

Going **Green** is not Black and White

Innovations in Management
March 6, 2019

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Main Points

- It's all about the supply chain
- Life Cycle Assessment
- The real "inconvenient truth" – "say" vs. "pay"
- Why initiate some sustainability projects (even if you don't believe in the efficacy or the cost/benefit)?
- "Make believe" sustainability
- It's not "planet vs. profit"
- Government Role



It's All About the Supply Chain

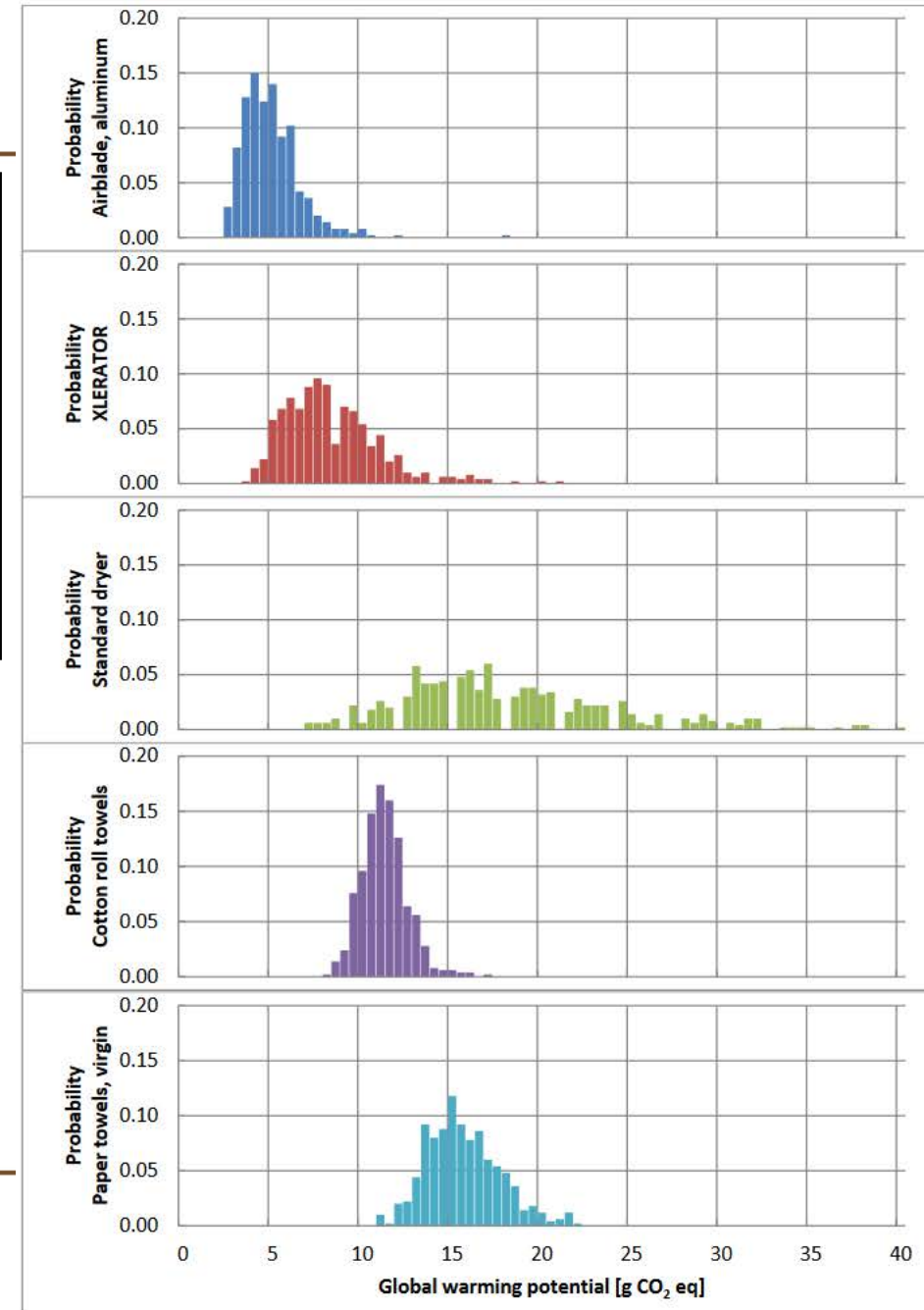
- 2/3 carbon emission of most companies is in their upstream supply chain
- For some products, most of the emissions are in the use phase (downstream)
- So looking just at a company's environmental impacts is misleading.



