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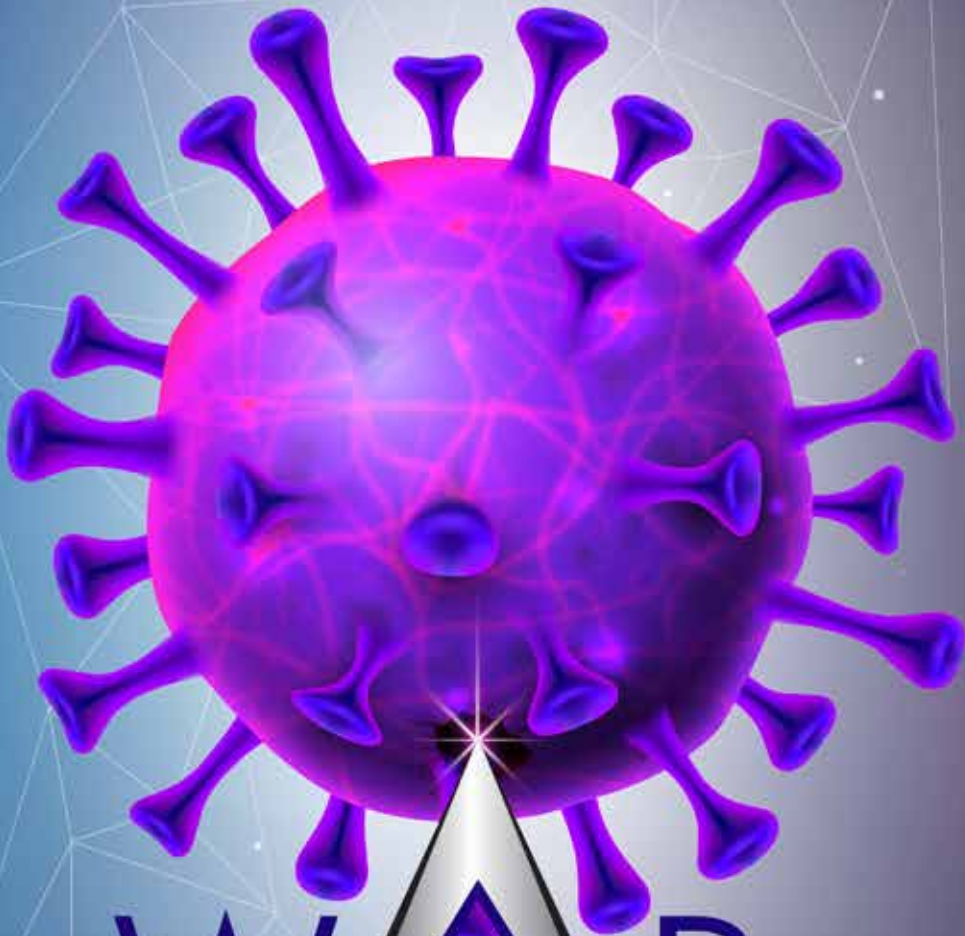
ULTIMATE GUIDE TO PROFITABLE MANUFACTURING

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WAR AGAINST COVID 19

Industry fights on every front

Electronics
Boost for industry

Medical Devices
Changing landscape

Maintenance
Proactive approach

By Indra Guha

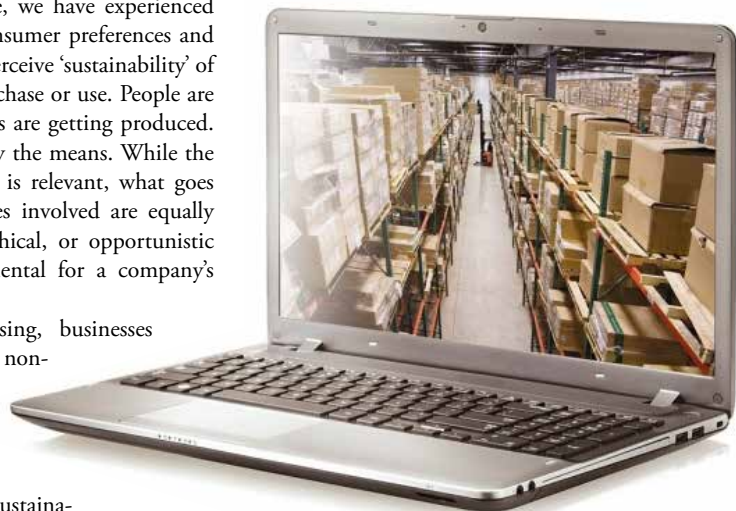
DRIVING SUSTAINABILITY IN SUPPLY CHAINS

With competition increasing, businesses are incrementally outsourcing non-core activities resulting in a complex multi-country supply chain network. This mesh makes it challenging to implement and monitor sustainable sourcing strategies.

