

# SUSTAINABLE SUPPLY CHAIN MANAGEMENT:

Driving a Smarter, More Sustainable Future

[COYOTE.COM/SUSTAINABILITY](https://coyote.com/sustainability)

# ABSTRACT

Companies are more focused on sustainability than ever before. As the mounting effects of climate change continue to impact global supply chains, that focus will only continue to intensify.

Today's supply chain professional plays a central role in developing and executing their company's sustainability programs. They are tasked with finding smarter ways to reduce waste — not just cost, but also miles and emissions.

Whether they are preparing for conversations with company leadership about sustainable supply chain management, developing a new program, or advancing an existing one, it's important for supply chain leaders to understand what's happening in the wider marketplace.

Insight into how industry peers are approaching sustainability, where they are focusing their efforts, and how they are planning to advance can provide useful benchmarks as companies look to reduce waste in their own network. This report details original research that will help companies start driving a smarter, more sustainable supply chain into the future.

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## ABOUT COYOTE COLLECTIVE

The Coyote Collective is a forum that brings together supply chain experts from around the world to collaboratively solve the industry's most complex challenges. This new industry forum will help facilitate innovation, pilot advanced programs and deliver a wide variety of resources, including: webinars, executive insights, original research studies, industry analyses and other thought leadership content. For more information, visit [coyote.com](http://coyote.com)

## ABOUT MARTEC

Founded in 1984, The Martec Group is a global strategic intelligence and market research firm with locations in North America, Europe, and Asia. Their research and insights help to power some of the toughest decisions across a broad range of industry verticals. In addition to this study with Coyote, Martec has deep experience in the transportation space, having previously conducted original research for several other industry leaders.



This study examines “sustainability” through the lens of environmental sustainability, using the definition: *avoidance of the depletion of natural resources in order to maintain an ecological balance.*

Though at many corporations — including Coyote’s parent company, UPS — the definition of sustainability has rightfully expanded to include social and governance issues, this Martec survey focuses on supply chain sustainability and reporting in relation to environmental factors.

## Survey Respondent Demographics

### Country:

125 U.S.  
50 U.K.  
50 Germany  
25 Netherlands

### Seniority:

34% Director Level  
30% VP Level  
18% SVP Level  
17% Manager Level  
1% Chief Sustainability Officers

### Experience:

81% with 6+ Years' Experience

### Gender:

72% Male  
28% Female

### Age:

59% Over the Age of 45

## INTRODUCTION

Though corporate sustainability is certainly not a new topic, it seems that the industry has reached a tipping point. A commitment to “being more sustainable” is no longer a token effort only brought up in thriving market conditions — it is a core, long-term business priority. Today, sustainability efforts are pervasive across industries, geographies and business units.

Of all the functions in a business, supply chain has the most direct impact on sustainability, but what does a well-reasoned sustainability program look like in a modern supply chain? How can companies take a more meaningful approach towards building one? Where should they start? Without in-depth research, it is hard to know where the industry stands, and more importantly, how to appropriately plan for a more efficient future.

To help answer these important questions, Coyote Logistics teamed up with Martec, a third-party research firm, to conduct an independent survey of 250 global shippers. Respondents spanned a variety of industries, countries, business sizes, and seniority levels.

What did these shippers have to say? Supply chain sustainability is here, and it's here to stay. More than ever, companies are focused on sustainability, and supply chain professionals are the ones most likely to lead the charge.

Many companies are setting ambitious short- and long-term goals (with good reason), but realizing the full return on sustainability investments will only be possible if everyone plans and works together.

This research study will give you a better understanding of how other supply chain leaders are approaching sustainability and where they see the greatest opportunities for growth. Hopefully, you can leverage this original data to make more informed decisions at your own organization.

## A COLLECTIVE CALL TO ACTION

The international debate has shifted from “if climate change is real”, to “what can be done to mitigate its devastating effects?” The combination of mounting scientific evidence, grim economic analyses and increasingly frequent natural disasters is motivating global citizens to call for action — and not just from governments. They demand that businesses take action too, and they want them to start now.

Sustainability is already having a real impact on commerce. Brands and their investors are feeling the pressure as consumers start making more environmentally friendly buying decisions. Earlier this year, Larry Fink — CEO of BlackRock, the world’s largest financial asset manager — published an **open letter** stating that climate change is now a defining factor in companies’ long-term prospects, and in fact, the top issue raised by their clients.

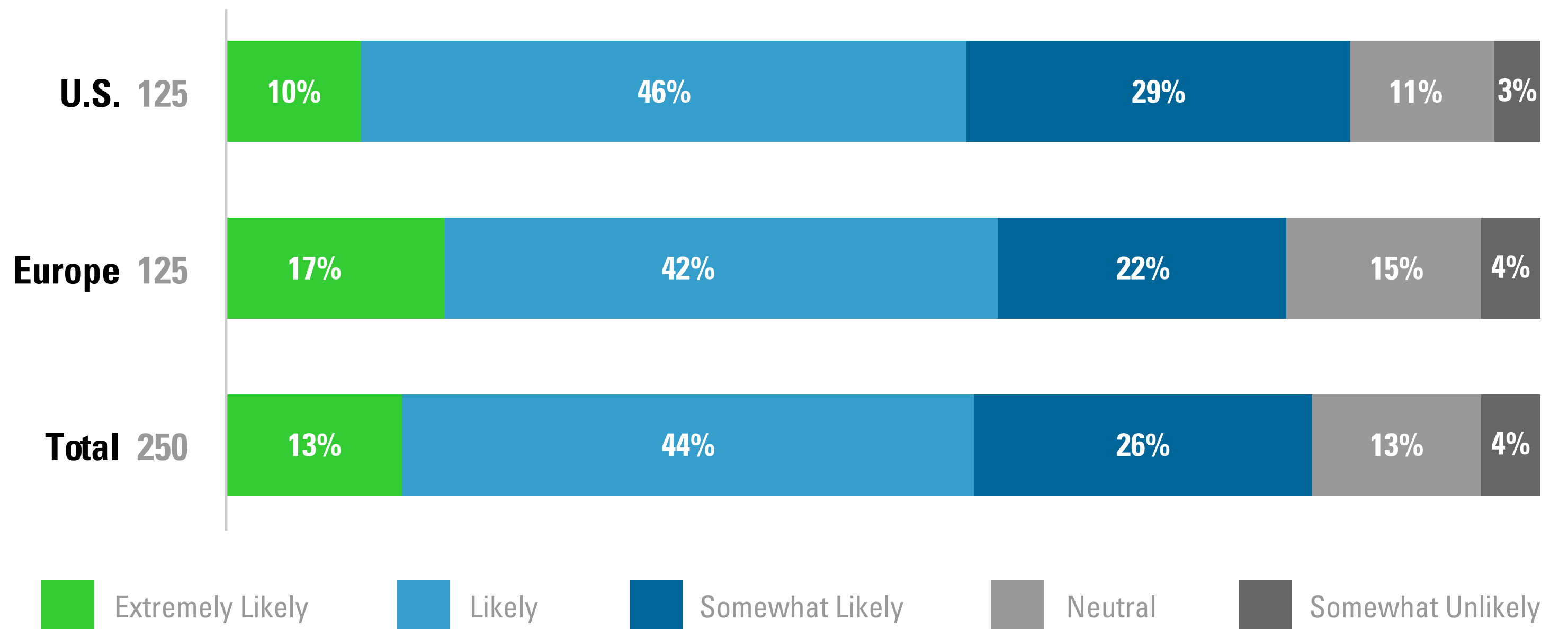
The leader of the world’s largest financial asset manager challenged his CEO peers to start implementing sustainability initiatives at their companies and disclosing information on their progress — but why now?

