



From Pain to Gain: The Green Economy

During the past few months our collective thoughts and conversations have gone from contemplating carbon footprints and national elections to recession and economic survival. Talk of the environment now entails market drops and bailouts, not ecology and sustainability. Certainly green initiatives are here to stay. But they're taking a back seat, for now, to a struggling economy. About all I can say with confidence is fasten your seat belts — we're in for a bumpy ride.

By Jim Davidson

OUR POLITICAL AND FINANCIAL leaders are finally acknowledging what we in the logistics industry have known all year: business is slow and will continue to be for the next few quarters.

The year 2008 has been a time of disappointing results, diminishing returns and out-and-out failures. During the first nine months, approximately 2,700 trucking companies filed for bankruptcy protection in the United States. This is an all-time high. And you can bet there are more to come. Survival will be the most critical focus during these trying times and everything else, greening included, will be secondary.

Ironically, many companies can do very well in a recession. Opportunities for growth come as a result of companies being forced to change their ways, cut their losses and trim the excess. As for those companies that fail, public opinion suggests that they are the authors of their own demise. Recessions have a way of separating the weak from the strong in a hurry.

Yet beyond the usual recessionary tactics of cutting expenditures, employee layoffs and bankruptcy protection, there are new options upon which we have yet to capitalize. Instincts tell me that in the not-too-distant future, maintaining corporate profitability will increasingly depend on adopting new technologies that are environmentally friendly and sustainable. Like the crew of the fictitious Star Ship Enterprise, we'll be going where no man has gone before.

There are commentators in both Canada and the United States who consider the environment, specifically new sources of energy, as the economic savior. Let developing energy technologies

out of the closet and the economy will grow in new directions. But how do we get there from here? And at what cost? The Canadian Liberal Party's green shift lost in the recent federal election. The environment was a non-starter in the race for the U.S. presidency. In both elections the political parties used carbon footprint rhetoric, but the economy dominated.

Now we're all in a fight to stay in the black, regardless of the many shades of green available.

As economic conditions improve, green initiatives will again be at the forefront of business activities. I'm just not convinced they are the solution to our current economic situation. Anything requiring monetary investment is always under close scrutiny, and even more so in a recession.

In a perfect world, green initiatives will be ours to choose willingly, when the timing is right. More than likely we'll be forced to adopt them in response to government legislation. At that point, government intervention may be a clear indication we have waited too long or that the zealots have gone too far.

I think of the bankruptcies yet to occur as a result of existing legislation. Look to California, where green initiatives are progressive and omnipotent. The collective political will is being put to the test. Armed with a law designed to significantly reduce diesel emissions, port authorities are attempting to control access by refusing entry to all carriers who do not comply. This action can easily eliminate one-third of the carriers entering California ports, many of which are small independents who cannot afford the required upgrade. They'll just

park their trucks and go out of business. A class action suit is attempting to counteract attempts to legislate interstate traffic. Only time will tell who wins, if anyone. If California's experience is any indication, green initiatives are going to cause a lot of pain before they result in any gain.

I recently discussed our economic and environmental woes with a friend who is a forester pursuing a doctorate at the University of British Columbia. All he talks about is carbon footprints. So I asked him what he recommends that we in the transportation industry do in light of spending \$20-plus million annually on diesel fuel. His response: "Make the best and wisest business decisions necessary to manage your business. Keep greening in mind. But if you're not making the best business decisions, greening isn't going to matter enough for you." Good advice from an actual tree-hugger.

Sure, we all need to be better at saving the planet. We have to be good corporate citizens by letting green initiatives influence our business decisions. For example, can we make greater use of intermodal or rail? Can we reduce expedited air shipments with better pre-planning? The answer is yes. Only let's not have green for green's sake. There's nothing to be gained if green initiatives put your company in the ditch. Bad business decisions plus good greening equals business failure. Good business decisions plus practical greening equal business success. Admittedly, we're in the midst of determining what practical is. I've heard it said that upwards of 90 percent of any company's carbon footprint could reside within its supply chain. Kind of puts the future in our hands, doesn't it?