

Green must flow in the veins not just be at the surface

By Deep Parekh

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Green is the new Black

With the new presidency in the United States and the new focus on the environment at the federal, state, and city (it's officially become a crime to idle your vehicle in New York City) levels, it's a welcoming sign to see businesses trying to transform their enterprises into 'green' companies, producing product that's 'eco-friendly' and 'environmentally safe.' Of course, why they weren't doing this in the first place is a different question all together, and probably something discussed only over scotch and cigars in the hush-hush libraries of the several 'university club' settings in the city, after swapping 'mutual NDAs' between the different parties.

Where I'm going is that the veneer of 'green' business is very different from living it, breathing it, and understanding the full impacts of it from day to day, as opposed to being aware of it only as an 'event'. It's a different type of mindset that permits only a very few companies to truly bear the green flag.

'Minimum Mandatory Requirement' vs. 'Checking the Box'

Several programs have 'sprouted' across the country (and world) to make buildings / businesses 'green.' This is the worst nightmare for the ISO 14000 types, who value standards being 'standard'. To be clear, 'Green' has no official standard today, and let no one tell you otherwise. It's a free-for-all, with logos and certifications galore, leaving consumers in the lurch. Further, many companies view these 'certifications' as a 'minimum standard', which, if they comply with, will allow them to advertise the heck out of it so as to attract consumers and employees. These standards are minimal at best, and don't ensconce the spirit of environmental friendliness. For instance, one of the leading architectural standards (LEED) has no specific standing on vinyl siding, even though it's been proven that the production process of vinyl siding releases carcinogens, and many factory workers have been proven to die due to over-exposure to it. Recyclers say that vinyl siding is not worth recycling as it costs much more than just dumping it. And so, buildings saying that they are "LEED certified" are not holistically thinking about the environment.

Companies must start looking at having whatever certification as a 'minimum mandatory requirement' and not the end of their environmental efforts. This is only the starting line.

Dispel the Myths, Stop with the Window-Dressing, and Think Holistically

Many shoppers prefer to get their groceries in 'brown paper bags' thinking that that is the environmentally responsible thing to do, but did you know that it burns more energy to make and recycle a brown paper bag than a plastic bag? So, should you count energy used? Only for making? For recycling too? For final disposal? For impact on ground elements? Where does one draw the line?

There is a general lack of understanding as to WHAT exactly should be green and what is just window-dressing. Many companies are trying to put on a veneer of environmental friendliness. I recently saw a print advertisement for Frito-Lay, where they are apparently trying to make their factories have zero-emissions and zero-waste, and that's very creditable, but one questions the full picture. According to a recent issue of Wired magazine, they have the Energy Authority of America weighing in to show where the inefficiencies really lie, with respect to environmental impacts. Surprisingly, factories are generally quite conscientious about environmental friendliness, partly because they have to, by law. Government rules require that they put restrictions on emissions, waste, and power usage. Factories generally have safety, health, and environment (SHE) teams that are actually responsible, accountable, and incentivized to propagate these positive behaviors and actions. According to this Energy Authority, Factories are about 80% efficient when it comes to energy usage. The transportation sector, meanwhile, which is the

heart of the logistics industry, is far from efficient. Apparently, trucks are only about 35% energy efficient, and aircraft a whopping 25% efficient.

Recently I was in Brazil, and saw a Greenpeace demonstration on the Niteroi bridge in Rio de Janeiro. They apparently caused such a traffic jam that finally, the news show was calculating how the demonstration 'for saving the environment' in fact created more greenhouse gases due to cars idling their engines for several hours than would have been generated through the normal course of the day. So much for 'green causes'.

Green must be in the Veins

One of the companies that we showcase is Natura, a Brazilian cosmetics and personal care products company. Natura has the largest R&D effort, production, and distribution network in South America. Their campus is located 18 miles from Sao Paulo's city centre. The project of this factory was based on Green Building Challenge concepts. The quality of the internal environment, quality of services and the environmental load were the main considerations for developing this sustainable architecture using renewable resources. The result is a space that is silent, clean, and well-ventilated.