“We are using green logistics to cut costs and win customers.”

– Director of Supply Chain at a Food & Beverage Company

Beyond the obvious long-term environmental concerns, 58% of respondents, when asked about their personal buying habits, are either *Likely* or *Extremely Likely* to purchase a product or service from a brand based on their sustainability practices, while another 26% say they are *Somewhat Likely* to be influenced.<sup>1</sup> Not a single respondent said that sustainability practices would make them *Unlikely* to buy from a company.

### Likelihood to Purchase Product/Service Based on Sustainability Practices



<sup>1</sup> Coyote's Martec Sustainability Survey, July 2020



With the explosion of e-commerce over the past decade, consumers demanded fast and free delivery — and they got it. Next-day delivery is now the gold standard, and same-day is often possible. But how do consumers respond when their demands for convenience conflict with their demands for sustainability?

For most, environmental considerations win out: 61% of consumers are willing to wait longer for an e-commerce delivery if they know it would have a lesser impact on the environment.

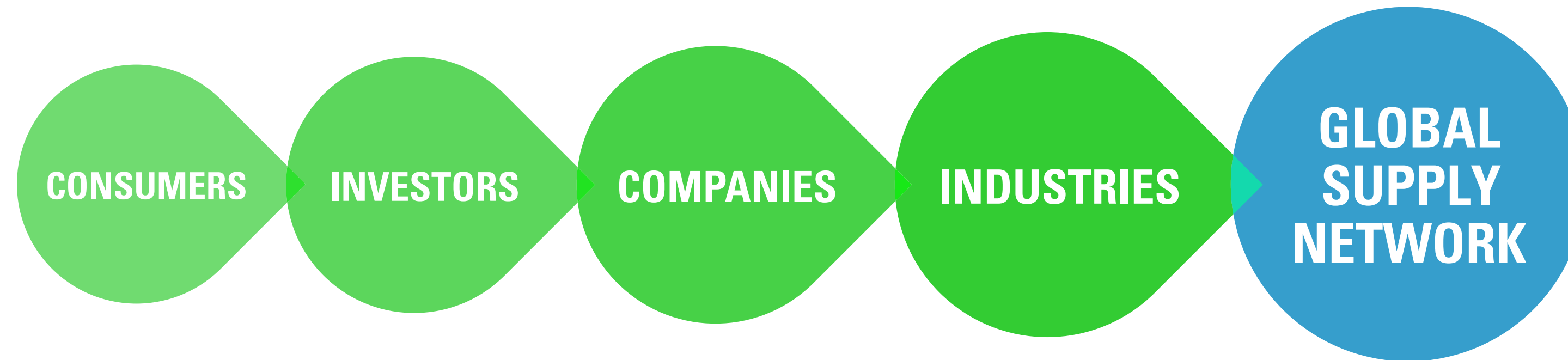
Though a majority of consumers are factoring sustainability into purchasing decisions, and would even sacrifice delivery speed for a slower, more environmentally friendly option, same- and next-day deliveries are still commonplace. Why is that?

The responsibility is falling on the brands that produce and ship these products — it is up to companies to make better supply chain decisions, report on their impact and communicate it to the consumer.

“We need to increase awareness amongst our customer base about our sustainability goals.”

– SVP of Logistics at a Paper & Packaging Company

The evidence is clear: consumers care about sustainability. This is igniting investors and industries to shift their focus towards more sustainable practices, making it a true, long-term company priority.



**Though 84% of consumers are more likely to purchase from sustainable brands, and 61% are willing to wait longer for delivery if it reduces environmental impact, same-day and next-day deliveries are still commonplace.**

**Takeaway:** Consumers care about sustainability, but they need companies to make better supply chain decisions, report on their impact and clearly communicate it.

## CONSUMERS DEMAND, COMPANIES RESPOND

The movement towards sustainability as a core business strategy is already underway at companies around the world. According to our Martec survey, 81% of supply chain professionals say their company has increased its focus on sustainability over the last three years.

The larger the organization, the greater the focus. For companies with over \$800M in annual revenue, 97% of respondents confirmed their company is more focused than ever before on sustainability.<sup>1</sup> That does not come as a surprise, considering that larger businesses have more available resources — both monetary and talent — to invest in initiatives. That said, it is still a dominant trend among smaller shippers; 77% of companies with revenues between \$1M–\$199M noted an increased sustainability focus. Furthermore, new UPS research found that 71% of small- and medium-sized businesses (SMBs) have taken (or are starting to take) steps towards sustainability<sup>2</sup>.

This trend is dominant across companies big and small, and the same is true across different industries. All verticals expressed that both their company and their wider industry are more focused

“We set long-term goals, as that appears to be the way of the industry. Right now, we are planning about 5 years out.”

– Manager of Supply Chain at a U.S. Paper & Packaging Company

<sup>1</sup> Coyote’s Martec Sustainability Survey, July 2020

<sup>2</sup> UPS Sustainability SMB Exploration Survey, May 2020

Automotive was the front runner, with 93% of supply chain professionals noting an increased commitment to sustainability in their industry. Other leaders included Food & Beverage, Industrial Goods, and Technology at 85%<sup>1</sup>.

Regardless of company size or industry, sustainability is here to stay. As companies look to implement changes in their own networks, they need the collective support of all business areas, usually with supply chain at the forefront.

