

FROM INSIGHT TO IMPACT: THE FUTURE OF SUSTAINABILITY FOR SMES

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EXECUTIVE SUMMARY

This white paper, a collaboration between Tecno International and Richmond Global Sciences (RGS), aims to better equip Small and Medium-sized Enterprises (SMEs) for measurable sustainability. SMEs represent over 90% of businesses worldwide and employ a significant portion of the workforce. Yet they often face frameworks designed for large corporations, with limited resources, complex standards, and difficulty proving financial or operational value. Current practices emphasise reporting over action, lacking tools tailored to SME realities.

To address this, the paper tests Impact Accounting, a new approach that incorporates environmental, social, and customer-related impacts into monetary values. A pilot with private companies across sectors revealed differences compared with public firms: SMEs often showed smaller environmental footprints per dollar of revenue, while public firms performed better on employment practices.

The findings highlight that sustainability is a strategic lever, not a burden. SMEs can learn from public firms' successes and shortcomings to drive growth, provided they receive tailored, data-driven guidance. Moving forward requires a preventive approach supported by digital diagnostics, advisory integration, and partnerships across consulting, technology, and capital providers. With the right tools, SMEs can unlock long-term value and help lead the sustainable transition.



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THE UNTAPPED POTENTIAL OF SMES IN SUSTAINABILITY

When considering global sustainability, attention often gravitates towards large corporations. Yet Micro, Small and Medium-sized Enterprises (MSMEs) are pivotal to genuine change. They represent over 90% of businesses worldwide and employ 60% to 70% of individuals globally (UN, Enhancing the role of Micro-, Small and Medium-sized Enterprises (MSMEs) as drivers of Sustainable Growth and Innovation, 2025). By some estimates, they also account for up to 60–70% of global industrial GHG emissions (World Economic Forum, SMEs can benefit from integrating growth with environmental sustainability, Here's why, 2024).

Despite this significance, SMEs face a sustainability landscape built for larger firms. Current reporting standards, designed for big companies, rarely reflect SME realities. Their complexity makes them difficult to navigate without dedicated ESG experts. As a result, 67% of SMEs find standards overly complex or time-consuming, and 68% find them too costly (International Chamber of Commerce, Unlocking sustainable finance for SMEs, 2024). Financing sustainability is equally challenging. Although funds exist, access requires expertise in reporting and applications. Consequently, 65% of SMEs in the EU self-finance improvements (EU Platform on Sustainable Finance, Streamlining Sustainable Finance for SMEs, 2025), while fewer than 8% formally report on sustainability (ICAEW Insights, 2023).

Yet the willingness to act is strong: 8 in 10 SMEs want to engage in sustainability, and 60% have already implemented changes (ICAEW Insights, 2023). However, without tailored reporting mechanisms, these actions often go unverified, creating scepticism about their value.

It is therefore essential to treat reporting as a means to drive action, not an end in itself. SMEs' agility and leaner decision structures position them to advance sustainability more quickly than larger corporations. By recognising and supporting SMEs as key actors, their collective potential can be unlocked to drive a global transition.



TESTING A NEW APPROACH:

SUSTAINABILITY IMPACT
INSIGHTS FROM A CROSS-
SECTOR SME PILOT

Analysis of current frameworks and standards' impact on SMEs clearly demonstrates that a new approach is essential. SMEs struggle to understand and convert current frameworks into actionable items and visible impacts. To change this, one promising approach is Impact Accounting.

WHAT IS IMPACT ACCOUNTING?

Impact Accounting extends traditional financial accounting by incorporating environmental, social, and customer-related impacts that are typically unpriced and unreported. It translates factors such as carbon emissions, employee welfare, and product safety into monetary values. This approach enables businesses to assess their broader contributions and risks beyond financial returns, facilitating improved transparency, risk management, and stakeholder communication. By building upon established accounting principles familiar to SMEs, Impact Accounting avoids the introduction of entirely new or overly complex frameworks, making it more accessible and



PILOT PROJECT OVERVIEW

A pilot project was conducted involving 20+ private companies to evaluate the applicability of Impact Accounting for SMEs. The companies were primarily from the Materials, Industrials and Consumer Staples sectors, representing various industries. The study aimed to compare SME sustainability performance fairly against larger public companies by normalising impacts relative to company revenue, thereby enabling an equitable comparison across different scales.

