



Skills for Sustainability



Manufacturing Skills Australia

Managing the supply chain

What is this all about?

Traditionally businesses maintain a strong focus on factors that have a clear and direct effect on their economic performance, predominantly looking at financial measures such as costs, sales and profit margins.

Many enterprises are moving towards sustainability by taking a broader view of their performance including their relationship to the environment and the community. This is not just for the 'feel good' factor. It enables them to fully assess the potential and actual impact to their business – both costs and benefits – from their interactions with the local and broader community and with the physical environment.

These concepts are embedded in terms like the triple bottom line, people-planet-profit and social, environmental and economic sustainability.

People - social sustainability activities focus on maintaining mutually beneficial relationships with employees, customers and the community. These activities often have benefits in terms of positive profile and customer and community support.

Planet - environmental sustainability activities focus on the potential impact of resource usage, hazardous substances, waste and emissions on the physical environment. These activities may have a direct cost benefit for a business.

Profit - economic sustainability activities focus on business growth, efficiency and productivity supporting the financial viability of the business.

What's it got to do with the supply chain?

Managing your supply chain can have a significant impact on social, environmental and economic sustainability. Your overall sustainability performance will be affected by the materials, resources and services that contribute to running your business. Improving your energy efficiency or using energy and materials from renewable sources will improve your carbon footprint. Employing contractors with a record of accidents or exploiting their workers can be a risk to your reputation and may result in legal liability issues.

Managing the supply chain will be influenced by your approach to:

- setting criteria for selecting contractors and suppliers
- evaluating the sustainability record of suppliers in procurement decisions
- sourcing local materials/suppliers
- identifying fair trade options and sources of renewable energy and materials
- assessing life cycle impact and full cost of your products
- providing customers with information to support sustainable selection and use of products.

What can I do?

Your approach will depend on factors such as the size of your business, your immediate needs and long term goals. It will also depend on the nature and size of the supplier market choice, their commitment to sustainability and the availability of information about their activities.

Making the decisions

Improving sustainability through the supply chain focuses on including sustainability criteria in selection of suppliers and services. Procurement guidelines, standard selection criteria and standard clauses in contracts can help to ensure that sustainability is taken into account in the supply chain.

The decision making process may include reviewing and verifying information from prospective suppliers and contractors about their:

- levels of embedded carbon and how it is calculated and substantiated
- accountability and reporting for example their sustainability reports, environmental impact assessments, community impact assessments, financial reports, annual reports
- record of complaints, insurance claims or litigation in terms of exploitation of workers, environmental incidents and occupational health and safety



- use of renewable energy and materials
- arrangements for product stewardship, recycling, remanufacture.

Product information

Consumers and business customers are becoming more committed to sourcing products and providers that have a good track record in terms of sustainability – yours and along the supply chain.

Sustainability information about products is often based on the performance along the supply chain. It might include calculations of the embedded carbon across the supply chain and product life cycle, explanation of renewable energy sources and renewable or recycled materials used in production, how you have verified the track record of your suppliers and options for product recycling and re-use.

More on sustainability

The Skills for Sustainability website provides more information about achieving sustainability improvements through managing your business’s supply chain. The website also shows how sustainability improvements can be achieved across other aspects of a business including:

- facility management
- product design, technology and process improvements
- day to day operational efficiency
- compliance
- community relationships and profile
- governance and strategy
- eliminating waste.

See www.sustainabilityskills.net.au



Skills for sustainability

Key areas of skills which support the viability an organisation while benefiting the environment in which the organisation operates include:

- managing relationships with the local community
- planning and implementing strategies to reduce water and energy use, waste and emissions
- developing opportunities for recycling, reuse and remanufacturing
- making product improvements and designing ‘clever’ products
- improving day to day operational resource efficiency
- measuring and reporting environmental/sustainability performance
- assessing environmental risks and developing responses
- managing the supply chain.

Manufacturing Skills Australia has developed leading edge skills solutions to help the manufacturing and related sectors achieve sustainability. These reside in the Sustainable Operations, Competitive Systems and Practices and Environmental Monitoring and Technology qualifications.

For more information about sustainability skills, qualifications and learning and assessment materials see [Skills for Sustainability website www.sustainabilityskills.net.au](http://www.sustainabilityskills.net.au).

To view the qualifications and information on Registered Training Providers see www.training.gov.au.

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