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RISING FUEL COSTS SPUR COMPANIES TO EMBRACE GREEN SOLUTIONS

DURHAM, N.C. -- Eighty percent of chief financial officers in the U.S. say the high price of oil is negatively affecting their firms, with 61 percent describing the effects as "significant." Companies in Europe, Asia and China report similar concerns, spurring a range of initiatives aimed at cutting fuel consumption.

These findings are included in the most recent Duke University/CFO Magazine Global Business Outlook Survey, which was released last week (see http://today.duke.edu/2011/06/cfosurvey). Complete survey details and data tables are available at http://www.cfosurvey.org.

"We may be reaching a tipping point on the cost of traditional fuels," said John Graham, professor of finance at Duke's Fuqua School of Business and director of the survey. "We're seeing more companies embrace 'green' initiatives and position themselves to become less reliant on oil in the future."

CFOs in the U.S. have already instituted or plan to institute a number of policies to manage higher oil prices: 53 percent say they are increasing telecommuting/teleconferencing; 51 percent are improving facilities management, including reduced lighting and improvements to HVAC systems; 48 percent are reducing business travel; and 39 percent are turning to more efficient shipping methods such as consolidating shipments.

Forty-four percent of U.S. CFOs say their companies have already passed on fuel price increases to consumers by raising prices, or have made plans to do so.

"While some companies are hesitant to raise prices due to the relatively weak economy, a substantial number are deciding to add fuel surcharges, meaning customers will have to absorb these increased costs," said Kate O'Sullivan, deputy editor at CFO Magazine.

Among European companies, 71 percent of CFOs say they have been negatively affected by high oil prices, with even higher responses in Asia (78 percent) and China (88 percent).

As a result, European CFOs are increasing telecommuting/teleconferencing (60 percent of companies), reducing business travel (49 percent) and raising prices on products and services (44 percent).

In Asia, 72 percent of firms have reduced or plan to reduce business travel, 76 percent are increasing the use of teleconferencing/telecommuting and 73 percent are improving facilities management. Consumers in Asia will likely feel the pinch from higher fuel prices; 58 percent of CFOs say their firms will pass on the increased costs.

Chinese finance executives say their companies are using more efficient production processes (61 percent) and improving facility management (60 percent) to manage high oil prices. Fifty-three percent are using more efficient shipping methods, and 55 percent are covering higher fuel prices by raising prices.

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