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Net Zero

A Time to Act

A survey from Manufacturing Management & Inenco



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Introduction



Manufacturing Management, in conjunction with energy management and sustainability consultancy Inenco have undertaken a survey of Manufacturing Management’s readers in order to ascertain UK manufacturing’s state of readiness when it comes to meeting Net Zero targets for carbon emissions.

The findings, suggest an alarming lack of preparedness among many respondents and a distinct lack of leadership on this key issue.

This supplement also features analysis of the findings by Paul Fanning, Editorial Director of Manufacturing Management and recommendations by Jordan Rassas, Head of New Business, Inenco.

To find out more about this survey and how you can address your Net Zero targets, visit www.inenco.com

Paul Fanning
Editor – Manufacturing Management

“The findings suggest an alarming lack of preparedness among many respondents and a distinct lack of leadership on this key issue”



38%

of respondents say their company has no clear Net Zero target – with a further 11% saying they are unsure



Jordan Rassas has over 10 years' experience of helping leading organisations to define the most effective energy procurement strategy and how best to mitigate the impact of rising energy costs. He has held several senior roles with leading consultancies and is now leading Inenco's new client acquisition. As well as coaching clients in how to think holistically around energy procurement, he is equally passionate about helping them to optimise consumption and chart a path to carbon net zero.

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The survey

How ready is UK manufacturing to meet its Net Zero targets? Manufacturing Management and Inenco conducted a survey to find out. Paul Fanning examines the findings, while Jordan Rassas, Head of New Business at Inenco offers comments and recommendations.

There can't be many manufacturers in the UK who haven't felt the need to address the Net Zero deadlines breathing down their necks in recent years. But how ready is UK manufacturing to meet its targets? Manufacturing Management and Inenco conducted a survey to find out and some of the findings make for thought-provoking reading.

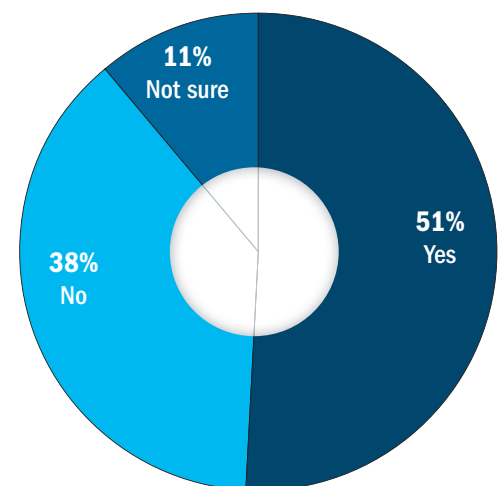
The stand-out figure, of course, is that 38% of respondents say their company has no clear Net Zero target – with a further 11% saying they are unsure. That in itself suggests an alarming lack of readiness among UK manufacturers when it comes to dealing with this key environmental target. Given the UK Government's commitment to all parts of the economy achieving Net Zero by 2050, the suggestion that nearly half of UK manufacturers may be without a clear

action plan is highly concerning.

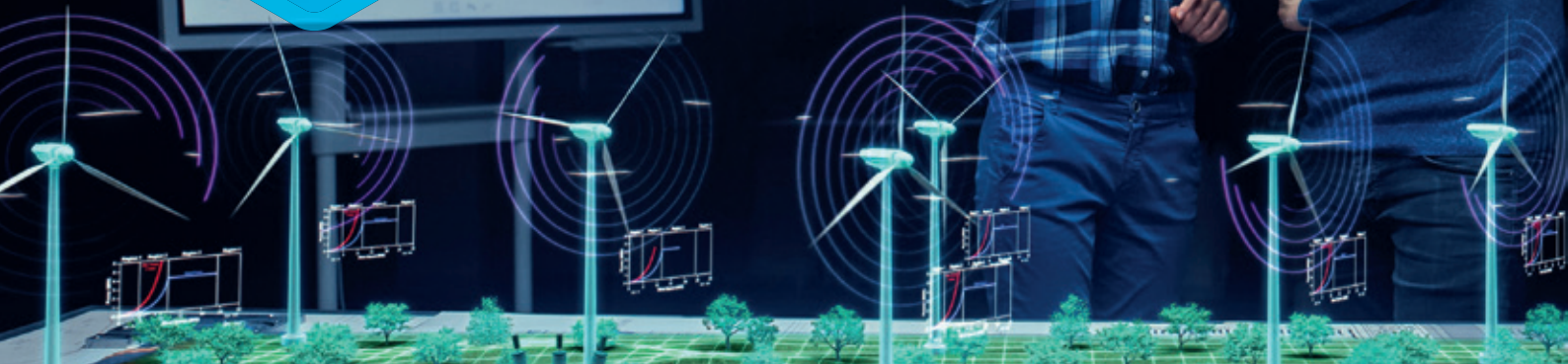
Furthermore, 51% report their company as not having an agreed plan to deliver Net Zero targets. This is thrown into stark relief by the striking anomaly that, despite nearly half of respondents having no plan or being unsure whether they have a plan, only 34% of respondents have a deadline for Net Zero compliance further away than 2030. In other words, 66% of respondents hope to meet the targets by 2030, when as many as half or more of them have no idea or plan for how this will be achieved in 2023.