The assessment focused on three core impact areas:

- **Environment:** Emissions, water consumption, and waste generation
- **Employment:** Wage impacts, workplace diversity, and equality of opportunity
- **Customer:** Product effectiveness and consumer benefits

To maintain comparability, the analysis relied exclusively on data consistently available across both SMEs and public companies. More complex or inconsistently reported metrics, such as Scope 3 emissions, were excluded to ensure a level playing field. This approach yielded a reliable dataset covering eight industries, supporting a thorough cross-sector comparison. Given that all the private companies in our sample are European companies, we used a similar sample of public companies to derive sector and industry averages. Despite inherent data limitations, the pilot provided meaningful insights into SME sustainability impacts, highlighting areas of strength and opportunities for development relative to larger counterparts.



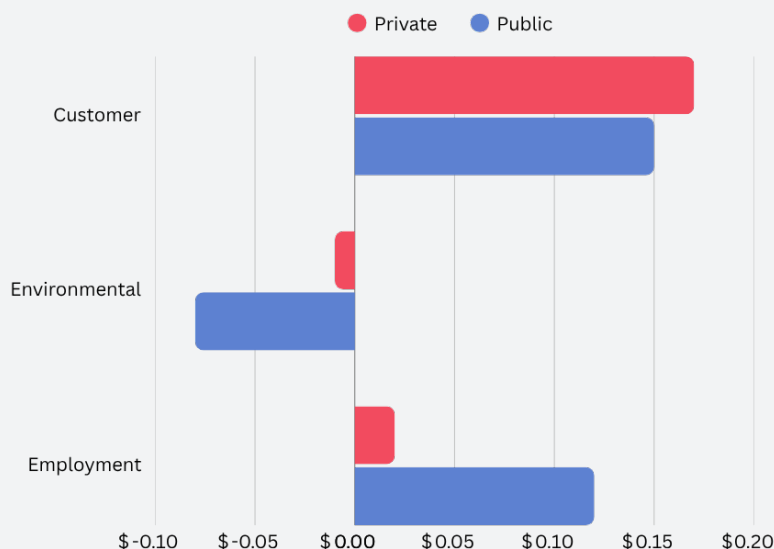
KEY FINDINGS

Environmental Impact: Private SMEs generally showed a smaller environmental footprint per dollar of revenue compared to public firms, particularly in sectors like Materials and Consumer Staples. More specifically notable differences were identified within the Construction Materials and Paper packaging sub industries. The findings suggest a potential non-linear relationship between environmental impact and revenue growth. Scaling can lead to increased resource consumption and inefficiencies, expansion into environmentally intensive markets, or a prioritisation of revenue generation over environmental considerations to meet investor demands.

Employment Impact: Public companies have, on average, more positive employment impacts compared to SMEs, specifically wages impacts and workplace diversity. Among the industries we examined, we observed the highest difference in employment impacts within the Research and Consulting Services industry. This disparity likely stems from various factors. Public companies face greater pressure for transparency and accountability, leading to more detailed disclosures on employment practices. In contrast, private companies have fewer disclosure requirements, resulting in less external scrutiny that can delay improvements in wages and diversity. Additionally, private companies, especially smaller ones, may have budget limitations that hinder their ability to offer competitive wages and diversity programs compared to public companies with greater financial resources. Lastly, private companies often have less robust recruiting processes and might struggle to attract the diverse talent pool that public firms can due to their greater brand visibility and perceived stability.

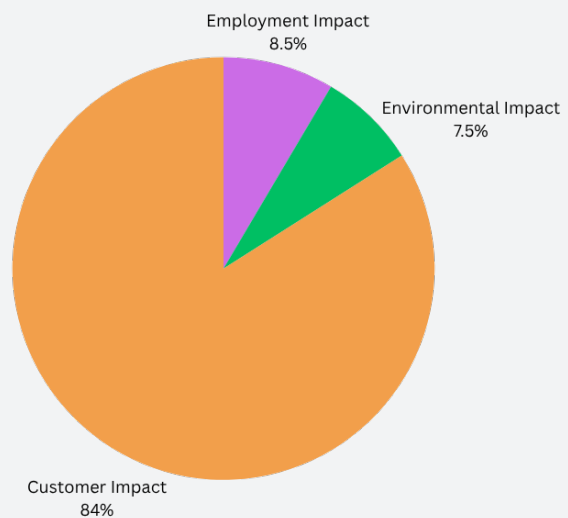
Customer Impact: SMEs demonstrated customer impact metrics comparable to public companies in absolute terms. Customer impacts were evaluated based on the perceived benefit to consumers from products and services, as well as the effectiveness of these offerings. For SMEs, customer impacts were primarily influenced by their product offerings, target market demographics, and geographical focus.

