



Do More Than “Go Green”

YOUR PRACTICAL GUIDE TO SUPPLY CHAIN SUSTAINABILITY



THE TRUE PURPOSE OF SUPPLY CHAIN SUSTAINABILITY

It's not unusual to hear companies throw around words like "green," "environmentally friendly," "fuel-efficient," "energy-saving," "non-polluting," and "organic." These marketing platitudes may feel good, but sustainability is more than being good to our planet and everyone on it.

Sustainability is also a global business opportunity to demonstrate environmental and social accountability in more meaningful and transparent ways. Customers expect it, governments mandate it, and marketplaces reward it. And in return, revenue growth rises, and the cost of operations shrinks.

When embraced strategically, sustainability-related initiatives empower supply chains to secure a business's future and brand reputation. Risks are mitigated early on. Bottom-line costs decrease, while top-line profits increase. Even experiences for employees, customers, and stakeholders improve, leading to higher engagement, fewer safety incidents, and longer-term loyalty.

But companies cannot achieve these benefits with a simple, one-and-done change in the supply chain. They must act with a continuous, holistic view into all supplier network tiers and across business operations to effectively achieve their Corporate Social Responsibility (CSR) goals.

With this eBook, you'll examine six strategies that can help extend your commitment to supply chain sustainability beyond "going green" and realize unique value creation.

*"GOING GREEN" IS NOT A
SLOGAN OR OBLIGATION.
IT'S A VALUE CREATOR!*



THE FRAMEWORK OF A SUSTAINABLY GREEN SUPPLY CHAIN

A common myth about sustainability is the exorbitant expense required to implement it. But for most CSR programs, the benefits in terms of ROI far outweigh the overall investment.

For example, advanced planning capabilities produce immediate benefits, such as lower energy consumption and emissions; more efficient manufacturing, warehousing, and transportation operations; and better leverage of working capital. Over time, these improvements lead to a stronger brand reputation, more satisfying customer service, and a more productive and engaged workforce – precursors for top-line performance growth.

Building a sustainable supply chain involves significant trade-offs between operations and outcomes. But ultimately, every decision is focused on minimizing environmental impact while maintaining critical objectives such as agility, efficiency, profitability, and customer service over multiple time horizons (see Figure 1).

Striking the right balance across all goals calls for six fundamental strategies:

