



## Chairman's Introduction – Sustainable Supply Chain Summit 2010

Good Morning, and welcome to the fourth Sustainable Supply Chain Summit presented by Eyefortransport.

Last year, when I chaired the 3rd Summit, I made reference to Kermit the Frog's often quoted lament that: IT'S NOT EASY BEING GREEN.

In the area of sustainability as it relates to the supply chain perhaps Kermit's plaintive plea was true even a few years ago. What is true today is that while it is somewhat easier being green, being green has also become a necessary part of doing business, either as a manufacturer and consumer of 3PL or supply chain services, as well as being a provider of supply chain services. All entities that are part of the life cycle of a product have become responsible to their suppliers, customers and consumers to be part of the sustainability process and are in many instances expected to support programs which eliminate waste and reduce the carbon footprint. How sustainability is implemented, how it is measured and how it is communicated are the subjects of our discussions over the next two days.

Being sustainable is being a good corporate citizen. Sustainability has become part of supply chain management. It is also good risk management, beyond the obvious environmental impact. Sustainability has become associated with good social practices, especially when sourcing abroad.

There are many drivers which have assisted in establishing the principle of sustainability in the supply chain:

1. A company's DNA. I speak of those companies whose founders and leaders have from the outset of their activity, decided to make sustainable practices part of their raison d'être. That is, they created programs and policies from day one which would help assure a cleaner and better environment. They not only demanded these policies within their own company, they demanded that certain principles and practices be part of their supplier and their supply chain partners. This is often the case where corporate leadership at the highest level understands the need to do its part to be sustainable, and translates that desire throughout its organization until it becomes enterprise-wide. By the way, that DNA can, and has become part of an established company's profile even after it has been in business for many years.
2. Existing or potential government regulations in the US or elsewhere (in a global economy) which require the adherence to certain standards of practice directed at the reduction of carbon emissions, and/or adherence to safety or social requirements.
3. The observation of competitors' practices, and the recognition that any failure to adopt those practices would be detrimental to one's position in the marketplace.
4. The advent of public awareness of the role of the supply chain. The UPS "That's Logistics" ad campaign has highlighted logistics and the supply chain to a greater and universal audience, as well as underlining the role of the supply chain as an essential element in our overall global economy. That campaign speaks not only to the efficiency of UPS' services but speaks specifically to the reduction of the carbon footprint. Therefore, it makes even more clear that scrutiny via the media, the internet, social networking and websites such as YouTube play an important role. The public's desire for visibility throughout the supply chain has become significant. The inner workings of a company are no longer hidden as they once were, and the logistics and supply chain operations of a company either as a consumer of those services or as a provider of those services, are open to examination and scrutiny. The failure to be sustainable is clearly a reputational risk.



## Sustainable Supply Chain Foundation

5. As the UPS jingle also proclaims, Wall Street has not only become aware of the need for efficiency in the supply chain, but it is aware of a company's sustainability practices within that supply chain...and share prices may very well fluctuate based upon the investing public's opinion of a corporation's practices. Fund managers are young and aware. They are part of the generation which recognizes the requirement to have corporate management which is responsive to the needs of the environment, and is pro-active in its sustainability programs. Their role on Wall Street and the effect on a company's valuation should not be underestimated.
6. An understanding that being sustainable, eliminating waste and observing proper environmental practice is good business economics, and helps the bottom line. Whereas an earlier belief in the corporate culture was that to be green, or to institute sustainable practices, created additional costs and adversely affected the bottom line, corporate America has begun to realize that sustainable practices are good common sense and can save money as well as valuable natural resources.

Your participation here today is evidence of your respective company's desire to understand the issues associated with sustainability in the supply chain, and also signifies your desire to share your practices with others and to learn how others act to fulfill their desire to be sustainable in the production, distribution and transportation of products.

Continued regulatory and legislative deadlock, as well as the variety of standards in the US and abroad, give the private sector the opportunity to work together to establish standards of sustainability, and to establish strategies to overcome common barriers to the initiation of programs to achieve sustainability goals. If industry does not establish standards, certainly governments will, as they have in Europe. The establishment of standards, and the metrics which measure compliance should be jointly undertaken by the corporate sector, government and those non-governmental organizations which here to date have provided such excellent input and have acted as focal points for research.

We have learned that green washing and unsubstantiated public relations campaigns will not assist in achieving the desired goals. Better metrics, standards, data and information sharing will lead to better practices and processes for individual companies and for the industry as a whole. While understanding and protecting competitive differentiators, companies engaged in sustainable supply chain practices have the opportunity to cooperate in furthering the process.

This Summit affords all of us that opportunity. Not only will these next two days provide the environment for establishing or furthering personal relations via networking, but the presentations and panels have created a framework for understanding innovative strategies to improve supply chain sustainability and thereby enhance one's corporate standing.

As you can see, our program here provides us the chance to renew acquaintances and to make new ones; to share our experiences; and to learn from each other. We will have a greater idea how to measure sustainability, how to improve our reporting via greater transparency, how to communicate effectively our sustainability practices to our consumers and to the public, and how to analyze their responses. This collaboration with industry peers will assist each of us in developing our sustainability strategies while safe-guarding our respective corporate practices.

**Richard K. Bank**