influence – from own water use to influencing supply chain, staff, customers, broader society; broadening motivation – from cost savings to sense of responsibility:

00:00:55

BUSINESS AS USER: DRAMATIC REDUCTIONS POSSIBLE

- Businesses were able to achieve substantial reductions in water use: numbers ranging between 40% and 60% quoted (CP, MM, NS, DG)
- Possible because private sector is impressively responsive, adaptable, innovative, and able to invest to reduce consumption (CP, MM, DG)
- Reducing consumption, rather than augmenting supply, was the solution (MM, DG)
- Price increases major driver: solutions previously not viable became cost competitive when price of water increased (MM)
- In some instances the drought was a catalyst in effecting fundamental and permanent system changes around water; example of replacement of potable water by cheaper treated effluent in construction (MM)

00:12:08

BEYOND OWN USAGE REDUCTION: BUSINESS AS INFLUENCER

- Businesses were able to play a role as influencer within their own systems, including supply chain, customers and staff (CP)
- Business also has importance and influence in society; able to magnify and reinforce messaging (CP, FK)
- Business willing and able to deploy funds in innovative campaigns driven by CSI / philanthropic considerations to assist in effecting water savings (CP)

00:15:01

Close:

“we felt it our responsibility as a business based in the city to do that” (FK)

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- 00:00:55 “One of the other key lessons that has come out of the crisis is the role that business can play in the midst of a crisis”; changes in water use effected by businesses incredibly impressive; survey showed businesses managed to reduce their water consumption by 41% on average; particularly impressive when one considers how water intensive the production processes of many of these businesses are; required huge amount of innovation and investment; “so I think that the kind of key thing for us to recognise there is that when the private sector is forced into a situation where they kind of have to do something, their ability to react and respond and invest is incredible; they mobilised so quickly, and they were able to change their behaviour patterns and production patterns incredibly quickly”
- 00:02:16 Adaptations and campaigns across a number of sectors; in manufacturing and commercial sector several businesses went ahead with their own augmentation; “the very interesting insight is a lot of the lessons that those businesses learnt themselves reflect very credibly the lessons that the city learnt, which is that it’s a little bit more expensive than you thought it would be, it takes longer than you thought it would, and there may be less water”; knee-jerk response by many companies was to go straight for augmentation – this was in almost all instances the incorrect knee-jerk response; correct focus is on reducing consumption; starts with metering, monitoring, behaviour change; businesses they worked with reduced their consumption by 45 or 50 percent on average, in many instances without augmentation; “it’s just really about understanding where water is being used in your business ineffectively or inefficiently, and trying to stop that where you can”; sliding scale of cost and complexity: as you move closer to augmentation the cost and complexity escalate; smaller interventions are cheaper, deliver better return on investment, and are much simpler to install and manage; change in water tariff was big driver: increased price of water opened the door to solutions that previously weren’t economically viable, but now are cost competitive; fear of running out of water also a driver, “but in the commercial-industrial sector we saw a real ability to reduce overall costs by investing in solutions that would make you more water efficient”; example of construction industry switching from potable water to treated effluent for mixing cement – considerably cheaper; “that switch will be permanent; there is no reason for them, there is no economic driver for them to go back to using potable water if using treated effluent is significantly cheaper; and these are the real exciting stories in my view, is that you’ve seen fundamental system changes in how we interact with water, with the drought as a catalyst for real change in how an economy is clearing”
- 00:06:39 Saw many examples of how for businesses water went from being no concern to a major focus; example of large national retailer that reduced its consumption in Western Cape stores by 40% overall through simple measures; then asked

themselves why they're not applying same measures in rest of country when massive cost savings are possible