1. Traceability

2. Sourcing management and compliance

3. Integrated business planning (IBP)
4. Optimized manufacturing

5. Inventory optimization

6. Product design and product lifecycle management

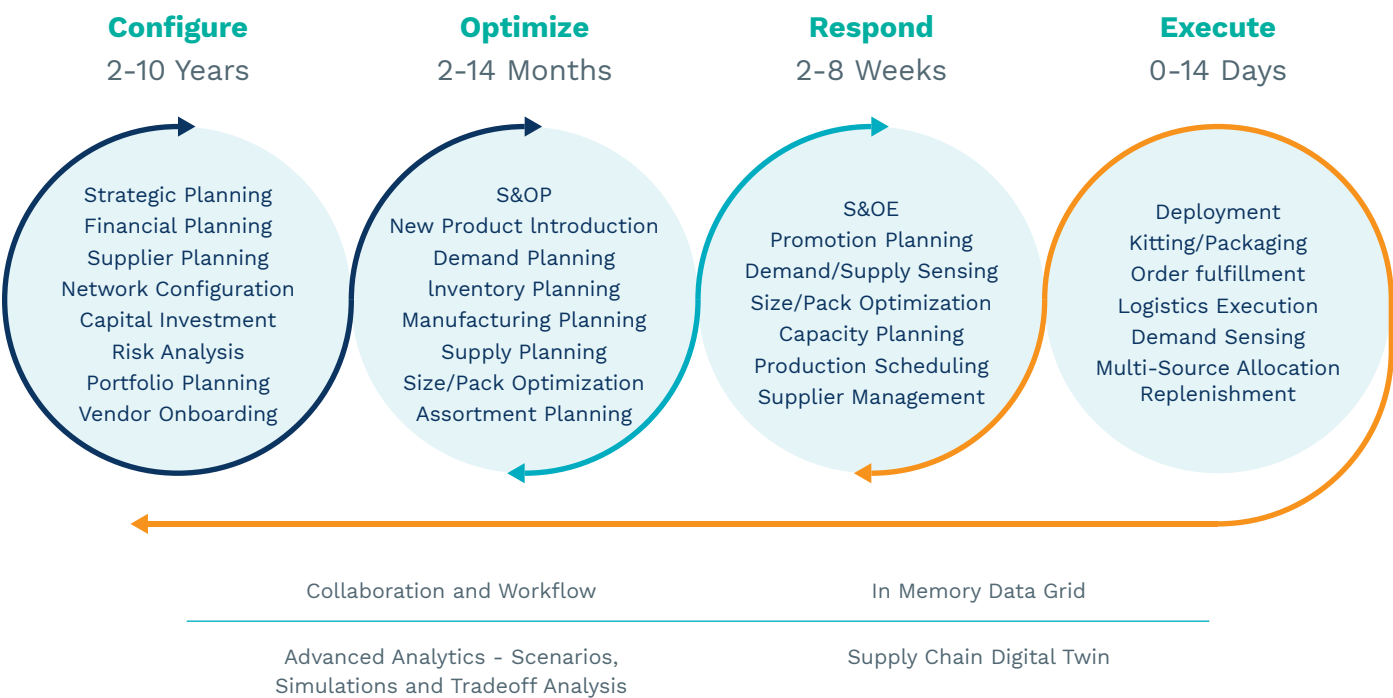


Figure 1: Multi-Horizon Supply Chain Sustainability Scope

DEMONSTRATE TRANSPARENT ACCOUNTABILITY THROUGH TRACEABILITY ///////////////

We live in an era in which trust doesn't come easily from customers any longer. Everything is verified – from the food they put on their tables to the machines that run in their factories. Claims of sustainability practices require evidence-backed proof and transparency through all tiers within the chain of custody.

Brand owners and retailers should consider documenting the chain of custody – starting with a component's origin and ending with the importer of record – with one digital thread. This approach compiles and organizes a chronological and verifiable

account of the importer back through every supply chain tier to the original raw material source. Transactions are validated at every level using POs, invoices, and packing lists and rolled up to a comprehensive genealogy that proves compliance with relevant rules and regulations.

This digital thread also helps measure and manage suppliers based on their full environmental impact on internal and external facilities by:

- » Finding and seizing opportunities to extend the product life cycle
- » Identifying new ways to recycle more production waste and unsold products
- » Rating the environmental performance of material producers and product manufacturers

*CREDIBLE SUSTAINABILITY HAPPENS WHERE COMPREHENSIVE,
MULTI-TIER PRODUCT TRACEABILITY EXISTS.*

Source: Global Web Index Report 2019, 'Sustainable Packaging Unwrapped'

BOLSTER SUPPLIER RELATIONSHIPS BY MANAGING SOURCING AND COMPLIANCE

Supplier relationships have always been a critical component of business success. But in an increasingly competitive and fast-paced world, the role of well-sourced, compliant suppliers is becoming even more important. Additionally, as businesses look to become more resilient, those responsible for sourcing and supplier decisions should be looking to diversify their supply lines to mitigate risk and guard against the costs of high-impact supply chain disruptions.

Audit tasks associated with managing all those suppliers are time-consuming, inefficient and error-prone. In fact, many audits are performed stand-alone using email and spreadsheets—consisting of 3,000+ questions.

The principle of supplier management and compliance is based on having visibility and control across an enterprise and its key suppliers. When trading partners work together in such a transparent and governed manner, they demonstrate accountability for their cooperative activities. More importantly, trust and dependability increase while surprises are nearly eliminated.