Top sustainability-focused industries:

**Automotive**

**Food & Beverage**

**Industrial Goods**

**Technology**

<sup>1</sup> Coyote's Martec Sustainability Survey, July 2020

**81% of companies have increased their focus on supply chain sustainability within the last 3 years.**

**Takeaway:** Consumers are demanding that companies adopt more sustainable business practices, and businesses big and small — across every industry vertical — are taking action.

## SUSTAINABILITY IS A TEAM SPORT (& SUPPLY CHAIN IS TEAM CAPTAIN)

Creating a more sustainable global supply chain is a holistic, integrated effort requiring governments, companies and consumers to work together. This same level of collaboration is also true at the company level. All departments and employees have a part to play in implementing and advancing sustainability — but who has ownership?

Though 60% of respondents indicated that sustainability initiatives are more of a shared effort<sup>1</sup> at their company, someone has to take charge, and that someone often works in supply chain.

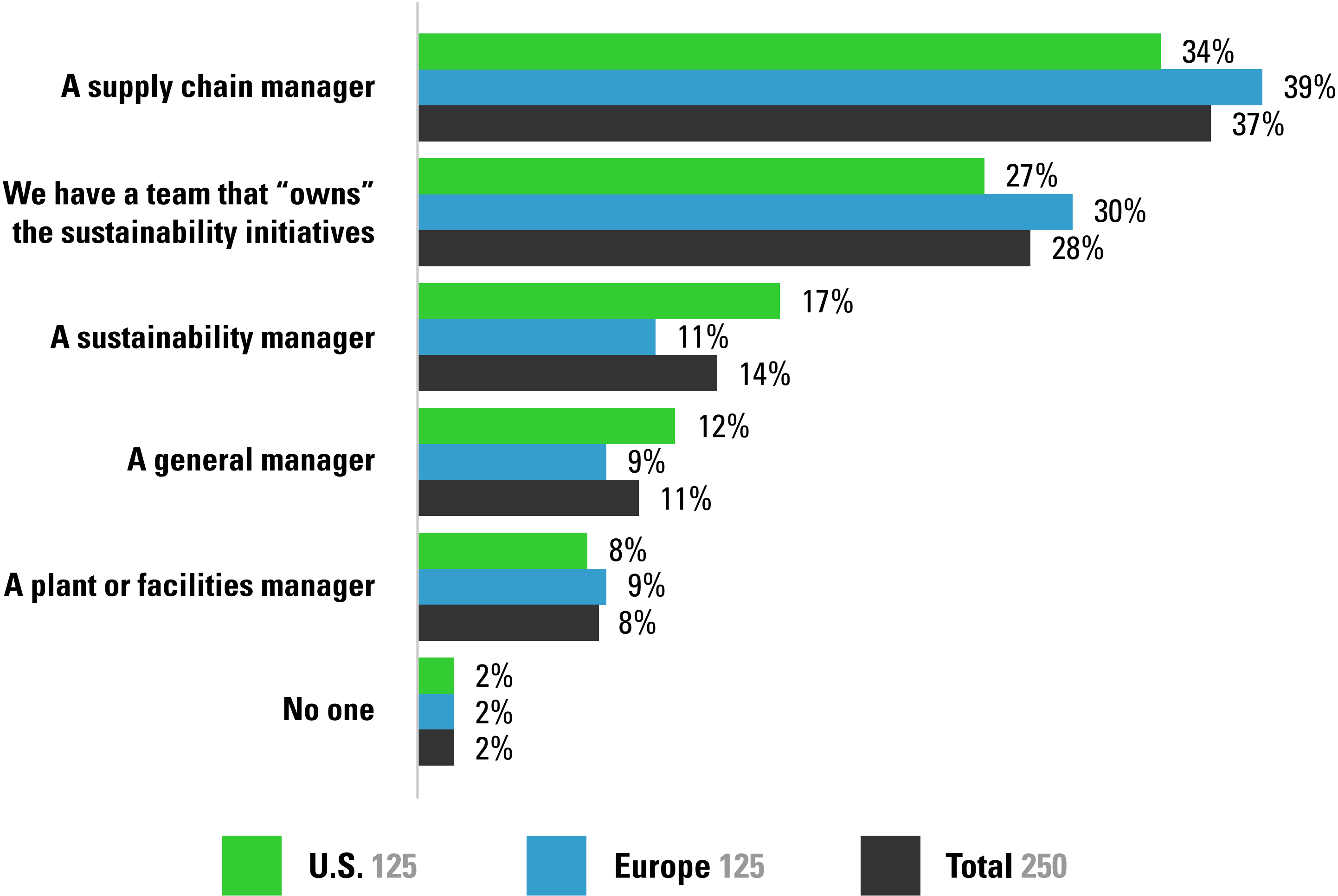
“It doesn’t matter where you sit in the organization, any department can “own” sustainability. The key is that sustainability initiatives are being driven cross-functionally across the business.”

