

Gorilla, Peacock, Ostrich or Mule

How is your organisation reacting to one of the world's greatest challenges?



The debate about climate change is over – it's now time for action. But how is your organisation reacting to one of the 'world's greatest challenges'? Is it a gorilla, a peacock, an ostrich or a mule?

The need for change

The latest scientific evidence provided in the assessment report from the Intergovernmental Panel on Climate Change makes clear that the time for action is now. More than 2,500 of the world's leading scientists from over 130 countries concluded that climate change is happening and that human activities are now very likely to be the cause.

But even if you are not convinced by the wealth of scientific evidence, the need to take action now is still a clear business imperative. World capital markets and governments have decided that businesses need to manage their carbon footprint as effectively as they do their finances. Take a look at these facts:

- *The UK government has made 'putting a price on carbon' the central component of its climate change policy*
- *The Carbon Disclosure Project* now has the backing of investors with over \$41 trillion combined assets*
- *The earth's natural resources are limited, meaning not only that energy costs will continue to rise, but also that efficient energy production, responsible use, and innovation to find alternative fuel sources are necessary*
- *In the 'war for talent' an organisation's environmental credentials are no longer just a 'nice-to-have'*
- *Citizens and customers are increasingly demanding 'green' products and services.*

Effective carbon management will not only cut costs and improve a company's image by "greening the brand", it is also necessary to satisfy the demands of financial analysts and shareholders, whilst the requirements of impending new laws and regulations are yet another pressing reason to change.

However, the need to become a low carbon organisation is only part of the challenge – a certain amount of climate change will happen whatever we do. The risks and opportunities associated with that fact need to be part of an organisation's business strategy.

So let us ask the question again – where does your organisation fit in the corporate zoo? Gorilla, peacock, ostrich or mule?

*The Carbon Disclosure Project is a voluntary initiative which requires an organisation to declare its CO₂ emissions and reduction efforts.

Different animals...

Gorillas

Typically the big emitting businesses

– The large carbon emitters, acting to avoid significant financial implications

+ **Experience** – significant resources and expertise

+ **Scale** – small changes have a big impact

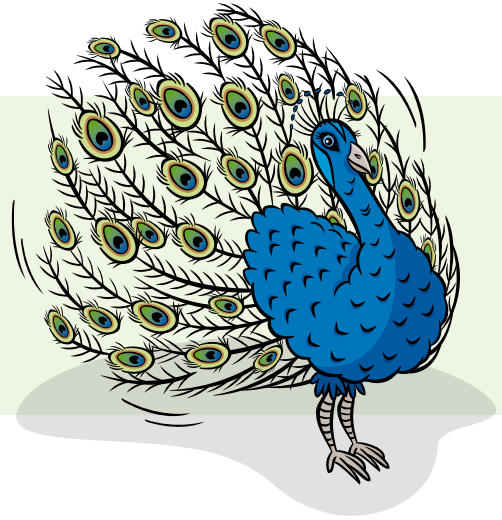


Peacocks

Typically brand aware organisations, often low emitters

– Risk accusations of 'green wash'

+ Ability to **influence** opinions of consumers and governments



Ostriches

Medium to high on the scale of carbon emissions. Often companies whose growth and future profits are intrinsically linked to carbon usage

– Risk accusation of being 'in denial'

+ **Speed** – capability to move quickly once they lift their heads out of the sand

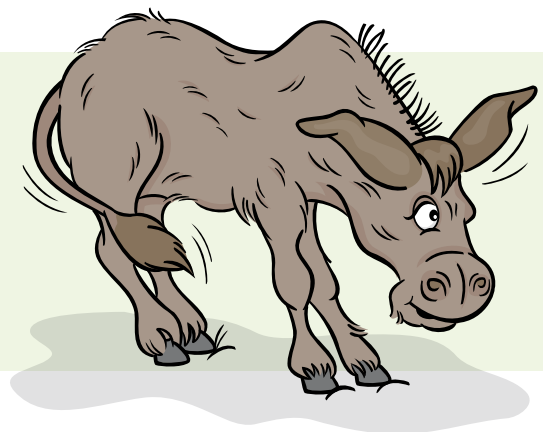


Mule

Typically low to medium carbon emitters

– Accept climate change is important but fail to act with any sense of urgency

+ **Persistent** and resilient acting as a role model for those who rush in too quickly



The ideal animal?

A more sustainable animal taking the positive attributes of each to survive and prosper in the new carbon constrained world.

The corporate zoo

A **gorilla** is likely to be a large carbon emitter. These organisations have been dealing with the pressures of 'how to reduce carbon emissions' for many years and have a wealth of experience, usually around their core industrial processes. However, they can often fall into the 'expert' trap – failing to open their minds to changes which challenge 'the way we've always done things'. They risk extinction if they do not embrace a culture of open innovation...

...gorillas have a lot to offer. Their scale and influence is so great that the steps they take towards change can have enormous impact (for example, process changes, fuel switching or emissions mitigation). They have valuable experience and competencies in critical technologies surrounding industrial processes, energy production, distribution and use, and their networks reach out and touch almost every part of the economy. Many are increasingly stepping up to their responsibilities to reach out and share their experience and expertise with others.

You can recognise a **peacock** by its bold statements to the media and much-heralded 'carbon neutral' targets, flaunted like gorgeous tail feathers. It's long on vision and voice, but risks being accused by increasingly knowledgeable citizens and consumers of 'green wash'. These organisations seek early competitive advantages in brand positioning and make convenient cost savings under a 'green' agenda. They emphasise their efforts to 'carbon offset' but fail to address the underlying causes of carbon emissions. Peacocks also see the opportunities to develop and sell new services and products which align with the new demands of a carbon sensitive world. They never miss an emerging opportunity to fluff their feathers, and they are very successful in promoting themselves and their products...

