

## **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

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Quality, Responsibility, Sustainability Throughout the Value Chain



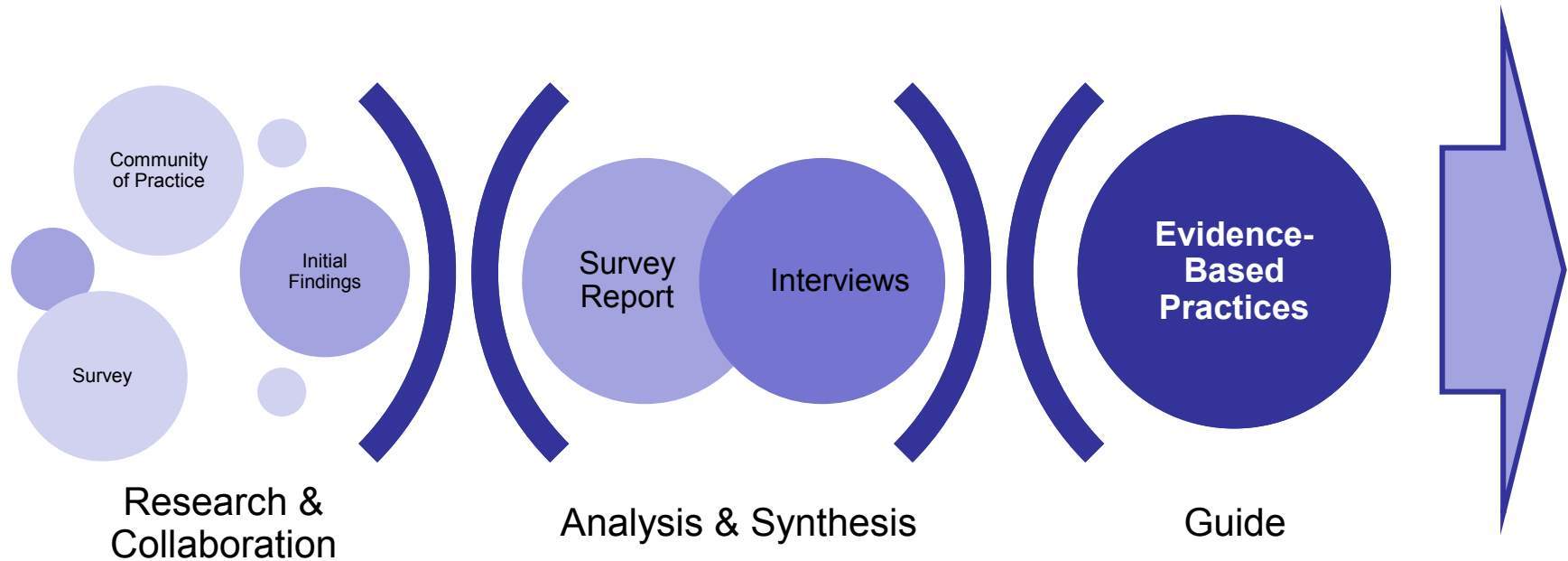
# Throughout the research phase, the team encouraged collaboration from additional industry groups

