

URL: <https://ecorner.stanford.edu/clips/the-supply-chain-and-carbon-emissions/>

Julia Collins, founder and CEO of Planet FWD, explains the three scopes of carbon emissions, including Scope 3, which includes the supply chain. She explains how Planet FWD made product and go-to-market decisions based on the need for consumer companies to rigorously measure Scope 3 emissions.



Transcript

- When you think about measuring 00:00:05,790 the greenhouse gas emissions related to an organization, first you have to set a system boundary.. What is the organization? How do you define it? And then you divide the scopes into three.. So the first is your scope one emissions, which are your direct emissions.. Those are the emissions that are related to you directly procuring your services.. So if you had a trucking company, those are the emissions related to you driving the trucks that you own on the road.. And then the scope two is your indirect emissions.. This is energy that you're purchasing from the grid, heat, gas, so on and so forth.. But the third category of emissions is called scope three.. And this is becoming like the hot topic, I think.. Everyone is interested in scope three, decarbonization, because scope three is everything else..

Everything that is not direct or indirect.. What might that be? That is your supply chain.. So of all the things in scope three, the hardest one for people to get their arms around from a measurement and decarbonization perspective, is the supply chain.. - So, making this real, like your box of crackers, right? 00:00:59,762 - Yeah.. 00:01:01,530 - If you look at the list of ingredients, 00:01:04,200 you're gonna have to measure where the carbon emissions are coming from for each of those ingredients.. The box itself, like that's a lot to measure.. - It's a lot to measure.. 00:01:11,940 And if you are any consumer company, whether you're making crackers or you're making sneakers, you're making watches, 90% or more of your emissions typically come from scope three.. So if you've set a net-zero goal, meaning that you want your organization to be at net-zero by 2030, and 90% of that needs to come from your scope three, then you really need a tool that helps you to do that.. And so the reason the product decision that we made at Planet Forward was to build a set of tools that was on top of a very rich data set that I acquired..

And we can talk a bit about the role of M&A in startups, that allowed me to be able to measure scope three with much more rigor than incumbent solution.. So that was like a product decision.. There was also a go-to-market decision involved in that, right? So do we play vertically? Meaning we're obsessed with consumer, businesses, which is by the way, massive markets, food, fashion, beauty.. Or do we go horizontal and work with data companies and banks and consulting companies? And we made a very aggressive decision to take a vertical approach because of the product market fit.. So the product that we designed is very good at decarbonizing scope three.. So supply chains.. And that doesn't really matter if you are a data company, you don't have a big supply chain.. But it matters a lot if you are PepsiCo or Unilever.. And so the product decision

and the go-to-market decision were hand in hand.. Yeah...