This approach to supplier management and compliance further contributes to a sustainable supply chain by:

- » Optimizing floor space and capacity utilization
- » Minimizing extra freight needed to cover expedited orders
- » Reducing material shortages, production downtime, and obsolescence
- » Limiting expediting activities, administrative tasks, and indirect personnel costs
- » Decreasing in-stock inventory levels at the retail customer and supplier locations
- » Managing execution and evaluation of audit results for self-directed corrective action plans

Companies that implement supplier management and compliance initiatives often experience three high-impact benefits: increased visibility and responsiveness, optimal inventory levels, and improved customer service.

SOURCING MANAGEMENT AND COMPLIANCE INITIATIVES HELP MITIGATE RISKS TO THE BRAND, SUPPLY DISRUPTION, AND LEGAL ACTIONS.

MAKE DECISIONS CONFIDENTLY WITH INTEGRATED BUSINESS PLANNING

At some point, every supply chain operation reaches a plateau where capacity and revenue growth stalls. But the problem is not the supply chain alone. Organizational and technology barriers also get in the way of aligning data-driven insights and plans with business areas, including sales, marketing, production, procurement, transportation, and finance.

With integrated business planning, companies can balance supply and demand with accurate data and fast decision-making. Forecasts are generated based on historical and real-time market information, and stakeholders are notified of exceptional circumstances through alerts. Inventory policies also reflect demand and supply variability, and supply planning is engaged collaboratively between business functions, suppliers, and customers.

By optimizing integrated business planning practices, companies can run a sustainable supply chain with various tactics, including:

- » Improved forecasting for new products that are, for example, environmentally friendly
- » Optimized rollout of enhanced packaging, minimizing waste and increasing recyclability
- » Increased manufacturing efficiency through better visibility and smoother production cycles
- » Decreased inventories by sensing demand and synchronizing demand and production output
- » Reduced overproduction to lower the risk of spoilage, obsolescence, and excess inventory storage

64% OF CONSUMERS WOULD CONSIDER SWITCHING TO A
BRAND WITH MORE SUSTAINABLE PACKAGING OPTIONS

Source: Global Web Index Report 2019, 'Sustainable Packaging Unwrapped'

DELIVER QUICK, MEANINGFUL WINS WHEN OPTIMIZING MANUFACTURING



For companies that are new to sustainability, initiatives focused on optimizing manufacturing operations are a good starting point. They serve as a pathway toward increased supply chain effectiveness and efficiency, minimizing inventory buffers and movement, reducing energy consumption, eliminating waste, and weighing options for accelerated value.

Although goals vary depending on strategic plans, industries, and market segments, a few critical elements remain the same:

- » Production is demand-centric.
- » Processes are designed for maximum flow.
- » Operations shift based on real-time demand.
- » Business value is assessed from a customer perspective.
- » Continuous improvement procedures are integral to operations.
- » Personnel are empowered to control the manufacturing processes within their responsibility.

When these principles are integrated into this optimized manufacturing mindset, the net effect supports sustainability.

*MOST COMPANIES START WITH
A MORE MANAGEABLE GOAL,
FOCUSING THEIR INITIAL GREENING
EFFORTS ON ONE OR TWO
MANUFACTURING PROCESSES.*



BALANCE PRODUCT FLOW AND DEMAND THROUGH INVENTORY OPTIMIZATION

Minimizing the environmental footprint of inventory can conflict with more strategic goals, such as maximizing customer service and reducing working capital. But on the other hand, efforts to optimize multi-echelon inventory are only adding more pressure to boost efficiency, resilience, and agility across the end-to-end supply chain.

These expectations are undoubtedly challenging when aligning organizations, defining processes, and adopting new technologies. But they can help reduce power consumption and total emissions, while the business maximizes production operations, minimizes warehouse space, and improves transportation efficiency.

