

Carbon Foot Printing Your Business. Why Bother?



“We are on the historic threshold of the irreversible. Faced with this emergency, the time for half measures is finished. It is time for a revolution. An industrial revolution, that of sustainable development, lies before us.”

Jacques Chirac, Former President of France

Over the last few years we have been hopping from one global crisis to another. Ten years of relatively good trading and economic conditions have seen businesses boom, economies thrive, and banks being very generous with loans and interest charges. But, then came the turmoil.

All of a sudden it was declared that the World was teetering on a knife's edge and that business was in part responsible for it. Within twenty years, a global temperature rise would see the ice caps melt and a rise in sea water levels by several metres that would submerge London, unless the Thames barrier was replaced with a more capable structure. Various islands would disappear including the Maldives, and continents would lose land mass that would cause mass population migration, with devastating impacts on food and natural resources. Global economies would strain and local economies would experience significant down trends and turmoil. In the UK, the economy and population would be hit by adverse weather conditions, a seasonal shift to warmer winters and wetter summers and inflationary pressures on food supply and natural resources.

If that wasn't bad enough, the then stable energy market began to sway with surges in oil prices, economic catastrophe, and political instability in the eastern bloc regions would see the Russians holding neighbouring countries to ransom and hiking the prices of wholesale piped fuels and gas into Europe. In effect, Europe was succumbing to the whims of Russian energy conglomerates, even BP, a big player in Russia was struggling with the politics.

Then the credit crunch. The demise of Lehman Brothers, the near demise of AIG, the cashless acquisition of Merrill Lynch by Bank of America and the takeover of the giant HBOS by Lloyds TSB. So, not only are our banks at risk of disappearing, but our fuel supplies, food supplies, and to top it all, the World in which we live is at risk of changing beyond our imagination.

Now, I know you are probably feeling a little depressed after reading this, but here's the positive news. All those negative factors are interlinked, and interlinked in such a way that, as business leaders we can use those global events to streamline our businesses, make them more efficient and prepare them for the inevitable upturn, but by the same token, we will also have met our environmental obligations and we will undoubtedly have adapted to climate changes and pressures on natural energy resource supplies.

Carbon Foot Printing

The global economy grew as a result of the industrial revolution because of the use of energy resources such as coal. However, owing to their sheer nature of the hazardous affect of burning coal, alternative fuel sources were sought, including gas, nuclear and other renewables. The impact of burning fossil fuels is not new, but the striking impact of the effects of burning these fuels didn't really surface until the 1980's. Even in the Thatcher years, the message to everyone was reduce your fossil fuel dependence, cut pollution and

“85% of IT professionals believe environmental factors are important in planning IT operations, yet just a quarter have written green criteria into their company’s purchasing processes.”

Source - Forrester Research

save the planet. Perhaps the coal mines were really closed because of climate change.

The problem is that now a global banking crisis is in full swing and with oscillating oil prices, governments are now looking back to coal as a dependable source of energy. We have seen the affects of extreme weather on oil prices and the impact of global politics on energy sourcing, so something has to be done and for most of us it is about reducing our dependence on energy, particularly coal, and of course, reducing costs.

So where does your business fit in this environmental and economic puzzle? Well, undoubtedly energy bills are an issue and new environmental legislation will also require compliance such as the Carbon Reduction Commitment due to take effect in 2010. Understanding your business’ carbon footprint, the emissions generated from the use of fuel, travel and transport, as well as secondary emissions - emissions generated through the procurement of goods and services, becomes vital. Measuring carbon is no longer about reducing emissions and saving the planet, it is about managing cost and reducing waste.

In working with clients we have seen reductions in energy usage by as much as 15% in the first year and reduction in air travel by 20% in under six months. This is in addition to improvements in the control of waste, water, consumption and other energy sources. More significantly, clients have changed their reporting processes not just on emissions but on spend, keeping a tighter control on non-essential purchases and thinking more about the sustainability impacts from new purchases.

As a business you will need to consider two other important requirements; the first is the measurement of nitric oxide and methane, primarily from manufacturing and waste; and the second is the Carbon Reduction Commitment which affects businesses that consume 6,000 megawatt-hours (MWh) of electricity between 1st April 2009 and 31st March 2010 and if your business including subsidiaries spends more than £500,000 per year on electricity it is likely to be included in the scheme. Both of these, if appropriate, will need to be written into your environmental management programme.

The Carbon Reduction Commitment comes into full effect in April 2010 and will be a compulsory scheme for large users of energy. It will set caps on emissions with penalties for those that exceed those caps with the ability for organisations to buy or sell allowances on the secondary market or through the EU emissions trading scheme.

The benefits of Carbon Foot Printing

Once an initial footprint assessment has been completed and audited, the business will be in a better position to be able to regularly report on greenhouse gas (GHG) emissions performance. If the business is growing quickly, then reporting emissions reductions

per head will show that the business has got to grips with GHGs and is successfully measuring the impact of growth.

A carbon footprint appraisal also makes it very easy to set emission and cost reduction targets. If done properly the numbers will jump out at you and any lay person will be able to see where the impacts and risks lie. Measuring your own business activity is just one step in the right direction as more and more organisations are starting to measure the environmental activities and credentials.

“53% of companies are more likely to purchase from a company with a good environmental reputation”

Source: Ipsos Mori (Oct 2007)

Probably the biggest benefit of carbon foot printing is the cost savings which are achieved through better management of resources and the implementation of good practice. It is not uncommon for companies to save as much as 30% on energy spend in under two years and in some cases, as much as 70% in five years by implementing low energy programmes, upgrading of lighting, boilers and controls and the use of renewables and green power supply.

