



Leading Corporate Strategies and Climate Change: A Few Key Business Examples

C O R P O R A T E S T R A T E G Y T O D A Y C S T

An AHC Group Publication

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By Erin Crotty

AHC Group Senior Associate, former Commissioner of New York State DEC, and President of The Crotty Group, LLC

I'm an avid gardener. I revel in spending an afternoon under the warmth of the sun getting my hands into the soil, re-planting flowers, nurturing the unhealthy and staking blossoms. It is a time when good ideas seep into my mind and bad ideas creep out. It is my learning laboratory.

One of the many things that my garden has taught me is that the plants fall into three growing categories: those that must be coaxed into greatness through special attention and fairly constant care—like roses; those that must be physically and harshly divided to thrive—like irises; and those that proliferate and flourish without much attention from me except to provide the right kind of growing environment—like wooly hedgenettle (lamb's ears).

It has occurred to me that today's businesses have a lot in common with the plants in my garden: some are coaxed by those outside the company to examine an issue or take a certain action, some are required to change as a result, for example, of a law or regulation, and some create an environment where risks are regarded as business opportunities that create long-term value to the organization. Today's business leaders must have a cadre of skills to coax, push, and nurture in order to achieve results.

This edition of CST includes fascinating case studies about how companies are analyzing and addressing the threats and opportunities of a carbon constrained world. Much like the plants in my garden some companies are being coaxed into action, some are required to take action, and some have the right environment where taking action has created additional profitable business opportunities, enhanced the long-term health of the company, and is viewed as the right thing to do.

- Steve Percy former CEO of BP America and also works with the AHC Group as a Senior Associate and Board Member, over the past several years, has worked on the United Nations Millennium Ecosystem Assessment. Steve's contributed article "The Millennium Ecosystem Assessment and Corporate Strategy," brilliantly points out that ecosystem degradation presents threats to businesses through high costs, supply disruption, government restraint and stakeholder demands, and, simultaneously, opportunities to businesses through new technologies and business models.

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CEO TABLE AND MISSION STATEMENT — cont’d.

- Truman Seamans of the Pew Center on Climate Change details the inevitability of a stronger US climate change policy, the increasing business leadership on climate issues, the factors that influence corporate climate strategies, and the effective business strategies that address climate change.
- Dr. Joan Wales of BP describes the evolution and complexity of BP’s climate change strategies, including BP’s own environmental footprint, a reinvention of its energy products to go beyond petroleum, and a recognition that their climate change strategies are both a business opportunity and a responsibility.
- Skiles Boyd of DTE Energy describes how inquisitive shareholders can represent divine intervention by increasing corporate transparency and uncovering business opportunities.
- Frank Loy former Under Secretary of State and the chief U.S. climate change negotiator in the second Clinton Administration provides an international perspective on the latest current events regarding climate change, the Bush administration and what Europe really needs to do to be the global leader on climate change.

I had the opportunity to work on climate change issues while I served as the Commissioner of Environmental Conservation for Governor George Pataki of New York. It was Governor Pataki that asked the Northeast Governors to work together to develop a cap and trade program for carbon dioxide emissions from power plants operating in the region. An agreement on the Regional Greenhouse Gas Initiative (RGGI) was reached in December 2005 between seven of the Northeast states and recently Maryland joined the pact. It is an important step in reaching our societal goals of a cleaner environment and further protecting public health. Equally important, however, is RGGI’s ability to stimulate innovation in the private sector: innovation in technologies that increase the efficiency of our existing energy sources, innovation in cleaner and more efficient forms of energy, and innovation in renewable energy.

As the following articles illustrate, companies are being coaxed, prodded and strategically seizing opportunities to address climate change because it is the right thing to do for our economy, our environment and our health.

Erin M. Crotty

Founder and President, the Crotty Group, LLC and AHC Senior Associate

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CST draws on the diverse and deep expertise of the Senior Associates of the AHC Group, corporate leaders and a wide range of experts to focus on the next sixty months in energy, materials, environment, issues management, financial risk and governance as they affect corporate strategy.

We welcome comments and recommendations from our readers.





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