Impact per \$ revenue

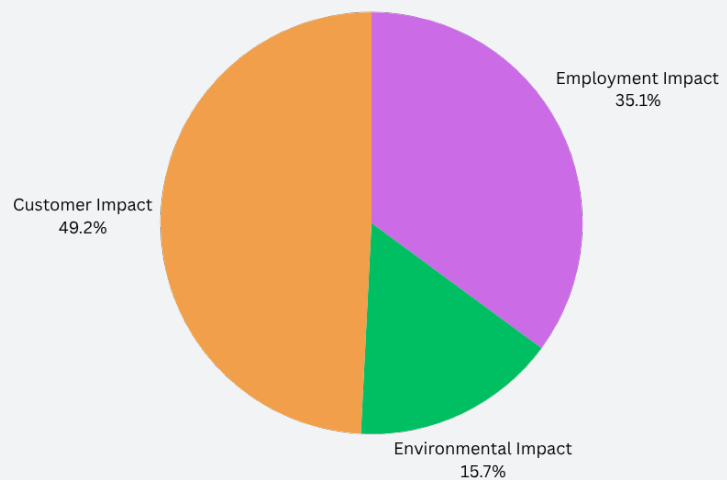


Gaps between Perceived vs. Actual Impact Strengths: While the absolute value of Customer Impact per dollar of revenue is similar on average for private and public companies, this impact constitutes a much larger percentage of the total impact for SMEs. In comparison, public companies deliver a significantly greater Employment Impact per dollar of revenue (over 7 times larger on average), and this makes up a greater proportion of the total impact of public companies (35% compared to just 9% in private companies). The Environmental Impact split is the closest, although public companies have a greater negative environmental impact, accounting for 16% of their total impact compared to only 8% from private companies. These observations could be due to several factors, including fundamental differences between products (e.g., electric cars vs. combustion engine cars), and geographical considerations (sales in developing vs. developed markets). Public companies tend to have larger workforce requirements, so their employment impacts are likely to be more wide-reaching and significant, and they may be more able to pay more employees a more competitive salary, attracting higher quality human capital compared to SMEs.

Impact by category at private companies



Impact by category at public companies



TESTING A NEW APPROACH:

SUSTAINABILITY IMPACT INSIGHTS FROM A CROSS- SECTOR SME PILOT

The pilot highlights significant differences in sustainability practices between private SMEs and public companies, particularly regarding environmental and employment impacts. However, the pilot does not focus on the difficulties of moving from a private to a public context. Companies entering the public sphere face increased regulatory scrutiny, heightened investor expectations, and intense competitive pressures.

This is precisely why the findings are so crucial. SMEs aiming for growth can leverage these insights to chart a course for sustainable expansion, learning from both the successes and shortcomings of public firms. This enables proactive, informed decision-making and fosters sustainable growth, especially as stakeholder and regulatory standards continue to rise.



To prepare for growth, particularly when considering a move to public markets, SMEs should proactively:

Enhance Reporting & Data Systems: SMEs need to adopt a preventive data strategy. Our analysis revealed significant gaps in data gathering within SMEs compared to their public counterparts. As they grow, it's critical for these businesses to invest in robust systems for comprehensive environmental and employment data tracking. This ensures transparent and accurate impact management, effectively mitigating the heightened expectations and scrutiny that come with being a larger, more visible company.

Prioritise Proactive Sustainability Investments: SMEs need to solidify their position as environmental leaders. While SMEs currently show better environmental performance, this isn't an invitation to complacency. By addressing environmental risks early with efficient technologies and strategic resource management, growing companies can prevent inefficiencies as they scale. This proactive approach helps them pre-empt future regulatory scrutiny and positions them competitively, especially as environmental impact increasingly influences customer decisions.