Use-Phase Impact & LCA



- What is “dry”?
- Impact per dry hands
- Number of dry hands in the life
- Supply chain impact
- Sensitivity analysis to parameters



Rigorous Life Cycle Assessment (LCA)

1. Too slow and expensive (Tesco 2001)
2. With full effort – only 125 products/year
3. Needed seven centuries for 90,000 SKUs
4. Walmart also started and withdrew



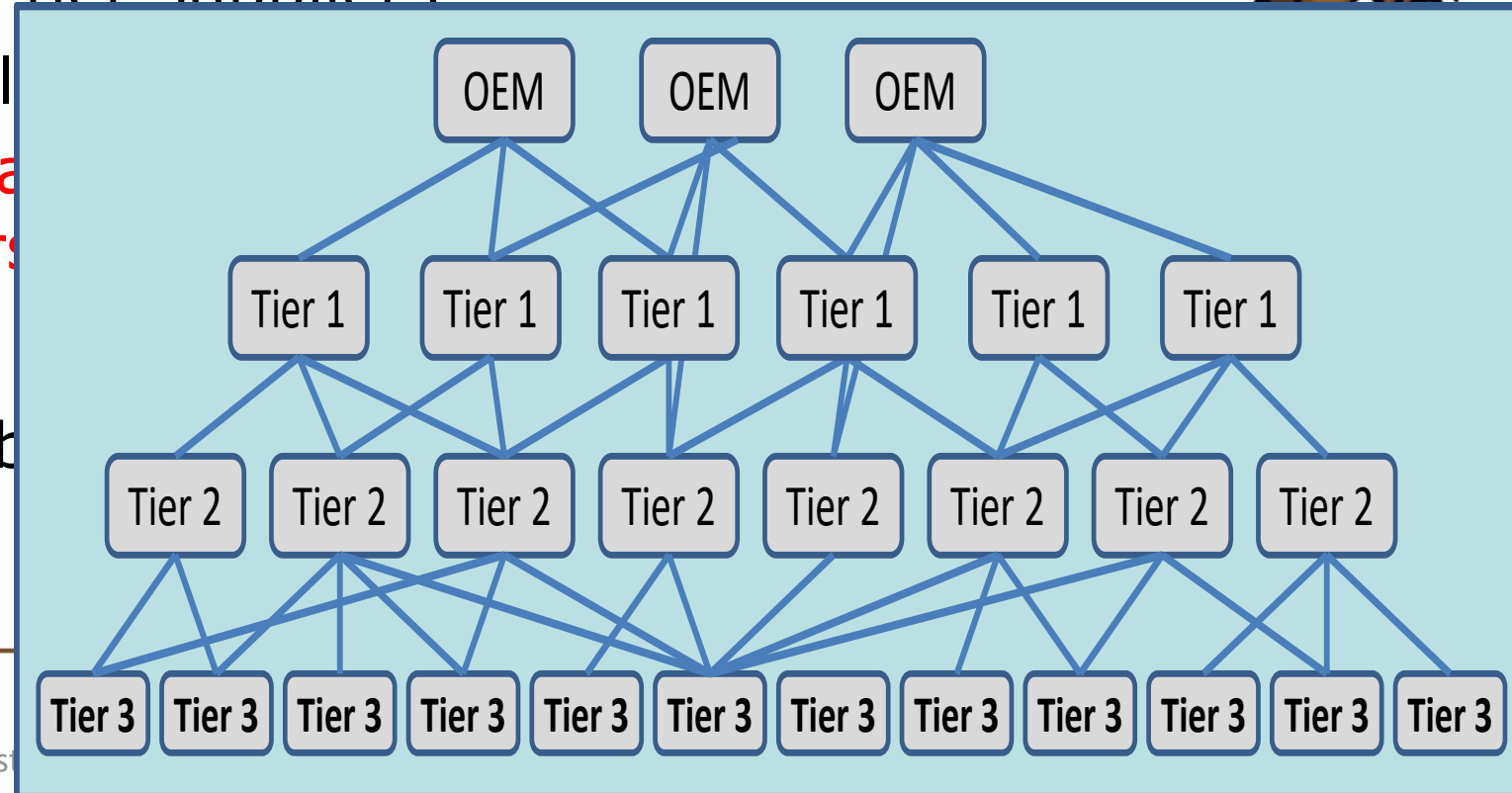
The Limit of Influence

Suppliers:

- Not knowing who deep tier suppliers are
- No commercial relations with deep tier suppliers
- Smaller volume with deep tier suppliers
- Commodities – lack of ability to influence
- **Result: it became clear that visibility into the deep tiers is essential.**

Customers:

- No easy way to influence back



Consumers "Say" But Don't "Pay"

The FORD story 2014



Consumers "Say" But Don't "Pay"

The FORD story 2018



Plan on snagging that new Ford Fusion sooner rather than later...

FORD TO STOP SELLING SEDANS IN NORTH AMERICA IN FACE OF UNSTOPPABLE CROSSOVER ONSLAUGHT

Fiesta, Fusion, Taurus and non-hatch Focuses will disappear from new car lots by 2022; blame crossovers, SUVs and pickups

Here are all the cars GM is axing as part of its restructuring

We rounded up every vehicle that is on its way out



