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## Sustainable supply chains – the risks and opportunities

Monday, 17 August 2009

**As the number of companies cementing sustainability in their agenda continues to increase, many are realising that true sustainability extends beyond their immediate operations. With the spotlight now expanding to include the many small, medium and large businesses that supply these companies, we are seeing the rapid emergence of the 'sustainable supply chain'. By Dan Atkins.**

The automotive sector was one of the early movers to assess the sustainability management and performance of their supply chains. This was largely led by the cost and efficiency drivers that saw companies utilise a supply chain with the ability to provide product innovation that would, for example, lower the emissions and weight of vehicles, plus increase rates of recyclability.



Now, with consumer awareness of the potential environmental and social impacts of their decisions growing, along with their skepticism, it not just those in the automotive industry that are recognising the benefits of embarking on a more holistic sustainability journey.

Large companies have realising that supplier practices could be a liability to their own reputation, shifting attention to the sustainability credentials of these suppliers. A particular product is only as good as the elements that make it up; as consumers and other key stakeholders begin to look more deeply into the sustainability credentials of the company behind the brand, the sustainability of the supply chain becomes a critical component of brand and reputation.

The challenge for those businesses supplying products and services to larger companies is to ensure their sustainability values, policies and practices are aligned with that of their major customers. Otherwise they risk being left behind and losing valuable business to more 'sustainable' competitors.

On the flip side, there is an opportunity for early adopters of sustainable business practices to ride on the forefront of this growing trend and leverage their position to capture greater market share in the supply chain of both existing and potential customers.

So what can businesses do to ensure they manage this emerging sustainability risk and maximise their opportunities? Here are a few pointers:

- Identify the significant environmental and social aspects of your business operations (and also of your products);
- Capture key stories (Sustainability is essentially good business. Many great businesses have various elements of sustainability embedded within them already, just haven't looked for them);
- Identify key gaps and develop a strategy to start bridging those gaps;
- Identify the easy wins (rather than low hanging fruit, much of the fruit is lying on the ground) – key opportunities often involve energy efficiency, especially associated with lighting;
- Develop a sustainability policy; and
- Communicate your strategy and success stories to your customers, many of the your big customers will soon be asking you these questions, get on the front foot early as this can help to build a



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relationship with your customers that extends beyond price potentially leading to more longer term mutual value relationships.

*Vantage Point columnist: Dan Atkins is MD of the Shaper Group, a set of companies that works with businesses, government and not-for-profits to improve their competitive advantage and reputation. Contact at DA@shapergroup.com*

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