Enhance reporting and data systems



Prioritise proactive sustainability investments



Strengthen employment practices



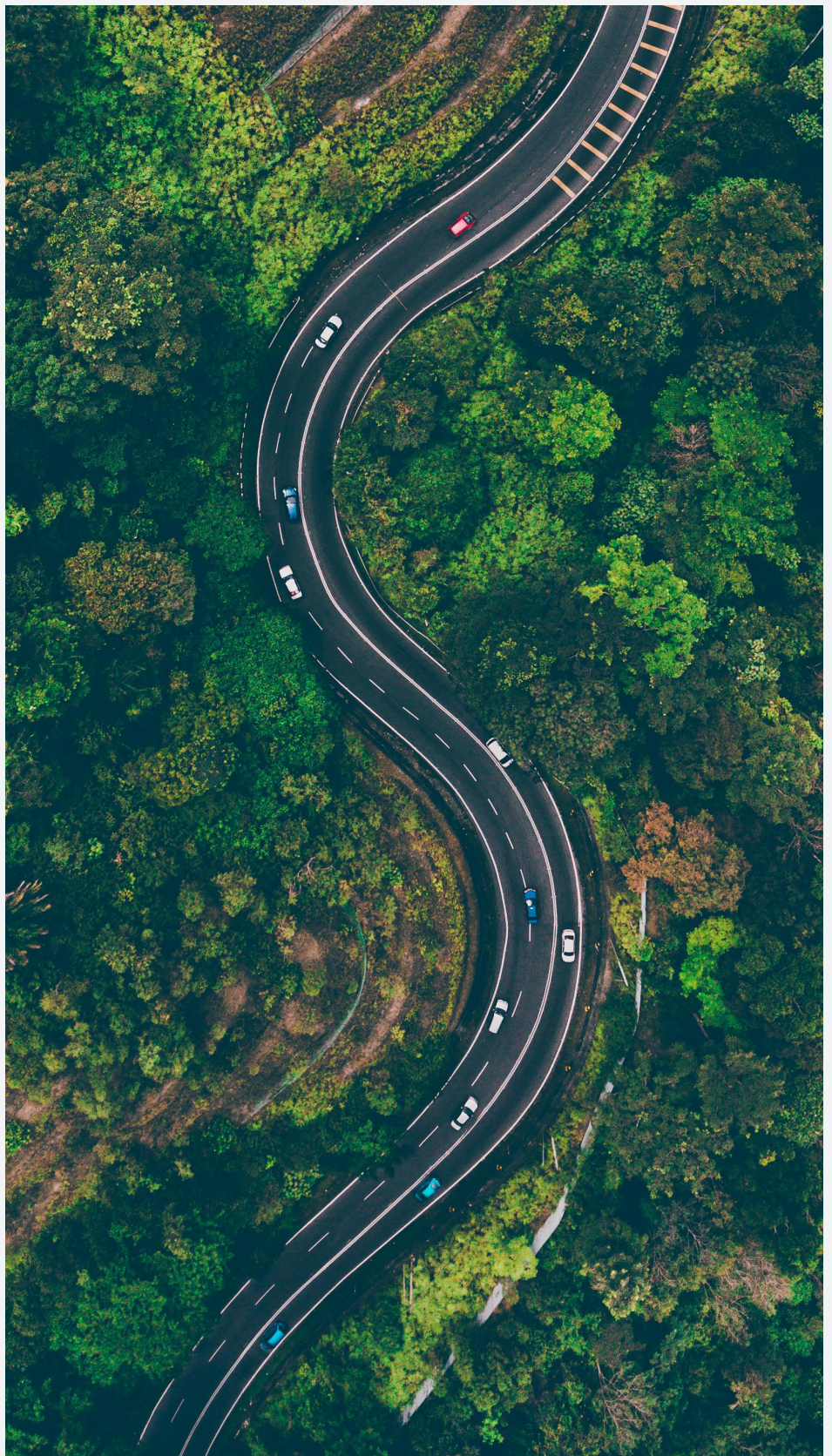
Integrate customer-centric sustainability

Strengthen Employment Practices: SMEs need to strengthen their employment practices. This aspect was the largest disparity identified between company types. This gap suggests public companies might hold a competitive advantage in attracting top talent. To counteract this, it's crucial for growing SMEs to adopt competitive compensation and proactive Diversity, Equity, and Inclusion (DEI) strategies. These measures are vital for attracting and retaining top talent, which in turn boosts organisational resilience and fosters innovation.

Integrate Customer-Centric Sustainability: Even the most robust sustainability efforts can go unnoticed without proper communication. Therefore, it's essential for SMEs to clearly articulate their positive impact. By leveraging strong customer relationships and product positioning, companies can effectively communicate their sustainability efforts, directly aligning customer benefits with broader sustainability goals. This not only enhances visibility but also strengthens brand loyalty and market position.

