ARTICLE

DUCKER CARLISLE

Are You on the Right Path Towards Supply Chain Sustainability?

CHALLENGES AND SOLUTIONS

The Challenge:

Sweeping corporate sustainability goals often fail to translate into actionable steps for individual teams. For example, Walmart's goal to achieve zero emissions by 2040 without relying on carbon offsets is admirable, but who within the organization is responsible for achieving it? Sustainability teams alone cannot drive such initiatives without collaboration from every business unit. Employees may also feel disconnected from the broader goal if their specific contributions seem insignificant.

The Solution:

To address this, companies must assign specific emissions drivers to individual groups within the organization. This requires a granular approach to mapping the entire value chain and identifying the carbon impact of each business process. **For example:**

01

Product Design: Evaluate material choices (e.g., leather vs. sustainable alternatives).

02

Supplier Management: Source materials from sustainable suppliers located closer to production facilities.

03

Inbound Logistics: Opt for low-emission transportation methods and practices.

04

Manufacturing: Adapt processes to accommodate sustainable materials and transportation.

05

Customer Use: Consider the environmental impact of product usage and disposal.

By clustering related processes (e.g., product design, supplier management, and manufacturing), companies can create focused teams that drive sustainability within their areas of influence. Additionally, sustainability goals should be integrated into performance evaluations and bonus structures to incentivize individual accountability.

The Challenge:

Measuring sustainability progress, particularly for Scope 3 emissions, is a daunting task. For example, New Balance's goal to reduce Scope 3 emissions by 50% by 2030 is commendable, but how does a warehouse manager quantify their contribution to this target? Even for more tangible goals, such as reducing transportation emissions, defining the scope and gathering accurate data can be overwhelming.

The Solution:

Rather than striving for perfection, companies should focus on building a measurement framework that evolves over time. Start with simple metrics and gradually increase sophistication:

01

Initial Metrics:
Count of shipments or lines shipped.

02

Intermediate Metrics:
Weight and distance shipped.

03

Advanced Metrics:
Fuel consumption and emissions per shipment.

It's important to accept that some data will be imperfect or unavailable. For example, transportation distance might initially be calculated using crow-fly measurements, which can later be refined to account for actual driving routes. The key is to start measuring immediately and improve accuracy over time.

The Challenge:

Even when companies scope and measure effectively, sustainability initiatives often stall due to two factors:

1. **Unwillingness to Invest:** Sustainability projects may lack immediate ROI, making them difficult to justify in the short term.

2. **Lack of Focus:** Resources may be misallocated to pet projects, overly ambitious initiatives, or numerous small efforts that fail to drive meaningful impact.

The Solution:

Overcoming Investment Barriers:

01

Highlight the dual benefits of sustainability initiatives. For example, switching to lighter packaging may reduce both costs and emissions.

