From: Estrada, Linda

Sent: 3/3/2011 7:12:00 PM

To: TTAB EFiling

CC:

Subject: U.S. TRADEMARK APPLICATION NO. 77729594 - NEWSWEEK GREEN RANKINGS - 18078.TBD - Request for Reconsideration Denied - Return to TTAB - Message 3 of 5

****
Attachment Information:
Count: 9
Files: oia-2.jpg, oia-3.jpg, oia-4.jpg, alt-1.jpg, alt-2.jpg, alt-3.jpg, alt-4.jpg, alt-5.jpg, alt-6.jpg

a bit. Tech companies rank highly overall. Does the data accurately account for all of the e-waste that winds up in developing countries?

On the surface, it is interesting that the weighting is 45% for impact, 45% for policies, and 10% for reputation. I think that I would have pushed for more emphasis on impact. After all, isn't impact the ultimate goal? My guess is that the scores will be used most to burnish reputations (it would be interesting to see how many press releases, newsletter stories, and other froth is the result of this effort). I'd like to see some competitive teams take a crack at alternative analysis of the data set to see if the methodology used is indeed the best one.

I'd also like to see a longitudinal study looking at the results of decisions made based on the information revealed by the rankings. Will some companies slide a bit if they find they are far above the norm? Or will they push forward with greater vigor in order to increase the differentiation? Is there a correlation between green rank and share price, profitability, customer and employee attraction/retention, or other key driver over time?

While there are many questions to be answered, we have them to ponder because Newsweek undertook this effort and for that I am grateful.

What do you think? Are the Newsweek green rankings a credible emerging standard or just fancy greenwashing? What's your take on their methodology and what questions would you like to see answered next?

You might also like:


Analytical Services Reach Full Flower


More Strategic Placement of Analytic Talent


Rating the Rankings: The Latest in Sustainability Analytics


2011 Predictions for the Analytics Industry

FILED UNDER: MARKETING/MEDIA TAGGED WITH: ANALYTICS, CARBON, E-WASTE, GREEN, METHODOLOGY, NEWSWEEK, SUSTAINABILITY

Like DISQUS

Add New Comment

Optional: Login below.

DISQUS Connect Twitter OpenID YAHOO!

Type your comment here.

Post as ...

Showing 3 comments

Sort by Popular now Subscribe by email Subscribe by RSS

Eric McNulty 1 year ago

Nicholas Eisenberger also took on this topic over on the HBR blog: http://blogs.hbr.org/cs/2009/1.... His thoughts are interesting.

Like Reply

Kathrin 1 year ago

Eric,

You raise a few interesting questions. A longitudinal study would be interesting. Will companies at the bottom lose motivation? Alternatively, could companies in the top half, in the phenomenon Robert Cialdini refers to as the "magnetic middle", gravitate toward the aveage? Knowing the companies that were at the top of the list, I am confident that won't happen. Still, the only real way to understand the impact of the ratings themselves is to measure them over time, and to do so transparently.

Note that transparency, as with systems, is more of a relative term than absolute. On the one hand, these rankings were certainly more transparent than usual in explaining the components of the ranking. On the other hand, the transparency isn't granular enough for me to directly trace my company's actions and results to the component scores.

As Rupert points out, consistent metrics would make measuring a company's contribution to its own and the planet's sustainability would be a giant step forward. In the meantime, though, I'd really like to see specifically how the data from the listed companies were "normalized".

And you're dead on with regard to impact - that is, after all, the whole point!

Kathrin

Like Reply

Rupert Davis, Head of Sustaina 1 year ago

That Newsweek is making such an effort speaks to the major cultural shift that has been happening over the last few years in the States. As you say the difficulty is each company has its own metrics, goals and performance tracking systems and these are hard to compare. A measurement which simply doesn't happen yet(with the notable exception of Johnson and Johnson and a very few others), and it's a shame, is the actual internal rate of return on environmnetal investments. In other words measuring the earnings equivalents[cost savings] created over time against the cost of the sustainability investment - much as a VC or project financier would measure the return on a potential new investment. These are actually rather compelling from a business value perspective and make the case much more strongly. That's why some major private equity firms like KKR have been rolling out sustainability across their portfolio companies - they see an operating performance return which matches up to their benchmarks.

Like Reply

Trackback URL http://iianalytics.com/200

blog comments powered by DISQUS

« Climate Change & Corporate Disclosure: Should Investors Care? | Main | Battery Investing For Beginners »

Shorting The Least Green Companies

Newsweek recently released its 2009 Green Rankings for America's 500 largest corporations. Investors would do well to examine the bottom of the list, as well as the top.

Tom Konrad, Ph.D., CFA

I'm getting more and more company in worrying about a market peak. If you, like me, are

1. Interested in green investing, and
2. hedging your exposure to a market decline,

you should probably also be interested in turning Newsweek's Green Rankings upside-down, and use some decidedly un-green companies as a hedge against the market risk of your greener portfolio.

If you believe that green investing is likely to lead to long-term out-performance, then it is just a small step to believe that shorting distinctly brown stocks will not only spruce up your overall performance; it should be even more effective than buying green stocks.

This is because there is generally more potential to out-perform the market on the short side than the long side. Most investors are long-only. If they feel a stock will go down, all they can do to express that sentiment is not buy it. Similarly, analysts prefer to cover stocks that they like. It is more comfortable to be on good terms with the companies that you deal with every day. If you really think company X is a dog, wouldn't it be easier to just cover company Y instead, rather than trying to get information out of hostile management?

