The Greening of Transportation: Executive Summary

**Standard Attributes are Still the Name of the Game, but Greening is Rapidly Approaching in the Rear-View Mirror:**
Transportation services have historically been procured based on standard attributes such as cost, quality, and service. While cost remains the predominant driver, shippers are gradually taking note of sustainability related metrics and efforts by carriers. Everything else being equal, a carrier with better sustainability practices is a more likely winner. To this end, SmartWay Transport certification is becoming a norm and not anymore a competitive advantage. If not by their own economic drivers or social impacts, carriers are being pressed by the shippers to work hard on their sustainability record.

While the lowest cost carrier stills wins, the shippers bolster the relationship by jointly collaborating on sustainability efforts. It is in the interest of both parties to raise the sustainability bar without increasing the total cost. The joint efforts increase the carrier’s chance to win the next bid and concurrently reduce the shipper’s carbon footprint.

The main question is: for how much longer will business decisions be driven solely by ROI before sustainability-related KPIs are also considered.

**Greening is a Corporate Strategic Initiative:**
While individual corporate organizational units can drive their own sustainability efforts, it is becoming a common practice to endorse a corporate level strategic plan. In the not too distant future, such a plan will be demanded by the investors, lenders, and the corporate board.

The transportation carbon footprint is an important component of the corporate sustainability business plan. Understanding a corporation’s carbon footprint requires system-wide coordination. Different business units must work together to seamlessly implement the corporate plan. Key efforts and initiatives in individual units must be dispersed throughout and linked to goals for the entire organization. For example, a more fuel efficient mode of transportation or truck utilization adopted in isolation is not alone meaningful. When considered in conjunction with the underlying cost savings for the organization and the potential price tag of GHG emissions, however, the shift in operational strategy could have merit. To further broaden this point, it is imperative to potentially redesign an entire supply chain to aggregate warehouses or distribution centers instead of focusing on a single geographical region.

The health of our planet will not be restored by a single company or initiative. It must be a joint effort by every single individual, corporation, organization and agency. A single enterprise will not improve the well being of the entire society, but sharing the business practices and findings among the various entities will have a significant contribution. The sustainability
efforts must be expanded beyond a single group to the entire corporation, and then to the entire society.

**Start Small and Expand:** Many transportation companies have moved beyond basic energy efficient efforts such as switching from incandescent to LED lighting in their facilities and retrofitting trucks or locomotives. More far-reaching steps are underway by many corporations, including but not limited to: substantial recycling efforts, remanufacturing of assets, use of electric vehicles, deployment of fuel-cells for power generation, and experimentation with or gradual switch to biofuels.

Such efforts have to quickly move from a lab to the real-world environment, albeit on a small scale at first. The initial ROI and performance metrics of a “greening” strategy are generally evaluated in real-world setting through a pilot study or operational test bed. Then, if justified, a full blown roll-out of the initiative is launched. In order to encourage environmental related innovations, compensation incentives such as bonuses should be aligned with sustainability goals. The focus should not be on individual innovations, but a continuous stream of innovations leading a company a step ahead of its peers.

**Final Thoughts:** The Greening of Transportation is materializing in many ways, from the proliferation of new greening projects and technologies to the development of new technology innovations and business strategies. The journey toward sustainable transportation is long road. Steady and gradual persistence is needed. As CAT Logistics declared at the Workshop, the “Greening of Mobility” is here to stay.