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Unfiltered: Dan Kreeger on an Environment of Change

Posted by **KAREN DYBIS** Wednesday, June 9, 2010 at 10:57 am

There's been lots of conversation locally and nationally about the “green” movement. One question I continue to wonder is whether Detroit could tap into this opportunity – and grow new jobs as a result.

Last month, Dan Kreeger was in town to talk about just that. He is co-founder and executive director of the Association of Climate Change Officers (ACCO), a group of environmental executives of major Fortune 500 companies including FedEx, Bayer and Applied Materials. Together with the University of Michigan, ACCO held an executive education course to help local and multinational companies create strategies that focus on climate-related changes in the market and public policy.

Here are some of his thoughts on how companies, communities and more are making climate change profitable. Maybe Detroiters can find some gold at the end of this rainbow.

Modernizing the Workforce: A Look at How Industry is Addressing Energy and Climate Change in a Tough Economy

By Daniel Kreeger, Executive Director, Association of Climate Change Officers

As corporate America digs out of one of the most significant recessions in American history, a wealth of significant risks and opportunities lie ahead related to managing energy consumption and greenhouse gas emissions. Energy costs are on the rise, and at some point, presumably, a Federal greenhouse gas regulatory regime will be passed by Congress.

However, industry need not wait for a milestone in that regard. I am frequently asked whether I believe that climate change is real -- my answer is always quite simply, “the business case for responding to climate change and energy considerations is here ... now.” In fact, one could argue that industry is decades past due for a complete overhaul in how business is conducted, professionals are educated and trained, management is structured and how energy and environmental considerations are factored into the business bottom line.

In the past few decades, extraordinary changes have taken place in areas that have an enormous impact on business considerations. Those include:

- **Technology** – Developed and emerging technologies in the areas of computing, the Internet and renewable energy alone are so significant that they fundamentally alter the opportunities (and risks) of any business.
- **Cost and Availability of Natural Resources** – The volatility of oil prices in the past few years are a reflection of how a wide range of factors (natural disasters, war, increasing demand due to rapidly developing nations, droughts, etc.) can make sourcing incredibly chaotic.
- **National Security** – The increased threat of terrorism, wars in the Middle East and other national security considerations related to countries who are funded by international dependence on oil have led numerous high-ranking defense officials to conclude that energy independence must be a priority for the United States.
- **Environmental Impacts Related to Climate Change** – Our understanding of how climate change is already and will continue to impact us is changing by the day. While there continues to be a large percentage of the population that is skeptical about the published findings related to climate change impacts, basic risks assessment principles should necessitate developing sophisticated mitigation and adaptation strategies.
- **Investor and Stakeholder Forces** – An unprecedented surge in pressure from investors and stakeholders of corporations (e.g. Carbon Disclosure Project, Walmart's supply chain initiatives, President Obama's Executive Order 13514 to Federal agencies on sustainability, etc.) require a company to assess the market risks of ignoring energy and climate change considerations.
- **Evolving Markets** – Businesses and government are greening their supply chains. Walmart and President Obama's Executive Order No. 13514 exemplify the challenges and opportunities for industry in this respect. Are you going to be able to supply these potential clients, or will you miss out to the competition who can prove they're "greener" than you? Additionally, there's unprecedented policy support – and stimulus money – geared toward moving toward a clean energy (and greener) economy: these efforts are helping to create new markets and moneymaking opportunities.

To address some of these considerations, industry leaders are increasingly trying to augment their current governance and operational approach by adding capable professionals to their teams. However, most companies have not made significant changes to governance structures, education and training for middle and senior management, or how their middle management and executives engage one another.

Green Jobs vs. Clean Energy Jobs vs. Job Greening

We've heard politicians speak about the creation of green jobs (particularly as the stimulus bill was being legislated last year). While that bill created (and will continue to support and create) a number of jobs, most of those jobs should more appropriately be described as clean energy jobs.

Why the distinction?

It's crucial that industry and politicians understand the human capital component that will be vital to modernizing how we do business. Our ability to evolve as organizations and professionals will dictate

whether or not we thrive in a low or post-carbon economy. Thus, you might think of jobs falling under three categories.