ZAC PALMER

Nov 27th 2018 at 5:15PM

15

comments



Discontinued GM cars / Here are all the cars GM just discontinued in its restructuring. / Image C



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Massachusetts
Institute of
Technology

What Consumers Say


Inc.

73 Percent of Millennials Spend More Money on Technology Products

It's not even close to avocados

in f t

By Melanie Curtin *Writer, activist*



npr DONATE


The Salt

FOOD FOR THOUGHT

Good News For 'Green' Consumers: They Say They'll Pay More For Sustainable Goods

October 13, 2018 · 9:00 AM ET

RACHEL D. COHEN



Allagash employees Salim Raal, left, and Brendan McKay stack bottles of Brettanomyces yeast. The Maine brewery recently introduced a new house strain of Brettanomyces yeast. The Maine brewery recently introduced a new house strain of Brettanomyces yeast. The Maine brewery recently introduced a new house strain of Brettanomyces yeast.



66% of consumers willing to pay more for sustainable goods, up from 50% in 2013

by Joshua | Jun 27, 2016 | Media | 0 comments

- 66% of survey respondents willing to pay more for sustainable goods, up from 50% in 2013



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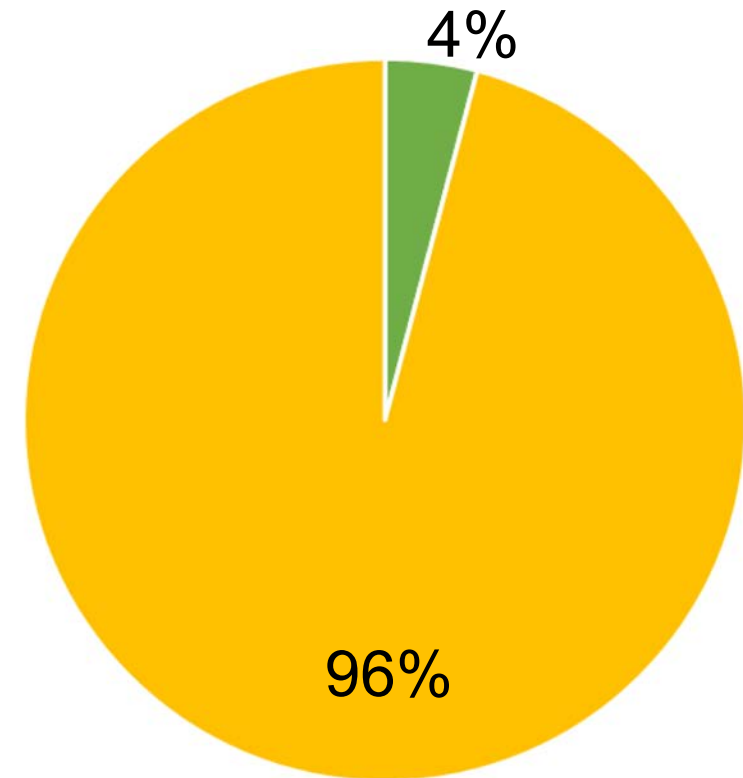
Technology