– Patrick Browne, Director of Global Sustainability at UPS

<sup>1</sup> Coyote’s Martec Sustainability Survey, July 2020

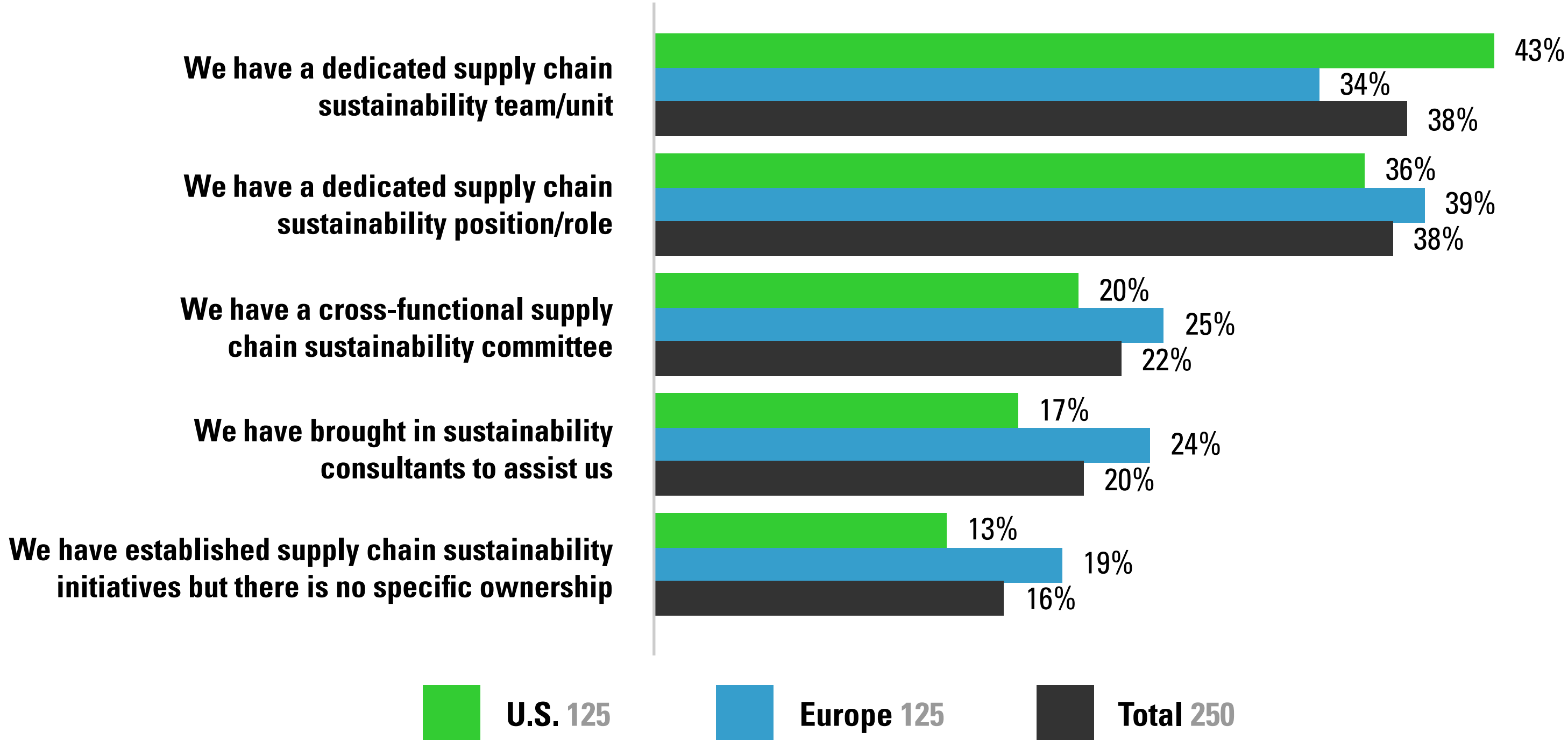
When asked who owns sustainability at their organization, supply chain manager was the top choice in both the U.S. and Europe. Many companies also opt for a dedicated sustainability team (28% of total) or sustainability manager (14%).

### Responsible for Sustainability Initiatives at the Organization





## How Does Your Company Focus on Supply Chain Initiatives?



Considering that supply chain plays such a pivotal role in sustainability, many companies create specialized teams that focus on supply-chain-specific initiatives. According to our survey, nearly 40% of organizations have a dedicated supply chain sustainability unit.

Many supply chain leaders recognize the need for outside expertise, with **20% of companies hiring outside consultants** to help guide their teams.

Coyote’s Martec Sustainability Survey, July 2020

“Check all that apply.”

“We brought in a third party to help us analyze where we are and set realistic goals for our supply chain over the next couple of years.”

– Manager of Logistics at a Food & Beverage Shipper

Though approaches are fairly similar across different countries, German companies are more likely to have a supply chain manager or team that owns sustainability. They are also more likely to have a role or title dedicated to sustainability.

Regardless of who takes responsibility, it is clear that companies are accounting for sustainability in their organizational structures — it is now standard practice. Only 2% of respondents said no one is responsible for sustainability and 0% answered “I don’t know.”

Having an internal structure in place is a good start, but every company is just one link in a longer supply chain. Vendor management and procurement are important components of any sustainability program.

**Supply Chain leaders are the most likely to own sustainability initiatives at their company.**

**Takeaway:** companies of all sizes, across all geographies, look to supply chain professionals to play an integral role in sustainability initiatives. Having a solid understanding of what and how to implement a program is becoming a job requirement.

## FINDING SUSTAINABILITY THROUGH PROCUREMENT

As previously mentioned, building a more sustainable global supply chain is an integrated effort. Effective sustainability efforts do not begin and end within an organization's four walls. To achieve sustainability goals, companies are looking to their providers to make a contribution as well.

According to UPS<sup>1</sup>, 81% of SMBs say it's important for their business to purchase from suppliers that demonstrate a commitment to sustainability. This includes carriers. Roughly the same amount (80%) expect their carriers to show some level of commitment to sustainability. This is partially due to the fact that companies consider their carriers to be generally contributing to unsustainability.

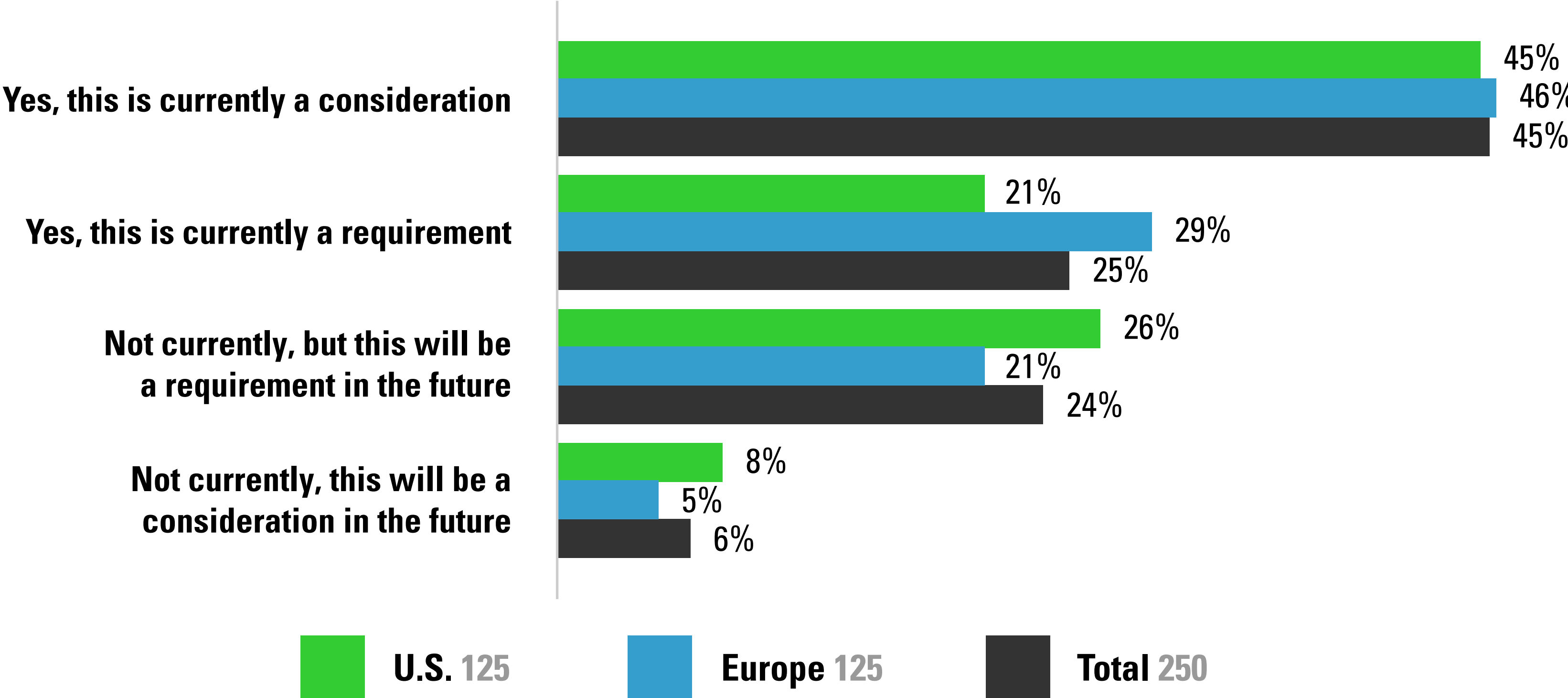
“We are assessing existing business-critical suppliers and service providers and removing those who don't meet our sustainability standards.”

