

Sustainability: A 3PL's Role In Your Green Supply Chain

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The supply chain is getting greener and discussions about sustainability are cropping up in more calls and conferences than ever before. What this means for you is that the “green-ness” of your supply chain will soon be a deciding factor for your manufacturer and shipper partners as well as your other customers.

A recent study from ProPurchaser found that 80 percent of supply chain professionals favor suppliers with green business practices. FAQ Logistique notes that 29 percent of shippers depend on 3PL partners to provide visibility for carbon emissions and fuel efficiency, with more than half of shippers saying visibility is important for picking a 3PL.

From a 3PL perspective, visibility remains one of the most important aspects of supply chain support both in and out of the sustainability sphere.

There are four top areas where your 3PL partner can help improve sustainability through visibility in your operations:

- **Integrating IT and sustainability measurements.**
Existing IT systems need to be integrated with emissions measurement and management processes to track emissions across an entire move. Your 3PL should provide a way to capture this data throughout your moves or a sustainability report for each mode at the end of a move. These can connect directly to your systems to limit manual data entry.
- **Improved performance with increased data access.**
By placing more information and operational elements under the control of your 3PL, you increase the efficiency that the 3PL can deliver. For example, the more lane data accessible to the 3PL, the more they can introduce operational efficiencies such as combined shipments, which help you meet emission reduction goals.
- **Developing targets for your whole supply chain.**
Working together with a 3PL, you can create targets traceable throughout your supply chain. Choosing the right target means defining your metrics, such as picking between total emissions reductions or using a ratio such as reductions in emissions per unit shipped. Selecting viable targets should involve conversations with all partners, not just 3PLs, around what data can be captured for each shipment.
- **Maintaining compliance wherever you go.**
The 3PL must be a master of the global marketplace and provide carrier and shipment options that meet emission requirements for a move, whether they're domestic, regional or international. Visibility is the name of the game

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once again, with the need for your 3PL to provide the right information in the right formats to ensure you meet government standards as you go.

Visibility is at the heart of any 3PL relationship. The increased focus on a green supply chain makes sustainability and visibility into emissions and fuel rates important to every person or company that touches the product.

Your 3PL should provide visibility into fuel efficiency and emissions rates, while ensuring that your load adheres to every goal, every single time.

A company's green credentials matter to its customers, whether they are at the end-consumer level or are enterprise-level clients. This pressure makes the right partnerships a necessity, especially when considering a 3PL that facilitates your move at every step of the way.

One Road, Many Paths

The takeaway from the current marketplace isn't just that the supply chain needs greening, but that there are many paths to a more-sustainable future.

The trends in greening mirror other distribution center developments to improve processes and keep costs low. Companies don't on a single solution for cost-cutting or development, but instead use a mix of different available options. Many of the actions DCs are taking to lower their operational costs also play a role in greening the supply chain.

These are actions that can be managed by 3PLs in some cases and typically benefit from the input of supply chain partners. Changing modes, choosing different equipment builds, and even adopting business processes that remove paper or other waste can be facilitated by a 3PL partner because of their integration with existing systems and operations.

The services available from 3PLs and the recommendations they make will have many areas that do not overlap. The science behind the green supply chain and the practical knowledge for its implementation are still in their infancy, but this does not mean that different approaches presented by different companies are either wrong or unfounded.

The goal of your 3PL provider should be to match available green supply chain options to your existing business model and to meet the goals you set together, whether that's an overall reduction in power consumption or cutting emissions for certain modes or lanes.

An emerging area is green purchasing options for different logistics services that 3PLs can undertake for initial applications. As companies find what works for their operations, these green purchasing decisions can be applied to larger organizational purchasing practices, extending supply chain lessons to outside operations.

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For these service options to be truly sustainable, both 3PLs and their company partners will need to properly vet green solutions and green service vendors. Developing a joint framework for this testing, whether it looks at pure environmental results or also takes social awareness and consciousness into consideration, will aid the development of a general, ecologically-friendly corporate structure,

The key limitation that faces the green movement is not the apparent lack of knowledge in the space. What's chief among the hurdles is in fact the current contract system. With contracts based on price and often limited to short-term engagements, neither the company nor their 3PL partner have enough time to properly develop a green framework, vet green suppliers, and align purchasing decisions with overall company goals that are inherently long-term aspirations.

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