

Sustainable Value Chain Research Results

A Joint Research Project of ASQ, CROA, & ISM with
Deloitte Consulting LLP

The Sustainable Value Chain Survey was a joint effort that encouraged collaborative design input from the following industry groups

Quality, Responsibility, Sustainability Throughout the Value Chain



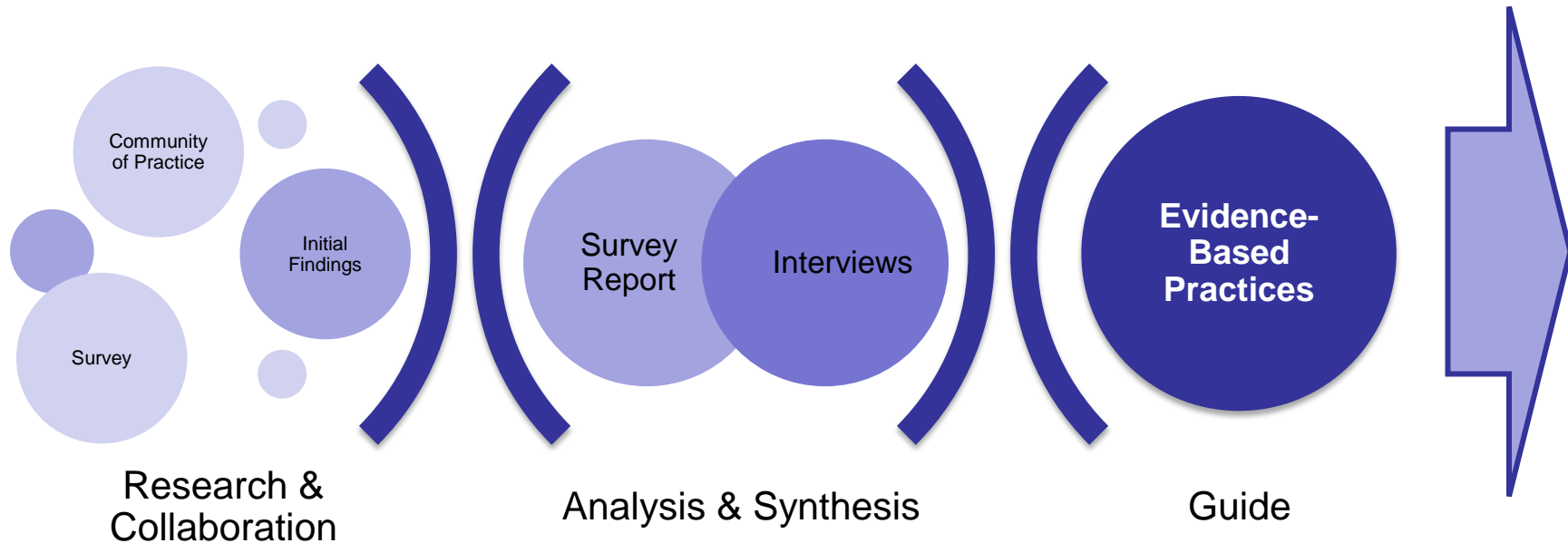
Deloitte.

Throughout the research phase, the team encouraged collaboration from additional industry groups

