

## *What the Federal Government Can Do to Encourage Green Production*

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The green movement has reached a tipping point in recent years. Private industry now realizes that using green production techniques not only improves the environment but also can provide significant financial benefits by reducing waste, regulatory costs, and potential long-term liabilities. This report identifies six factors that currently discourage industry from undertaking green production methods. Many of these can be ameliorated if the federal government provided greater leadership in creating expectations that consumers, investors, and industry include environmental considerations in their day-to-day decision making. The author recommends the next Administration and Congress conduct open discussions on how different segments of society can take a part in addressing environmental challenges can raise awareness, increase demand by consumers, and result in increased investments by investors and industry. Providing measurement tools for assessing progress can help as well.

### **What Is Green Production?**

Green production is a set of proactive environmental activities that companies undertake that are not necessarily required by law but reduce pollution. These involve:

- Pollution prevention
- Product stewardship
- Innovative technologies

Green production within a company involves improvements in a company's internal organizational efficiencies by reducing waste in the production cycle. Green production also has an focus where a company addresses customer demands for green products and technologies.

### **Benefits of Green Production**

According to the author, companies can benefit from applying green production techniques by:

- Reducing long-term liabilities
- Reducing regulatory costs
- Preempting regulation
- Reducing supply chain risk
- Improving internal efficiencies
- Enhancing market opportunities

### **Barriers to Green Production**

The report identifies six obstacles that discourage most companies from undertaking green production:

- Insufficient federal leadership
- Poor understanding of environmental costs and benefits
- Weak internal coordination within companies
- Organizational inertia
- Poor diffusion of green production best practices
- Consumer and investor inability to recognize and reward green companies.

### Recommendations

The report's author recommends that government leaders can overcome barriers to corporate use of green production techniques by:

- Creating greater expectations that consumers, investors, and company managers consider potential effects on the environment in their decision making.
- Framing issues in a way that invites corporate-wide interest.
- Developing online environmental accounting tools.
- Promoting the use of environmental audits to help companies spread green production practices across their organizations.
- Developing a template for voluntary reporting and encourage companies to use it.
- Expanding technical assistance to encourage more companies to undertake green production programs.
- Establishing a mandatory environmental product labeling policy. ■

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### Resources

Nicole Darnall, "What the Federal Government Can Do to Encourage Green Production," IBM Center for The Business of Government, 2008.

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