Is achieving sustainability a solo activity or a team game?

The role of supply chain management.

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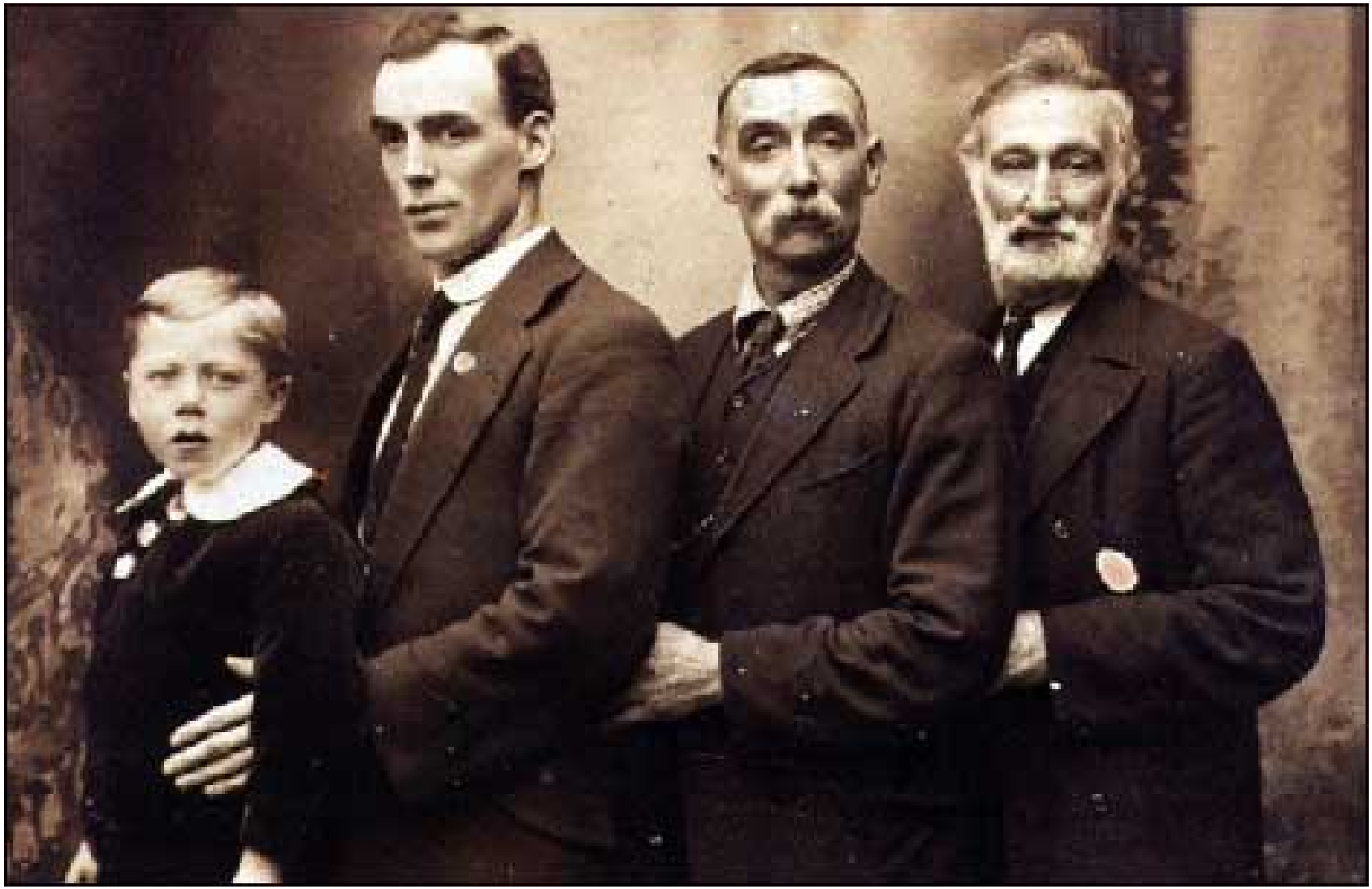
Sustainability



So, we all want to be ‘sustainable’

But sustainability is BIG

… - no, REALLY BIG

Only collaborative activities can really drive sustainability

And even more so in organisations

It doesn’t matter how good your own approach to sustainability is, the limiting factor will be how good your suppliers are at helping to deliver key elements of it.

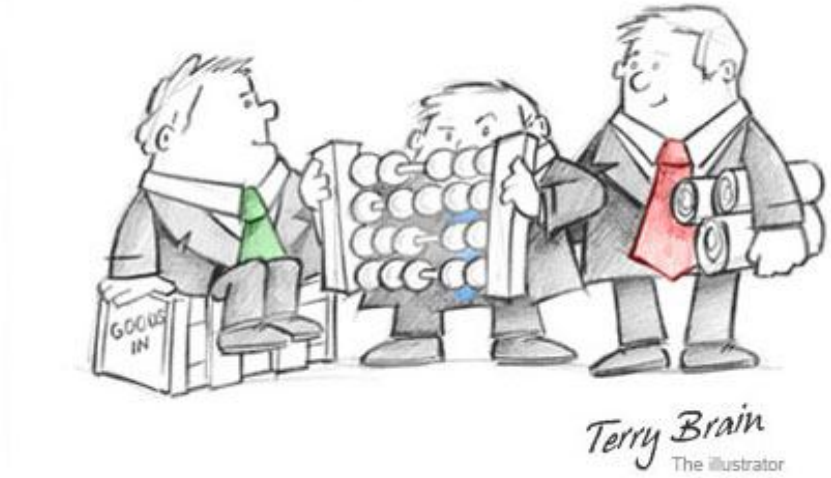
Government is also driving this process

For example, major suppliers to government are now encouraged to join the Carbon Disclosure Project.