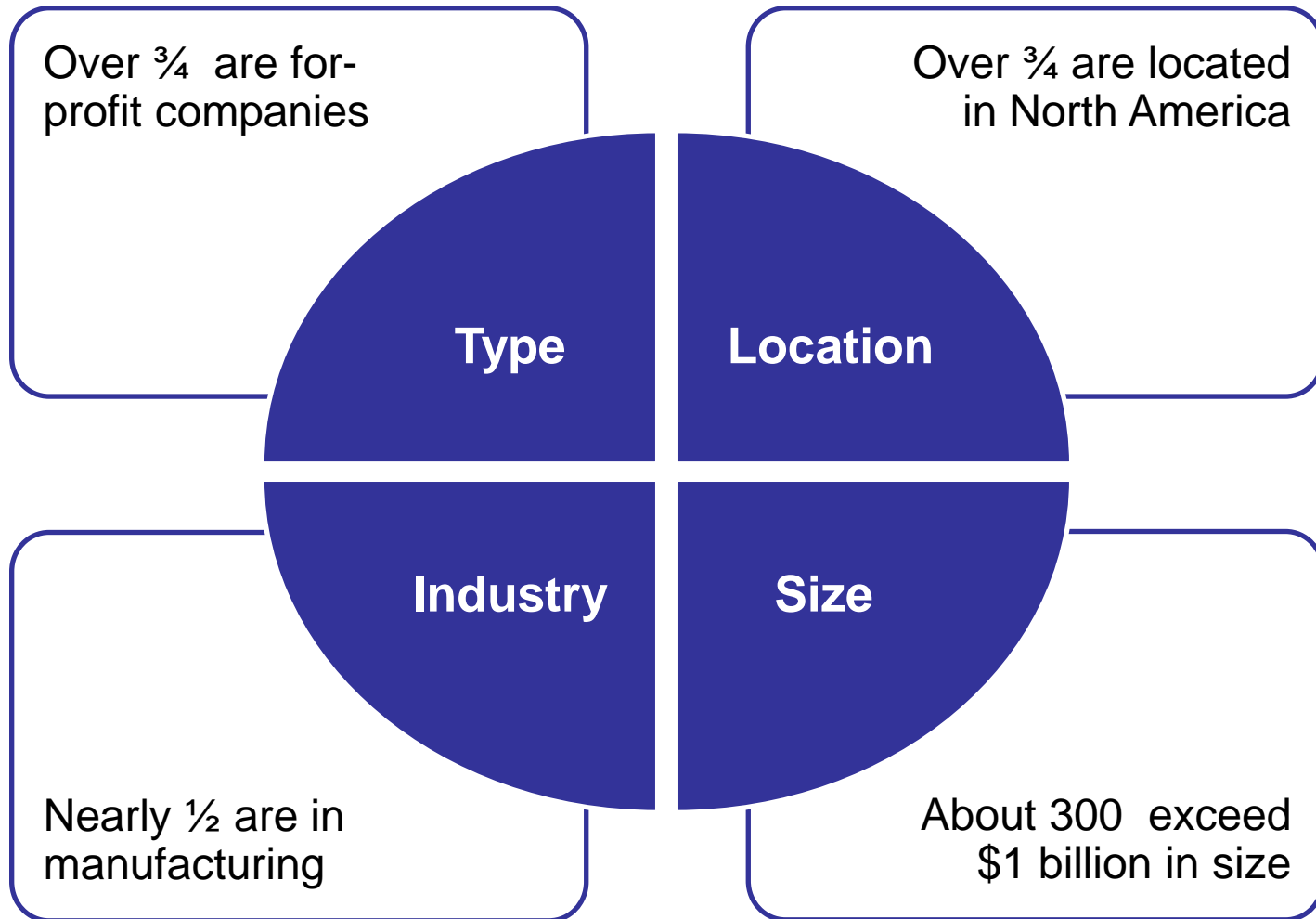
Collaboration



Research



The survey respondents spanned a wide cross-section of industry stakeholders



The goal of the research is to identify which specific practices can help companies achieve their sustainability goals

Situation

Think about your company's sustainability efforts.

- What initiatives do you have?
- How effective are they?

Potential

What if those same sustainable initiatives were **more effective, produced larger and more measurable cost savings, and grew revenues?**