02

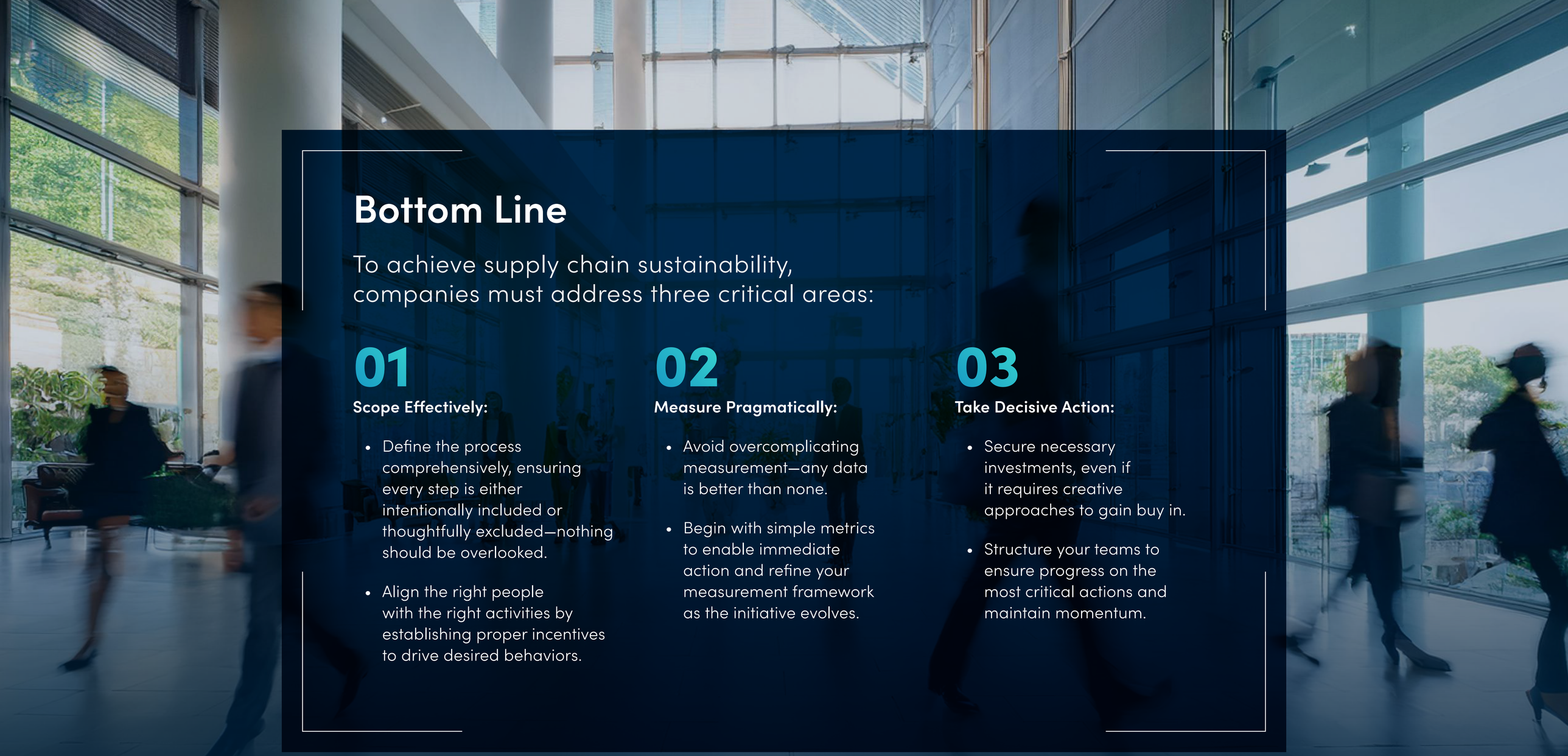
Frame sustainability projects as long-term investments that improve employee retention, enhance brand reputation, or reduce operational risks.

When choosing the focus of investments, it is best to:

- Avoid pet projects (e.g., beach cleanups) and overly ambitious initiatives (e.g., transitioning to an all-electric fleet overnight).

- Use a centralized decision-making process, such as a steering committee, to prioritize initiatives that align with corporate goals and deliver measurable impact.

Pilot programs can also be an effective way to test initiatives on a small scale before scaling them across the organization. For example, testing more sustainable packaging in a single product line can reveal cost savings from reduced damages and reverse logistics.



Bottom Line

To achieve supply chain sustainability, companies must address three critical areas:

01

Scope Effectively:

- Define the process comprehensively, ensuring every step is either intentionally included or thoughtfully excluded—nothing should be overlooked.
- Align the right people with the right activities by establishing proper incentives to drive desired behaviors.

02

Measure Pragmatically:

- Avoid overcomplicating measurement—any data is better than none.
- Begin with simple metrics to enable immediate action and refine your measurement framework as the initiative evolves.

03

Take Decisive Action:

- Secure necessary investments, even if it requires creative approaches to gain buy in.
- Structure your teams to ensure progress on the most critical actions and maintain momentum.

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