

Whether it's for the government, the client, or for the consumer, you will be required to report on the environmental impacts of your organization and its products sooner or later. In France, there was a mandate in place for all consumer goods. Then there wasn't. And then Europe decided not to wait for France so they started their own work. There are pilots underway in France and at the European level at this very moment. And then there's Canada, the EPA in the USA, the CRC in the UK, the upcoming carbon tax in Australia, as well as Walmart's supplier requirements, and Tesco's and Casino's work with labelling. You get the picture.

Are you a Resister or an Ostrich?

To most companies, this is not news. This is something that they know, somewhere in the deep bowels of the company, whether they want to admit it or not. We distinguish between the "Resisters" and the "Ostriches". "Resisters" are companies who admit that they need to move, recognize that the mandates are coming, but are too tied up with the everyday practice of running a business, or volatile commodity prices, or a crisis at the plant, or the lack of funds for an expansion. "Ostriches" are companies who've put their heads in the sand – or their fingers in their ears – and are just not open to admitting that things are going to change. Unfortunately for both of these groups, their behaviour is not sustainable as client requests for data are starting to roll in and mandates are coming.

Make money now while the window is open

Here's the thing: You can make money at this now. But you won't be able to make money at this in the future. For example, if your retailer comes to you and says you need to reduce your packaging by 10%, what that potentially means is that your client is going to start paying you less per item. So, let's say 10% of your packaging costs is about 2 cents, then they're going to start paying you 2 cents less per item within whatever timeline they lay out. But, if you get ahead of this mandate and reduce your packaging impact by 2 cents now, you can pocket that as extra revenue before they come and take it from you.

The Consumer Engagement Question

There are conflicting opinions about whether you should label because it will help you with consumer engagement. I am of the opinion that this is not the reason why you should consider labelling your products with a carbon or other environmental measurement. I am of the opinion that the two seconds that the average consumer spends looking at a product's package is likely not going to make a significant difference to your sales in the near future. I am of the opinion that those companies who say they are doing it for the consumer must have Mad Men's Don Draper behind the scenes spinning their stories because consumer communication is not where the ROI in labelling is.

The ROI is in the (labelling) journey, the measurement process, the desilo-ing of your supply chain, and the insights that you gain from looking at your operational practices from a different perspective. The ROI is in the discovery that you are putting too many layers of plastic around your crates, or that buying local tomatoes grown in a greenhouse is actually more expensive and less environmentally friendly than you thought, or that promoting microwave cooking is good for the environment and the consumer's wallet, or that the aluminium layer that you've got around your product is really a non-issue in your lifecycle environmental impact.

The ROI is in the cost and waste reductions that you discover as you go through the measurement process. It's in the ability to state clearly to your clients that you are measuring and reducing your impacts. It's the ability to know that you're ahead of the reporting mandates and pocketing the extra margin, and it's the confidence to know that your supply chain is working efficiently.

It's true that reporting mandates are coming. You can get ahead of the curve or not, that's up to you. But don't put your head in the sand and pretend that there's no value in doing measurement now. There are numerous benefits to the business and most of those are nothing to do with reporting or labelling.

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