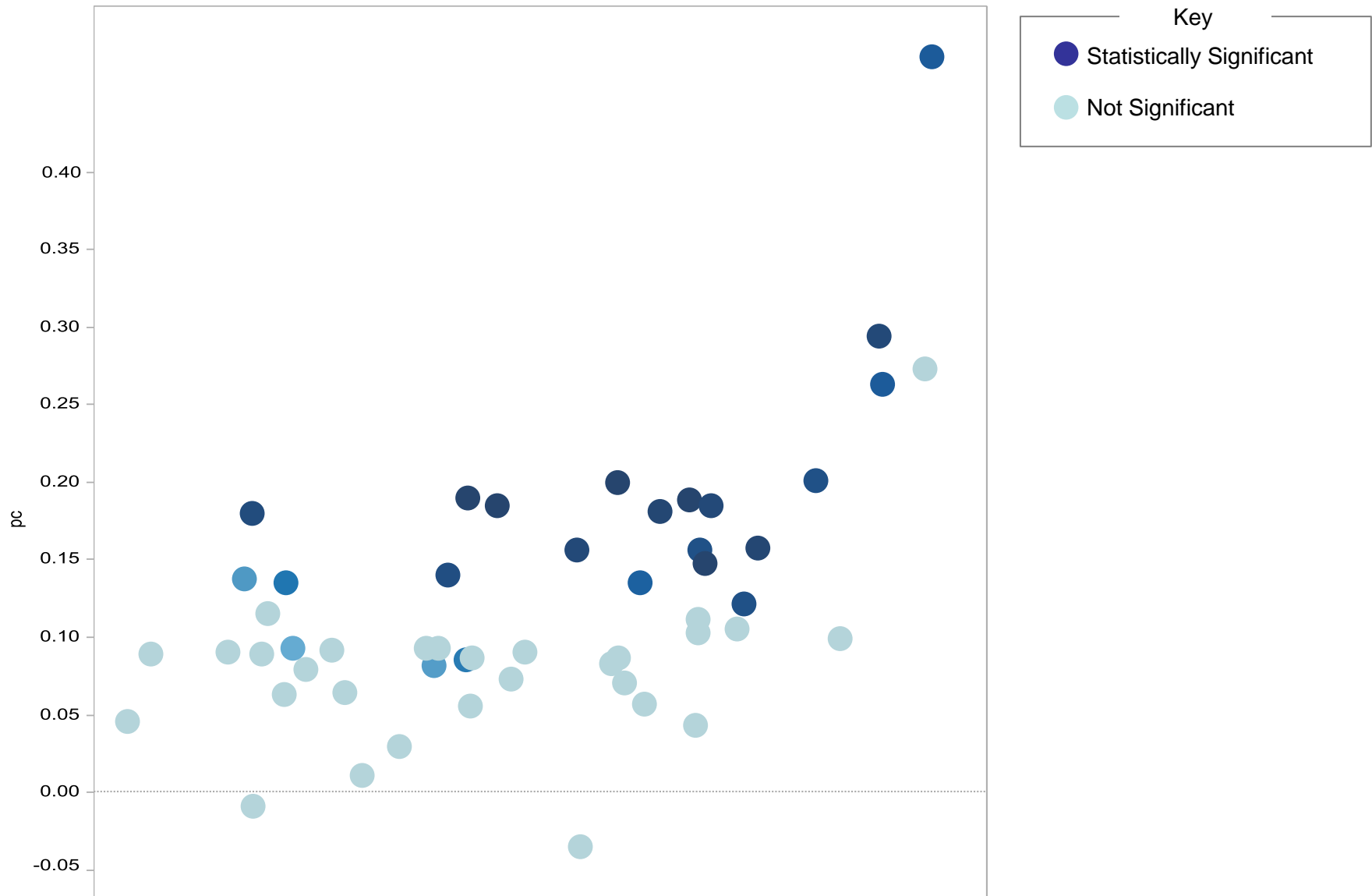
Challenge

One big challenge in getting this to happen is knowing **which ways of structuring, managing, and executing sustainability initiatives** are more likely to be effective.