NEWS

Really ???

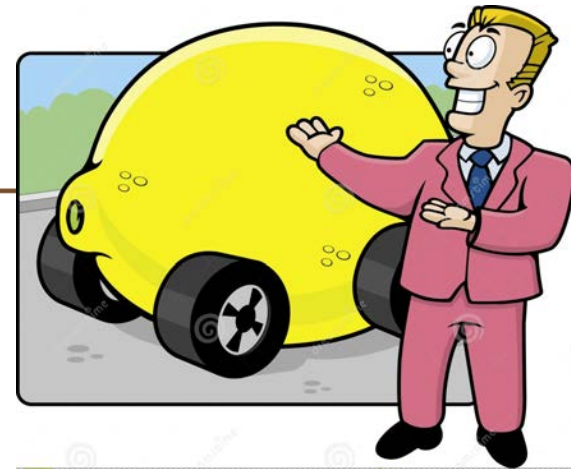


Percent Choosing Green



The Akerlof Effect

- What happened when consumers for used cars cannot distinguish between good cars and “lemon cars”?
- They will not pay extra for sellers arguing that their cars are good. They will only pay for the “average” quality
- Sellers of high quality cars will leave the market
- Average quality is eroded
- The market is damaged



This happens with CSR. If consumers cannot judge, they will not pay for responsible products

Three Basic Business Reasons To Act (Even for skeptics)

1. **Eco-efficiency** – many sustainability actions reduce cost (or improve service) and thus should be done anyway
 - Example: reduce energy consumption (Staples with truck engine regulators)
2. **Eco risk-mitigation** – attacks by NGOs, the media, and even consumer groups can reduce sales and stock price
 - Example: Nike boycott
3. **Eco-segmentation/hedging** – Develop an offering for the “green” market in order to understand it, know demand patterns, master technology, know suppliers – “just-in-case” the market will change (regulations, demand, etc.)
 - Example: Clorox “Green Works” (“an experiment”)



What do Companies do?

- Most: must pass the standard hurdle rate



- Some: use a lower hurdle rate for sustainability projects



- (Very) few: will do it regardless of cost



- (Still fewer): Benefit corporation



The "Pretend" Sustainability

McDonald's Is Phasing Out Straws

The replacement is way more enviro

by **MADISON FLAGER** APR 4, 2018



Forbes

Scientists Underestimated How Bad Cow Farts Are

by **Sam Lémonick** Contributor @ Science

TWEET THIS

Farts are funny. Global warming is not.

Animal farts and poop are major contributors to global warming. It turns out we might have been underestimating just how much.



niagara

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ECO-AIR® PRODUCTS

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We are dedicated to driving sustainability efforts through packaging innovation and engineering advancements

What Can Your Water Bottle Turn Into?

Niagara is sponsoring Keep America Beautiful's "I Want to Be" campaign. See what your water bottle can become in their new public service announcement.

WATCH NOW

Have a Question?

For frequently asked questions, please visit our FAQ page.
For all other inquiries, please click here.

Eco-Air Package®

As innovators, Niagara is always looking for ways to improve through technological advancements and processes that help us reduce our impact on the environment. Our Eco-Air Package® eliminates the need for a cardboard tray completely and the cases take up less pallet space which allows us to ship more water per order and subsequently helps us reduce our CO2 emissions.