- 00:08:38 Growthpoint Properties managed to cut its water consumption by 54% over two and a half year period to September 2018
- 00:09:09 V&A Waterfront as large landlord worked with tenants to coordinate collective steps, pool knowledge, and cut through rumour and speculation; limited augmentation measures available; biggest area they focused on was limiting consumption; held regular meetings to maintain forum to dispel rumour and cut through to what the facts were, and also to share best practice, particularly around cutting consumption; knowledge base and great benefit from working together and sharing knowledge; tried to shift emphasis from augmentation to reduction in consumption; "in broad terms the Waterfront would consume 5 million litres per day, and we're down below 2 million litres a day, so somewhere in the range of 50 to 60 percent we have, and that's a sustainable reduction ...; I think the sort of success story in Cape Town is the kind of adaptability and resilience and creativity to change, and change rapidly, and adopt these kind of measures rapidly"
- 00:12:08 Businesses also played an important role beyond reductions in their own consumption: "businesses also fulfilled a number of other different roles, so the other role that we saw was as kind of an influencer within their own system": supply chain, customers, staff; "it has a role within society that often has importance and has influence, and using their ability to kind of magnify the messages that they needed to get out there was incredibly powerful, so really kind of driving home that everyone needed to kind of take responsibility"; saw businesses taking care of their staff, realising it's not only how employees behave around water at work, but also what happens when they go home; saw examples of companies that sponsored plumbers to go to staff's houses to install new fittings and help fix leaks; saw businesses come to the fore when it came to more CSI / slightly more philanthropic kind of approach: "how can we mobilise some of the funds that we have available to assist the broader community in this particular situation?"; Smart Water Meter Challenge with schools: such a simple idea – a corporate would sponsor to have a smart meter installed at a school; "we saw this again and again, of corporates or businesses that were in a particular area, and they say: 'how can we help more? is there a way that we can give access to a school or to the guys that live close to us to another source of water, how can we help with education campaigns?, what more can we do to help the City of Cape Town? can we give them a donation? would it help if we ran campaigns on our own budget?', you know. All these different kinds of ideas was really ... where a number of businesses really saw themselves as a partner, and they wanted to respond to this in the best way that they could"

00:15:02

Woolworths accelerated communication to customers around water: “as much as possible to engage with customers on what was going on around them and to encourage them to save water”; important was that they collaborated with industry peers to ensure that everybody was on message: “there should be one message; so what we did, and our competitors, we all had the same, it might have looked different in terms of look and feel, it would be on our brand, but it was all around 50 litres and what this 50 litres can do and what you should ... because we knew that the messaging, if it was not consistent and everywhere people would start getting confused, people would ... there was elements of disbelief around, you know, the question is this really true, is it excuses to charge us more for water, and so one of the things we wanted to make sure is that in a responsible manner we were reporting or encouraging the same kind of information the City was encouraging and they were reading it in the newspaper and were reading it in another retailer and seeing it wherever else they went ... and so continuous reinforcement of messaging was something that we realised ...; there was a lot of engagement with customers; we felt it our responsibility as a business based in the city to do that and to be a conduit for information; we needed to talk as a business to our stakeholders, to our suppliers, to our staff, to our customers, to ensure that we were all on board on the same and we were all preparing for the same potential eventuality”

Suggestions for discussion:

- Examples of roles played by businesses in other urban crises (Hurricane Katrina / New Orleans, for example), and how this compares to business response in the Cape Town case
- Given the ways in which larger businesses in Cape Town responded to the drought, what can or should be done – if anything – to make such contributions to urban resilience more widespread and normal?
- What are the principal drivers of and barriers to business's contribution to a city's attempts to keep disaster at bay?

Further references:

- For more on the GreenCape perspective on the role of business (and GreenCape's work with business during the crisis), see full interviews with Mike Mulcahy and Claire Pengelly in the Cape Town Drought Response Film Library
- For more on the water usage reduction measures implemented by Growthpoint Properties (South Africa's largest listed property investment holding company) in the buildings in its Western Cape portfolio during the crisis, see full interview with Nardo Snyman in Cape Town Drought Response Film Library
- For more on the response by the V&A Waterfront, see full interview with CEO David Green in the Cape Town Drought Response Film Library
- For more on the response by Woolworths as an example of the response by a large retail operation during the crisis, see full interview with Feroz Koor in the Cape Town Drought Response Film Library

Source material from the Cape Town Drought Response Film Library,
a research resource of the University of Cape Town's African Climate and Development Initiative



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