

Case of sustainable supply chain management

Famous Italian coffee maker Illy was the first company to earn a “Responsible Supply Chain Process Certification” from Det Norske Veritas in 2011 (DNV, now DNV GL). The supply chain in the coffee industry is a particularly critical issue due to numerous ecological and social issues, such as extensive pesticide and water consumption or unregulated working conditions. Thus, with an emphasis on the quality of the company’s relationships with its suppliers, DNV GL’s certification attests to sustainable business practices within supply chains. The approach to sustainable supply chains, developed together with Illy, has meanwhile become a standard that can be applied to any industry. The developed principles of sustainable supply chain management require companies to extend their understanding of a supply chain as a means to obtain inputs and provide outputs to a network of interdependent actors who build a “shared vision and value in a context where social development stimulates economic development, recognizing that a business grows in large part through its ability to help its partners and suppliers grow” (DNV GL, n. d.). Looking at the various operational and strategic dimensions involved in supply chain management makes clear that moving from business as usual to truly sustainable supply chain management shakes the normative ground on which a company stands – something that is also highlighted by Peter Senge when he comments on the impact an orientation towards sustainability can have on business habits: “When someone comes into an organization—a new hire or even a new supplier—he or she will ask, ‘Why do we do it this way?’ The answer is often ‘Just because.’ Now, 90% of those habits may be perfectly okay. But 10% are completely dysfunctional, particularly when the world around you is changing. A cool part of sustainability work is uncovering the assumptions that lead people to do things in a way that’s out of touch with the company’s larger reality” (Prokesch, 2010). Operational and strategic areas addressed by sustainable supply chain management:

- Environmental performance and pollution reduction
- Product quality and consumer issues
- Product safety
- Labour and fair operating practices
- Local community engagement
- Risks to human resources and human rights

Questions:

1. Think of a company that you are already familiar with. What are critical issues in the supply chain with respect to sustainability? How do they affect subsequent business activities?
2. How can actors in the supply chain be motivated to engage for the same vision and values? List potential measures and think of a stepwise approach to apply them.