Eco-Air Bottle®

In the past 15 years, Niagara has reduced the amount of plastic in our Eco-Air® Bottle by over 60%. Our bottle is not only lightweight but also 100% recyclable. Because of the reduced weight in our plastic, we are able to:

- Transport more water per truck load which reduces CO2 emissions



the reduction of plastic no longer be using plastic ge will be minimised in all and alternative sustainable e plastic straws or bottled ver for assistance.

The "Pretend" Sustainability

IN A CHANGING WORLD,
SUSTAINABILITY IS THE NEW GROWTH

AMBITION 2030
ENABLE AND INSPIRE
POSITIVE IMPACT

ISSUES SUPPLY CHAIN

THE POWER OF COMMITMENT

350 IN 59

100% RENEWABLE ENERGY

50

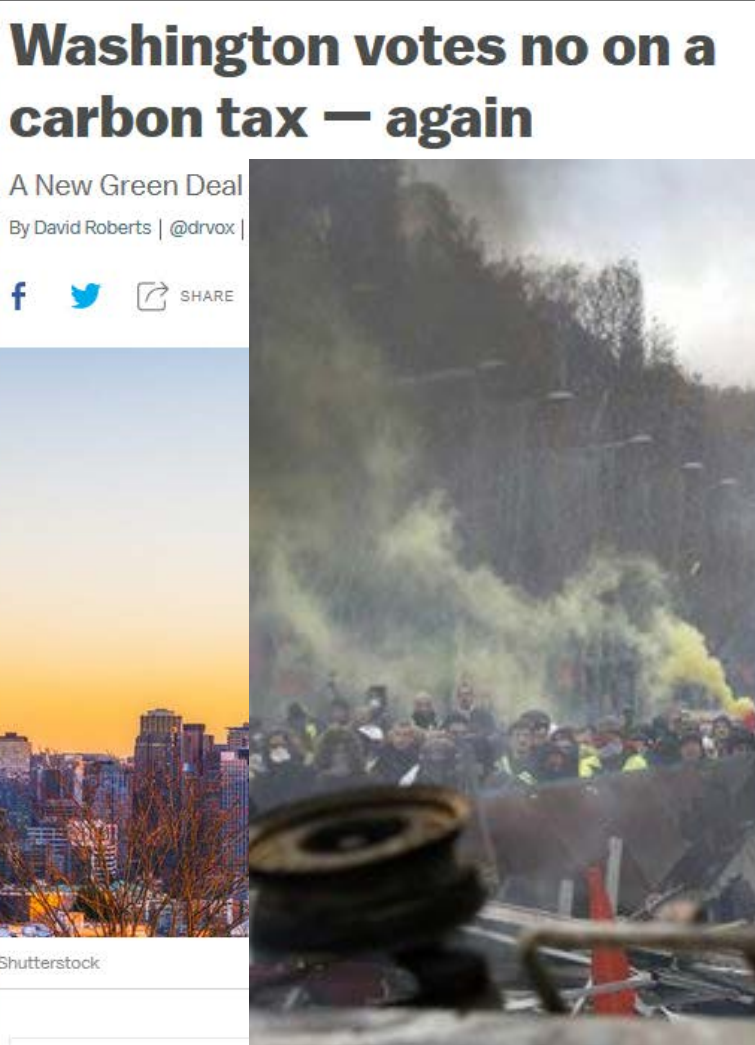
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Is Government Regulations the Answer?



