# Why Manufacturers Need to Rethink How They Value Water

In 2015, the World Economic Forum cited the global water crisis as the number-one business risk for impact. 70 percent of companies surveyed identify water as a substantive business risk.

Insufficient access to clean water can significantly disrupt or even cease operations, increase costs and limit growth. Failure to manage water-related risks can result in reduced revenues, higher operating costs, and lower investor confidence that can restrict access to capital, or result in higher financing rates or higher insurance premiums.

Businesses have been relying on a conservation strategy for the past 20 years. During this time, corporate water use has only declined by 10 percent. That's not enough. And it's definitely not going to be enough in the years ahead.

This is largely because a larger, more affluent global population demands that we produce more goods and deliver more services. We need to figure out how to realize this business opportunity while reducing our reliance on fresh water and minimizing our impact on communities.

This crisis isn't just about drought and overdrawing from limited supplies. We're facing an additional challenge: our water quality is an increasing concern, impacting communities and increasing operating costs.

In fact, if the full costs of declining water quantity and quality had to be absorbed by companies, it would equate to a decline in average profits of 116% for food and beverage companies, 44% for utilities, 18% for the chemical sector, 13% for the construction and materials sector, 11% for personal and household goods, and 8% for automotive (source: Trucost).

Despite increasing risks, water is significantly undervalued in much of the world. The disconnect between market price and risk makes it hard for companies to make the business case to invest in effective water strategies to protect against water-related business challenges, or to make optimal decisions about where to locate or to expand operations.

So how do manufacturers gain the actionable insights needed to make decisions that can safeguard businesses from risk and enable growth? We need to understand the full value of water to operations at a site level based on basin-level quantity and quality considerations – taking into account tangible factors such as scarcity and impairments as well as less tangible human, health and environment impacts of water use. We need to understand the scale of risk compared to current water prices. Then, with that insight, we need to plan and prioritize actions based on risk level and devise an approach to water management that not only encourages conservation but also makes reuse an important and viable option.

It can be a daunting task – but there are resources available to help you. One of these is the Water Risk Monetizer (http://waterriskmonetizer.com/ ), a free, publicly available tool that uses advanced analytics and Cloud technology to help manufacturers understand the impact of water quantity and quality to their business. The tool provides financial indicators for water risks and business insights that can be used to inform corporate water strategies and help make the business case for smarter water management.

It's time to rethink the water cycle: to shift our understanding and practices away from water as a consumable good toward water as a recyclable asset.

Today, less than three percent of wastewater is reused. What if that percentage doubled? Or tripled? Global water challenges require the ingenuity of business. In honor of World Water Day, let's all rethink the value of water and what we can do to manage it well – for the good of our businesses, and for future generations everywhere.

ECOLAB®