Clearly there is some cognitive dissonance at work here. Or, perhaps more fairly, what we are seeing is the gap between what respondents know their company's stated aims to be and what they know (or think they know) about their company's planning and state of readiness to achieve those aims.

Does your organisation have a clear net zero target?



High implementation costs (23%) and lack of resource (25%) are cited as the biggest barriers to delivery of Net Zero targets'



There are several key (and by no means mutually exclusive) possibilities here, of course. One is apathy, of course. But, while this is represented in the survey results, it is very much a minority who say they have no plan to set a Net Zero target. The more likely culprits are those perennial bugbears of all corporate entities: poor communication of ideas, plans and goals; and lack of resource and skills.

This latter would appear to be borne out by the fact that high implementation costs (23%) and lack of resource (25%) are cited as the biggest barriers to delivery of Net Zero targets. After all, it's entirely feasible that many organisations will have communicated their aspirational targets to their staff, but failed to provide them with the knowledge, resources, or tools to achieve them.

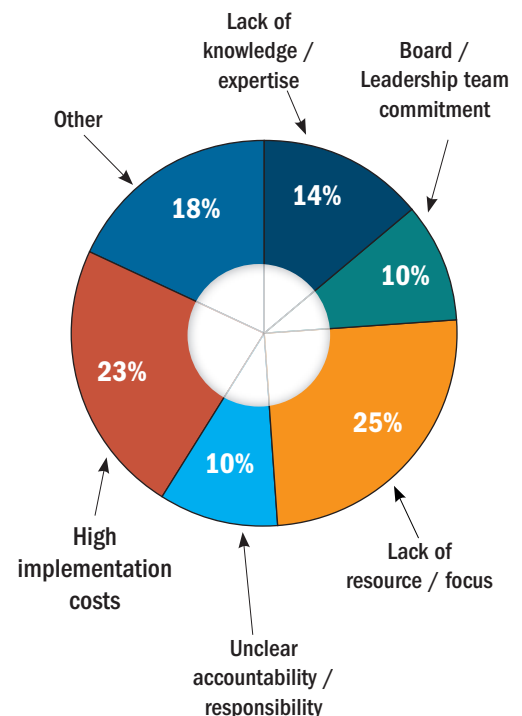
The abiding impression that one gets looking at these survey results is of a lack of leadership on the part of the manufacturing sector when it comes to the question of Net Zero targets. By that I don't mean any unwillingness

to address these questions, but that for many respondents, there does not seem to be a focal point for doing so and neither do the necessary skills or means seem to be available.

Perhaps one of the most telling statistics in this respect is that 55% of the respondents say that the responsibility for meeting Net Zero targets lies with the CEO. Now in one sense, this makes perfect sense. After all, the buck stops at the top. However, on further consideration, does it in fact mean that in many cases, there is no-one with a specific responsibility for this matter and that it therefore defaults to the CEO.

This finding would appear to reflect the nature of much of UK manufacturing, which has at its core the SME. While larger operations employ dedicated staff in roles such as environmental compliance, few SMEs do so, which means that the responsibility devolves to the person at the top. This can tend to mean that focus on the issue may not be as sharp as it could be.

