Climate change and supply chain management
Chris Brickman and Drew Ungerman

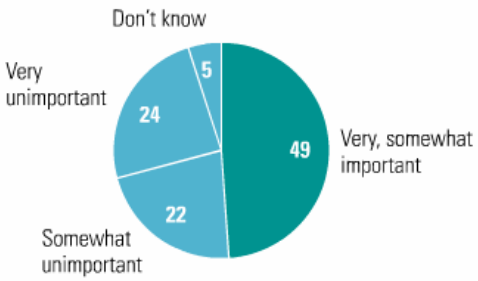
Global executives increasingly identify the environment, including climate change, as a top concern. When it comes to purchasing, however, it appears that companies aren't necessarily translating the importance they place on climate change into action. A McKinsey survey of more than 2,000 global executives1 finds that while nearly half of respondents say that climate change is a somewhat or very important issue to consider in purchasing and supply chain management, fewer than one-quarter report their companies always or frequently take climate change into consideration in these areas. Among high-tech and other manufacturing executives, 54 percent and 56 percent of respondents, respectively, say climate change is important in purchasing, yet these executives were no more likely than average to say it was considered in practice.

They may be missing an opportunity. Our analysis suggests that for consumer goods makers, high-tech players, and other manufacturers, between 40 and 60 percent of a company's carbon footprint resides upstream in its supply chain—from raw materials, transport, and packaging to the energy consumed in manufacturing processes. For retailers, the figure can be 80 percent. Therefore, any significant carbon-abatement activities will require collaboration with supply chain partners, first to comprehensively understand the emissions associated with products, and then to analyze abatement opportunities systematically. Surprisingly perhaps, we find that many of the opportunities to reduce emissions carry no net life-cycle costs—the upfront investment more than pays for itself through lower energy or material usage. Others, however, will require tradeoffs between emissions and profitability, in areas such as logistics and product design (including product specification and functionality). Forward-looking companies are using such discussions as opportunities for supplier development, for example by transferring best practices in manufacturing, purchasing, and R&D—as well as energy efficiency—to key suppliers. This opens the possibility of still lower costs and improved operational performance, in addition to helping suppliers remove more carbon from their supply chains.

Importance of climate change in business strategies

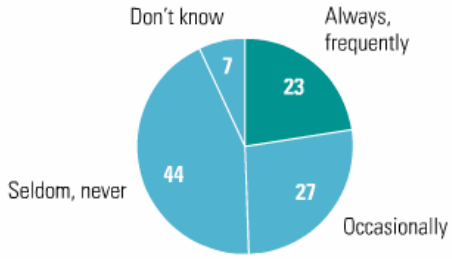
For your company, how important is it to consider climate change issues in purchasing and supply chain management?

% of respondents, n = 2,192



How often does your company currently take climate change into consideration in purchasing and supply chain management?

% of respondents,[1] n = 1,983



[1]Figures do not sum to 100%, because of rounding.

Source: 2007 McKinsey survey of 2,192 executives on climate change

How companies think about climate change: A McKinsey Global Survey

A McKinsey Quarterly survey finds that most executives think climate change matters for their companies. Although few have taken action, they are optimistic about the possibilities.

Regulation ahead

Against a backdrop of rising global concern about the environment and climate change, a McKinsey Quarterly survey finds that executives view climate change issues as important for their companies, seeing both opportunity and risk. The survey,1 which included respondents from a range of industries (some 40 percent of whom are evenly split between finance and manufacturing, with another 8 percent in energy, transport, or mining), finds that fully 60 percent of global executives view climate change as important to consider within their companies' overall strategy. Further, nearly 70 percent see it as an important consideration for managing corporate reputation and brands, and over half say it's important to account for climate change in such varied areas as product development, investment planning, and purchasing and supply management. About one-third of respondents say their companies places more emphasis on climate change than on most other global trends.

Relatively few companies, however, currently appear to be translating the importance they place on climate change into corporate action. Fully 44 percent of CEOs, for example, note that climate change isn't a significant item on their agendas. Further, many respondents report their companies consider climate change only occasionally at best when managing corporate reputation and brands, developing new products, or even managing environmental issues. And more than one-third of global executives say their companies seldom or never factor climate change into their companies' overall strategy. When asked how well their companies do take climate change into consideration in strategy, more than half of CEOs say somewhat well at best.

Executives are relatively optimistic when anticipating the business prospects that climate change could present. About one-third view climate change as representing an equal balance of opportunities and risks (more than the amount who see either a preponderance of risk or of opportunity). And 61 percent of respondents view the issues associated with climate change as having a positive effect on profits if managed well.

Given the considerable uncertainties around climate change regulation, it is noteworthy that more than 80 percent of global executives expect some form of climate change regulation to come to their companies' home country within five years. Relatively few executives say their companies are likely to respond to new regulations in geographies where they operate.

Disponível em: <http://www.mckinseyquarterly.com>. Acesso em: 6 ago. 2008