Green investors looking to hedge their market exposure should therefore both do well and do good by shorting the bottom of the Green Rankings, an idea I first brought to readers' attention in spring of 2008 with a list of stocks we love to hate. Those stocks all fell, but so did everything in 2008.

Five Stocks to Short

The bottom of the green rankings is dominated by Utility companies. These companies are generally regulated and must convince their regulators that their investments are "prudent." The flip side of the bargain is that they are allowed to earn a return on any such "prudent" investments, even if those investments end up being quite foolish in retrospect. Hence, utility customers are more likely to bear the costs of environmentally harmful investments than shareholders. For instance, New York environmentally harmful investments than shareholders. For instance, New York ratepayers are still paying the bill for the Shoreham Nuclear Generating Station, even though it never generated a watt. If I could short my electric bill, I might, but barring that option, I prefer to look at other sectors for brown companies to short.

Fittingly, Number 500 on the list is coal company Peabody Energy (BTU), an another coal stock, Consol Energy (CNX) is number 496. A strong carbon cap-and-trade policy will probably load many coal fired power plants to fuel switch to natural gas, or to displace some coal by cofiring wood pellets, so these companies are a fitting part of a green's short portfolio.

Also near the bottom of the list are food and beverage giants ConAgra Foods (CAG) and Bunge (BG), at 497 and 493. Besides having no green credentials to speak of, ConAgra may be hurt if input prices rise as food is diverted to make biofuels, but Bunge, which has agriculture as well as food interests could actually benefit.

Number 484 is asphalt, aggregate, and concrete supplier Vulcan Materials (VMC), ready to supply the stuff needed to pave paradise and put up a parking lot.

I can't say that I'm personally shorting any of these yet. I may as I need to replace other short positions. I generally use shorts (or short spreads) on general market indexes as the mainstay of my hedging strategy. My few non-index short positions are mostly in the airline industry, which is exposed both to the economy in general, and oil prices in particular. Newsweek lumps these into Media, Travel, and Leisure, and the worst scoring airline was Delta (DAL) halfway up the list at number 256.

Of the five above, the one I'm most likely to short is Vulcan, because the company has exposure to the housing market (which I do not expect to recover for a long time), climate change, and peak oil. Cement is a large contributor to global CO_2 emissions, and asphalt is a byproduct of oil refining. As refiners install more crackers and other equipment to squeeze more liquid fuels out of a barrel of oil, it is at the expense of asphalt production.

DISCLOSURE: Tom Konrad and/or his clients have short positions in DAL.

Shorting The Least Green Companies was posted on AltEnergyStocks.com.

Posted by Tom Konrad on September 24, 2009 11:53 PM | Shorting The Least Green Companies

Search This Site

Web AltEnergyStocks
Google Search

Subscribe to this Blog

Enter your email address:
Subscribe
Delivered by FeedBurner

Subscribe by RSS Feed

Twitter Headlines

twitter

Categories

TrackBack

TrackBack URL for this entry:
http://www.altenergystocks.com/cgi-bin/mt-tb.cgi/283

Comments

I agree green investments will be great long-tem as well. Current market conditions seem to be putting everything on the back burner.

Posted by: Amey | September 25, 2009 11:13 AM

Cement, however, works wonders when it comes to strengthening sea-side structures. I would actually expect cement to a beneficiary from a changing climate and the need to re-build and strengthen the built environment (http://www.altenergystocks.com/archives/2009/09/climate_change_corporate_disclosure

I think an interesting long idea could be cement makers working on ways to make cement less carbon-intensive.

Posted by: Charles Morand | September 25, 2009 05:51 PM

Charles,
I actually said something similar a couple years ago in my article about investing for rising sea levels.

The questions are: How much cement will be needed for new dykes and levees to deal with sea level rise, and how soon? Will the added demand be significant compared to their current demand? Will sea levels rise fast enough to make a difference within your investing time horizon? Will a substitute for cement be adopted in the meantime?

I don't know the answer to these, but I think that the risks of climate regulation (1-2 years) will happen much sooner than the risks of high waters (10-30 years.)

That seems to make cement a poor short-term play.

Posted by: Tom Konrad | September 26, 2009 09:38 PM

High waters proper may not be the only variable here. I'm also thinking of destructive extreme weather events like hurricanes Ike and Katrina.

Given that infrastructure spending in the US (stimulus aside) is no longer growing

Archives

Given that infrastructure spending in the US (stimulus aside) is no longer growing much past the normal rate of economic growth (and even below that), extreme weather events that require unplanned infrastructure spending could provide nice boosts to revenue.

Given what's happened in Europe and what looks like it might not happen in Copenhagen, I'm inclined to think that opportunities may materialize sooner than regulatory risks.

I have no faith at all in politicians enacting carbon regulations with any kind of bite, and so far history has proven me right.

Posted by: Charles Morand | September 28, 2009 11:00 AM

Charles,
Good point. The scenario I've long felt is most likely would be a series of climate disasters (which would probably require cement) that finally galvanize politicians to act.

Posted by: Tom Konrad | September 28, 2009 11:43 AM

Post a comment

You are not signed in. You need to be registered to comment on this site. Sign in

(If you haven't left a comment here before, you may need to be approved by the site owner before your comment will appear. Until then, it won't appear on the entry. Thanks for waiting.)

Certifications and Site Mentions

THE WALL STREET JOURNAL.

YAHOO! FINANCE

TheStreet.com

http://www.altenergystocks.com/archives/2009/09/shorting_the_least_green_companies.html
03/03/2011 06:56:36 PM

TheStreet.com