

Responses to the climate crisis



Freeze



Flee



Fight

Freeze

- Ignoring the crisis / Lacking an accurate diagnosis
- Company profile:
 - Frictionless leaders in pre-crisis times
 - Pre-crisis data confirms freezing as the right option
- Minimal optics, no sense of urgency

Flee

- Prioritizing narrative-driven actions
- Claims that appeal to emotion
- Company profile:
 - Willing and motivated
 - Lacking systematic solutions
- Partial diagnosis of the crisis

Fight

- Accepting the magnitude of the crisis
- Preparing for core change
 - Allocated resources
 - Carved time horizon
- Company profile:
 - Long term establishment
 - Optimization mindset
- Risk mitigation – gradual & systematic

4 pillars of a winning climate roadmap

- Accepting the magnitude of the crisis
- Corporate strategy
- Supply chain strategy
- Data model & management
- Intraorganizational empowerment

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A good strategy is a specific and coherent response to overcoming the obstacle.
*A good strategy **works** by harnessing and applying power where it will have the greatest effect.*

— Richard Rumelt,
Good Strategy Bad Strategy: The Difference and Why It Matters

1. Corporate strategy

WHAT YOU NEED

- A holistic, accurate diagnosis
- A relevant emissions baseline
 - Hotspots
 - Targets
 - Prioritization
 - What can you act on
 - That has a large effect
 - And can be financially support

1. Corporate strategy

TIME PLAN

Short term

- Governance: Assign accountability
 - Management
 - Tier 1 suppliers
- Strategy: Prioritized initiatives with a timeline
- Actions: Research & Development
 - Low-emissions product development

1. Corporate strategy

TIME PLAN

Medium term

- Governance: Cascading accountability
 - Per-department quantitative, annual reduction goals
 - Tier 2 and 3 suppliers
- Strategy: Scaling up initiatives
- Actions: Research & Development
 - Parts of portfolio optimized for climate performance
- Actions: Procurement
 - Climate performance as a requirement for certain products

1. Corporate strategy

TIME PLAN

Medium term

- Governance: Pan-level accountability
 - Climate KPIs at every department tracked quarterly
- Strategy: Monitoring & Optimizing
- Actions: Portfolio
 - Products without a reduced emissions option are discontinued
- Actions: Supply chain
 - Primary data at all levels
- Actions: Procurement
 - Climate performance on par with cost

2. Supply chain strategy

WHAT YOU NEED

- Digital network architecture
 - Future-proofed for corporate strategy
 - Automation for:
 - Supply chain engagement
 - Visibility
 - Traceability
 - Data comparability

2. Supply chain strategy

TIME PLAN

Short term

- Data availability:
 - Per-product calculations
 - With representative supply chain data
 - In editable digital twins
- Strategy: Prioritized engagement with a timeline
- Actions: Change communication
 - Existing suppliers

2. Supply chain strategy

TIME PLAN

Short term

- Data availability:
 - Digital twins populated partly with primary data
- Strategy: Scaling up supplier engagement
- Actions: R&D, procurement
 - Supplier/ingredient sandboxing and optimization
- Actions: Data collection
 - Primary data provision Tier 1
- Actions: Supply chain reductions
 - Incentives and initiatives in Pilot or Phase 1 rollout

2. Supply chain strategy

TIME PLAN

Long term

- Data availability:
 - Full definition: Digital twins populated fully with primary data
- Strategy: Utilizing data visibility for optimization
- Actions: Quality assurance
 - Randomized supplier data audits
- Actions: Procurement
 - Climate performance as a blanket requirement
 - Supplier performance tracked quarterly
- Actions: Supply chain reductions
 - Rewards for top performers

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*Data is like garbage:
You'd better know what you are going
to do with it before you collect it.*

— Mark Twain

3. Data model & management

WHAT YOU NEED

- Digitally embedded system boundaries
 - Preset methodological decisions for
 - Reduction insights
 - Comparability
 - Real-time updates
 - Scalability
 - Stability
 - Consistency

3. Data model & management

TIME PLAN

Short term

- Medium-definition calculations per-product
- Consolidated climate footprints
- Regular updates
- From editable digital twins

3. Data model & management

TIME PLAN

Medium term

- Increased data definition
 - Available primary data replace representative data in digital twin
- Consolidated primary data from suppliers
- Automated data & digital twin iterations

3. Data model & management

TIME PLAN

Long term

- Fully high data definition
 - Available primary data replace representative data in digital twin
- Real-time data updates from suppliers
- Supply chain emissions data in procurement system
- Regular data audits for material weaknesses