FROM INSIGHT TO ACTION:

A SUSTAINABLE GROWTH ROADMAP FOR SMES



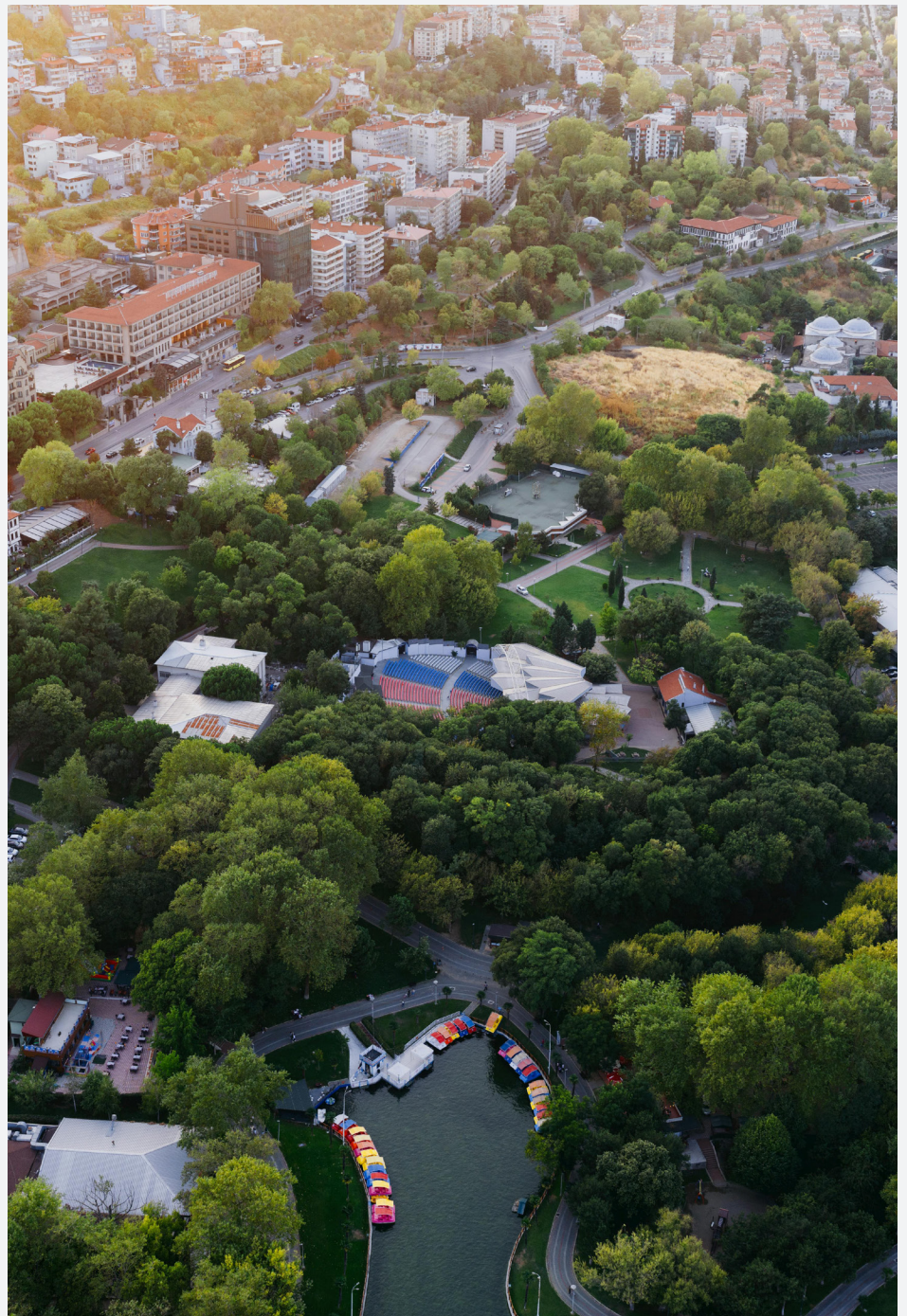
Sustainability has become central to corporate strategy. For SMEs, however, standardised frameworks are often too complex and resource-intensive, leaving many unprepared for rising expectations.

To address this, SMEs need a preventive, data-driven approach. Impact Accounting offers such a pathway, aligning sustainability with familiar accounting principles and enabling practical, sector-specific strategies. The pilot project showed that tailored approaches are far more effective than rigid, one-size-fits-all frameworks.

Digital tools can also narrow the gap with larger firms by offering automated diagnostics, simplified reporting, and integrated advisory platforms. These solutions reduce costs and make sustainability management more actionable. Still, tools alone are insufficient. Progress depends on collaboration between:

- Consultants, who provide sector-specific guidance and help SMEs prioritise material issues.
- Technology providers, who deliver scalable, user-friendly solutions for managing data and reporting.
- Capital providers, who reward credible commitments with affordable financing.

