

Supply chain sustainability

[Education](#), [Sustainability](#)



Supply chain sustainability is the management of the environmental, social, and economic impacts, and the encouragement of good governance practices, throughout the the lifecycle of goods and services. In layman's terms, supply chain sustainability is what companies use in order to have a positive impact on the world by the use of good business practices.

Businesses must understand that they are part of a large system and that they need to do their part to minimize cost (ie. natural resources). By minimizing cost a company can find ways to be more cost efficient in making their products or services and be less of a strain on the environment. To give an example a company's responsibility for their product does not just end once a consumer purchase the item, the company needs to make sure that after the product is sold it can be easily disposed of. Meaning that if the product doesn't make it all the way to a disposal facility, it can degrade in a natural environment without causing harm to it. The Future Laboratory created a ranking system in 2008 for three levels of sustainability that a company can achieve. The ranking system is called the Three Tiers of Sustainability. Tier1: The Basis of Sustainability This is the first level of the three tiers and the most basic. A company knows what the chains of sustainability are and do small things around the office/company to minimize their cost. Examples of this may be turning off lights and appliances that are not being used; recycling of paper, bottles, or other items that can be recycled; and company carpools between coworkers to save on gas and help the environment. Tier 2: Thinking Sustainability The second level of the three tiers, is the stage where the company has an understanding of what supply chain sustainability is. A company begins to find ways to try to incorporate

sustainability into their daily operations. Examples of this can be finding ways to be more eco friendly, better product designs, and faster more efficient distribution of products/service. Tier 3: The Science of Sustainability

The third and last level of the Three Tiers of Sustainability is the stage when the company is aware of sustainability. In other words, they are no longer looking for ways to try to incorporate it into their production but are finding/using long-term sustainability trends. A company is able to see that they are saving costs (ie. natural resources and money) when they use the methods and are trying to find trends that they can use from now on. This awareness gives clarity around the environmental impact of adjustments to supply chain agility, flexibility, and cost. Example of this are sustainability leaders will need to engage with external stakeholders such as competitors, NGOs and other organizations, and push for new practices that may be different than how the organization has conducted business in the past. After a company implements the use of supply chain sustainability can start to reap in the benefits. A company has probably already started seeing some of these results with the decline of their costs and higher production of products. They may also begin to receive more customers who believe that this product/service is something that they may like to use, because it's environmentally friendly and probably cost effective towards their budget. Another benefit are enhanced profitability and shareholder value. At the same time, it can contribute to much needed economic and social development, and higher standards of living for millions of people.