



Market Snapshot

# Building Sustainable Supply Chains: A Quick Start Guide

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# Sustainability should be included as a key tenet of enterprise transformation today; for it is a foundational pillar of strategic viability tomorrow.

**Emotional:** Shoppers value sustainable products and brands.

Focusing on sustainability will help companies understand and serve their customers better. Competing on convenience alone is a recipe for obsolescence; sustainability can help enterprises strengthen competitive differentiation.

**Existential:** It will be the only way of doing business in the future.

Sustainable business practices are quickly becoming a top priority for corporations, who are being pushed in that direction by evolving shopper preferences, environmental advocates, government regulations and legal risks.

**Economic:** Sustainability can improve profitability.

Sustainability-focused products and services can attract shoppers and support new revenue streams. Energy efficiency, material re-use, and streamlined transportation can reduce operating costs.

**Environmental:** Sustainability means a better tomorrow.

Each step in the consumerism value chain has a potential impact on the planet. Businesses have a responsibility towards leaving a greener planet for future generations.

# Sustainability is a shared strategic priority for enterprises across the value chain.



## Consumer Packaged Goods

From innovating new products to improving manufacturing operations, sourcing ethical ingredients and materials to improving demand planning and logistics execution – consumer product companies need to reimagine their operations for the circular economy.



## Distribution & Third-Party Logistics

From maximizing capacity to optimizing routes, moving to electric or alternative fuel fleets to paperless warehousing – distribution and third-party logistics firms must pursue sustainability initiatives to reduce their carbon footprint.



## Retail

From improving supply chain and merchandise planning to optimizing online order sourcing, making stores and corporate facilities and warehouses more energy efficient to aiding shoppers make sustainable choices through improved customer experience – retailers must craft a holistic sustainability strategy.

# For sustainability to take deeper root, it must become a shared strategic priority across the enterprise.

## Culture & Strategy

Sustainability must be a top-down initiative. Enterprises should include it in their mission, vision, values, and practices. To be effective, this realignment must be authentic. Otherwise, it runs the risk of becoming empty rhetoric.

## Product & Business Model Innovation

In the future, sustainability will be a crucial component of viable regenerative business strategies. Enterprises must innovate new products and business models with the intent of creating a net positive impact on the health of individuals, communities, and the planet.

## Digital Experience

Digital experience can become an extension of an enterprise's sustainability strategy by making it easier for customers to find products, services, and delivery options that help reduce their carbon footprint. Enterprises can help shape and reward sustainable consumer behavior.

# This Market Snapshot is focused on one of the most important tenets of sustainability: the supply chain.

The remainder of this report outlines 6 imperatives for enterprises to build sustainable supply chains:

1. Improve demand planning and forecast accuracy to avoid over-production, over-ordering or over-stocking.
2. Source ethically and package efficiently by holding yourself and your suppliers accountable to transparent standards.
3. Optimize logistics operations to maximize asset utilization, improve operational and labor efficiency, and reduce product damage or spoilage.
4. Decrease the negative environmental impact of your transportation, distribution and logistics operations by using clean energy and optimization techniques.
5. Enhance energy efficiency, reduce manual errors, and increase digitization across your supply chain.
6. Gain digital-like flexibility, control and visibility over your supply chain processes, assets and operations.

Let's dive in.

## Improve demand planning and forecast accuracy to avoid over-production, over-ordering or over-stocking.

Enhance trading partner collaboration to improve supply chain agility.

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Create a single, global view of the truth powered by bi-directional information flow to be able to respond to market conditions in real time and achieve a more efficient and eco-friendly supply chain.

Improve demand sensing to align supply planning with consumer trends.

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Refine how merchants plan, buy and replenish in a dynamically evolving landscape by better understanding consumer trends, buying behavior and consumption patterns.

Use advanced intelligence to improve forecast planning accuracy.

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Improve forecast accuracy by using advanced intelligence across the extended supply chain, thereby optimizing inventory levels, reducing safety-stock and reducing transport costs.

## Source ethically and package efficiently by holding yourself and your suppliers accountable to transparent standards.

Increase transparency into suppliers' practices to boost consumer confidence.

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Source ethically by holding yourself and your suppliers accountable to transparent standards that span the origins of raw materials and carbon footprint.

Use regional sourcing to support the ecology and reduce inefficiencies.

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Gain greater flexibility and control over your supply chain with regional sourcing, while also reducing supply chain costs and supporting your local economy and ecology.

Rethink everything about product packaging – from the box to what's in the box.