"Natura wanted a factory, differentiated by its 'human' focus and by its respect for nature," explains architect Roberto Loeb, the winner of the design competition sponsored by Natura. He created a design which is simultaneously contemporary as well as horizontal, that takes advantage of the landscape, which, with its woods and Juqueri river to provide comfortable working conditions to the employees of this cosmetics company, promoting constant contact between open spaces (visual access to the outdoors) and constructed spaces, occupying only about 10% of the total land area, and leaving about 90% for plants, forests, and landscape.

Products are Environmentally Oriented

Since 2000, when the company launched the *Ekos* product line, which are extracted from natural elements using environmentally friendly and renewable techniques, as evaluated by biodiversity councils in traditional communities of Brazil. All the product information is written on the label directly, for instance their *Pitanga* body oil, which contains "25% recycled material, 53% of raw-materials have renewable sources."

Plan to Become Carbon-Neutral

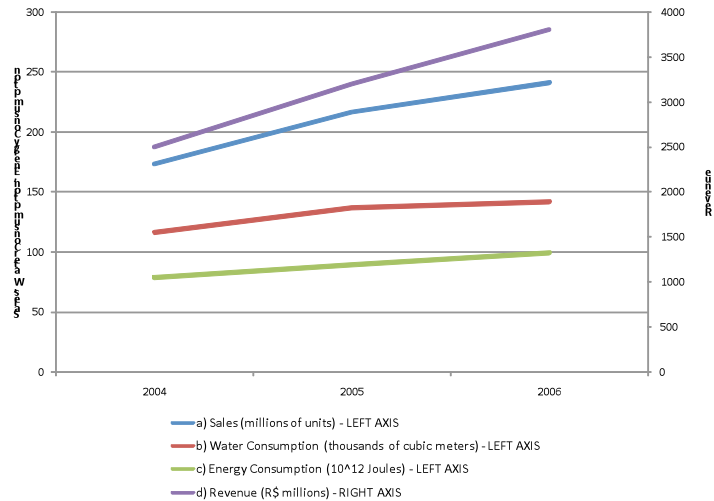
Brazilian companies have started to calculate their carbon emissions and greenhouse gas emissions. They have begun to plant trees to compensate for their emissions but many experts criticize this because it is overly simplistic. The goal of Natura is to reduce their emissions by 33% in their entire value chain by 2012 – from the extraction of raw materials to the disposals of the final consumer. They have reduced their quantity of ingredients that are derived from petroleum, reduced packaging, changed their logistics strategies, and have made 250 suppliers changed their processes. The company has also sponsored several re-forestation projects and clean-energy initiatives. They have even changed their processes so as to reduce their PET bottles from 100% virgin plastic to 30% recycled material. They have substituted the conventional alcohol used in perfumes to an organic substitute, even though it doubled the price of the material. Natura risked this move, absorbing some of the cost, and passing the rest onto the consumer. They replaced animal fat, mineral components, petroleum derivatives, all used as a base in their cosmetics, to 100% vegetable base. Apparently, every time they create a new product using vegetable oils, they "capture carbon" by planting new trees, which carbon dioxide. With 53% of growth in the last two years they have had the nominal impact on consumption of various factors, according to magazine *Epoca Negocios*:



Natura's stock has continued to rise on the BOVESPA index in Brazil. They went public in 2004, and stock value has grown by over 280% since then.

Pushing the Boundaries

Natura created a shampoo in powder form which requires water to be added in the house, before use, thus economizing on water, packaging, and transportation cost. This requires a mindset shift for the consumer.



After Green Manufacturing, it must be Green Logistics – the Next Wave

We are starting up a new project next month in Ecuador, involving restructuring the distribution, deployment / fulfillment, transportation functions, and making them more integrated with the demand and supply planning functions. One of the requirements that we suggested is that they add to their common list of constraints (production capacity, carrier capacity, storage capacity, lane constraints, etc.), a carbon-constraint, so that the overall system is optimized, and the environment is not just an afterthought. We hope other companies will follow in these footsteps and help their clients to start thinking about 'green supply chains' from the ground up.

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