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Better stewards of our natural resources.

Sep. 04, 2008

Every organization is under increasing pressure from clients, employees, shareholders and the government to be more environmentally aware and become better stewards of our natural resources. But the green bandwagon has proved too tempting for some organizations looking to boost their image with certain audiences via headline-grabbing policies that often amount to little more than a statement. Unfortunately, these and many other businesses have a long way to go before they achieve tangible change.

We've all heard these generic statements about green strategies – from procurement to recycling, carbon footprint to flexible working – but they won't suffice in the long term: Organizations will have to prove their commitment through information transparency and auditable policies.

At the heart of such transparency will be consistent, detailed information about the life cycle of every asset – from its country of origin through maintenance schedules to final disposal. An ethical asset register is becoming a critical tool in proving strategic commitment to environmental strategies, according to Marcus Scholes, Vice President of U.S. Operations for Real Asset Management International (RAMI).

Greenwashing?

Ethical statements and a corporate commitment to a green agenda are becoming a standard component of many U.S. businesses. Organizations are increasingly responding to demands from clients for ethically sourced and produced goods and from employees for environmentally aware policies, with clearly defined

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of equity indexes. The FTSE4 Good series provides independent measures of social and environmental performance for the growing number of individuals, analysts and fund managers who are becoming increasingly aware of the potential links between such factors and financial performance.

But what is the basis for these new policies and statements of sustainability and environmental concern? Are these statements based on tangible, provable policies or, as an increasingly cynical consumer base suspects, simply “greenwash?” While CSR strategies may grab a few headlines today, the potential negative impact both financially and for the organization’s reputation could be significant should these statements be proven to be overly optimistic or incorrect.

And while such strategies are currently a corporate choice, there are growing indications that in the not so distant future organizations will have to prove the true implications of environmental policies to government regulatory entities or watchdog groups.

Visibly Green

Corporate transparency will become absolutely essential to provide regulatory reporting and deliver highly visible environmental policies – from ethical sourcing of products and services to regular asset maintenance to ensure optimum performance and minimum carbon emissions.

According to Gartner’s Top Predictions for IT Organizations and Users, 2008 and Beyond: Going Green and Self-Healing, by 2010, 75% of organizations will use full life cycle energy and CO2 footprint as mandatory PC hardware buying criteria. As a result, the IT analyst group expects that most technology suppliers will start some level of more detailed life cycle assessment during 2008. The

area of carbon accounting, tracking and product labeling (beyond IT) will explode

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on energy consumed during manufacturing and distribution processes, and used for IT equipment.

The Ethical Asset Register

This could prove to be a major stumbling block for organizations. Currently, the majority of companies do not even accurately record the number and location of assets, let alone their purchasing and maintenance history. In a recent survey of 300 data center managers, over a quarter of respondents did not know how many servers were under their control and more than 40% found they had servers they did not know they had or had looked for one only to find it had been retired.

And this problem is far from limited to the IT asset register. Physical audits of the asset base typically reveal that less than 40% of the assets on the register are easily identified and an estimated 10% are no longer in existence. The problem is often made worse because of varying asset tracking strategies and consistently poor record keeping.

With each department typically recording asset information differently – often on spreadsheets or even paper files – there are no common asset definitions. There is rarely any integration with maintenance, resulting in highly inaccurate information on the replacement of component parts, and few organizations even bother to record the movement of assets around or between buildings.

With this fragmented approach, organizations have no way of accurately and consistently recording or reporting on the key information required to support CSR strategies – from knowing an asset's country of origin, to how the product was made, what materials it is made from, maintenance schedules and final, environmentally ethical, disposal.

Accurate records will also ensure that an asset's life is as long as

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asset performance, whether for fiscal or for environmental concerns such as carbon emissions and recycling figures. It is only by capturing increasing detail about an asset's lifecycle that organizations can begin to provide the corporate visibility required to underpin CSR strategies.

Information Imperative

So while Forrester Research maintains that a growing number of companies are drawing up green initiatives for operating and disposing of IT assets and processes, it is boldly clear that such strategies cannot be delivered until and unless they are accompanied by robust asset register technology and processes.

Indeed, while the IT department may well be ahead of the game in achieving ethical purchase and disposal, the green value will be lost if the rest of the business is failing to follow suit. It is only by creating a single, centralized asset register with consistent definitions and recording practices that an organization can track its progress and drive forward environmental policies.

As the green imperative evolves from corporate choice to operational necessity, organizations need to put the right building blocks in place to support, track and monitor performance. By 2011, Gartner predicts that suppliers to large enterprises will need to prove their green credentials via an audited process to retain preferred supplier status. This will simply be impossible with today's fragmented approach to recording asset information.

The days of carefree green statements are coming to an end: organizations with irresponsible environmental practices will be exposed. There are several reasons for an organization to clean up its asset register, but without doubt those

organizations that persist in inaccurate recording of assets will rapidly discover

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