

Most Companies Lack an Energy Strategy, Research Shows

Chief Energy Officer Needed to Manage Return on Environment

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While a majority of senior technology leaders from around the globe (82 percent) closely monitor the issue of global warming, most do not have a defined energy strategy to deal with it (65 percent), according to a new global survey released by Hill & Knowlton, Inc. In fact, more than three quarters of business decision makers surveyed (77 percent) believe there is a need to expand the c-suite to include a chief energy officer (CNO) to manage, implement and measure a company's return on investment in environmental technology, the so-called "return on environment" (ROE).

The survey, conducted by global communications consultancy Hill & Knowlton and polling partner Penn, Schoen & Berland Associates, examined the viewpoints of 420 senior business decision makers involved in IT purchases from the United States, UK, China and Canada to determine how they go about integrating economics and ethics when it comes to environmental issues. The results provide invaluable insights for companies as they formulate their own environmental communications strategies that go beyond traditional marketing and communications, or corporate reputation techniques.

"Despite the hype, few companies are plotting a measurable action plan to drive return on environment," said Joe Paluska, head of Hill & Knowlton's worldwide technology practice. "While the overwhelming majority looks to the CEO to own the issue, nearly two-thirds of those polled said no one within their organizations is tasked with defining the company's energy strategy. We expect reputation, risk and return to suffer until companies really stand up and take charge and industry as a whole sets the standard for measuring return on environment."

Defining a corporate energy strategy

Of those polled, 77 percent of Chinese respondents said their firms have not yet defined an energy strategy. The US came in second at 67 percent, followed by Canada (62 percent) and the UK (51 percent).

When it comes to the question of who is responsible for defining a company's energy strategy, again, the results echo similar uncertainty. Sixty-five percent of those polled do not have anyone identified within their organization tasked with defining an energy strategy. In China, such an organizational role is almost unheard of, with 82 percent of respondents indicating that no one in their company is responsible for developing an energy strategy. The United States fared only slightly better, with 70 percent, and the UK is farthest ahead with more than half of the companies polled (57 percent) having someone in place to define their energy strategy.

"The research suggests that there is an opportunity to expand the c-suite to include a chief energy officer," Paluska said. "There's a growing need for corporate accountability on energy performance as companies grapple with increasing complexity and expectations of governments, customers, shareholders and employees. Ultimately, companies will need to quantify the return on the triple bottom line – people, profits and planet – or their reputation and valuation will suffer."

"Return on Environment"

When asked how best to measure return on environment, more than half of the survey respondents (52 percent) identified improved corporate reputation as the most important return on investment for environmental programs. Actual carbon emission reduction was the most important metric to 38 percent of respondents globally, and was rated number one in the UK. More traditional measurements – such as return on equity, total cost of ownership and internal rate of return – also scored reasonably well. However, it is clear that much work still remains to be done to accurately determine return on environment in a way in which consumers, investors and policy-makers can universally validate.

While there are no clear winners in the race to reduce greenhouse gas emissions, the "green arms race," the United States, Japan and Germany were identified as the top three countries likely to contribute the most to clean tech breakthroughs in the coming years. Not surprisingly, people believe it is their own country that is most likely to play the largest role in developing clean tech solutions. The exception to this nationalist trend was China, where 62 percent of those surveyed see the United States as leading the clean tech debate rather than their home nation.

Opinions on which industries are most likely to benefit from clean tech innovations also vary by country. More than half of the Canadian respondents (55 percent) view the transportation industry as having the most to gain, US and British respondents view venture capitalists as benefiting, and executives from China think policy-makers will be the clean tech jackpot winners.

Methodology

Penn, Schoen & Berland Associates conducted a survey of 420 senior business decision-makers involved in IT purchases from 19 March - 20 April 2007. The interviews were conducted in the United States, UK, Canada and China. All respondents worked in companies with revenues of US\$100 million and over (or local country equivalent outside of the US), with half of the companies defined as *Fortune* 1000 (or equivalent outside of the US). The survey was conducted by using telephone, online and face-to-face interviews.

Hill & Knowlton's clean tech survey results are available online at www.hillandknowlton.com/roe.

About Hill & Knowlton

Hill & Knowlton, Inc. is a leading international communications consultancy, providing services to local, multinational and global clients. The firm is based in New York, with 70 offices in 40 countries, as well as an extensive associate network. The agency is part of WPP (NASDAQ: WPPGY), one of the world's largest communications services groups.

About Penn, Schoen & Berland Associates

Penn, Schoen and Berland Associates (PSB) has nearly 30 years of experience in leveraging consumer opinion to provide clients with a competitive advantage, or more simply - providing clients with Winning Knowledge™. PSB executes polling and message testing services in over 70 countries for *Fortune*®500 companies and major political campaigns to develop brand positioning, guide successful advertising campaigns, generate favorable publicity, and advise in crisis management decisions.

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