“The adoption of key re-engineering efforts can result in reduced energy consumption, significant efficiency benefits and lower overheads.”

Source: Butler Group/Datamonitor (Sept 07)

One of the most contentious benefits has been the use of good PR. Too many organisations have used the ‘intent to implement’ as a piece of positive news, otherwise described as ‘Green Wash’, but we are all wise to that now even though it still goes on, particularly in the retail sector and retail energy sector.

There are some excellent case studies where good implementation has resulted in some genuine results. Organisations such as Marks and Spencer have made huge leaps; Morrisons recently achieved the Carbon Trust Standard for demonstrating actual reductions in carbon; and even the Department for Environment, Food and Rural Affairs (DEFRA). It has to be said though that if you can accurately show that you have reduced emissions, reduced costs and mitigated other greenhouse gas emissions then you will win credit and probably more customers.

Good results can always improve your business reputation with existing customers and prospects but also with shareholders and the risk adverse amongst your team. To what extent you need to improve your business credentials to stay ahead is not clear. We have seen a surge in the requirement for ISO14001 accreditation as part of a tender response, and you would be amazed by the number of household brands that do not even have an environmental policy, let alone a formal ISO accreditation. One of the first things we do for new clients is ensure that a policy is in place and is a true representation of the organisation's aspirations and ability to meet those aspirations.

One of the biggest and most enthusiastic groups of benefactors are the employees. To date, all companies we have worked with have had full support from employees and in most cases staff members are keen to volunteer for responsible roles in helping the company achieve its objectives. Bear in mind, that most people will have done something at home and those with children will know that younger generations seem to know much more than we do about the risks of doing nothing.

Some other benefits include the ability to attract ethical investors as well as high calibre ethically and morally driven candidates. Fund managers are particularly interested in the environmental performance of listed companies and have scored thousands of companies already in various indexes accessible by the financial services markets. Finally, carbon foot printing encourages businesses to review their compliance to legislation and be able to prepare for future legislation such as the Carbon Reduction Commitment.

Your Business and Your Suppliers

By measuring your own emissions you will be taking the first step to reducing your business impact on the environment and to reducing costs within your organisation. By working with your suppliers and supporting your suppliers to do the same, you will be creating maximum benefit for all within the supply chain. You will, in effect reduce the cost of the supply of goods and services to your business and reduce and manage the environmental impacts created by trade and logistical operations, perhaps even negotiating with your suppliers for more favourable reductions and incentives to reflect the reduced costs and streamlined operations.

Moral Obligations

There is perhaps one driving factor that is important and it is that making the changes and implementing an effective environmental management programme is essential, it is the protection and management of natural resources for future generations. In our case, future generations that are already at school age and will be relying on our good judgement and good practice to provide a sustainable and environmentally beneficial and healthy world.

*Author: Philip Emsley, Chief Operating Officer, Green 2020 Limited.
(September 2008)*

"The global warming skeptics are going the way of the dodo bird - to extinction. The evidence is in. We're definitely living in a warming world and headed into unknown, dangerous territory. The future of our civilisation is at stake! It's time for each and every one of us to change wasteful habits and cut back on our energy consumption. A good start would be losing the SUV. Real men and women drive hybrids or take the bus. Let's all think more and use less - of everything. Remember, warming is global, but solutions are local and - bottom line - individual."

Bill Patzeri, scientist at NASA's Jet Propulsion Laboratory

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How ProcServe Contributes

Through our solutions and services we are supporting the sustainability agenda. By encouraging organisations to procure goods and services electronically organisations immediately reduce their use of paper. For example, the Zanzibar Managed Service, ProcServe's eProcurement offering to the UK government enables government departments and agencies to conduct business end-to-end electronically. Zanzibar processes thousands of purchase orders and invoices electronically that in turn reduces waste and creates a more efficient procurement process.

ProcServe also works with the private sector and international governments within the US and Europe to position sustainable procurement as one of the key drivers of its business.

ProcServe and Green 2020 have partnered to drive lower emissions in procurement processes for customers and their suppliers. As a value-added service to ProcServe's procurement service, Green 2020 are providing solutions to help buy-side and supply-side organisations reduce energy use, measure and reduce carbon emissions and ultimately save money.

About Green 2020

Green 2020 is a global environmental supply chain consultancy specialising in environmental management systems, compliance with ISO14001 and ISO14064, Carbon Footprint appraisals and energy management solutions. Green 2020 also provides a unique web-based carbon data collection tool, Carbonalysis, currently in use by a number of global organisations and their suppliers. For more information, please visit www.green2020.com or call +44(0) 1223 714928.



About ProcServe

ProcServe provides fast, flexible and secure electronic marketplaces and trading connectivity solutions. ProcServe's hosted, custom-branded solutions provide customers with the unique ability to leverage a software-as-a-service (SaaS) solution and maintain their own uniquely branded and configured eMarketplace. Customers enjoy a faster solution set-up, lower cost of maintenance and a secure environment. ProcServe delivers Zanzibar, OPEN and xchangewales on behalf of the UK Public Sector. For more information, please visit www.procsolve.com.

ProcServe

ProcServe
123 Buckingham Palace Road
London SW1W 9SR
Tel: 020 7730 9000
Fax: 020 7333 5047
E-mail: info@procsolve.com

www.procsolve.com

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