

PURCHASING, SUPPLY AND CONSUMPTION

Business Perspective

This is where business plays its most significant role in helping to build a more sustainable future. Its influence here is enormous and the whole of this chapter is therefore relevant to businesses.



Business fuels consumerism by producing goods and services and promoting them to customers. The choices made in how those products and services are made, delivered, used and disposed of are almost entirely within the control of the business and so, it follows, are their environmental impacts. Equally, businesses are also consumers of the goods and services they need in order to operate. Both directly and indirectly, businesses influence 100% of the manufacturing impacts that account for 46% of Reading's carbon footprint.

Most of the work done up until now by the business sector to reduce carbon emissions has been incremental, however to embrace concepts such as the 'circular economy' and the 'sharing economy' requires more innovation. For businesses that are prepared to be bold, there is an opportunity to introduce innovative business models, develop new revenue streams and create brand new market sectors.

We can already see examples of this, for example the peer-to-peer rental business model of Zipcar and the advent of 'cloud' computing. As a result of these trends, businesses find they have to react to new and unexpected competitors. Taking a proactive approach to business model change offers 'prime-mover advantage', so that a company can compete from a position of strength.

Circular Economy

While many businesses are gradually accepting the need to reduce their direct energy and resource consumption and consequently their carbon footprint (known as 'operational carbon'), the additional challenge of limiting the total carbon footprint created throughout the product's life cycle (known as 'embodied carbon') is less well understood or considered.

The concept known as the 'circular economy'¹⁸ encourages more efficient use of, and greater reuse and recycling of, materials through the production cycle, as opposed to the conventional approach of 'take/make/waste'. With this new approach, 'end of life' products become a source of materials for new products – thus the name 'circular economy'. The approach promotes optimum resource use and minimum waste, while creating greater economic competitiveness and increases the local focus of economic activity.

The producer aims to 'design out' waste, so that all resources are reused, and man-made materials that are not biodegradable are designed from the outset to be reusable in the development of new products.

The circular economy also aims to change the relationship between producer and consumer by encouraging the lease, rent or sharing of durable products or equipment, rather than the sale of lowest cost, disposable

¹⁸for more information see www.ellenmacarthurfoundation.org

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products. Where products are bought, there are incentives in place to encourage 'end of life' return and reuse (see the 'Community' chapter for more on a 'sharing economy').

From a business perspective this approach offers the opportunity to create new customer value and appeal, ultimately resulting in local wealth creation and employment as well as conserving resources and reducing carbon emissions.