... but peacocks are also very important: they influence the opinions of consumers, who in turn influence governments both local and national, and they put pressure on their suppliers. By putting greenness at the heart of their offerings they stimulate their competitors into action. The "carbon labelling wars" are just one example of this.

An **ostrich** is characterised by its 'in denial' mentality. It convinces itself that the science is wrong or inconclusive, or that "our customers don't care about 'greenness', they just want the lowest price or the best value for money." Sometimes it absolves responsibility by suggesting "we're not a significant part of the problem" or "we can't do anything about the growth of carbon emissions in India and China". One way or another, as everyone knows, the ostrich buries its head in the sand.

...alternatively, ostriches may be organisations whose growth and future profits are intrinsically linked to the increased use of energy. Many organisations in the transport industry find it difficult to separate their business goals (for example, growth in tonnes of freight or passenger miles) from an increase in their total carbon emissions – despite efforts in fuel efficiencies. The good news for ostriches is that once they do lift their heads and look around, they have the capability to move quickly!

And finally we have the **mule**. The mule accepts that climate change is important but somehow fails to act with the sense of urgency required. Maybe it consistently fails to achieve the low targets it sets itself, or maybe it just doesn't invest for the long term – but either way, it's not going to hurry.

...but mules aren't just stubborn slow-responders. They are also persistent and resilient in the most hostile environments. They can act as role models for some of the peacocks, who may rush off quickly but soon get distracted and diverted by new ideas and fashions.

Once a peacock always a peacock? Well, maybe – but each animal has a lot to offer. If there is one lesson business eco-systems can learn from nature it is that diversity is critical for survival. Each animal can contribute positive attributes: persistence from the mules, experience and scale from the gorillas, influence from the peacocks and, if they lift up their heads, speed from the ostriches. Perhaps the ideal is that organisations should evolve into a new and more sustainable animal that can survive and prosper in a carbon constrained world.

So what might that ideal animal look like? It will have to know the right way to go, almost instinctively. It will be considered, intelligent, and environmentally friendly, although it will be prepared to butt a few sharks out of the way when necessary. It will be brand-aware, with a smiling, popular face.

How does IBM measure up? Well, perhaps as the ninth largest company in the world our scale might suggest something of a gorilla, but then we do influence other organisations, like the peacock does. We don't have many ostrich characteristics, but we have been making steady progress for over 40 years since the first IBM Environmental Affairs programme – quiet, consistent progress almost like a mule, in a wide range of energy efficiency, resource conservation, pollution prevention and other sustainable development projects.



The way forward

...whatever we are, we know that we must do more. One of our core values is “innovation that matters for our company and the world”, which is why we have invested in a range of services and solutions to help ourselves and our clients transform the way we do business to allow us to adapt to and embrace the new low carbon economy.

Leading organisations have recognised that incorporating climate change considerations at the heart of their business strategy is likely to generate superior financial performance; and this means elevating the often undervalued and underfunded programmes and projects from within environmental affairs or corporate social responsibility units, and expanding them into true business transformation programmes.

A low carbon business is one that has carbon avoidance, reduction and management embedded in all aspects of its mission, culture, leadership, values, organisational design, business practices, performance incentives and measures, systems and IT.

We believe that 21st century organisations will need to transform themselves in order to adapt to the challenges, risks and opportunities posed by climate change. All organisations will need to drive innovation in open collaborative partnerships if they are to make a real difference. So what is the ideal animal that they should aspire to become? Intelligent, brand-aware, environmentally sensitive and responsible – the future belongs to those organisations which evolve into the **dolphin**.

IBM's early action and results to date

- IBM's documented program and reporting for energy conservation dates back to 1973
The company's results, using 1990 as a base year referenced by the Kyoto Protocol:
 - 1990-2006: Conserved 4.5 billion kWhrs of electricity and saved \$291 million through energy conservation
 - 1990-2006: Avoided 2.9 million tons of CO₂ emissions (equivalent to 44% of 1990 emissions)
- Led industry in reducing PFC emissions: 55% reduction from 2000-2006
 - Leadership in forging industry-government Memorandum of Understanding (1996) which became the foundation of PFC emissions reduction commitments made by semiconductor manufacturers globally
 - First semiconductor manufacturer to establish a numeric goal for reducing PFC emissions (1998)
- Significant increase in the procurement of renewable energy
 - Purchased 11 million kWhrs of renewable energy in 2001
 - Purchased 368 million kWhrs in 2006 (272 million kWhrs of renewable energy and 96 million kWhrs of RECs)
- Industry-leading program to help employees balance work and life via telecommuting and work-at-home, with participation by nearly 1/3 of global workforce (circa 100,000 employees)

What does it take to become a dolphin?...

- *Use your navigation skills to work out where you are - have the "animal" discussion with your management team, establish and share the carbon footprint of your business.*
- *Be clear where you're going – how do climate change and carbon management impact on your business strategy? How are you going to adapt and thrive in a low carbon economy? Be bold in your ambition, but avoid making rash promises or setting misguided targets.*
- *Learn quickly, get experience and communicate – talk to your customers and suppliers about their plans, start pilot projects which have a real impact on reducing carbon. Engage your employees and learn how to translate their ideas into action.*
- *Be speedy and agile – plan in detail, push ahead with clear actions and ownership, and be prepared to change the plan as the conditions change.*

And if you need help in this journey, give IBM a call...





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