WEDNESDAY, APRIL 22, 2009, DELHI ° WWW.LIVEMINT.COM

REJI PILLAI
Leader for energy and utility industry, IBM India/South Asia

THE 8 GREEN RULES

Business leaders across India now face the daunting task of becoming more sensitive to their companies' energy consumption and environmental impact. Organizations are realizing that being green is good for business, positively affecting brand image and fast becoming a competitive differentiator for customers, partners and suppliers. The fact that going green can reduce costs and thus improve profits simply increases the level of interest in going green.

To develop policies that are both good for the planet and good for business, corporate leaders must consider these questions:

1. Are all aspects of the business, including operations, information technology (IT) and product lifecycle management, efficient and protective of the environment?

2. As part of the overall strategy to increase business efficiency, should the organization be considering environmental stewardship and energy consumption as new business barometers?

3. Does the organization maintain a public commitment to meaningful and achievable goals, with transparency in reporting progress in meeting those goals?

Each of these issues can seem complicated when considered individually and perhaps overwhelming when viewed as an inter-related group. They require a framework that helps identify and prioritize environmental efforts by illustrating how problems and opportunities can be broken down into distinct areas and then segmented into manageable projects to be addressed.

Framework: This framework must address the needs of various executives in developing and implementing energy and environmental strategies—the chief executive officer's need to respond to customer, government and employee expectations; the chief financial officer's need to deal with changing cost dynamics for energy; the chief operating officer's and line-of-business' need to design and implement new processes, and the chief information officer's need to increase computing power while managing energy consumption.

Strategy: The creation of an enterprise-wide energy and environment strategy as part of an overarching corporate social responsibility plan can help companies address "green" issues, resulting in improved financial and environmental outcomes. Issues to be considered include alignment of a company's environmental strategy into its business strategy and how environmental values may be translated into an improved brand image.

People: The impact of employee behaviour and policies on the mental values may be translated into an improved brand image.

People: The impact of employee behaviour and policies on the environment is significant. Commute time and business travel form a large part of an individual's carbon footprint. The use of online collaboration tools and policies that support reduction in travelling can also have an impact on costs. Companies also are discovering that their environmental policies and practices can impact their ability to attract and retain top talent.

According to IBM's projections, energy costs eat up 30-40% of a company's operational budget—and these costs are projected to double over the next five years

Information: With data compounding between 35% and 70% annually in some industries, it's critical for companies to better manage their data infrastructures. Optimized collection, analysis, tiering and storage of key information helps companies comply with reporting mandates while minimizing their data footprints. These same information strategies improve business operations by improving information access and system response. They help reduce storage needs through sharing, elimination of redundancies and compression.

Product: As companies begin to understand the environmental impact of their products or services across the entire product lifecycle, they can design products in a manner that has a lower environmental impact. Streamlining product development and manufacturing also means less material used, less waste created and less energy consumed. Concurrently, an examination of the product or service lifecycle often helps businesses find and exploit market opportunities.

Technology: According to IBM estimates, IT kWh usage has increased fivefold in the past five years. This IT-related energy use contributes to the establishment's greenhouse gas emissions. A thorough understanding of IT energy consumption, operations and constraints is the foundation for improvement. From this foundation, companies can devise strategies to help improve IT efficiency and resiliency, address emissions, reduce energy costs and measure their success against business goals.

Property: Companies need to reduce the cost and greenhouse gas emissions of their physical assets—from office buildings to truck fleets.

Business operations: Companies need to transform business processes to reduce environmental impact for operations end-to-end. Consider the example of energy or water consumption. Understanding and controlling these costs can be achieved only once a company measures its existing use and compares it with conservation benchmarks. Through the use of "smart" systems, dramatic efficiency improvement can take place. Any transformation plan put into place must be communicated to key stakeholders.

It is largely seen that addressing any of the eight key components of business can tangibly lower a company's energy usage and reduce its environmental impact. Addressing them in combination, however, can dramatically amplify those effects.

Respond to this column at feedback@livemint.com

To read the extended version of this column, log on to www.livemint.com/gogreen.htm