– VP of Supply Chain at a Consumer Goods Company

<sup>1</sup> UPS Sustainability SMB Exploration Survey, May 2020

As companies build and advance their supply chain sustainability programs, they are placing a greater emphasis on it in their procurement events. The majority of supply chain request for proposals (RFPs) currently include sustainability (70%), while another 24% will start including it in the future.

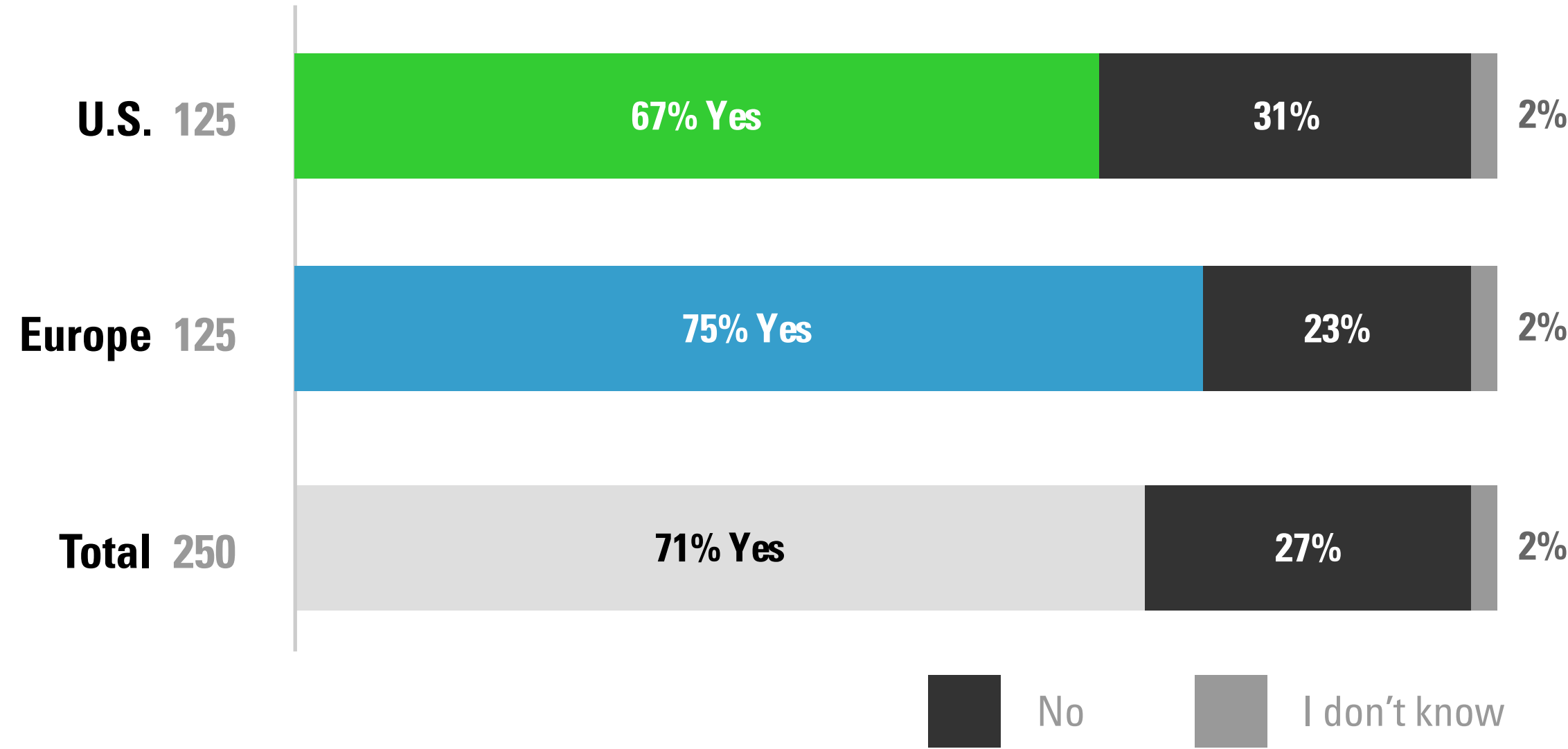
### Is Supply Chain Sustainability Included in Request-for-Proposals?



**Due to consumer demand for sustainable businesses practices, 98% of global supply chains have sustainability initiatives of some kind, yet only 25% currently include sustainability as a requirement in their RFPs.**

**Takeaway:** A focus on supply chain sustainability is almost mandatory at this point, but we haven't yet come to a consensus on how that can and should apply to procurement.

## Does Your Organization Have Clearly Established Supply Chain Sustainability Goals?



## ESTABLISHING TODAY'S BASELINE

Creating a sustainability function is one thing — having concrete, measurable goals is another. While 98% of companies have initiated at least some form of sustainability program, only 71% of have clearly established supply chain sustainability goals<sup>1</sup>, and the United States (67%) lags slightly behind Europe (75%).

As supply chain leaders look to build towards a more sustainable future, they need to examine the current landscape, set a plan and be able to measure its effectiveness.

<sup>1</sup> Coyote's Martec Sustainability Survey, July 2020

“We have both short-term and long-term goals. The short are around small improvements, such as measuring drivers’ idle time. The long include overall fuel choices for fleets.”

