

To Succeed at Sustainability, First Learn to Communicate

By Jason Mathers and Edgar Blanco

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As a supply chain professional, there is a good chance that at some stage in your career you will be involved in an environmental sustainability project. What skills do you need to be successful in this increasingly important aspect of supply chain management?

In our experience, communications should be top of your list.

Being an effective communicator is a core capability for any practitioner in today's globalized business environment. But it is critical in the area of sustainability because delivering on these goals rests, to a large degree, on your ability to engage various internal and external stakeholders who can be disinterested or downright skeptical.

There are also non-traditional stakeholders that are critical to the success of sustainability initiatives such as competitors, government agencies, and NGOs. This complexity makes it more difficult to tell a simple success story to your customers and employees and to activists. You also need to have a sense of how these initiatives fit within the bigger picture of the organization's strategic objectives. In short, sustainability projects are a lot more challenging than switching out light bulbs.

Here are a few key lessons that might be helpful as you pursue supply chain sustainability projects within your own company. The projects highlighted were all subjects of Environmental Defense Fund (EDF)-sponsored case studies conducted by MIT's Center for Transportation and Logistics. The companies profiled were Ocean Spray Cranberries, Caterpillar, and Boise Paper. While each one is unique, they all demonstrate very clearly the role of communications in arriving at improved sustainability.

Formulate the Message

A clear, persuasive message is central to effective communications. When planning initiatives

that involve greening the supply chain, it's important to know what a successful outcome will look like, and that involves being able to measure the changes. That, in turn, means it is crucial to establish effective performance metrics. Sustainability projects are no different.

In each of the cases, we defined project success around reductions in greenhouse gas emissions, also known as carbon emissions. Carbon is an example of a good metric because it is a direct measurement of one of the greatest sustainability challenges facing logistics and freight transportation. In the U.S., freight movement accounts for 15 percent of all corporate carbon emissions and lags only manufacturing as an end-use cause of these emissions. Additionally, many companies have overall carbon reduction targets. So, project-specific carbon metrics can be rolled up into these corporate-wide targets. Other environmental metrics such as water, waste, or energy use are also good examples but need to be clearly defined by the organization and tied to corporate goals to be effective.

Also critical to creating a compelling message is identifying a project that fits the specific needs of your company; these include "traditional" initiatives that are not always logistics "rocket science."

For Boise Paper, the solution was focusing on maximizing rail over truck transport, so figuring out how to stuff a third layer of pallets into the railcar made sense. For Caterpillar, which makes giant industrial vehicles, it was finding a way to change the heavy, specialized containers they use to move their uniquely cumbersome parts, to ones made of lighter weight plastic. For fruit juice giant Ocean Spray, it included collaborating with a competitor with an almost exactly opposite flow of product, to take advantage of a stream of rail boxcars going south that would otherwise have been empty.

Communicate the Project

Having established the message now comes an even tougher challenge: communicating it to an audience with wide-ranging interests and motivations. Succeeding in this regard is at the heart of a successful change-management process.

It's vitally important to coordinate efforts across multiple departments internally. You need to make sure that everyone has bought into the same vision and methods, and agrees on how to measure the results using the same criteria. This may sound simplistic, but many companies' internal divisions operate as completely separate parishes. The purchasing department is focused purely on the price of product or raw materials and has little interest in where these items came from or how they got there. The product design team may have no clue that a minor change to an end-product's design may have a significant impact on the packaging required, or materials source locations.

One of the first sets of questions you need to ask yourself is: Which departments are key to your objectives; how do you persuade them to support the effort and provide the data you need; and how do you structure working teams across different departments?

For example, in our Caterpillar case study, we observed that the team within the company that was tasked with adopting the new, lighter weight parts containers (thereby reducing the amount of fuel expended in moving them around), needed to work with the team that designed the assembly process to standardize parts in ways that would reduce the number of different size and shapes of parts containers. This work was crucial to deriving maximum benefit from the initiative.

Often, a sustainability project will involve communicating and collaborating with customers. In the case of Boise Paper, the company worked closely with OfficeMax, one of its largest customers, to accept different sizes and frequency of shipments so that it could make the most of the railcars that will reduce its freight carbon footprint. The effectiveness of presenting the project to customers and working with them to elicit their support and establish an effective exchange of information is a reliable indicator of eventual success. In that case, it's essential to determine who should be involved, the level they occupy in the customer corporate structure, and be able to set goals that are mutually beneficial. The same kind of approach also makes sense when collaborating with suppliers.

More intriguingly, sometimes sustainability proj-

ects achieve their vision by communicating with arch-competitors, and turning them into sustainability partners. Ocean Spray discovered that its competitor was transporting juice from Florida to New Jersey in an almost exact mirror image of one of its own major distribution routes. By communicating around a shared vision (reducing freight costs and emissions), the two were able to collaborate to fill empty railcars returning from New Jersey to Florida. In this case, of course, it was very important to delineate the scope of the interaction and be sure there was no danger of commercially sensitive information being accidentally

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exchanged. Keeping good, well-maintained channels of communication, where it was clear to all involved exactly what was going on, allowed this unusual project to produce a very good outcome for all involved.

Lastly, and perhaps most importantly, good metrics are invaluable when trying to communicate with your executive team. As you already know, there are a couple of metrics that really matter to them: cost and performance. A well-designed supply chain sustainability project will enhance both of these aspects while also delivering clear, objective sustainability benefits.

For example, Ocean Spray was able to cut carbon emissions from its distribution operations in the U.S. southeast by 20 percent while driving down the transport costs of supplying that market by 40 percent. As many companies now have corporate-wide carbon reduction targets, executives increasingly have a framework for appreciating the importance of projects that—like the ones highlighted here—improve the bottom line and environmental performance.

Stay On Message

When deploying communications skills to meet sustainability goals, it is important that you demonstrate how the effort will produce measurable improvements. Conveying this message and delivering on it will increase your "green" credibility, enhance boardroom visibility for these projects, and deliver cost savings.