

NAEM

Benchmarking Best Practices In Supply Chain Management

Making the Business Case

**How Environmental, Health and Safety (EHS)
and Corporate Responsibility (CR)
Generate Supply Chain Value**

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Examples of Emerging Supply Chain Management Issues

- Globalization of enterprises
- Outsourcing of key functions
- Collaboration and partnering
- Corporate social responsibility
- Life cycle design of products
- Reverse logistics & take-back
- Time-sensitive order fulfillment
- Advanced information technology
- Supply chain security and continuity



Complexity

Accountability

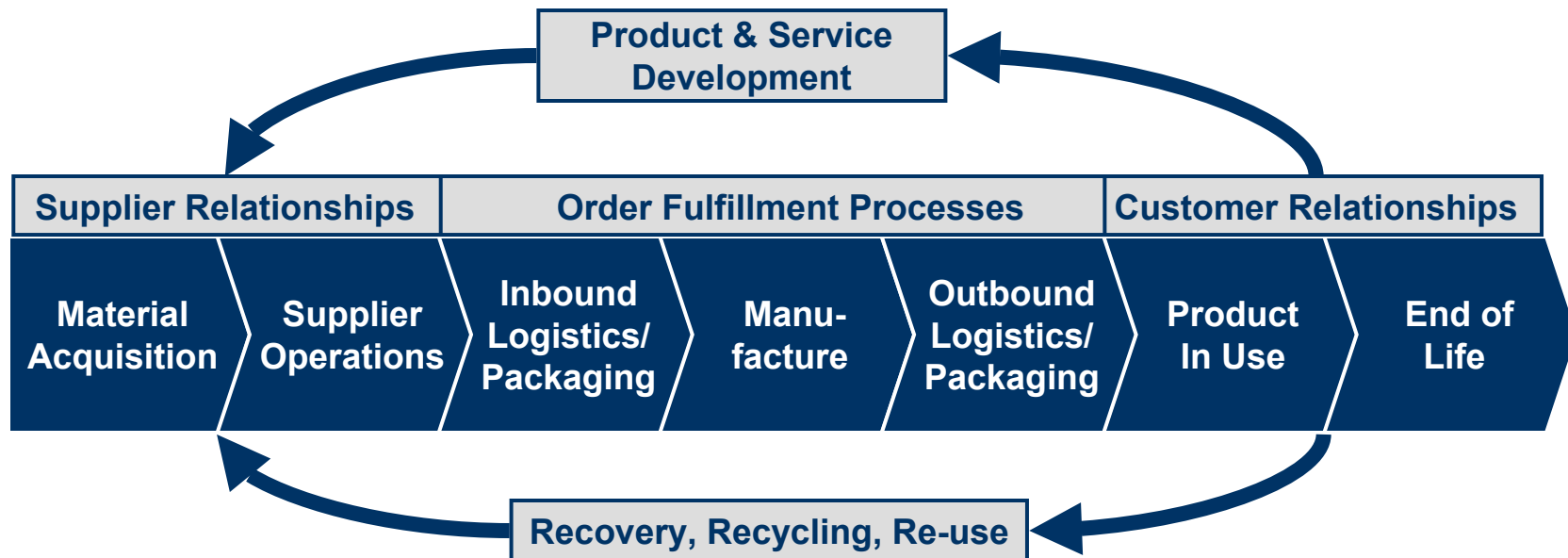
Opportunity

Vulnerability

Contemporary Definition of Supply Chain Management

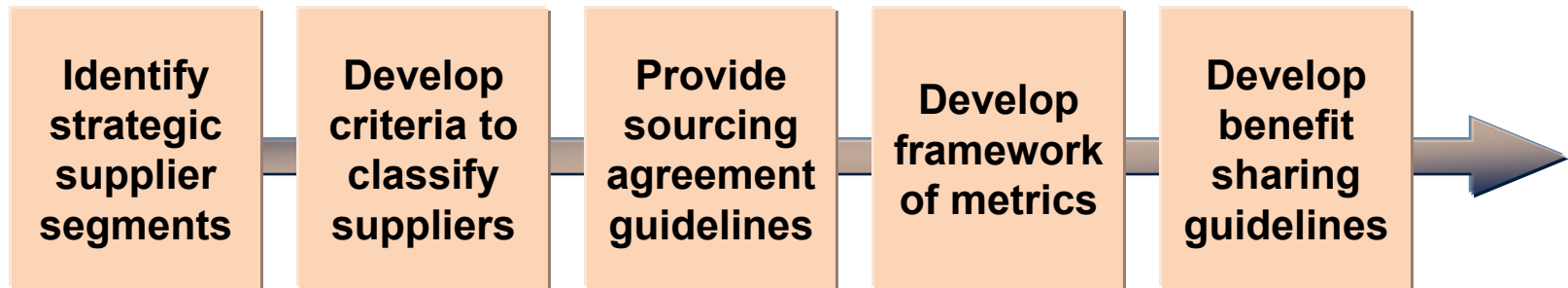
“Supply chain management is the integration of key **business processes** from end user through original suppliers, providing products, services, and information that add value for customers and other stakeholders.”