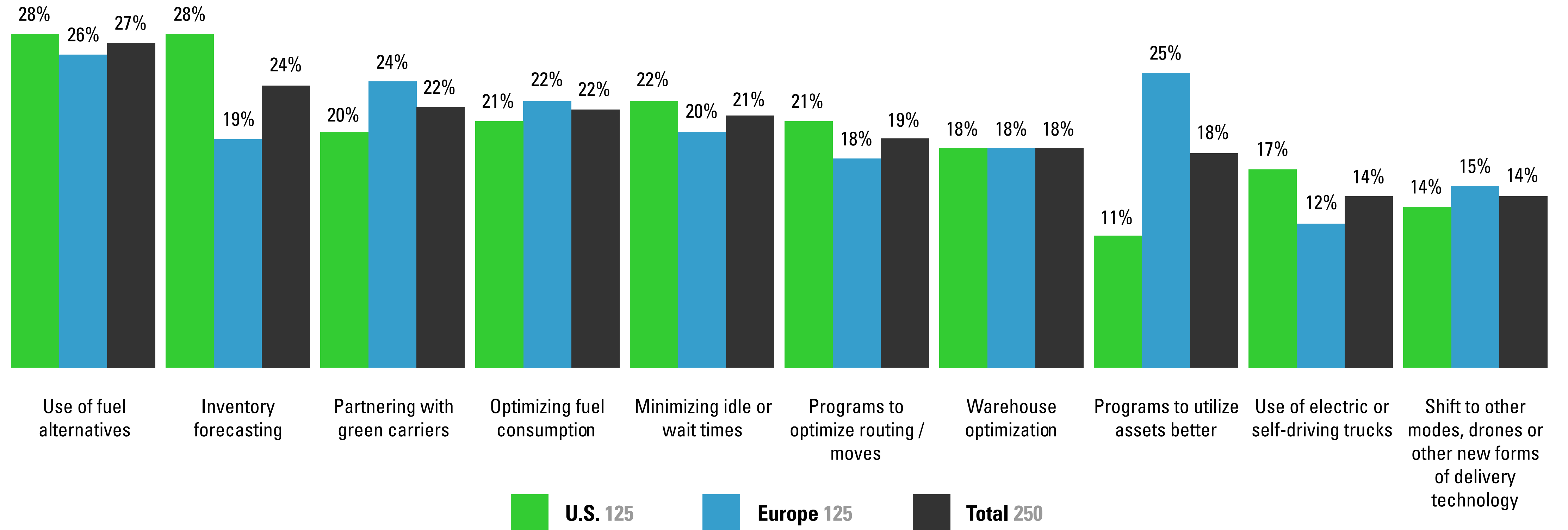
– Manager of Logistics at an Industrial Goods Shipper

Looking at specific short-term supply chain sustainability practices, respondents are focusing on several areas. Respondents were asked an open-ended question about what programs were already implemented in their current network — these were the most common themes:

1. **Alternative fuels and fuel optimization**
2. **Fleet replacement (i.e., more fuel-efficient vehicles, electric vehicles, alternatives such as drones & driverless vehicles)**
3. **Increased technology for more efficiency (i.e., route planning, tracking, forecasting, inventory management, asset utilization)**
4. **Partnering with environmentally friendly organizations**
5. **Increased recycling, reduced packaging, reduced use of landfills**



## % Ranking in the Top Two in Greatest Return on Investment



Coyote's Martec Sustainability Survey, July 2020

"Rank top 5."

Respondents were also asked where they are seeing the greatest return on their current supply chain sustainability investments. Taking a sustainable approach to fuel — whether through alternative fuels, optimizing consumption or reducing driver idle times — is giving companies the biggest immediate wins. Fuel-related tactics take the number one spot, and three of the top five.

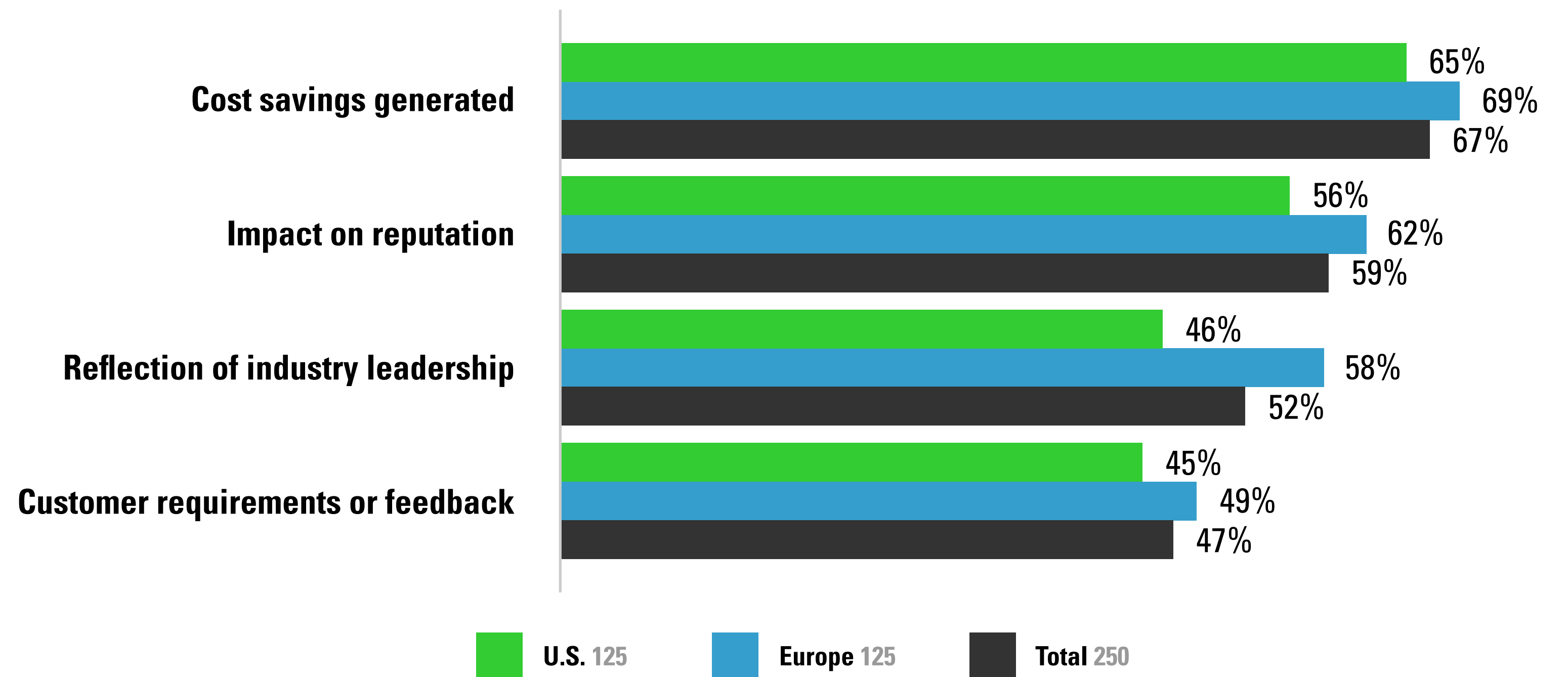
Transportation-related practices took five of the top six, with inventory forecasting the lone exception as the second overall choice.

