

# Planning Your Carbon Footprint

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If you've never thought much about your carbon footprint, you may think of it as the direct pollution emitted by your productive assets. The reality is that the carbon footprint is much wider than your direct costs, and making an effective program requires analysis, forward technology vision, and a pilot program.

Ironically, many ideas about how to reduce carbon footprint actually increase the amount of carbon emitted by pushing the footprint backward or forward onto supply chain partners. For example, the transportation required to import low-sulfur coal instead of burning high-sulfur coal may actually consume more carbon in transportation than it saves in sulfur emission. Using electric instead of gasoline-powered generators and vehicles may consume more carbon in the generation of the electricity than the generators or vehicles save in air

pollution. Boston Strategies International (BSI) pioneered the quantification of supply chain costs and benefits, and applied it to every mode and industry. We are using this same methodology to measure carbon footprint across the whole supply chain.

Saving cost by lowering a carbon footprint may also involve one or more important decisions about when to adopt a new and rapidly changing technology - specifically whether the current generation of technology provides the best investment opportunity or if it would be better to wait for the next generation product. For example, retrofitting lamps and fixtures to accommodate new more efficient lighting consumes less energy, but the initial purchase price can be several times that of the old technology, and that relationship is changing daily as the cost of the new technology decreases. Fuel-efficient trucks,

although they have lower operating costs, can cost more to purchase than older dirtier ones. The complication with this type of investment is not the financial analysis of the cash flows, but getting enough information on the evolution of the technology and its costs to be able to make a wise judgment on when to invest. Boston Strategies International produces technology outlook reports that support these decisions.

As with most new technological frontiers, one of the best ways to determine the technology's potential in your company is to conduct a pilot program. Many companies that were wondering whether or not to adopt radio frequency identification (RFID) several years ago conducted pilot programs, only to find that the technology did not deliver the expected savings. As a result, they decided not to roll it out at the prevailing cost levels. Many companies that were wondering whether to migrate from Windows XP to Windows Vista piloted Windows Vista and decided to "pass" on Windows Vista and wait for Windows 7 instead. Such caution helps to balance the hype of new technology against the actual results that can be achieved on a small scale or in a discrete timeframe.

If you are looking into making your supply chain green, first commission an opportunity assessment that addresses your company and your supply chain partners (using BSI's supply chain cost-benefit model). Second, zero in on a specific area of high opportunity (using BSI's technology outlook research), and third, conduct a pilot program to determine if it works in a specific application in your company. There is a bright future in green supply chains. As with all significant change, consider your options and make the right choices. **D**

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