- Prof. Douglas M. Lambert
The Ohio State University

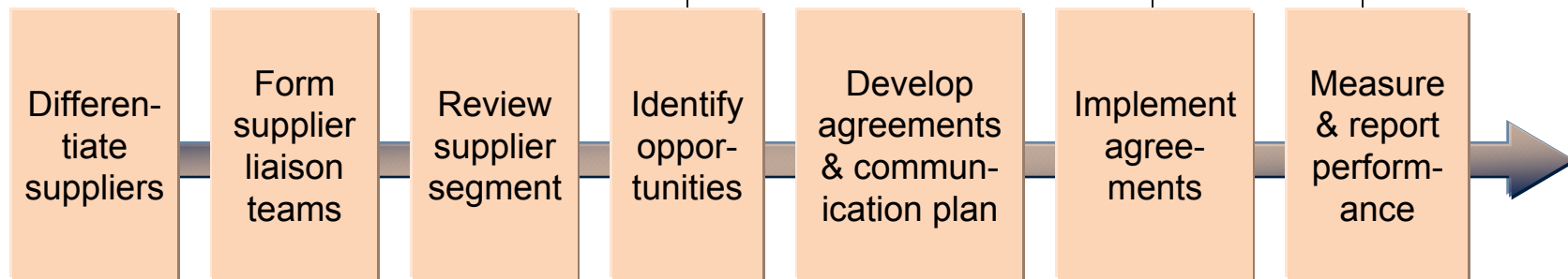


The Supplier Relationship Management Process

Strategic Sub-Processes

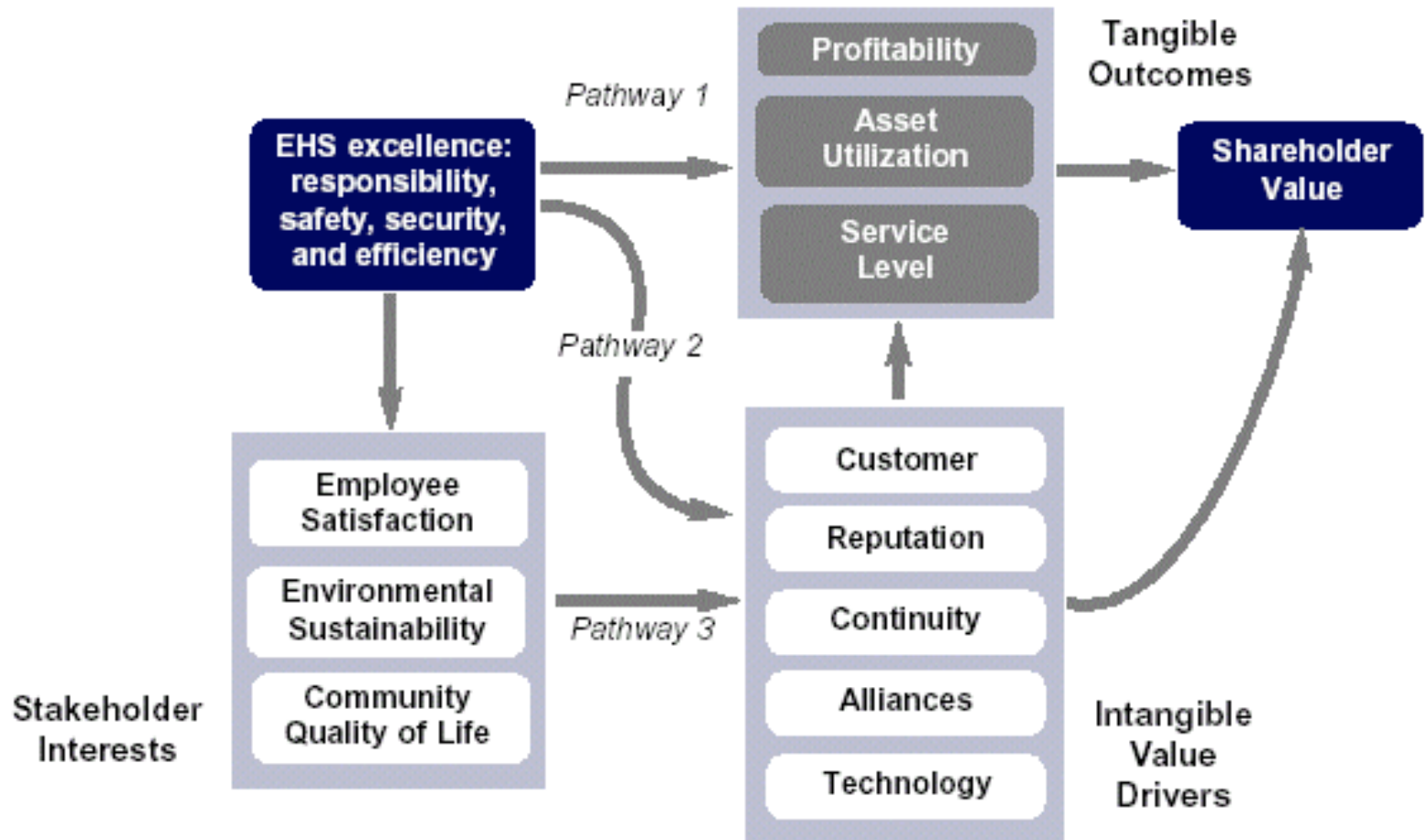


Coordinate with other supply chain processes – product development, customer relationship management, order fulfillment, manufacturing, etc.