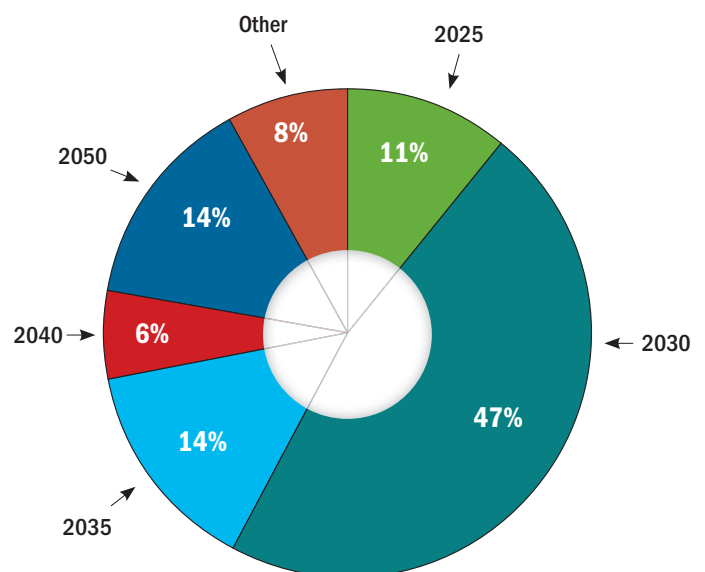
What are you currently finding to be the main barriers to delivering your net zero plan





“Only 34% of respondents have a deadline for Net Zero compliance further away than 2030. In other words, 66% of respondents hope to meet the targets by 2030, when as many as half or more of them have no idea or plan for how this will be achieved in 2023”

If, yes, what year is your net zero target?





Realistic & Achievable Targets

“ The fact that such a high proportion of companies have a net zero target of 2030 or sooner would hint at a strong degree of wishful thinking on their part. We encourage the adoption of targets aligned to the Science Based Targets Initiative or SBTi.

Science-based targets provide a clearly defined and independently verified pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered ‘science-based’ if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting

global warming to 1.5°C above pre-industrial levels.

We also encourage our clients to set out a clearly defined roadmap of how they will achieve their target. This involves setting annualized stepping stone targets enroute to their ultimate net zero objective but importantly supported by a clear understanding of what the behavioral or process change, or technology investment will enable the emissions reduction. It is also important that the roadmap also carries a commitment from the Board to provide the investment to deliver the plan. ”

Jordan Rassas





55%
of respondents are looking to their CEOs for leadership on this issue



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The Cost of Inaction

“ The fact that so many survey respondents also reference a perceived high cost of implementation as a barrier would suggest a lack of understanding of the real cost of inaction. Many customers are ratcheting up the importance they attach to the net zero performance of their suppliers, and we have seen examples of where suppliers can be deselected in short order if they are failing to meet the expectations of their customers.

Those who are supplying the public sector may see the pressure mount

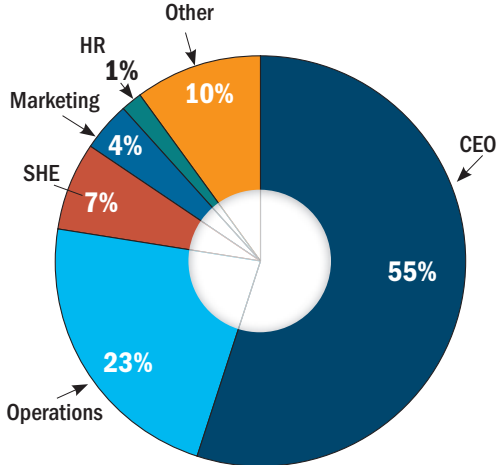
the quickest. For example, the bureaucratically entitled PPN 06/21 or Public Procurement Notice is being implemented by the NHS and requires all supplier to share their Carbon Reduction Plan with the relevant NHS Trust by April 2024 as a condition of contracting.

The ability of businesses to attract required investment is also being impacted as more and more investors are making choices as to where to invest based around long term sustainability credentials.

Jordan Rassas



Who is primarily responsible for owning the journey to carbon net zero within your organisation?





31%
 Customer Expectation
 is the most important factor
 in driving towards
 Net Zero

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All this is in sharp contrast, of course, to the reasons given as the key drivers to compliance with these targets. Here we see the single biggest driver given as customer expectations (31%), with corporate reputation being second highest on 25%. This tells us that our respondents are keenly aware of what the potential stakes are with regard to this issue – neither more nor less than the perception of their company as a reliable and reputable business partner.