Together, these actors help SMEs shift sustainability from a compliance challenge to a driver of growth, resilience, and access to capital.



CONCLUSION

The future of sustainability for SMEs will be defined by approaches that are inclusive, adaptable, and data-driven. These must reflect diverse business models while remaining flexible as regulations and market expectations evolve.

Cross-sector collaboration is essential. Businesses, industry associations, governments, and financial institutions must work together to provide training, tools, and knowledge exchange. Such support ensures that sustainability becomes embedded in SME operations rather than treated as a separate obligation.

For SMEs, the first step is understanding their current impact through tailored diagnostics and relevant data collection. From there, they can build on expert advice, leverage digital tools, and communicate their efforts transparently to strengthen stakeholder trust.

Advisors and consultants should focus on delivering scalable and actionable services, connecting SMEs with technology and capital providers. In turn, investors must recognise genuine commitments and reward them with long-term capital.

When these elements align, sustainability becomes more than compliance. It transforms into a strategic lever that enhances resilience, unlocks value, and positions SMEs as vital contributors to the global transition.

PAOLO TATICCHI

Paolo Taticchi is a Professor of Strategy and Sustainability and Deputy Director at UCL School of Management, where he co-directs the UCL Centre for Sustainable Business. A global expert in sustainability and strategy, he has trained thousands of Fortune 500 executives, taught at top business schools such as Imperial College London, and developed business projects across five continents.

His widely cited research includes over 50 publications and books such as *How to Be Sustainable* (2025) and *Disruption* (2023). In 2025, his research on impact investing was highly commended by the Financial Times for making a real difference. A sought-after speaker and advisor, he has delivered 250+ talks attended by more than 100,000 people and serves on several international advisory boards.

As an entrepreneur, he co-founded four companies and led major educational initiatives. His accolades include Poets & Quants “Top 40 Under 40 Business Professors in the World” (2018), being mentioned by *Sole 24 Ore* as the most influential Italian under 40 (2021-23), and inclusion in the Thinkers50 Radar List (2025).

ALLEGRA FORTUNATO

Allegra Fortunato is Head of Strategy, Director of UK Office at Tecno International. At Tecno, she leads the company’s UK operations, driving commercial growth and managing the delivery of consulting projects that support organisations in embedding sustainability into their business models. Her work spans strategic planning, stakeholder engagement, and regulatory compliance, with a focus on SMEs and innovation-led transformation.

Alongside her role at Tecno, she works with WIDE as a business consultant, supporting projects focused on the design of sustainability strategies.

Allegra is often invited to host talks, workshops, and lessons on matters surrounding sustainability in business. Through these engagements, she explores practical strategies for businesses to incorporate sustainability principles into their operations, drive positive social and environmental impact, and contribute to a more sustainable future.

Educated at the University of Glasgow’s Adam Smith Business School, Imperial College London, and the University of California, Berkeley, Allegra brings together academic rigour and international consulting experience. In London, she is active in the SustainTech, investor, and startup ecosystem.

ENZO JAMES

Enzo James is a Junior Sustainability Consultant at Tecno International. A recent addition to the firm, he works on high-impact consulting projects with a singular goal: the implementation of sustainability at the core of companies across many different sectors.

He brings a powerful international perspective to his work, shaped by a multi-cultural education and upbringing that spanned five countries, coupled with fluent knowledge in three languages. With a degree as an Environmental Engineer, Enzo’s contributions focus on embedding practical, business-friendly and science-backed sustainability principles into companies’ operations.

Enzo’s professional drive is dedicated to supporting organizations in their transition towards a better way of doing business, driving positive social and environmental impact and contributing to a more sustainable global future.

SAKIS KOTSANTONIS

Sakis Kotsantonis is a co-founder and the CEO of Richmond Global Sciences (RGS). RGS is a technology company providing advanced data and analytics solutions in the impact investing space.

Prior to launching RGS, Sakis was the founder and Managing Partner of KKS Advisors, one of the top 10 ESG consulting firms. Sakis serves as a Senior Advisor to DSS+, a leading operations management consulting company and as an Advisory Board member to Sustainometric, an ESG research firm. He has several publications on ESG topics in practitioner's journals like the Harvard Business Review, Institutional Investor, and the Journal of Applied Corporate Finance.

Sakis holds a PhD in Materials Science and Engineering from Imperial College London and an MSc in Mining Engineering and Metallurgy from the National Technical University of Athens.