

THINK GREEN

Retailers worldwide have found that it pays to get a sustainable supply chain management strategy (SSCM) in place. Indian retailers should focus on that too

By CII Green Retail initiative

There is a positive correlation between sustainability and financial performance. Walmart earned \$231 million diverting 80% of its waste from landfill. It sold the material within this waste stream to earn a profit that is typically achieved by its 50 superstores. Walmart worked directly with suppliers to turn £1.2 million worth of recovered cooking oil into biodiesel, soap or a supplement for cattle feed. M&S launched Plan A in 2007. It saved £50 m, £70 m and £105 m in the third, fourth and fifth year respectively.

Supply chain proves to be an effective area for reaping tangible benefits from sustainable initiatives. Therefore, leading retailers across the world invest a lot of time and efforts in making their supply chains sustainable. Carrefour offers training programmes to suppliers to prepare them for regulatory changes in fields such as the eco-design of low energy products, and continues to roll out its sustainable development self-assessment tool.

The Tesco Producer Network has over 2000 members worldwide, who regularly participate in online discussions, webinars and surveys, share best practice and collaborate to share knowledge and solutions to enhance quality, access more markets and resolve production challenges. All Tesco suppliers receive a 'Supplier Starter Pack', a user-friendly guide on Tesco's requirements and processes in relation to Ethical Trading.

But it all starts with a sound supply chain management strategy, which forms the bedrock of such initiatives:

The three steps to sustainable supply chain management strategy are:

1. UNDERSTANDING RISKS AND OPPORTUNITIES

Retailers will need to inspect their value chains to identify its weaknesses and strengths. The hotposts methodology can be used for that as it ensures coverage of entire value chain; is combinable with existing criteria sets, standards and guidelines; is applicable on sector, company, product category and product level; enables semi-quantitative decision on level of detail and provides credibility through stakeholder involvement.

To get started, define the scope of the analysis, specify the respective supply chain and set the hotspots categories. To identify hotspots, analyse sustainability issues along the supply chain with the help of existing data and experts and prioritise the identified hotspots. Pool hotspots information and generate a comprehensive picture. For instance, for processed foods category mark hotposts on material, water, energy, waste and GHGs at each stage of the value chain like material, packaging, manufacturing, distribution, consumption and disposal.

2. DEFINING AMBITION LEVEL

Based on the risk and opportunities prioritisation, determine the strategic objectives for sustainable supply chain management. For instance, in Europe, Carrefour's objective was to: "Improve the social responsibility compliance of sites run by Carrefour suppliers; Offer 100% of Carrefour product suppliers a sustainable development self-assessment tool to support them in their approach; Support local sourcing." Germany-based grocery chain Aldi stated its ambition thus: "We are committed to ensuring that this CR Policy is adhered to throughout our supply chain. We articulate

Category	Products	Material					Packaging					Manufacturing					Distribution					Consumption					Disposal				
		Material	Water	Energy	Waste	GHGs	Material	Water	Energy	Waste	GHGs	Material	Water	Energy	Waste	GHGs	Material	Water	Energy	Waste	GHGs	Material	Water	Energy	Waste	GHGs	Material	Water	Energy	Waste	GHGs
Food	Potatoes	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Tomatoes	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Onions	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Bananas	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Eggs	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Staple	Rice	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Drinks	Juices	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Beer	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Processed food	Processed snacks	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Biscuits	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Oil	Ready Meals	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
	Butter	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○

▶ AN EXMPLE OF POOLING HOT SPOTS INFORMATION TO GENERATE A COMPREHENSIVE PICTURE

our expectations clearly for all our suppliers and partners in our contractual relationships.”

A part of defining level of ambition is Internal Anchoring. It requires establishment of internal structures to ensure implementation of sustainable supply chain practices effectively and efficiently.

Essential aspects of internal anchoring

- **Assigning responsibilities:** Assign an expert to every procurement-relevant team who will be responsible for the integration of sustainability in the supply chain
- **Anchoring goals:** Make sure that the sustainability goals are defined for each purchasing employee in the form of individual goals and thus generate sufficient motivation for implementation.
- **Availability of information:** Make sure that data on the performance of suppliers are available along the supply chain in a centralised and transparent way.
- **Integration:** Include the ideas and opinions of the employees responsible for the integration of sustainability issues in the strategic planning of the general procurement process.
- **Training courses:** Train employees who are directly

or indirectly involved in the implementation of sustainable procurement and affected by the resulting changes.

3. SETTING PRIORITIES TO DEVELOP ACTION PLANS

The priorities have to be divided as per the level of importance and ability to influence on the following quadrants: low/high, high/high, low/low and high/low. It also requires identifying and evaluating of risks and opportunities linked to SSCM

1. List the potential supply chain improvement opportunities based on SSCM functions
2. Discuss and rate importance, level of influence and improvement potential
 - **Level of importance** – How important is this action for addressing the identified risks and creating value for achieving the joint vision/ambition?
 - **Level of influence** – Are you able to apply improvements effectively in this particular area? What might be barriers?
 - **Improvement potential** – What has been implemented so far? Is room for improvement in that particular area eventually high enough? 😊

Green Retail is a project funded by the European Union (EU) under the SWITCH Asia Programme that promotes Sustainable Consumption and Production (SCP) across the Asia region. Green Retail is targeted at the Indian Food & Beverage Retail sector in Mumbai, Bengaluru, National Capital Region Delhi and Kolkata and aims at facilitating the switch to resource efficient practices in retailers' operations, greening the retail supply chain (focus on MSMEs), and contributing to the evolution of green consumers. Retailers Association of India (RAI) works with the Confederation of Indian Industries (CII) along with other agencies to implement this project in India.