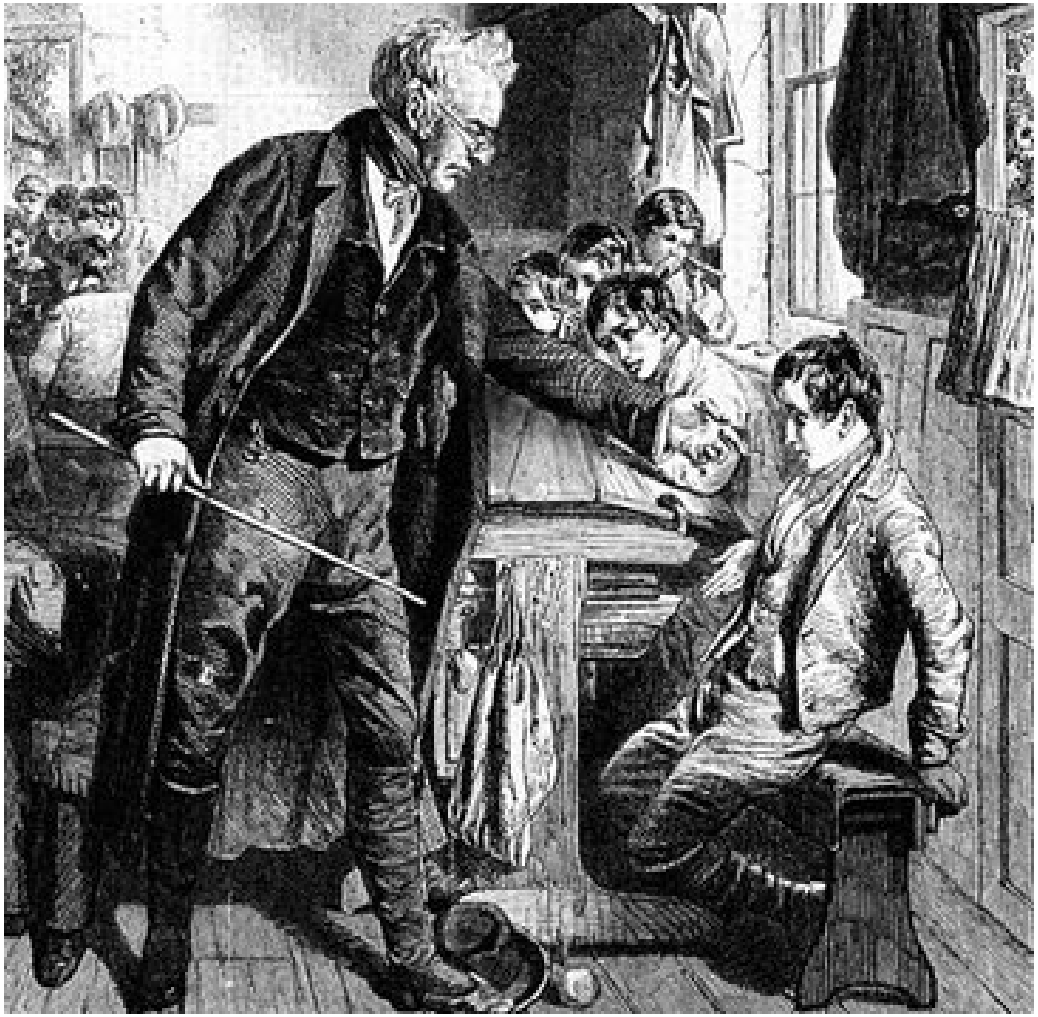
This drives a standard approach to carbon impact measurement, with reporting on Scope 3 (supply chain) emissions just around the corner.

There is now clear need for supply chain management….

Working across the supply chain is the only way to meet these new drivers and deliver true sustainability - but will it require us to change our approach?



The good old days?



Like ‘spare the rod, spoil the child’ – supplier beating is thankfully now largely a thing of the past, but customer/supplier tensions can be a natural result of market pressures.

The nature of the customer/supplier relationship

Cosy?

Or combative?

Customers want low prices, high quality and good service.

Suppliers want fair prices for their products, flexibility from their customers and a long term guarantee of a market.

What gets in the way of a compromise to satisfy both parties is the customers understandable obsession for regular market testing, the need to manage risk by diversifying supply and the aggressive nature of competition.

An example

Carbon crime – it wasn't me, it was him….