Such advantages are accomplished when inventory optimization initiatives consider the entire supply chain by:

- » Calculating ideal stocking locations and inventory buffers with greater accuracy
- » Integrating business and ERP systems and the data they capture across product portfolios
- » Evaluating segmentation continuously – based on volume, velocity, and margin
- » Automating updates of inventory policies to match demand and compliance needs
- » Analyzing what-if scenarios to weigh how inventory plans impact costs and service levels

*REDUCE POWER CONSUMPTION
AND TOTAL EMISSIONS, MAXIMIZE
OPERATIONS, MINIMIZE
WAREHOUSE SPACE, IMPROVE
TRANSPORTATION EFFICIENCIES.*



FINE-TUNE SUPPLY CHAIN SUSTAINABILITY ACROSS THE PRODUCT LIFE CYCLE ///

Product management may not be an official part of the supply chain process. But its impact is clear as expectations for green designs and environmentally friendly life cycles intensify across all industries and geographic locations.

The list of environmental regulations for reducing hazardous substances and operating more sustainably keeps growing. Most companies would say that the costs of non-compliance are missed customer requirements, blocked shipments, costly redesigns, and scrapped parts. However, these risks are only the beginning. Businesses also stand to lose millions in revenue and related costs.

To avoid these costs, companies must identify, track, and control a constantly evolving list of high-risk substances – both in their products and in their supply chain – by adopting best practices, such as:

- » Tracking progress with product development calendars
- » Reducing development costs by establishing product viability early on
- » Increasing product adoption through collaborative development processes
- » Monitoring performance through analytics-embedded standard reports and dashboards

Embracing the full potential of these tactics requires businesses to reconsider the use of spreadsheets, homegrown databases, and manual processes. The need for integrated technology is becoming a must-have to support sustainability and corporate compliance.

72% *OF CUSTOMERS PREFER TO BUY FROM ENVIRONMENTALLY FRIENDLY BRANDS*

73% *OF GLOBAL CONSUMERS SAY THEY'RE WILLING TO CHANGE THEIR CONSUMPTION HABITS TO REDUCE ENVIRONMENTAL IMPACT*

Nielsen, November 2019 – 'Identifying unique sustainability opportunities across categories to foster trust with consumers'



HOW TO START YOUR JOURNEY TO SUPPLY CHAIN SUSTAINABILITY

A sustainable supply chain helps everyone – no matter how their needs and requirements evolve. Suppliers gain operational efficiencies that motivate their own sustainability strategies. Customers align with partners who support their efforts. Communities even benefit from corporate neighbors who are environmentally and socially accountable.

The advantages are unquestionably significant. Yet, a long-term commitment to people safety, process integrity, technology enablement, and data intelligence still requires the support of expertise and technology that addresses the need of the entire supply chain, not one specific capability.

With advanced supply chain solutions, like those offered by Logility, your business can get started on its sustainability journey with a proven, three-step approach:

- » Evaluate your supply chain processes and supporting systems. Define a vision based on expertise and a solutions portfolio designed to help you through every phase of greening your supply chain.
- » Build the necessary foundation. Collect data on your current environmental footprint to continuously measure, evaluate, and fine-tune supply chain performance.
- » Focus on operational excellence, reliability, and agility. Cultivate innovation and creativity with a strategic focus on product development, supplier management and compliance, integrated business planning, and inventory optimization.

ADDITIONAL RESOURCES



**The Advanced
Inventory
Optimization
Handbook**



**Top Three Reasons
to Embrace an
Integrated Business
Planning Process**



**Solving the Supply
Chain Planning Puzzle:
Six Capabilities Every
Manufacturer Needs**





ABOUT LOGILITY

Accelerating the sustainable digital supply chain, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses.

The Logility® Digital Supply Chain Platform leverages an innovative blend of artificial intelligence [AI] and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility. Logility is a wholly owned subsidiary of American Software, Inc. [NASDAQ: AMSWA].

To learn how Logility can help you make smarter decisions faster, visit www.logility.com.

Worldwide Headquarters 800.762.5207 / United Kingdom +44 (0) 121 629 7866

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