

## Editorial Commentary – Companies are passing the buck on 'green' logistics costs

One of the findings of the latest survey by Transport Intelligence which examined how companies were reacting to environmental concerns shows that while many companies' avowed commitment to 'greening' their logistics operations, it seems that most expect their sub-contractors to pick up the bill.

The Logistics & Transport Industry Environmental Survey sponsored by Kewill, found that three-quarters of respondents who awarded logistics contracts included sections on environmental compliance in their tender documents. However, most (54%) failed to make provision for the extra costs that could be involved. That will no doubt be a source of annoyance for many logistics companies which will see the environmental measures they are forced to adopt as another cost burden pushed on to them by their clients.

However, it seems there is little that logistics companies can do to avoid investing in green initiatives. In the survey, 70% of companies awarding contracts said that environmental compliance was either 'reasonably important' or 'very important'. Survey respondents were also probed about whether their companies' environmental enthusiasm would change in the coming years, given the chances of an economic slowdown.

The overwhelming sentiment seemed to be no – but according to two-thirds of respondents, that is largely due to the 'win-win' of implementing green initiatives which bring operational efficiencies and also cut costs. The number who said they would continue to pay more for an environmentally-friendly alternative (17%) was balanced by the proportion who said they would base their sourcing decisions on cost alone.

When asked about which specific areas they were undertaking green initiatives in, the highest proportion (33%) identified transportation. That included driver training, hybrid engines and better management of empty running. Equally important, with about a quarter of responses each, were more efficient planning through IT tools and increased administrative efficiencies. Perhaps surprisingly, warehousing was identified by only 15% of respondents as an area on which they were focusing.