

Challenges in Creating a Sustainable Supply Chain

By: Aditi Bhattacharya, PGDM 2013-15



At every stage in the life-cycle of specific products there are social and environmental impacts. Therefore, **supply chain sustainability** is the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the life-cycle of goods and services. The objective of supply chain sustainability is to create, protect, and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market.

History is the testimony of the fact that organizations which are able to survive for more than 200 years were sensitive to its stakeholders first and understood how they are a part of a larger system which fetches inputs to make wealth.

The process gets closer to reality when organizations begin to believe that matters like water and energy wastage in its supply chain are of strategic importance. An organization can implement strategy to combat such issues when it is fuelled by power of innovative employees, who have

skill and vision to redesign products, processes and business models.

Supply Chain Sustainability is the collective responsibility of all the supply chain members. It depends on the type of business the company is doing and what are the supply chain options available.

The challenges in rolling out sustainable supply chain culture are that there are too many metrics which intends to measure sustainability. Some metrics measure the effectiveness of products while others point out the efficiency of processes. There are challenges in measuring attributes of the three pillars of sustainability (i.e., economic, environmental, and social), tracking the financial implications of different scenarios is an implicit part of doing business. There has been increase in attention on the environmental pillar of sustainability over the past several decades. As a result, tools, concepts, and principles such as life-cycle assessment, carbon footprint estimation, design for the environment, and product stewardship are becoming commonplace.

Secondly government should incentivize such organizations which take up sustainability projects. Many organizations do have intentions of doing the right thing but when such efforts are not set as an example for others to follow, they tend to give a second thought. When an organization is bringing changes in the business model, it is also igniting changes in organizational culture. Government can rescue such brave organizations during those pressing times by offering them relief measures in the form of tax exemptions and policy reformulation. There is a need to embrace collaborative consultation and inclusiveness of all the stakeholders who make up the social ecosystem.

In order to improve sustainability in supply chain, companies are to include sustainability criteria in the tender and use the same for the process of selection of suppliers. Suppliers who use solar power, wind power, plantation timber, and recycled materials are given preference and how they measure and try to reduce their greenhouse gas emissions is scrutinized minutely. The measuring and reporting, for example sustainability reports, environmental impact assessment, community impact assessment, financial reports and annual reports are also evaluated.

After putting in enormous efforts needed in supplier selection, companies are often let down by customers. Customers do not give consistent weightage to sustainability while making purchase decisions. Customers are sensitive towards sustainability and will always be optimistic about cleaner and renewable sources of energy but when it comes to becoming a part of this movement, they have often shown reluctance. So, it is important for both the customers and the investors to rank the

product and corporate attributes in order of preference.

Organizations need to build competence in their employees who are involved in decision making pertaining to purchase of sustainable products. The employees will require relevant training for obtaining up to date product details including environmental specifications from suppliers. Businesses are providing more information about the sustainability of a product. This usually includes any features that support sustainability – such as energy efficiency, reuse and recycling systems and innovative use of materials. The product information can also reflect the carbon footprint which usually refers to the level of carbon dioxide generated throughout the production and delivery of the product. Appropriate drivers of motivation needs to be incorporated to keep the morale of the employees high all throughout the project.

Sustainable supply chain practices will have positive impact on people and society and these initiatives need long gestation period before their results can be measured and accounted for. Financial decision makers have a compelling urge to justify such investments as to whether they are building brand value or are perceived as corporate governance measures over a short period of time. Such deliberations by the decision makers may portray such investments to be futile if adequate time is not given to them to ripen.

Companies also face setbacks while communicating the sustainability driven supply chain practices followed in their organization to their consumers. On several occasions consumers were skeptical of such efforts being truly made by the company or not. Companies do worry if such flaunting of best practices may lead to opening up of the Pandora's Box.

Those companies which adopt sustainable supply chain measures might enjoy first mover advantage in terms of attracting new customers, fostering trust among employees and community stakeholders, but one cannot overlook the risks associated with the same. Sustainability leaders may overinvest in technology that never yield the expected rewards, be overtaken by a second-mover who builds on the leader's ideas to leapfrog into the lead, or lose the support of internal stakeholders with shifting corporate priorities.

Conclusion

Although there are challenges in assessing the social sustainability of supply chains, the challenges are not insurmountable and many organizations are taking steps to overcome them. Several initiatives are underway to identify the key metrics of social performance and establish methodology for their measurement. However, individual organizations must ensure that these metrics are appropriate within the context of their supply chain and, in many cases, prioritize these metrics along with others that relate more specifically to their supply chains or products.

The 21st century will reveal a new paradigm in which business is no longer separate from society. Realizing the new "business-as-society" paradigm will require the efforts and ingenuity of organizations across sectors and industries. It will challenge the current generation of business leaders to apply their hard-won knowledge to novel problems, and the next generation to cut their teeth on issues of unprecedented importance and complexity

It is indeed possible to overcome the challenges and make our way towards a cleaner, healthier and happier world where the present generations are able to meet

their needs and not their greed and are also able to leave behind a resourceful space for future generation to meet their needs too.

References

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