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Find ways to reduce package sizes, use environmentally-friendly packaging materials, and smartly redesign packaging for easy at-home reuse, return, or disposal.

## Optimize logistics operations to maximize asset utilization, improve operational and labor efficiency, and reduce product damage or spoilage.

Improve handling and storage in the warehouse to reduce avoidable waste.

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Build and follow a thorough plan to reduce product damage or spoilage in the warehouse, e.g. frequent pallet inspections, and monitoring the health of your cold chain.

Improve labor efficiency through proper tools and training.

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Ensure warehouse and transportation workers are properly trained, equipped with appropriate tools, and empowered with a well planned and well designed space.

Maximize warehouse space utilization, reducing the need for expansion.

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Use robotics and automation to reduce total space needed, improve pick density and efficiency. Use artificial intelligence (AI) to improve asset utilization, e.g. maximizing space usage on a trailer, or minimizing carton packing dunnage.



## Decrease the negative environmental impact of your transportation, distribution and logistics operations by using clean energy and optimization techniques.

Reduce the carbon footprint of your transportation and logistics operations.

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Use alternative fueling technologies in your fleet. Reduce waste in reverse logistics by aggregating returns, and reducing materials and labor wastefulness in repackaging, restocking, or disposal.

Use route and load optimization techniques to maximize fuel efficiency.

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Leverage route optimization techniques, fleets that can carry more weight without sacrificing energy efficiency, and better trip planning logic to optimize load capacity and fuel efficiency.

Optimize order sourcing by accounting for sustainability impact vectors.

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Consider sustainability (e.g. carbon footprint of delivery options) in addition to customer experience (e.g. delivery speed, split shipments) and financial (e.g. profitability) factors in your order sourcing logic.



## Enhance energy efficiency, reduce manual errors, and increase digitization across your supply chain.

Improve energy utilization across your supply chain facilities and assets.

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Manage the lifecycle of your high-value assets across production, sourcing, distribution, logistics, and facilities. Analyze real-time data and receive predictive alerts before failures occur.

Minimize inefficiencies that come from sub-optimal or incorrect decisions.

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Aggressively identify inefficiencies across your supply chain that emanate from suboptimal or incorrect decisions, and replace or augment them with artificial intelligence based automation.

Digitize your entire order-to-cash or procure-to-pay supply chain processes.

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Eliminate wasteful use of paper across your order-to-cash or procure-to-pay process. Digitize all trading partner interactions, documents, data and transactions.

## Gain digital-like flexibility, control and visibility over your supply chain processes, assets and operations.

Replicate physical infrastructure with digital twin to gain insights.

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Develop a sensory infrastructure that allows physical activities to be digitally tracked, enabling better decision-making across sourcing, production, packaging, inventory management and distribution.

Improve supply chain visibility, agility and responsiveness to minimize disruptions.

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Use automated exception management to predict, detect and remediate anomalies across your operations before they become disruptions that cause wastefulness and environmental damage.

Use AI and machine learning to build self-healing supply chain processes.

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Use purpose-built, self-learning artificial intelligence across your supply chain, allowing the algorithm to learn from past performance, human expertise and best practices.

# Next Up: Connect with Blue Yonder to begin your sustainable supply chain journey.

Building sustainable supply chains and reducing waste

## Blue Yonder's Sustainability Commitment

Blue Yonder is committed to environmental responsibility by developing solutions that help our customers meet their sustainability goals. As an organization, we conduct business responsibly and proactively to reduce our environmental impact. We strive to conserve natural resources and minimize waste through reducing our global real estate footprint, improving workspace design, increasing employee awareness, reducing power usage, participating in recycling programs, and encouraging associates to reduce travel by using collaboration tools and programs available.

[Our ESG Commitment](#)

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## ABOUT INCISIV

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Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

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Microsoft enables digital transformation for the era of an intelligent cloud and an intelligent edge. Its mission is to empower every person and every organization on the planet to achieve more.

[Microsoft.com](https://www.microsoft.com)

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## ABOUT BLUE YONDER

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Blue Yonder is the world leader in digital supply chain transformations and omni-channel commerce fulfillment. Our end-to-end, cognitive business platform enables retailers, manufacturers and logistics providers to best fulfill customer demand from planning through delivery. With Blue Yonder, you'll unify your data, supply chain and retail commerce operations to unlock new business opportunities and drive automation, control and orchestration to enable more profitable, sustainable business decisions.

Blue Yonder – Fulfill your Potential™

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