- **Green Jobs** – Any job whose responsibilities are focused on environmental management considerations of the employee's organization. Some titles include director of sustainability, design for the environment manager, environmental affairs manager, etc.
- **Clean Energy Jobs** – Any job whose responsibilities directly support the development or maintenance of clean energy projects and/or technologies. These include wind turbine engineers, transmission grid project managers, research and development professionals, etc. – but note that clean energy jobs may not necessarily be green.
- **Job Greening** – Modernizing job descriptions and employee expectations so that energy and the environment are incorporated into their basic functionality as a professional, regardless of profession or sector.

Why do Jobs Need to be Greened?

A recent Gallup study estimated that approximately \$300 billion in productivity “is squandered within the U.S. workforce due to disengaged employees, [and that] organizations with an engaged workforce have 2.6 times the earnings per share growth rate compared to organizations in the same industry with a less-engaged workforce.”

Overlay a recent National Geographic Magazine study showing that “more than 80 percent of U.S. workers polled said they believe it is important to work for a company or organization that makes the environment a top priority.” Other studies have shown similar trends with respect to recruitment.

Thus, regardless of function or sector, energy and the environment play a critical bottom line of an organization – this speaks to profits in the corporate sector, effectiveness of operations in government, NGOs and academia, and ability to recruit top tier talent.

Professionals who understand the impacts of energy and the environment on their jobs, as well as the impacts of their own actions, will modify their behavior to mitigate impacts and seize opportunities. As Dan Esty surmises in “Green to Gold,” there is a correlation between sound environmental management and the business bottom line.

That said, sound environmental management does not come at the snap of the fingers. Education and training are necessary to change behavior and provide the capacity to effectively address the challenges and opportunities that lie ahead – this will require developing education systems tailored for individuals. Thought leading companies are already moving in this direction ... and it starts with the basics. Some examples include:

- Applied Materials established green teams who monitor the activities of their peers and seek to shape behavior. For example, green team members may spot a fellow employee who is printing a large volume of material and will seek to influence that employee to be more efficient.

- Walmart launched a personal sustainability program that encourages employees to address a wide range of health, environmental and other sustainability issues. The result has been a steady stream of suggestions from employees on how Walmart can improve its operations. Walmart Vice President of Sustainability, Matt Kistler, recently indicated that Walmart's efforts to implement these suggestions result in an average savings of \$1.4 million for each idea.
- Lockheed Martin's green teams have focused on energy efficiency at company sites nationwide. At one Arkansas facility, green teams have implemented software upgrades, reduced waste and improved plumbing. Better management of lighting and air conditioning led to more than \$200,000 in savings -- as well as reduced CO2 emissions by 2,332 metric tons.
- General Electric has conducted "Treasure Hunts" at sites to identify opportunities to address wasted energy. In March 2009, approximately 90 GE employees and contractors spent a few days combing over the company's Wisconsin facilities. The result? Opportunities to reduce more than \$3 million in energy costs.

These examples demonstrate the importance of leveraging the combination of green and clean energy professionals in overhauling and modernizing industry operations. Imagine, though, where industry would be if the architects and designers of these operations had already been educated and trained to take these sorts of factors into consideration when the operations and facilities were launched?

While climate change poses extraordinary challenges and risks, many of the solutions for mitigating climate change fit very nicely with mandates to reduce costs, improve efficiencies and ensure prosperity. Companies that bring employees, partners and vendors together to collaborate and enhance one another are seeing impressive results from their efforts – these results have short term and long term implications.

However, changing behavior and governance in an organization is a slow process. The success stories above are a fantastic start ... they should encourage late adopters to more seriously explore opportunities in this realm. These successes should also further encourage industry leaders to better incorporate sound environmental management and strategy into the core directives, operations and financial considerations of their respective companies.

Read more: <http://detroit.blogs.time.com/2010/06/09/unfiltered-dan-kreeger-on-a-changing-environment/#ixzz0rVhTYY8L>