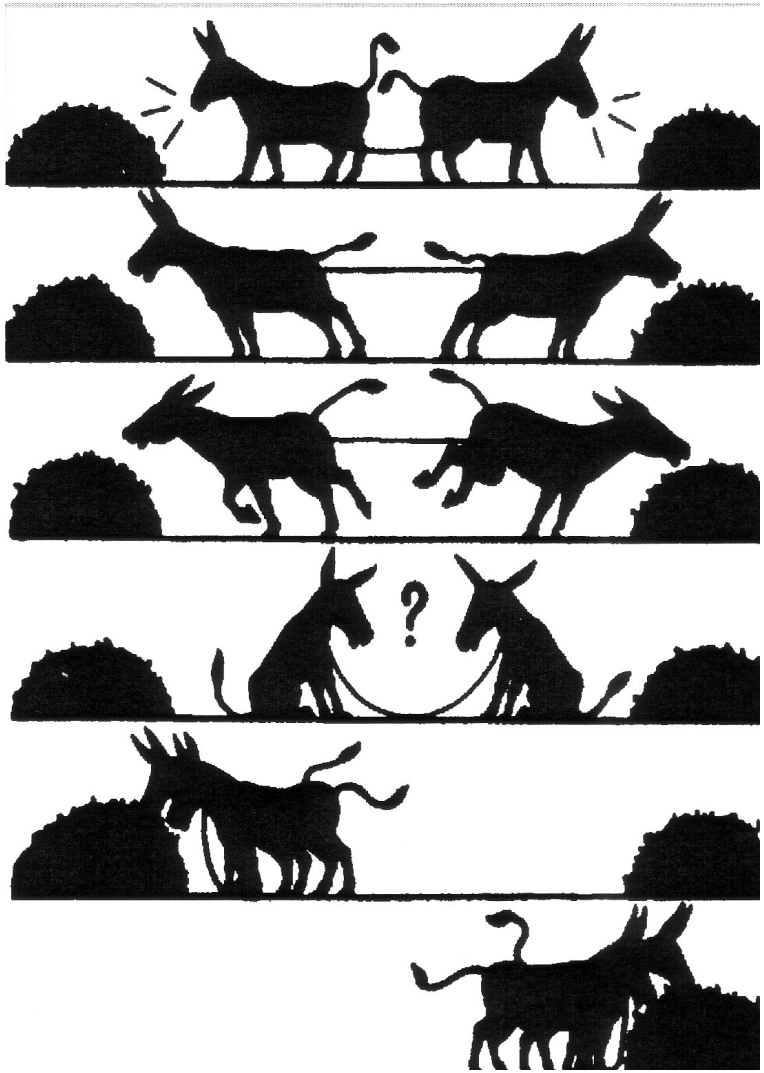
High carbon emissions are the new crime of the century. For those at the end of the product chain, these crimes are often committed in their name by their suppliers.

More pain or a shared vision?

Beating suppliers with a stick may not be the best way to get them to reduce their carbon emissions.

Sharing responsibility for achieving emission reductions is clearly a better approach, but requires strong collaboration and even joint investment across the supply chain.

Examples of how this might be achieved are emerging, along with the commercial benefits that can be achieved.



Joint exploitation of renewable energy - Commercial sense or communist plot?

Renewable energy can provide a second trading point between partners within the supply chain, increasing the profitability of both.

This approach will also cut carbon emissions and may increase market share for those involved, which can be especially important in fragile supply chains.

But are supply chains ready for closer partnerships?

Some examples

The Food Processor

Anaerobic digestion (AD) converts organic waste to biogas – a source of renewable energy.

Supermarkets are very efficient and generate remarkably little in-store waste. Their supply chain however does produce waste suitable for AD. By investing in AD plant in collaboration with the food supplier, production costs fall along with the carbon footprint of the product.

The Dairy

Wind energy has come of age. Many farmers are sitting on a valuable wind resource but don’t know how to exploit it.

We have an example of a dairy operation where by working with the farmer supply chain to develop a portfolio of wind projects to deliver cheaper energy for the dairy and a second income to the farmer, benefitting both.

The Bank

Banks want their clients to be successful, especially in the current climate. Banks also provide a range of advisory services and know their clients well.

We are in early stage discussions with a major bank to extend the advice that they offer to the generation of renewable energy. The objective is to develop a wide portfolio of projects that can be rolled into one package for funding and development.

What has all this shown us?

- Trading within the supply chain can guarantee a market for renewable energy and at the same time increase brand strength from producing low carbon products.
- Suppliers are ‘lean and mean’ organisations who probably don’t have the expertise or management effort to look for - let alone exploit, renewable energy opportunities.
- By the supply chain working together, commercial risk is reduced making it an attractive prospect, even to the point where specialist developers can fund some or all of the required investment.

Conclusions

Sustainability must become a way of life for all of us.

While there are some things that we can do as individuals, sustainability has to be a team game.

This makes closer integration across supply chains essential and increasingly, a commercial imperative.

"I call my invention 'The Wheel', but so far I've been unable to attract any venture capital."

Thank You

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