

The Importance of Sustainability in Supply Chains

By David Rogers

We are currently living through unprecedented times in more ways than one. Of course, there is the global COVID-19 pandemic that is always at the forefront of society's mind. But there is also the fact that the planet is in the midst of a sustainability crisis.

It's important that we, as individuals, do our part to support sustainability efforts, but it's even more important that [businesses do so](#) because they typically make a larger impact than the average consumer.

Let's take a look at how important sustainability in supply chains is and what businesses can do to increase sustainability.

What is Supply Chain Sustainability?

Supply chain sustainability refers to the impact a business' supply chain makes on the environment, economy, and society. The highest level of Supply Chain Management is one that achieves sustainability—meaning it operates within natural and social thresholds.

There are two overarching goals when it comes to supply chain sustainability:

1. Minimise environmental harm through decreasing water use, energy use, and waste production.
2. Have a positive impact on the environment and local communities.

Why is Supply Chain Sustainability Important?

For most companies around the world, the majority of their environmental impact comes directly from their supply chain practices. Supply chains typically require a large amount of energy to function from end to end, and production and transportation create a significant amount of carbon emissions.

Supply chain sustainability is important to preserve the environment's resources, business resources, and offer consumers ethical shopping options. You will see below that most consumers in Australia prefer to do business with companies that have sustainable practices.

Increasing sustainability throughout your supply chain can have positive effects on more than just the environment. As sustainability is becoming an increasingly important factor to businesses all around the world, there have been a considerable number of studies done regarding the matter.

Here are 5 facts that show how important supply chain sustainability is in Australia:

- [87% of consumers](#) in Australia report that they are more likely to purchase a product that is labelled as “environmentally friendly”
- [85% of consumers](#) in Australia wish that retailers and brands were more transparent about their sustainability practices
- The supply chain accounts for [more than 90%](#) of most consumer goods companies’ environmental impact
- Australian shoppers are [willing to pay more](#) for products that are environmentally-friendly and come from a sustainable company
- Sustainable labour practices can help to reduce [forced labour in Australia](#) and around the world

In addition to the above points, supply chain sustainability can improve your business’ efficiency and productivity while saving you money.

In many cases, businesses find that even though they may spend a bit more on sustainable packaging, energy sources, etc. their [profit margins grow](#). When you increase the efficiency of your buildings, vehicles, and general practices, you will see the return in positive environmental impact and cost savings.

The next section will go into detail about how you, too, can create a more sustainable supply chain for a better future within your company and the planet as a whole.

Developing a Sustainable Supply Chain Strategy:

Your company’s strategy to create a more sustainable supply chain will largely depend on your specific operations. For example, a company that manufactures and ships goods will have a much more involved plan than one that sells digital services. Compliant with legal rules with proper policy and the internal system could be achieved.

If your company has a large warehouse and a fleet of vehicles, you might look into solar panels to power the lights, hybrid vehicles, and making sure waste is properly recycled, composted, or thrown away into the correct receptacle. Follow the [Green Vehicle Guidelines](#) laid out by the authorities.

It’s important to also note that supply chain sustainability does not begin and end with your place in the supply chain – it involves every single player from end to end. This means that you will have to look into the sustainability practices of each one of your vendors to ensure you are making every effort to be as sustainable as possible and carry out training and development programs to become more sustainable.

Here is a simple 4-step process that any company can use to begin increasing sustainability in their supply chains.

1. Lay out your sustainability goals and be as specific as possible. Include goals that are related to environmental, social, and economic sustainability. Once you have your goals laid out, come up with a few ideas for how you can begin to achieve them. For example, if you want to reduce your carbon footprint, you might find ways to decrease petrol usage.
2. Create a sustainability policy in which your supply chain complies with national and international standards and report sustainability factors.

3. Collaborate with key players (suppliers, manufacturers, transportation companies, retailers, etc.) across the supply chain to accurately report on sustainability performance.
4. Put your plans into action. Stick to your sustainability policies. Make appropriate changes in vendors, transportation options, packaging materials, and so on.

Final Thoughts

The bottom line is this: sustainability throughout the supply chain is invaluable. Not only does it help preserve our environment, but it is ultimately giving consumers what they want, which will increase your business' revenue and profitability while enhancing your reputation.

We should all be doing our part to increase sustainability within the supply chain from end to end. Give our team at [Insync Supply Chain Management](#) a call today so we can help you [develop and implement a](#) plan for supply chain sustainability.