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## Collaboration

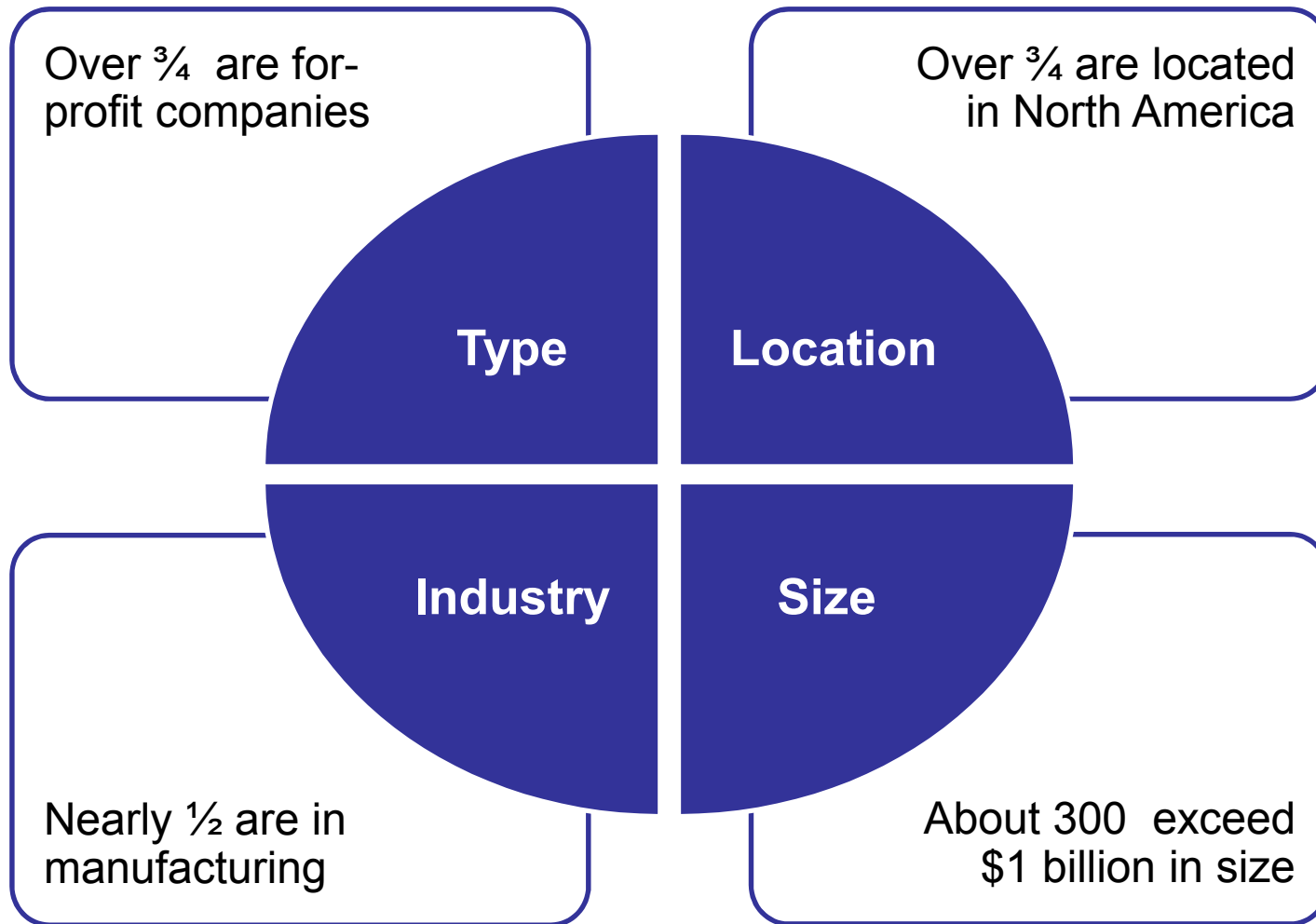


## Research



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

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

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## 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

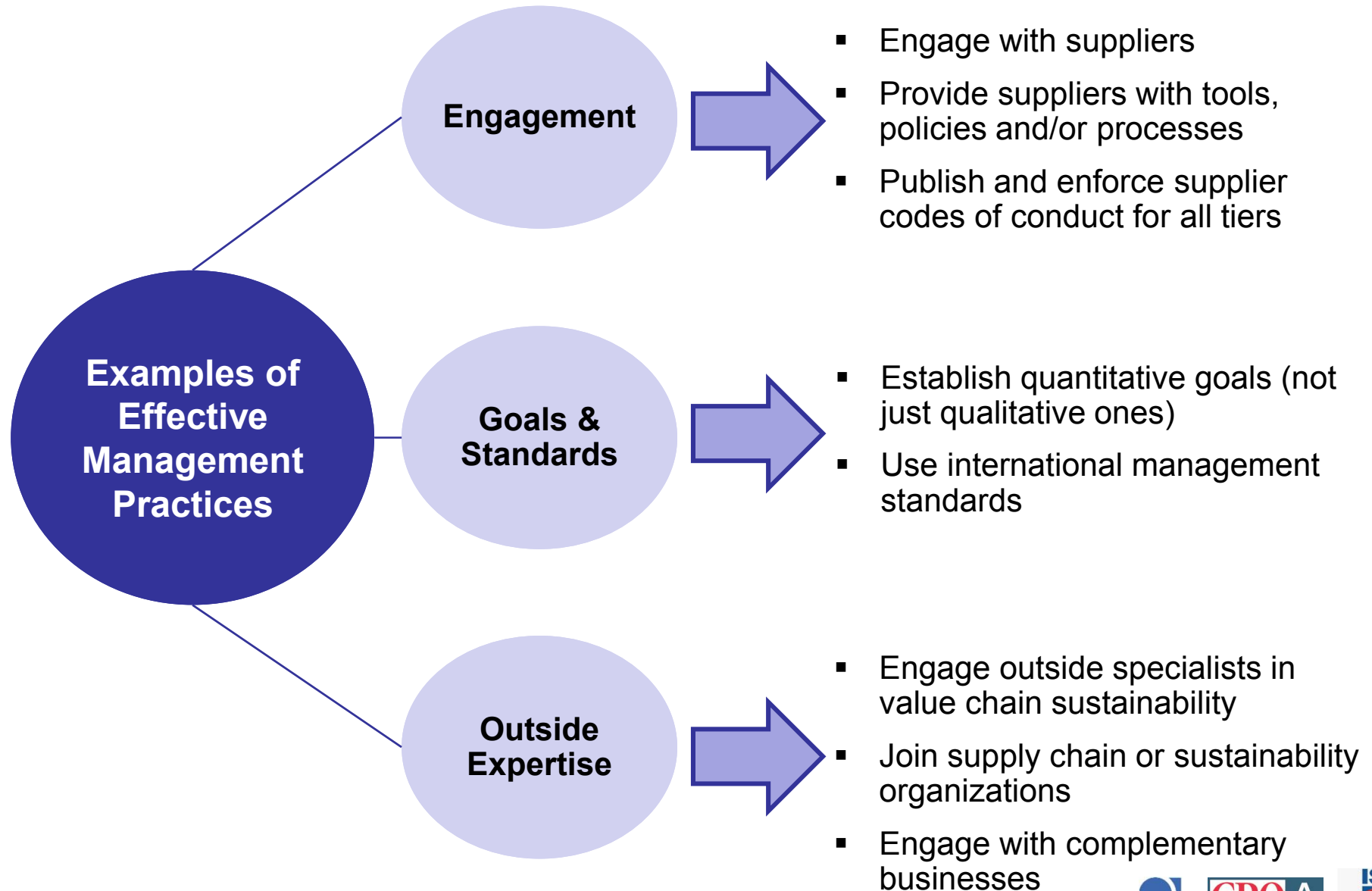
One big challenge in getting this to happen is knowing **which ways of structuring, managing, and executing sustainability initiatives** are more likely to be effective.