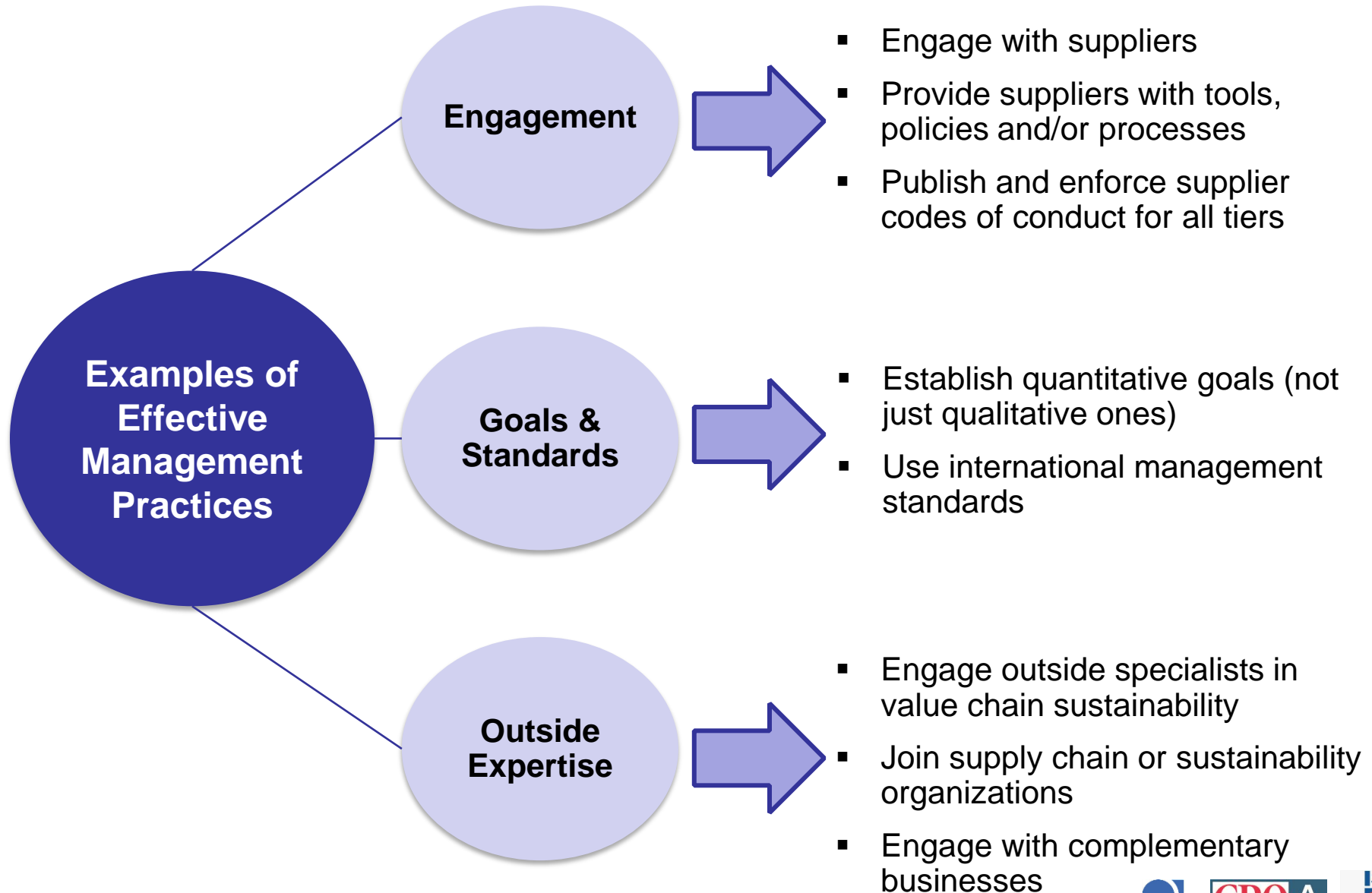
Solution

Answering that key question – *what works?* – is the goal of the research.

Statistical analysis identified the effect of management practices on outcomes and which produced statistically significant improvement



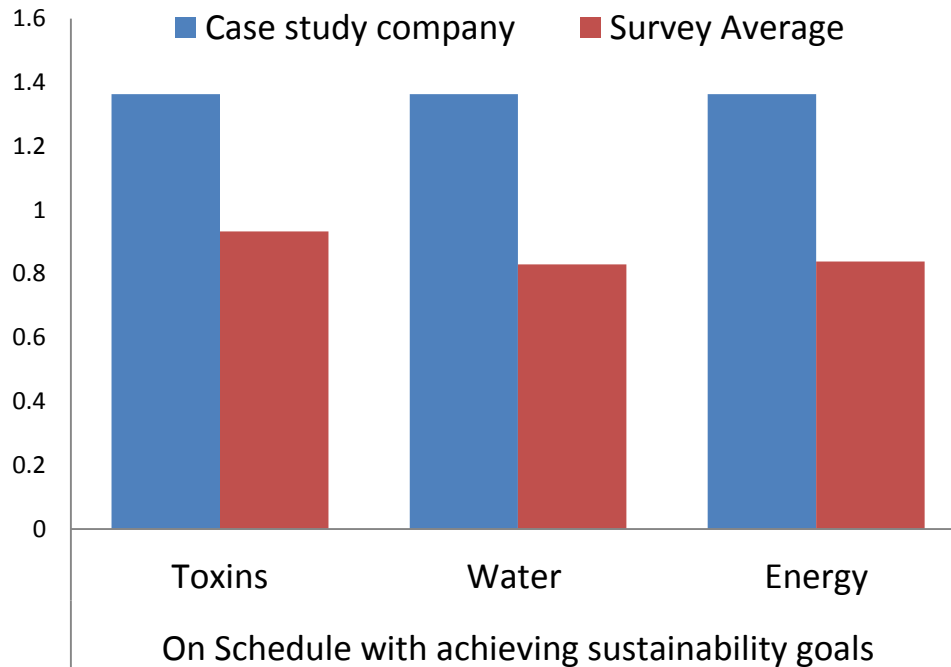
Some clusters of practices show particular effectiveness