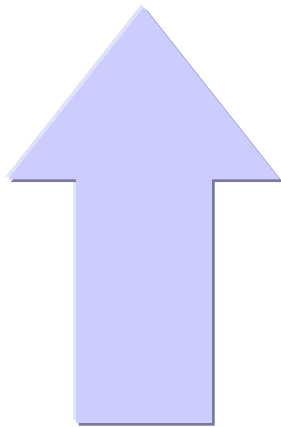
Operational Sub-Processes

Three Main Pathways to Shareholder Value Creation

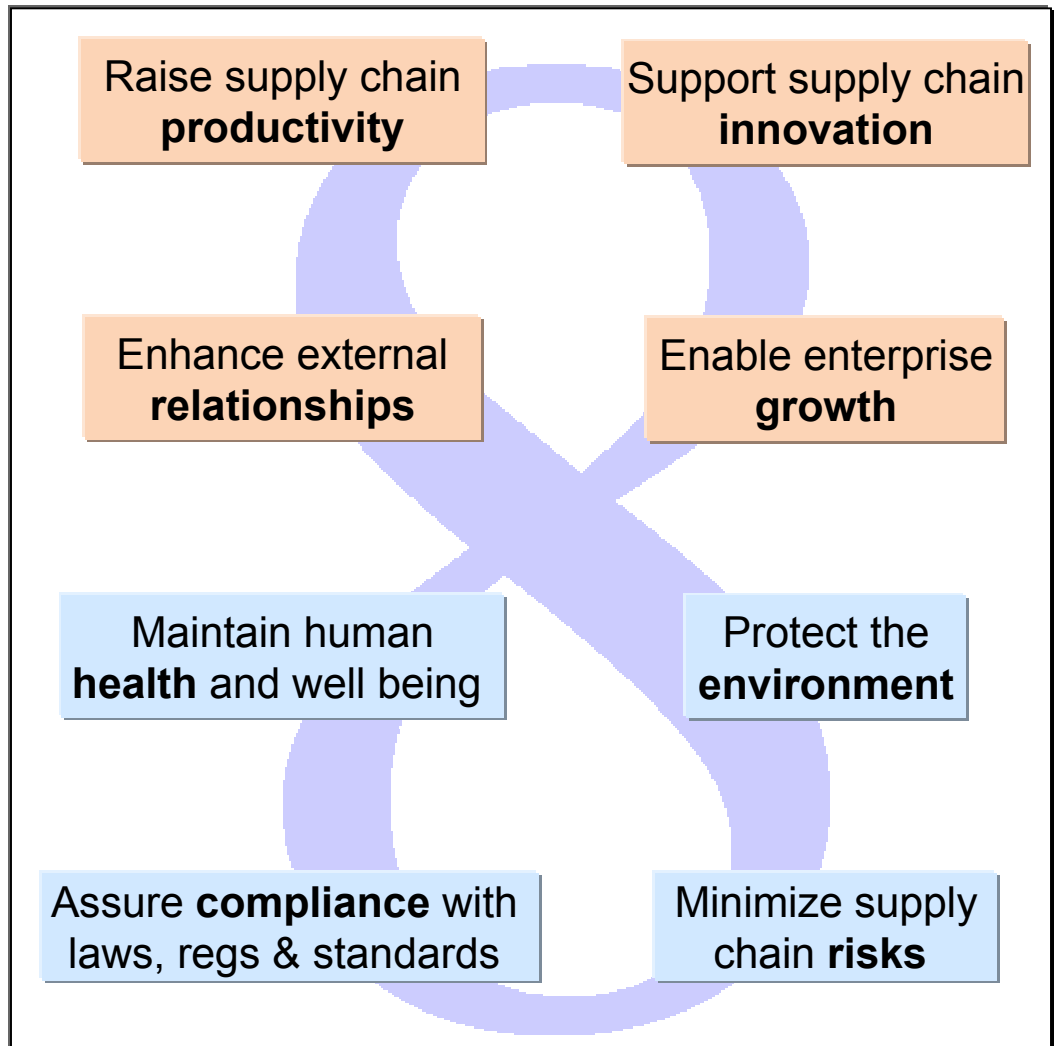


Eight Key EHS/CR Contributions

**Emerging Roles:
Value Creation**



**Traditional Roles:
Cost Avoidance**



Overcoming Barriers to EHS Value Creation

Examples of barriers reported:

- Higher priorities elsewhere
- Resource limitations
- Doubt about business case
- Institutional inertia and conservatism
- Lack of internal coordination
- Lack of awareness or understanding
- Lack of internal champion



Lessons Learned: Critical Success Factors

- Speak the language of supply chain management
- Clearly articulate the business case for EHS/CR initiatives
- Emphasize the strategic importance of intangibles (e.g., alliances, reputation)
- Leverage stakeholder dialogue and external collaboration
- Integrate EHS awareness and product life cycle thinking into cross-functional business processes

Article in July/August 2004 Issue of Supply Chain Management Review

PROCESS

VALUE

CHANGE

ADVANTAGE

STRATEGY



ENVIRONMENTAL EXCELLENCE

The New Supply Chain Edge

At industry-leading companies, environmental, health, and safety (EHS) professionals are collaborating with other functions in the organization to enhance shareholder value throughout the supply chain. They are contributing to profitability, supply chain continuity, resource productivity, innovation, and growth. As a new

By Joseph Fiksel, Douglas M. Lambert, Les B. Artman, John A. Harris, and Hugh M. Share

A dozen years ago, leading manufacturers such as HP began adding environmental criteria to their supplier scorecards, encouraging practices such as recycling and energy conservation. But most supply chain managers tended to view those measures as more of an obstacle—an appeasement tactic for the environmental lobby, in effect—than as something that would add value.

Now the approach taken by leading companies is moving beyond the “greening of the supply chain” to a realization that environmental, health, and safety (EHS) factors can significantly bolster business value. EHS managers are joining cross-functional supply chain management (SCM) teams and are contributing to customer retention, revenue generation, cost reduction, and asset utilization. In other words, they are confirming the synergies between environmental excellence and supply chain excellence.