

FEATURE

What is the future of sustainability in the supply chain?

By **Edwin Lopez** • Nov. 13, 2017

The following article is part of a weekly series, where Supply Chain Dive asks up to five industry influencers to comment on a recent news item, trend or skill set. To read more about the participants, please [click here](#).

Every once in a while I find myself in a bit of a philosophical debate at conferences, and usually, it has to do with sustainability.

"Supply chain sustainability" has been building up steam in recent years, as consumers become more environmentally conscious and look to corporations to do the same. Look at most multinational corporation's web pages today, and you will find dozens of pages on how the company is also looking to make the world a better place. The initiatives stretch throughout the value chain, from packaging to transportation and waste management.

The efforts are laudable; but, more and more I find myself questioning their significance. A single company can set high goals, but to achieve a truly sustainable supply chain, each partner must do the same, too.

In other words, we have been talking about corporate sustainability for years, but the longer I hear about it the more I wonder: when will we reach the tipping point that will make the term a key value rather than a goal? And where are we, today? Here's what our experts think.

Based on the past year, will we see greater progress in 2018 or more of the same?



Cathy Morrow Roberson

Founder and Head Analyst, Logistics Trends & Insights

“ In 2018, we'll continue to see progress in sustainable supply chains. More logistics providers that are asset-based, for example, are taking sustainability into consideration when purchasing transportation. Fuel savings is typically the biggest goal but environmental responsibility is also a growing goal.

Earlier this year, UPS announced it would add additional compressed natural gas (CNG) fueling stations and add 390 new CNG tractors and terminal trucks and 50 liquefied natural gas (LNG) vehicles to its alternative fuel and advanced technology fleet which has more than 4,400 vehicles. As a result of using more natural gas for its ground fleet, in 2016, UPS decreased CO2 emissions by 100,000 metric tons.

Also, as more inner-city deliveries are made, FedEx, UPS, DHL and other delivery providers are parking their gas guzzling vans and instead are turning towards electric vehicles, boats and bicycles.

Packaging is also becoming more sustainable. Thanks in part to Dimensional weight pricing, there is less wasted space in delivered packages. However, thanks to the

growth of e-commerce, package volumes have increased. In fact, the Fibre Box Association estimates that the use of boxes for e-commerce was growing faster than most other market segments. According to one article I came across, because consumers receive more products directly, they recycle less and throw away more — in part because of confusion over what is recyclable. If this is the case, more needs to be done to encourage recycling particularly as e-commerce takes a larger control over customers' wallets.

Moving forward, I believe we'll see more emphasis on reusable packaging. DHL, FedEx and UPS all offer reusable packaging but more is needed. In addition, a change in customer mindset needs to occur as well — Reduce, Reuse, Recycle.



Jon Slangerup

President and CEO, American Global Logistics

“ There is significant evidence that points to the ongoing greening of the supply chain, primarily driven by technology. Cleaner ships, trains, planes and trucks combined with automation and cleantech introduced into cargo handling and warehousing operations are accelerating. And environmental policies at national and regional levels are driving investment and green compliance on a global scale.

As examples, the recent announcement by the Long Beach/Los Angeles port complex adoption of their last joint Clean Air Action Plan commits a billion dollars to

increased on-dock rail infrastructure that will dramatically cut local truck trips and road congestion. Meanwhile, the Chinese central government is mandating the cleanup or shutdown of industrial infrastructure, including the country's major ports and manufacturing centers.

In Europe, Germany and the Netherlands are leading the way with ongoing investments in green transportation and automated ports, matched only by the progress at the LB/LA port complex. And not least, the headlong push into supply chain software solutions is eliminating efficiencies and congestion that directly reduces energy and fossil fuel consumption.

There are no signs that the push for environmental sustainability is slowing down.



Karin Bursa

Executive Vice President, Logility

“ The supply chain is one of the most impactful components of a company’s sustainability efforts. Each year brings more progress as public attention increases and the supporting processes and technologies advance and mature. We have ‘green KPIs’ on dashboards and homepages tuned to measure how well each plan supports company environmental goals.

The most powerful approach is to eliminate or minimize waste before it is created. Today, sustainability is a key factor many companies address as they introduce new products. From product design to the sourcing of materials and packaging to the distribution of goods to

the customer, each step along the supply chain has a direct impact on sustainability. Removing waste throughout this process also reduces costs further building the business case for supply chain sustainability initiatives.

In 2018 we expect more companies to digitize their supply chains. By definition, digital supply chains are leaner, help eliminate waste and minimize obsolescence through the use of advanced algorithms to evaluate multiple scenarios and create the optimal plan. Multi-echelon inventory optimization (MEIO), for example, is a significant contributor to sustainability efforts by optimizing the placement of inventory to efficiently and cost-effectively serve customers across broad geographic networks. Customer service improves, costs go down, obsolescence is dramatically reduced, and sustainability goals are achieved. It's a win-win situation.