“Our goal is to switch to 100% alternative fuels in 5 years.”

– VP of Supply Chain for a Pharmaceuticals Company

Companies indicated the sustainability practices that are generating a return on investment (ROI), but how exactly are they measuring that return? What criteria are they looking at to critically evaluate their efforts? Cost savings is the number one method (67%), but it is not the only one. In keeping with consumer demands, benefits to company reputation ranked second (59%) followed by a reflection of industry leadership (52%).

## Ways to Measure Supply Chain Sustainability Initiatives



Coyote's Martec Sustainability Survey, July 2020

"Check all that apply."

Companies are also using key performance indicators (KPIs) to track the effectiveness of their overall sustainability program. Here are what global shippers are most actively measuring:

- 1. Fuel Efficiency (69% of respondents)**
- 2. CO2 Emissions (60%)**
- 3. Alternative Fuel Use (52%)**
- 4. Personnel Skills Related to Sustainability (48%)**
- 5. Fleet Age (46%)**

Some supply chains are also measuring Particulate Matter, NOX (nitrogen oxides), Electricity Use, Recycling Efforts and Trailer Utilization, but these are less common.

With an understanding of the current landscape, shippers can establish a baseline to get started, but there is no quick-fix sustainability solution — it takes a real, long-term commitment.

**In the current landscape, 98% of shippers have at least some sustainability program, but only 71% have measurable goals.**

**Takeaway:** To be successful, supply chain leaders should develop clearly defined short- and long-term goals, have a way to measure them and critically evaluate their effectiveness.

# LOOKING TOWARDS A GREENER TOMORROW

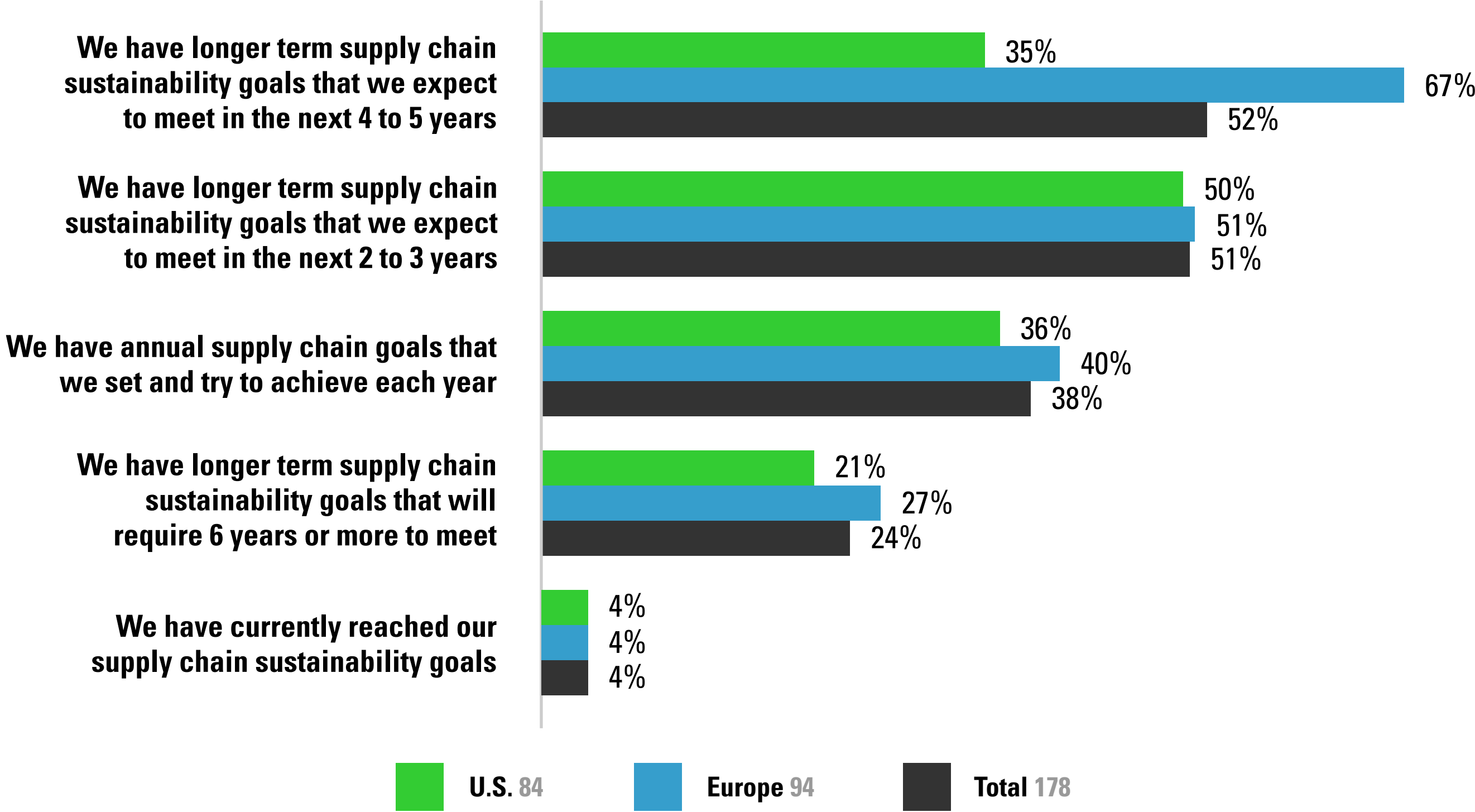
As companies look towards driving more efficiency in their supply chains, it is critical to go beyond quick wins that generate short-term returns. They need to take the long view, and — in addition to immediate gains — set plans in motion with returns measured in years, not months.

The good news: that is exactly what most supply chain professionals are already doing. Over half of all respondents said they have longer term sustainability goals that they expect to meet within the next 4-5 years, though European shippers tend to be more future-focused than Americans, with almost 70% of EU respondents setting goals further out.

Coyote’s Martec Sustainability Survey, July 2020

“Check all that apply.”