Transportation & Logistics

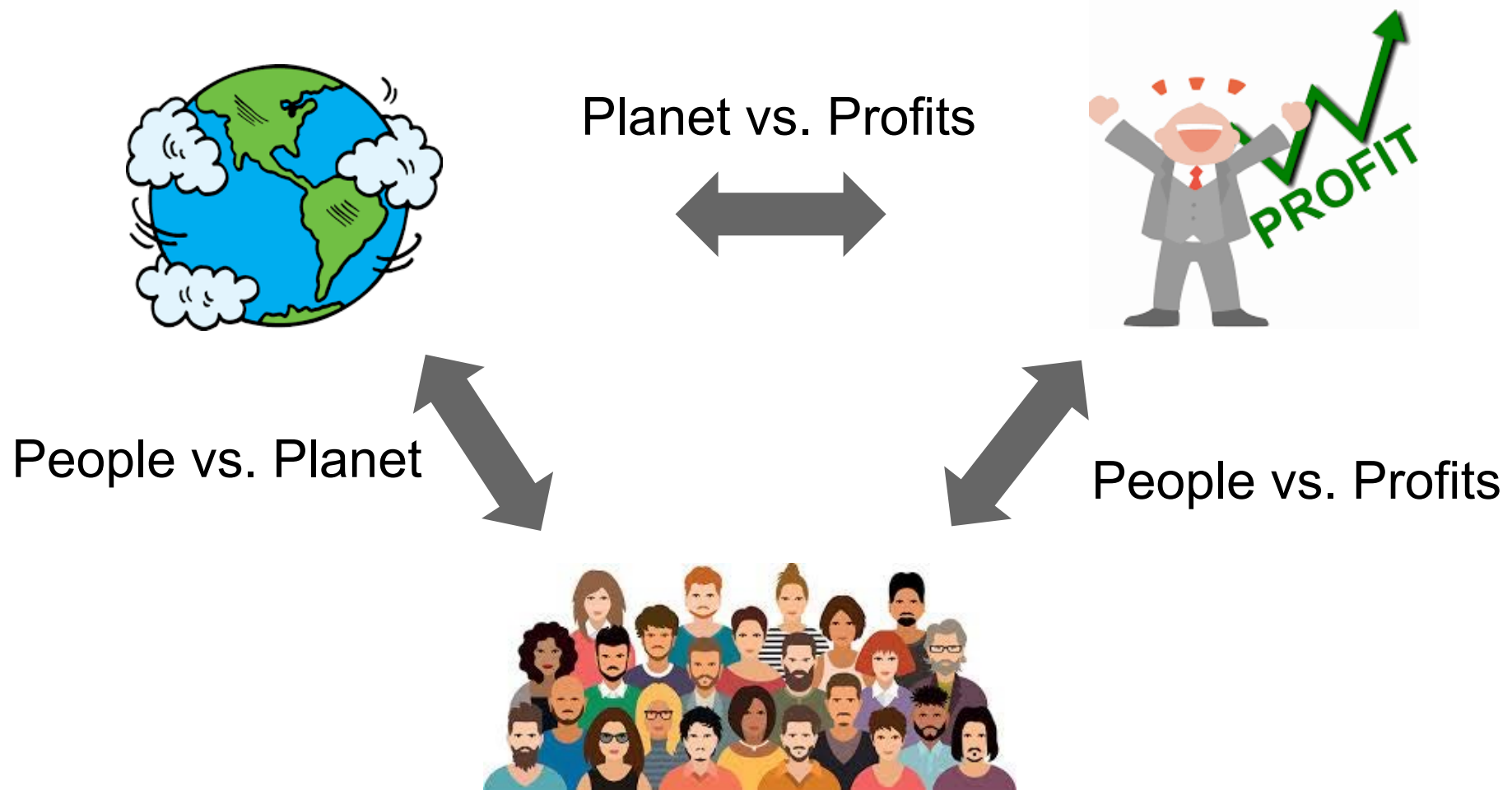
Part of **The 2018 midterm elections, explained**

© Rossi Senni, MIT



Massachusetts Institute of Technology

The Slogans



The Real Deal:



