

Supply chain collaboration essential for eco-friendly logistics operations

More environmentally friendly logistics strategies and operations will come - but this will be as a result of consumer pressure and will require collaboration between supply chain partners and a culture of trust. This was the key message which emerged from the SCALA Consulting Annual Logistics Debate. The debate, "Will environmental issues force logisticians to think the unthinkable?" was held on 12 July 2007 in association with the West midlands CILT (UK).

The speakers from a retailer, food manufacturer, logistics service provider and Friends of the Earth, were: John Perry, Managing Director, SCALA Logistics Consulting; Chris Robinson, International Supply Chain Manager, Tetley Tea; Terry Murphy, Distribution Director, Dixons Stores Group International; Rebecca Jenkins, Director, Wincanton; Chris Crean, Transport Campaigner, Friends of the Earth.

John Perry said there were three key questions which companies should ask themselves: would they put the environment before cost benefits?; would they collaborate with competitors?; would they reduce customer demand for the benefit of the environment?

Chris Robinson believes it is not a case of thinking the unthinkable, but of thinking in terms of the environment, society and the economy - and applying this to all decision making. "We should not be ashamed of saying that we are looking to make a profit," he said. "But we must act in a responsible way."

Robinson believes that there has been an artificial demand created for out of season produce and products. "Who, I wonder, demands to buy apples all year round? Who insists on having fresh vegetables of all varieties all year when an attempt to buy a pair of shorts in October or a top coat in April is met with incredulity by some stores? Is this demand created by the consumer or the retailer?"

He also called for more collaboration across the supply chain. "In the UK today the demand is to supply goods on an as required basis to the various infrastructures established by retailers in the constant search for economy and efficiency. Is this environmentally driven? The opportunities for logistics collaboration are immense and these need to be fostered not imposed."

Terry Murphy said Dixons Stores Group International had recently transformed its supply chain - and a side effect was significant environmental benefits. However companies must get the environment and the impact of logistics further up the supply chain and corporate agenda. "We must tackle environmental problems as an industry wide initiative and it is up to the 3PL logistics service providers to seize the initiative," Murphy said.

Dixons group does many thousands of home deliveries every week and the Waste Electrical and Electronic Equipment (WEEE) Directive has become an issue. "Following a promotion on free white goods collections and recycling we are currently doing 64% of pick ups when we do home deliveries. This is better than our Norwegian colleagues who were regarded in the group as the green benchmark," said Murphy.

Rebecca Jenkins told the delegates, "There is a sound business case for tackling environmental issues, but there is a lot of hype in what is said. The fact is that young people are very concerned and getting more concerned. They no longer want just talk - they expect action now."

"Consumers will force the issue and that is why companies are looking at long term protection of their brands. Companies like NIKE want to show tomorrow's consumers that they are acting today to protect the environment," Jenkins said. Other examples she gave for companies taking positive action in the supply chain were Wal-Mart, with a balanced environmental score card for suppliers and Sainsbury with the eco friendliest UK DC in Northampton.

"The truth is that no one has all of the answers, and there is a need for a step change now. We must change our thinking now," she said. "We need to have a culture of trust and share information."

Chris Crean said that it is time for logisticians to see themselves as part of the solution, not part of the problem. "Where possible we need local sourcing, products and people, and you should be thinking think 'our' environment - not 'the' environment.

"One environmental problem created by the logistics industry is the demand for land for logistics centres. This will lead to many extended legal battles in the coming years." Crean said there is a need for more local logistics, operating over shorter distances. "Everyone has said tonight that you must be willing to co-operate with competitors. This is obvious, but will it happen?"

On the role of rail in freight movement Crean commented: "The government should invest more in rail - but even doubling freight capacity would not solve any problems. The rail industry is very good with people but not very good with freight. The problem is that no one in central government takes rail freight seriously. We need a 'national spatial strategy' for whole of the UK," he added.

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