

Welcome to this edition of the Pathfinders Newsletter, in which we focus on two strategic disruptions that organisations can choose to treat either as a threat or an opportunity. **The 30 seconds heads-up is...**

- Any firm that failed to meet the **Carbon Reduction Commitment (CRC)** registration deadline of September 30th could face a £5,000 fine increasing by £500/ day. The announcement in the public sector spend review that shifts the CRC scheme to being more of a “green tax”, has brought forward the need to reduce carbon to now. Companies will have to reduce their power consumption by 8% in 2011 just to stand still assuming no other changes in the December 8th government budget review.
- HMRC’s **Authorised Economic Operator (AEO)** scheme encourages over 150,000 UK exporters to register and obtain AEO status by 2013 (only 200 have achieved AEO status to date). Without this quality mark, exporters will be required to lodge a potentially hefty customs guarantee in 2013, whilst AEO qualification ensures an efficient and streamlined export/ import process. It potentially takes considerable time to prepare for the HMRC inspection and audit (we know of one major global corporation that spent 2 years preparing it’s application).

1. The Low Carbon Challenge - CRC

What Is It? Legislation driving a reduction in carbon usage and emissions, initially affecting organisations with >6,000MWh electricity consumption in 2008, but is rapidly being cascaded down the supply chain by those affected. Other change drivers such as customer and peer pressure are increasing the need for companies to take carbon reduction seriously.

Status Many companies are failing to address this adequately ...

- **Light Bulb Syndrome:** a focus on current technology (e.g. change the light bulbs) and forgetting about behavioural change, which will drive significant reductions in the short to medium term.
- **Denial:** lack of awareness/ understanding of the threats and opportunities arising from drivers to change
- **Insularity:** too little effort on driving carbon reduction & sustainability up and down the supply chain
- **Guess Work:** Data collection and measurement is an ad hoc activity, not an integral part of a cohesive management system

What Next?

- Implement current technologies now, start addressing behavioural change
- Engage Tier 1 and 2 suppliers to plan for carbon footprint reductions from 2012 onwards
- Talk to your IT managed service providers to update contracts to include Green IT clauses
- Implement automated measurement
- Start reducing power consumption now to counteract the “green tax” charge in 2012

2. Authorised Economic Operator

What Is It? HMRC scheme to assure secure supply chains, by requiring all UK exporters to demonstrate the security of their supply chains by 2013, or lodge a customs guarantee that is likely to be substantial. With AEO status, exporters will benefit from a fast track and more efficient export process. To achieve AEO status (widely being seen as a quality mark) requires mapping of all business processes, systems, roles etc, and testing of physical security, systems security and people security. Other countries will be introducing similar schemes, including the US. China already has it’s 3star scheme.

Status Probably because of lack of awareness, only just over 200 firms have achieved AEO status to date.

Those that have, see it as a quality mark. By encouraging other organisations within the same supply chain to achieve AEO, the logistics process will be more efficient. So, when is the right time to consider this scheme?

HMRC guidance is don’t leave it too late. With that many applications to process, and it potentially taking considerable time to prepare for the AEO inspection, firms need to start getting this into their action plans.

What Next?

- Determine if AEO status is right for your organisation
- If it is, plan and resource the application preparation programme
- Formalise processes, procedures etc.; verify physical, information and people security

Pathfinders News

Partner News

Continuing our focus on helping companies address these strategic disruptions, we have teamed up with Carbon Credentials and Ixian Solutions to provide a comprehensive carbon solutions set. Carbon Credentials provides expert legislation advice and technical consultancy, whilst Ixian Solutions provides low carbon enabling technologies such as regulated voltage optimisation.

Together we now provide support from detailed advice on CRC and EU ETS legislation, to identifying quick win technology based opportunities to reducing power consumption, to changing behaviours to drive ongoing year on year savings.

Beyond Carbon

Whilst most companies look to the immediate challenges of carbon legislation, we are already looking to the next disruption to hit UK industry. Whilst early adopters are concerning themselves with the impending issues surrounding water availability, the longer term imperative will be to balance Total Resources: carbon, water, and commodities such as copper, lithium and iron. So it won't be enough to make decisions based on carbon usage and emissions, decisions will need to be taken based on the total resource requirements throughout the product or service's supply chain. Enlightened investors are already building in total resources risk into their 10 year + investment strategies. Pathfinders is working with a corporate strategy firm to develop a modelling tool to allow companies to model impact of total resources on strategic decisions.

Did You Know?

- We are working with our partners Ixian to implement power reducing technologies such as regulated voltage optimisation and IP based power socket control.
- Public sector organisations that are unable to reclaim VAT are rushing to acquire power saving technology before the VAT increase. If you are affected, you need to be placing orders now to obtain delivery before Christmas
- Our off the shelf training courses include Strategic Leadership, Change Management Skills, Becoming a Leader, and Customer Retention
- Long established supply chain training partners, MML, have made available 2 for 1 offers on selected supply chain training courses for Pathfinders clients

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