## Solution

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



## Some clusters of practices show particular effectiveness

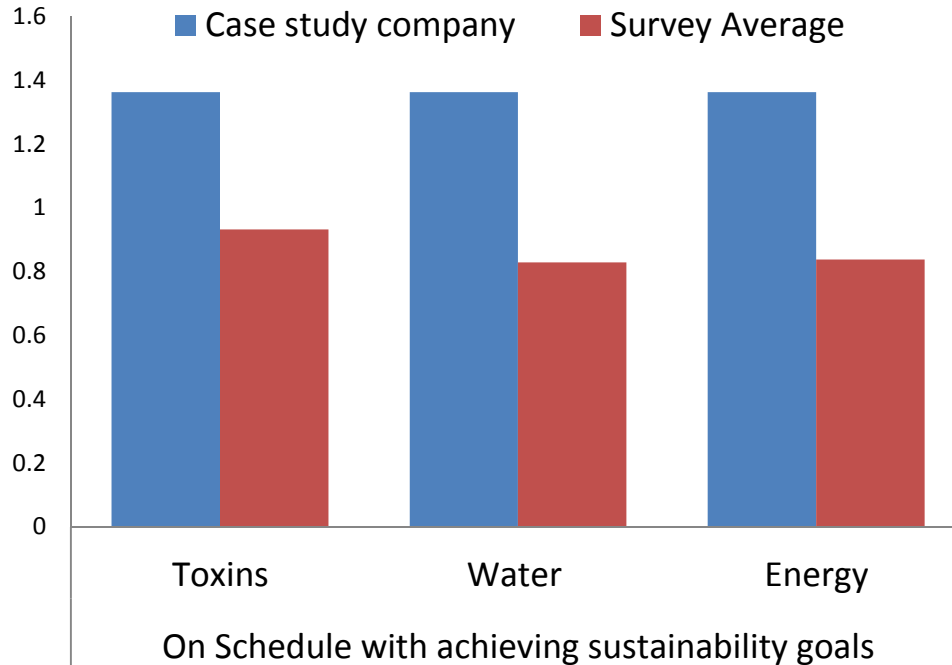


# Different management practices support different objectives – though some support more than one

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



# 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



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

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

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## Overall sustainability effectiveness

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

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## 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

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## 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

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- 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](http://www.asq.org)

CROA – [www.croassociation.org](http://www.croassociation.org)

ISM – [www.ism.ws](http://www.ism.ws)

Or you can contact me directly:

Daniel Aronson – [daronson@deloitte.com](mailto:daronson@deloitte.com)

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