

SUSTAINABILITY

# Supply chain performance guide

Sustainability: measuring  
and enhancing performance



**infios**  
a Körber company

## INTRODUCTION

Sustainability has had a huge impact on company image and investor decisions in recent years. There is also mounting demand for supply chains to be greener too. This affects every area of supply chain operations, from manufacturing processes and warehouse energy efficiency to order shipping and delivery.

It also puts additional pressure on supply chains already overstretched by ever-growing customer expectations, shrinking labor resources, and rising costs associated with COVID-19, among other factors.

This guide explores the complexities organizations face in running supply chain sustainably. We also provide recommendations based on industry best practices.

# 6 factors of supply chain complexity

In 2021, Infios conducted research to identify six operational areas, or factors, that most directly impact supply chain complexity:

- **Labor engagement, safety and efficiency**
- **End customer experience**
- **Agility and resilience**
- **Sustainability**
- **Digitization and process automation**
- **Facility optimization**

Addressing the complexity associated with these factors increases supply chain performance and enables a competitive advantage.

# How sustainability impacts supply chain complexity

With sustainability in the spotlight, supply chains must take a holistic view of sustainability. This can only be achieved by addressing environmental, as well as societal and ethical standards, such as reducing gender inequality and improving working conditions.

However, with growing customer awareness and regulatory pressure, reducing the environmental impact of supply chain operations is currently the main priority. As a result, many businesses have launched corresponding initiatives in transportation and warehouse management, for example with consolidated deliveries, eco-packaging, and the use of green energy and fuels.



“What we’re seeing now is a tremendous shift, creating economic, environmental, and societal burdens. As we talk about more traffic, more pollution, more packaging, gig economy—there are a lot of worries about what this new economy means to sustainability. It’s very challenging.”

**Tom Goldsby**  
Professor Haslam Chair of Logistics,  
The University of Tennessee Knoxville

# Supply chain benchmarking survey

In 2021, we commissioned strategy consulting firm Roland Berger to survey how supply chain professionals across Europe and North America were tackling the six complexity factors. We wanted to understand how companies approached them, so we could help supply chain operators benchmark against industry best practices, and identify opportunities and priorities for improvement.

Based on their responses, participants were scored and categorized against each factor into one of four maturity levels:



## Initiating

Significant potential for growth



## Developing

Solid performer with average capabilities and scores



## Advanced

Strong performer with well-established capabilities and high scores



## Leader

Top performer with established best practices and excellent scores

## Key findings: Sustainability

Sustainability has become a key focus for supply chain executives. In the survey, 89% of businesses said increasing sustainability was a strategic or high priority. 84% have already implemented projects to improve sustainability in their transport and warehouse operations.

### Planning and tracking

Early planning is key to achieving sustainability goals. For example, 89% of supply chain professionals say sustainability plays a role during warehouse planning, with 49% saying they factor sustainability into warehouse design.

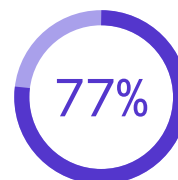
Measuring progress is also essential to delivering on sustainability objectives. **Leaders** make it central to their operations, with 44% already using metrics to measure their success, versus only 6% of **advanced** supply chains. **Leaders** also consider the wider supply chain ecosystem when measuring success, with 98% ranking supplier sustainability as either “important” or “very important,” versus 81% of **advanced** supply chains.

### Packaging and upcycling

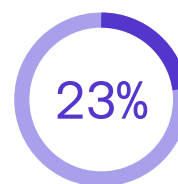
**Leaders** are three times more likely to switch to more sustainable packaging materials than **advanced** supply chain organizations.

They are also four times more likely to implement circular economy projects. These projects enable the resale or reuse of previously sold products, which requires a more complex but more ecological two-way goods flow from producer to consumer.

Use of sustainable packaging materials is a priority

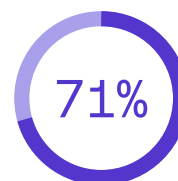


Maturity level:  
**Leader**

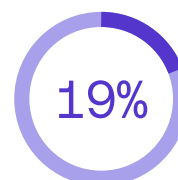


Maturity level:  
**Advanced**

Circular economy projects currently implemented or in process



Maturity level:  
**Leader**



Maturity level:  
**Advanced**

# Infios recommendations

We identified four areas in which organizations can address sustainability challenges to advance their capabilities and increase the performance of their supply chains.

## **Prioritization**

Position sustainability as a strategic priority in supply chain operations, considering the full lifecycle of a product in the chain (i.e., pre-manufacturing, manufacturing, use, post-use). Define projects, structures, and responsibilities to anchor sustainability in the organization.

## **Follow-through/projects underway**

Assess the environmental impact of projects already underway. Develop a short- to mid-term pipeline of projects, ensuring coverage of warehouse and transportation operations. Consider adding operational areas that have not been included previously. Implement dedicated projects and funding, following the “6R Perspective”—reduce, reuse, recycle, recover, redesign, and remanufacture.

## **Goal setting and tracking**

Incorporate sustainability goals into supply chain strategy, and establish operational targets and KPIs for supply chain operations. Consider warehouses and transportation layout and network planning, energy efficiency, and equipment. Develop and establish metrics and tracking systems.

## **Framework and policy implementation**

Review environmental sustainability frameworks, for example the environmental, social, and governance (ESG) framework, and define company priorities. Consider expanding into social and governance goals and initiatives.

## **CONCLUSION**

Sustainability is more than a shared global endeavor to save the environment. It is now a major strategic goal, and therefore a priority investment for supply chains everywhere. Addressing the associated complexities around transportation and warehouse operations requires meaningful initiatives that extend beyond the business.

Reducing miles driven, introducing electric vehicles, and creating greener warehouse operations, is just the start of the mission to reduce the impact on the environment. Leaders are pushing ahead of other organizations, with various environmental initiatives already underway. However, businesses need to consider the societal and economic factors too, adapting activities and processes across the entire ecosystem. Technology is not only key to achieving these goals while balancing the demands of consumers, but also the only means to accurately monitor its progress and measure its success.

To learn more about the issues affecting supply chain complexity and find out how your organization compares against industry leaders:

[READ MORE](#)

To find out more about our solutions to help you address sustainability challenges, speak to one of our experts.

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