

Aligning Environmental Strategy with Corporate Strategy

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March 18, 2008

Background

- Raised in South Carolina near Blue Ridge Mountains
- Interest in Environment developed from Boy Scouts
- Interest in Sustainability from living in Europe 2 summers
- Undergrad: UVA 1997, BS Systems Engineering
- 1998 – 2004: Management Consulting in DC
- Graduate: Vanderbilt 2006, MBA Strategy

Company Info

- 1 for 50 in MBA Job Interviews pitching Sustainability
- Started J. Gowdy Consulting in summer 2006
- Since: 12 clients from corporate, non-profit, university
- Focus: Profitable Sustainability Solutions

The World is Changing

- **Business is Changing**
 - o Transparency in the markets
 - o Rising energy costs
 - o Need for sustainable natural resources
 - o Planning for climate change
- **What can Business Do?**
 - o Creating positions for sustainability, CSR
 - o Directives from CEO on sustainability
 - o Turning to consultants to provide direction, assistance

Back to the Start

- **Current Market Focus on Sustainability**
 - o Seen by many as long-term trend
 - o Traced back to the 1992 UN Conference on Environment & Development (Earth Summit)
 - o Trend: increase in the number of sustainability initiatives

Movement and Direction

- **Movement and Direction of Initiatives**
 - o Increased focus on doing business that inflicts less harm on environment
 - o Invokes the principle of CSR
 - o Keyword: Stakeholder Expectations

Stakeholders

- **Changes in Market Attract Stakeholders**
 - o Information
 - o Transparency
 - o Depletion in Natural Resources
 - o Global Warming/Climate Change
 - o Cost of Energy
 - o Others
- Customers
- Employees
- Government
- NGOs

Customers

- **Customers - 17-19% of consumers identify themselves as green consumers**
 - o they care
 - o they understand
 - o they are willing to pay
 - o Sources: Roper; Landor
- 42% of North American respondents "reported having punished socially/environmentally irresponsible companies by not buying their products"
 - o Recent survey Business and Sustainable Development: A Global Guide

Employees

- **Employees** - three actions are the most important actions for a global company seeking to build trust among its employees:
 - o Listening to employees – 64%
 - o Demonstrating its corporate social responsibility – 45%
 - o Communicating the company's business strategy – 38%
- **Productivity**
- **Turnover**

Government

- **Government** – Expect increase in carbon legislation (tax or cap and trade) at both federal and state levels
 - o Federal: e.g. Lieberman-Warner Bill, S. 2191 would require all greenhouse gases to be cut by 71% below 2005 levels by 2050
 - o State: sixteen states have set goals for greenhouse gas emissions reductions

- **Always an Important Stakeholder Group**
 - o Feedback, Criticism → Improvement
 - o Public Opinion
 - o Collaboration (later example)
- **Increased Transparency**
 - o Reporting
 - o GRI
 - o Major room for Improvement

Opportunities

- **Current Trend → Market Shift**
 - o Myriad of opportunities to consider
- **Following is a Short List of Key Questions**
 - o Should we act and when?
 - o What is our end goal?
 - o What past, current things will 'going green' or a Sustainability Initiative include?
 - o What new things will 'going green' or a Sustainability Initiative include?
 - o How will we roll this thing out internally and externally?

Examples

- **Projects I Have Worked On**
- **Launch of GE's ecomagination program (2005)**
- **Wal-Mart's Sustainability 360 Initiative (2006)**
- **Creation of a "Supply Chain Scorecard" Product (2007)**
- **Bridgestone Conservation Report (2007 – 2008)**

GE ecomagination

- **Created product scorecards to quantify products' environmental leadership**
- **Products included in "ecomagination" brand marketing**
- **Created and implemented training for all business units**
- **FT reports: doubled sales from ecomagination products to \$12B from 2005-2007; on track to reach \$20B target in 2010**
- **EcoAlign reports: GE is #1 company in consumer awareness for using and providing renewable energy**

Wal-Mart Sustainability 360

- **Three Major Focus Areas**
 - o Renewable Energy
 - o Sustainable Products
 - o Zero Waste
- **Packaging Goals (Waste)** - reduce overall freight size
 - o keeping 213,000 trucks off the road each year
 - o saving more than 66 million gallons of diesel fuel, and thus realizing hundreds of millions in cost savings
- **Magazines** – reduce waste by 33% through working with Supply Chain players

My Product – Supply Chain Scorecard

- **Idea from a 2006 trip to Chinese factories to US Retailers**
- **Current State of Environmental/Social Compliance**
- **Scorecard: use audit results to quantify environmental and labor risks**
 - o Arrive at a “risk-enhanced” per unit cost

Bridgestone – Conservation Report

- **Focus on Conservation**
 - o Products – Energy Efficiency, Fuel Efficiency
 - o Operations – Carbon and Water Conservation
 - o Employee Efforts – Keep America Beautiful, Habitat
 - o Community Involvement – Land Conservation

Solution

- **Is Unique to Each Industry, Market**
- **Is Unique to Each Company**
- **But Does Exist if You Look for It!**
- **Key: Finding the Business Case that...**
 - o Lowers Cost
 - o Increases Revenues
 - o Improves Reputation
 - o Creates Real Environmental Improvements
 - o Resonates Internally and Externally

Questions

Thank You.

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