During the last decade, we have experienced a stark change in consumer preferences and the way consumers perceive 'sustainability' of the product they purchase or use. People are conscious about the way things are getting produced. The end does not always justify the means. While the usefulness of the end product is relevant, what goes into the product and processes involved are equally important. Irresponsible, unethical, or opportunistic behaviour has become detrimental for a company's reputation.

With competition increasing, businesses are incrementally outsourcing non-core activities resulting in a complex multi-country supply chain network. This mesh makes it challenging to implement and monitor sustainable sourcing strategies. In most cases the place of production can be traced to developing nations. The production process, part or whole, is often carried out in factories of the supplier. The focal company which sells the product under their brand name, is legally not responsible for the conditions at the point of production. Nevertheless, the focal company/brand gets badly hit if the chain falters on critical sustainability counts. This calls for association by guilt. We have seen some of the biggest brands face the music at different times owing to supply chain issues in different sustainability areas.

There are very clear advantages lined up for Sustainable Supply Chain Management (SSCM) practices. One, it can provide competitive advantage – innovative ways of optimising on natural resource management,



fulfilling social responsibilities and a robust governance framework puts business in good stead as a positive differentiating factor; on the other, the licence to operate is gradually becoming more stringent with stakeholders demanding sustainability management across the value chain.

There has been debate on whether a consumer is ready to shell out more for the sake of procuring products that address the environmental and social concerns



"With awareness and ethics driving the consumption behaviour, consumption pattern is rapidly changing as consumers turn towards fair trade products, environmentally friendly products, social enterprise products, and local foods."



IOT Technology is driving sustainability in supply chains. In the shipping and manufacturing industries, the “worldwide web” is now being deployed to encourage more energy-efficient operational and communication strategies for a low-carbon economy.

across its value chain. Growing news coverage on supply chain issues has given rise to a more knowledgeable and aware customer, while companies strive to balance ‘compulsion’ with ‘responsibility’. With awareness and ethics driving the consumption behaviour, consumption pattern is rapidly changing as consumers turn towards fair trade products, environmentally friendly products, social enterprise products, and local foods. Ethical consumption trends have exerted a significant demand on the corporate environment and require firms to produce products and conduct business activities in a way that fulfils social, economic, and environmental responsibilities across the value chain.

To further the cause of sustainable development, United Nations adopted a 2030 Agenda for Sustainable Development, wherein 17 Sustainable Development Goals (SDG) were adopted in 2015. The Goals include Affordable and clean energy (SDG-7), Industry, innovation and infrastructure (SDG-9), Responsible consumption and production (SDG-12). The interlinkages are obviously very strong. For products to be sustainable, processes need to be sustainable and supply chain being an integral part of manufacturing processes need to take the sustainable route.

While embedding sustainability in supply chain management is a significant first step, it will be impactful only when sustainability is extended to product life management (PLM). The integration of supply chain in business involves a strategic plan starting at the design stage. We find supply chain deeply embedded in the robust 1980s analysis framework of competitive strategy (Porter’s Framework) for business, and considers sustainability aspects; however, the landscape over the last four decades has become more cognitive and reactive to the sustainability agenda. Enterprise risk and opportunity cannot ignore sustainability attributes as seemingly intangible. Looking at it through the lens of sustainability scenario analysis, followed by R&D on lifecycle with a circular approach to help build in life cycle sustainability at the design stage of business, is the key to tomorrow’s competitive advantage.


With increasing awareness and the realisation of the long-term impacts of sustainability on the resilience of business, there is a marked shift towards integrating

supply chain sustainability in business strategies.

Technology has come up with wonderful enablers for integration.....IOT Technology is driving

sustainability in supply chains. In the shipping and manufacturing industries, the “worldwide web” is now being deployed to encourage more energy-efficient operational and communication strategies for a low-carbon economy. Every resource – fossil fuels, water, space – that can be more effectively managed with the help of cutting-edge tools represents a factor of production that can be conserved. There are several customised IT tools to address supply chain issues, which all focusses on resolving a problem. But the crux lies in the seamless integration of the focal company with its supply chain players.

Rolling out a sustainable supply chain framework, can start with mapping suppliers critical to business continuity and segregate them based on key parameters. Segmenting the vendor base can be done based on strategic items, leverage items, bottleneck items and non-critical items. For each of these segments one can then map the material sustainability parameters to arrive at the sustainability framework to be adopted. Relevant sustainability parameters for respective groups/clusters can be determined together with the suppliers based on which policies, practices and engagement protocols can be customised. The success lies in the approach and how we make it inclusive at all stages to share ownership of the entire program.

Businesses need to take their suppliers under their wings and create a platform of mutual exchange of knowledge and information to cross pollinate and facilitate leading practices on sustainability. Organisations are progressively realising that partnership is the key to sustainability. There are many ways of doing this, but the ultimate aim should be to have a clean planet and a green planet where all of us can thrive and flourish. The policies, procedures and processes that follow, need to be developed taking care of the critical players into consideration. It is not about a post facto integration and aligning supply chain to the organisation’s standards, but to develop and on-board all the critical players through the stages of the journey, leaving no one behind. 

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