## Timeline for Goals



As companies set long-term supply chain sustainability goals, their focus shifts from fuel-related tactics to broader strategies that encompass emissions, operational workflows and technology. These were the most common responses in an open-ended question on long-term sustainability objectives:

- 1. Reduction in greenhouse emissions / carbon emissions / carbon footprint**
- 2. Developing goals internally to improve sustainability, environment and workflow**
- 3. Transition to alternative energy**
- 4. Increased efficiency through technology**
- 5. Recycling, reduced packaging, reduced landfill**

**“Our goal is to cut down CO2 emissions by 50% by the end of 2025.”**

– Director of Logistics at an Industrial Goods Shipper

**“We strive for extensive collaboration with key players across our supply chain, including manufacturing, retailers, transportation and warehousing. We set scientific targets and track goal progress.”**

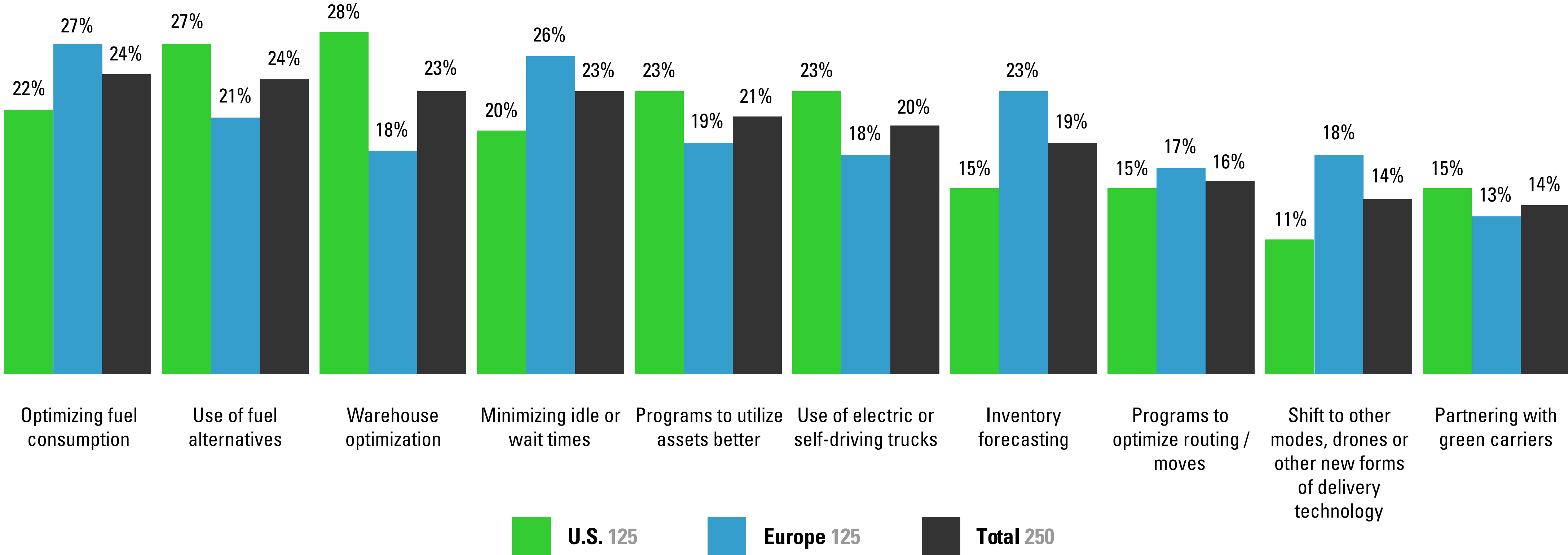
– Director of Supply Chain at a Retail Company

Looking at the predicted long-term return on investment, fuel continues to be a key response across sustainability practices; however, it is less prominent versus short-term ROI. Supply chain professionals anticipate warehouse optimization, technology that improves asset utilization, and electric or self-driving trucks to pay dividends over the long haul.

Many of the long-term sustainability strategies involve not just fuel, but areas across a company’s entire network. Supply chain professionals will need to make smarter, more efficient use of their facilities, assets and people.



## % Ranking in the Top Two in Greatest Return on Investment in the Future



Coyote’s Martec Sustainability Survey, July 2020

“Rank top 5.”

## CONCLUSION

Companies of all sizes, in all industries, across all regions are starting to take sustainability seriously; 81% are more focused on it today than they were just three years ago. And supply chain is at the forefront. More frequently than anyone else, supply chain managers “own” sustainability at their organizations. Nearly 40% of companies have a dedicated supply chain sustainability team or cross-functional supply chain committee, as well as a dedicated supply chain sustainability leadership role.

Supply chain professionals must focus on improvements across their entire network, including both internal initiatives (alternative fuels, better inventory forecasting) and external initiatives (partnering with “greener” carriers). Currently, 70% of companies take sustainability into consideration on their RFPs, but only 25% currently have it as a requirement. As supply chain sustainability becomes increasingly prevalent, that will change.

**“It doesn’t take \$1,000,000,000 to start implementing sustainability at your company — you just have to get started. Think about how you can drive efficiencies in your core business. There are always opportunities to cut cost and carbon, often at the same time.”**

– Patrick Browne, Director of Global Sustainability at UPS

**THE GOOD NEWS:** Progress is already under way. Virtually all companies (98%) have at least some active sustainability initiative and over half have concrete, measurable goals they hope to achieve in 4-5 years. The global supply chain has “woken up” to the fact that sustainability is not a trend, but a priority that needs to be an integral part of any sound strategy. Without a commitment to supply chain sustainability, companies will not be able to compete in the years to come.

Now that you have a baseline of how global supply chain professionals are integrating sustainability into their networks, start evaluating where your business stands. Do you have sustainability considerations in your RFPs? Are you setting clearly defined goals and tracking them over time? Can you critically evaluate the ROI of your initiatives? Do you have the right providers helping you get started or further improve?

Continue reading our sustainability resources for some next steps that can help you drive your business forward.

## SUSTAINABILITY RESOURCES

[5 Steps to Get Started with Supply Chain Sustainability](#)

[5 Steps to Advance Your Supply Chain Sustainability Program](#)

[What Shippers Really Think about Supply Chain Sustainability](#)

[COYOTE.COM/SUSTAINABILITY](https://COYOTE.COM/SUSTAINABILITY)

### **Need help improving your supply chain's sustainability?**

Coyote can help you build and implement efficient solutions that contribute to your company's sustainability program, including empty mile reduction, intermodal conversion, LTL consolidation, asset and route optimization, network reporting, and RFP management. Schedule a consultation and get a free network analysis.

**[SCHEDULE A FREE CONSULTATION](#)**

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