Different management practices support different objectives – though some support more than one

<i>Objective</i>	Overall initiative effectiveness	Operating cost	Revenue
	Exceed expectations	Reduce cost	Increase revenue
<i>Management Practice</i>	<ul style="list-style-type: none"> • Rewards suppliers sharing for sustainability knowledge • Provide tools, policies and/or processes to suppliers and value chain partners • Publish and enforce supplier codes of conduct for all tiers 	<ul style="list-style-type: none"> • Rewards suppliers for sharing sustainability knowledge • Engages third party to improve value chain sustainability • Provide tools, policies and/or processes to suppliers and value chain partners 	<ul style="list-style-type: none"> • Engages with complementary businesses on sustainability • Establishes quantitative value chain goals • Analyze sustainability impacts of value chain on overall business

Case Study



Performance Metrics

- ✓ Organization was much more effective than expected in meeting sustainability goals
- ✓ Improved revenues, efficiencies, and brand
- ✓ Reduced operating costs
- ✓ Improved relationships with suppliers, employees and customers

Company Profile

- Industry: Manufacturing
- Annual budget: \$4.01 billion - \$10 billion
- Geographical Region: North America

Management Practices

- Engagement with third party that has supply chain sustainability expertise
- Engages with multiple tiers of suppliers and publishes and enforces code of conduct for tier 1,2 and 3 suppliers
- Exceeds applicable sustainability regulations and has leading standards in the industry

The survey results reveal the significance of aligning sustainability goals with management practices that matter

By selecting substantiated management practices, an company can significantly increase the likelihood of achieving goals

Establish sustainability goals	Design initiatives around goals	Select management practices backed by evidence
<i>What are the organization's goals?</i> <i>How do they connect to the business?</i>	<i>What initiatives support those goals?</i> <i>How can they improve business value?</i>	<i>Which practices does the evidence say are more likely to work?</i> <i>What practices can increase business value?</i>
Examples: <ul style="list-style-type: none">• Reduce carbon footprint• Reduce cost	Examples: <ul style="list-style-type: none">• Help suppliers lower carbon intensity• Help suppliers increase operational efficiency	Examples: <ul style="list-style-type: none">• Engage with suppliers• Reward suppliers for sharing sustainability expertise & knowledge• Provide tools, policies, processes to suppliers

Are you missing any of these 10 leading practices that could grow business value or improve the chances of meeting your sustainability goals?

Overall sustainability effectiveness

- ☐ Engage suppliers
- ☐ Provide tools, policies, or processes to suppliers and value chain partners
- ☐ Reward suppliers for sharing sustainability knowledge and experience

Operating cost reduction

- ☐ Engage third parties with specialists in value chain sustainability
- ☐ Reward suppliers for sharing sustainability knowledge and expertise
- ☐ Provide tools, policies, or processes to suppliers / value chain partners
- ☐ Educate suppliers on sustainability by hosting / promoting sustainability events

Revenue improvement

- ☐ Set quantitative value chain goals
- ☐ Engage with complementary businesses about sustainability
- ☐ Engage suppliers

Summary: Recognizing initiative goals and achieving cost and revenue benefits

- Identify and implement leading practices you are not currently using
- Use rigorous, quantitative goals and international standards to guide your efforts
- Communicate the value you create, both internally and externally

For further help or assistance, you can reach out to the following organizations:

ASQ – www.asq.org

CROA – www.croassociation.org

ISM – www.ism.ws

Or you can contact us directly:

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