

BrainNet statement on climate summit in Copenhagen

Climate Targets Can't Be Met without Changing Corporate Processes

Bonn, December 10, 2009 - Between December 7 - 18, 2009, world leaders are coming together in Copenhagen in the hope of reaching a new climate agreement to succeed the Kyoto Protocol. But the chances of achieving a sustained reduction in global warming and CO₂ emissions are modest. Yvo de Boer, executive secretary of the United Nations Framework Convention on Climate Change, described the targets proffered by the industrialized nations as “woefully inadequate.” Yet it is already clear that climate targets cannot be achieved with new technologies and alternative energies alone. If we are to combat climate change, business processes also need to be fundamentally modified. Sven T. Marlinghaus, Partner and Managing Director of BrainNet - the consulting firm specializing in supply chain management - and Prof. Constantin Blome from the Supply Chain Management Institute (SMI) at the European Business School, explain why.

You say that global climate targets can only be met if companies change their business processes. Why?

Sven T. Marlinghaus: The aim must be to modify business practices to avoid pollution from happening in the first place. One possible approach is to establish local economic communities, for example: buying and processing raw materials and preliminary products in the same place where they are sold and consumed, instead of transporting them thousands of miles with the associated carbon emissions. This “local for local” approach is becoming increasingly popular. It gives businesses a much more solid local base, reduces costs, and is better for the environment. Of course there will always be global trade, but, to use an oft-heard example, is it really necessary for North Sea shrimps to be shelled in Morocco? The same rational standard should be applied to business travel too. Companies should consider carefully how they can cut costs – including the cost to the environment - through better travel planning or the use of videoconferencing.



What role does supply chain management play in all this?

Prof. Constantin Blome: An essential one. SCM is responsible for external value creation, so it is a pivotal part of a company's globalization strategy. Environmentally aware SCM can also achieve a lot even outside the local-for-local approach. For example, more efficient logistics planning can reduce the number of transport trips required and cargo weight can be reduced by introducing intelligent packaging concepts. Both of these factors are extremely relevant to climate change.

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The pollution caused by industrial manufacturing originates not primarily with OEMs, but their suppliers. What should businesses in industrialized nations be doing to ensure a “green” value-creation chain?

Sven T. Marlinghaus: There is an urgent need for methods, mechanisms, indicators and guidelines that enable producers to audit and continually monitor their suppliers' environmental management processes. Classic approaches to risk management, financial management, and supplier selection, evaluation and development are not designed with sustainability in mind. The appropriate level of environmental awareness is there, but we still lack the necessary tools to put the theory into practice.

What methods would you recommend to a company that wanted to ensure a sustainable value-creation chain?

Prof. Constantin Blome: In the pan-European study *“Green and Sustainable Procurement Today – A Perspective on Leading European Companies”*, carried out by SMI and BrainNet earlier this year, there is a clear definition of the successful pioneers of sustainable procurement. They approach the task proactively and pragmatically instead of waiting until there is an urgent need for action. The level of support from senior management also has a decisive impact on whether a company is able to reach the top ranks in sustainable procurement. The front-runners in this area also focus on long-term, inter-departmental strategies. For less successful companies, sustainability is frequently over and done with once a project is completed.

For extensive data on sustainable procurement, please refer to the most recent studies from BrainNet and the Supply Chain Management Institute (SMI):

Green and Sustainable Procurement Today – A Perspective on Leading European Companies
and

Best-Value Country Sourcing – A Paradigm Shift for Global Sourcing Approaches

We will be pleased to send you a copy of these publications and printable image material.

About the BrainNet Supply Management Group AG

BrainNet is one of the leading international brands for supply chain management consultancy. Employing 220 members of staff, BrainNet turns over €30 million globally. BrainNet develops and realizes tailored solutions for more than 80 of the companies listed in the Global Fortune-500 and around 240 fast growing SMEs. For years, BrainNet has had offices in Bonn, Boston, Budapest, Chicago, London, Mumbai, Munich, Shanghai, St. Gallen, Stockholm, Tampa and Wroclaw.

The current study, "Hidden Champions of the Consulting Market" by the Scientific Society for Management and Consulting (WGMB) puts BrainNet as the number 1 purchasing consultant in Germany. The company is – together with Roland Berger – also the only consultancy to be listed in the Hidden Champion top 5 ranking in all the supply chain management disciplines (purchasing, internal supply chain & processes and distribution logistics).

Through its close collaboration with the Supply Chain Management Institute (SMI) at the European Business School (EBS), BrainNet offers a totally unique value-creation chain ranging from research and training young talent at leading business schools to implementing consultancy projects and strategic qualification of top managers and supply chain managers.

For more information about BrainNet, please go to www.brainnet.com

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