The disparity between this keen awareness of the importance of these targets and the apparent confusion and inactivity when it comes to how they are going to be achieved is probably the key takeaway from this survey: There is a desire and willingness on the part of most companies to achieve Net Zero targets, but a very real lack of means, knowledge and resource when it comes to the practicalities of achieving it.

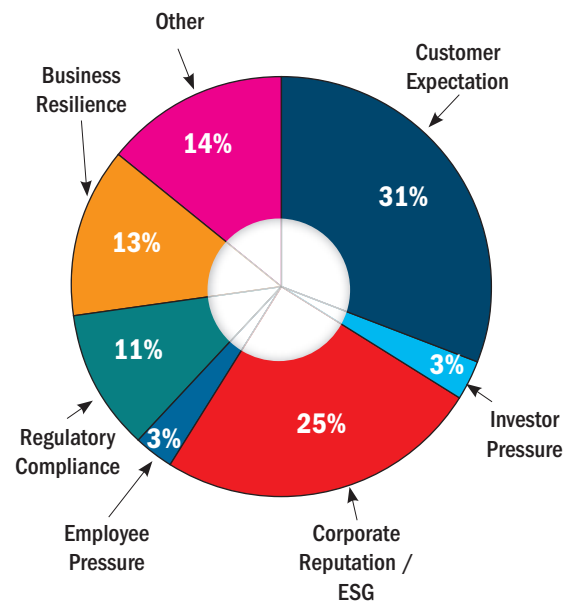
So where do we go from here?

The key word would seem to be ‘leadership.’ Companies are going to have to task people with achieving these targets where possible, but in many cases addressing these issues is going to mean the leadership coming from the very top.

55% of respondents are looking to their CEOs for leadership on this issue and, since those CEOs are the ones who are tasked with guarding and burnishing their companies’ corporate reputations, it seems reasonable to expect them to take the lead on this issue.

People should be under no illusions about the seriousness of this issue. Over and above the wider ethical and environmental issues. In future there are going to be companies who will not do business with yours if you have not demonstrated your ability to meet these targets. Net Zero is simply not a question on which UK manufacturers can afford to procrastinate any longer.

What is the most important factor that is driving your net zero journey?





Yan / stock.adobe.com

Take Your People **with** You

“ It is important to have buy in to achieve net zero from the executive team and the fact that most manufacturers see ultimate ownership sitting with the chief executive is a good thing. However, we find that many of the quickest and easiest changes are behavioral and require buy-in from the bottom up. Many of our clients adopt a programme of education supported by the selection of “Carbon Champions” to support implementation. Effective internal communication of your net zero plan and the progress of its achievement can also support staff recruitment and retention – particularly amongst Generations Z & Y. ”

Jordan Rassas





The journey to sustainability and carbon Net Zero

The world around us is changing. People's priorities are shifting. We believe that environmental sustainability will increasingly be at the heart of delivering true business success. It will play a big part in determining competitive advantage and ensuring that businesses that adapt to changing stakeholder priorities, will continue to thrive. Our focus is on helping our clients achieve better business but in a greener world.

We do this by helping our customers make the right procurement decisions, better manage the complex process of utility billing, providing data and insight that improves operational and financial performance, and expert consultancy that optimises consumption. All this is enabled by the right systems and processes to manage data at scale, and the insight provided by a team of over 300 experts.

Helping leading organisations for over 50 years

Inenco has over 50 years of consultancy experience working in energy and utilities management; responding to the changing needs of our customers. This gives us the expertise and insight to help successfully control costs, improve margins, achieve regulatory compliance, and protect operational resilience. Our customers include leading organisations across sectors from property, manufacturing, retail, and logistics. We also support the delivery of public sector services with a particular focus on health, social housing, and education.

Better Business, Greener World.

We are helping our customers to set and implement clear plans that chart a path to addressing their environmental sustainability challenges, meeting the global challenge of global warming, and achieving a carbon Net Zero future. For our own part, Inenco is committed to achieving true carbon Net Zero status by 2035. We have reduced our carbon footprint by 71% in the last year and offset over 500 tonnes of carbon dioxide emissions by supporting schemes that acquire efficient cooking stoves in Malawi and the prevention of deforestation in the Amazon Rainforest. We are also committed to delivering social value activity that supports some of the most socially and economically challenged communities in the country.

**Turn sustainability into a competitive advantage.
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