People who want
a clean environment

People vs. people

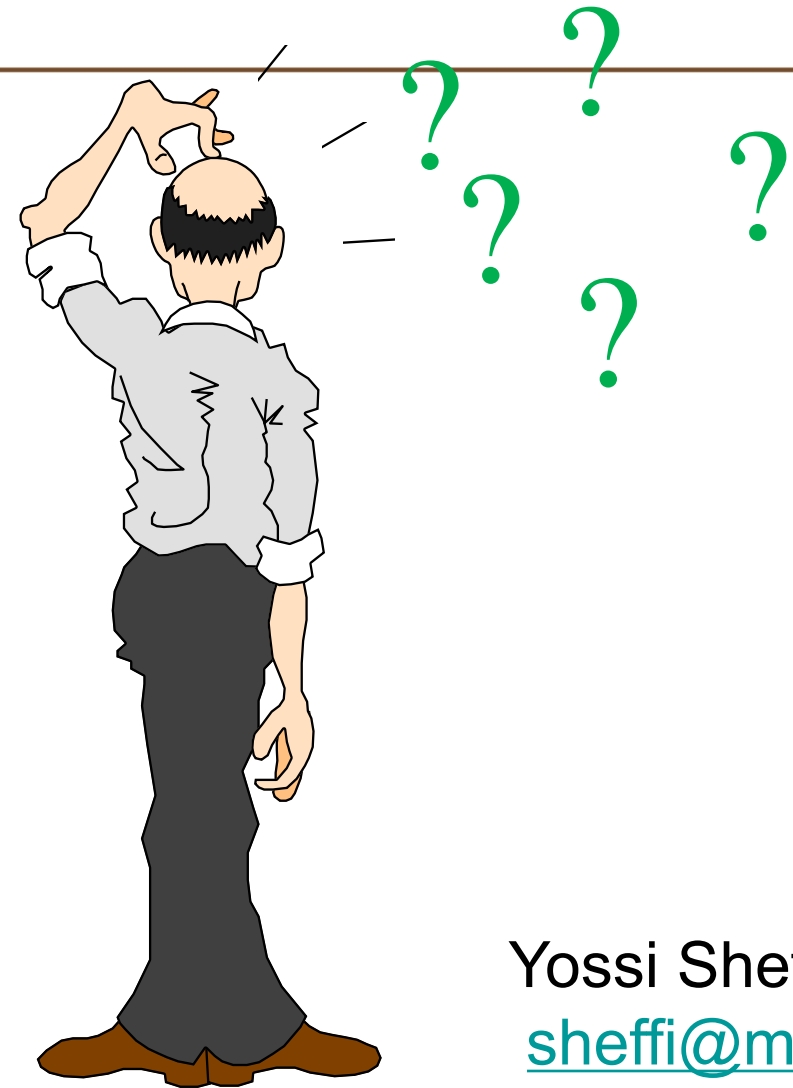
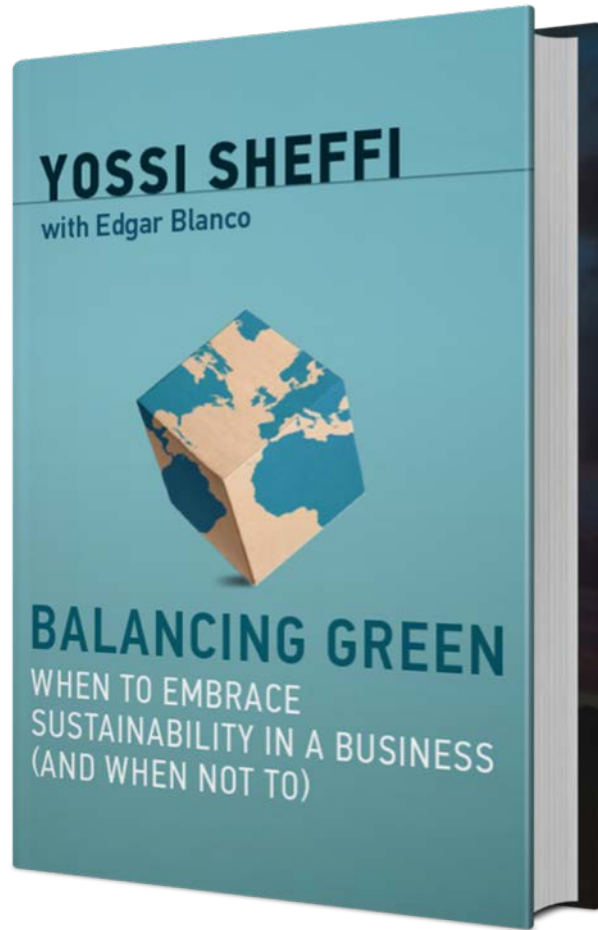


People who want jobs
and affordable stuff

And What About the "Others"?



Questions?



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