

Posters

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## **The Use of Benchmarking Techniques for the Identification of Environment Related Costs at Company Level**

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### **Poster Abstract**

Spending in waste management, waste water treatment and atmospheric pollution abatement by manufactures is running at a high percent of sales and rising according to recent North American and Italian statistics. Unfortunately conventional accounting practice -developed to serve financial reporting requirements- rarely illuminate environmental costs or stimulate better environmental performance. Environmental costs in fact are dispersed throughout most business and can appear long after decisions are made.

Such situations has lead companies to underestimate environment related costs and to orient their environmental policies in a non-environmental as well as non-profitable way. Firms need assistance for a more comprehensive identification of environment related costs. Better environmental information can stimulate a wider adoption of pollution prevention projects and practices

This poster describes the preliminary results of a project that investigates the opportunities of using benchmarking techniques to fill the information gap related to Italian companies' environmental costs. More in particular we explored the potential of benchmarking techniques in promoting environmental management accounting.

Benchmarking is a method by which a company looks outward its organisation in order to discover excellent performance and to understand the actions, compare processes and identify solutions. As recent literature stated "Benchmarking allows firms to learn how to learn". That is, such methodology could have an important role in widening the use of new management practices as environmental accounting.

The typical design of a benchmarking project include four phases: Plan, Collect, Analyse, Adapt. In our project we focused on the two central phases Collect and Analyse. To develop an ad hoc benchmarking methodology we focus on the ceramic tile industry and to test it we focus on the textile industry. We met many difficulties in collecting data (not all the companies had the necessary knowledge of environmental costs), we faced problems of data inconsistency during the analysis phase (the same indicators may be interpreted with different meanings), we met sceptic attitudes during

the presentation of final results (company's managers tend to justify the performance gap rather than rethinking their practices). But what we have learned is that companies at the end of the exercise certainly had a new knowledge of their environmental performances and of the available environmental management tools.

The poster illustrates how did we identify the appropriate pattern for benchmarking companies' environmental management, accounting, and performances (both physical and monetary results), how did we test this new methodology, and finally which are the conclusions for both companies and Industry Union.