

# Sustainable Value Chain Survey

A Joint Research Project of ASQ, CROA, & ISM with  
Deloitte Consulting LLP

# The Sustainable Value Chain Survey was a joint effort that encouraged collaborative design input from the following industry groups

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Quality, Responsibility, Sustainability Throughout the Value Chain



# Deloitte.

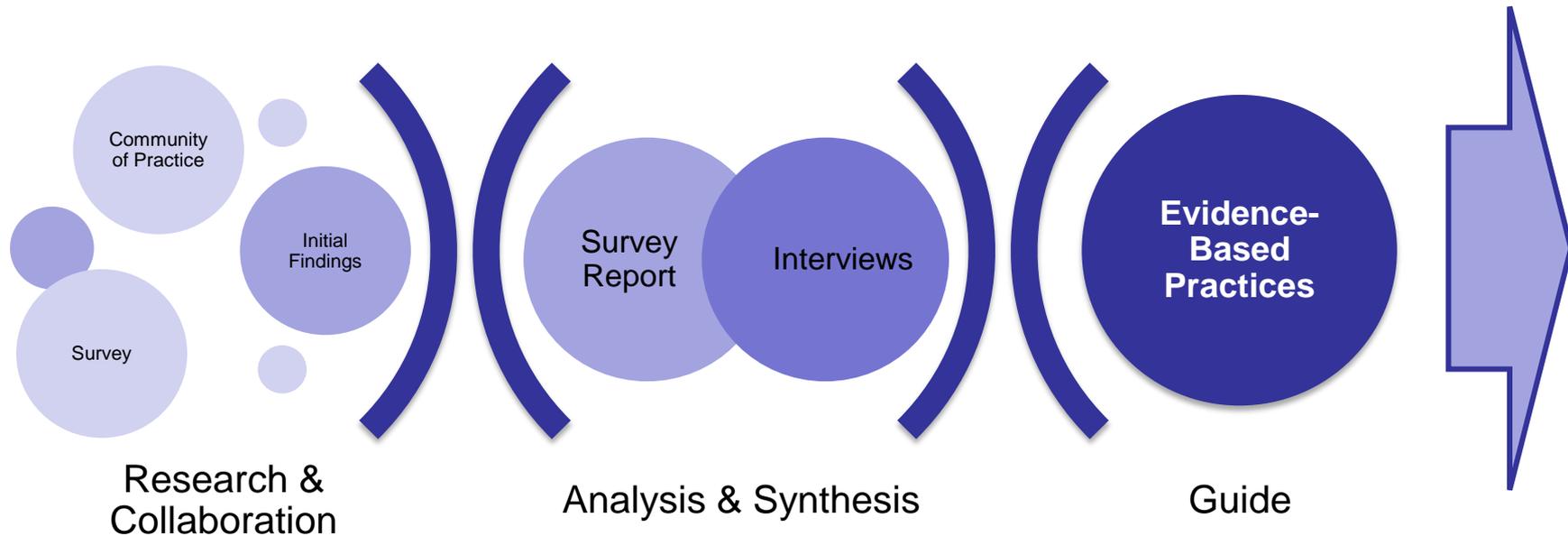
# Throughout the research phase, the team encouraged collaboration from additional industry groups

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## Collaboration

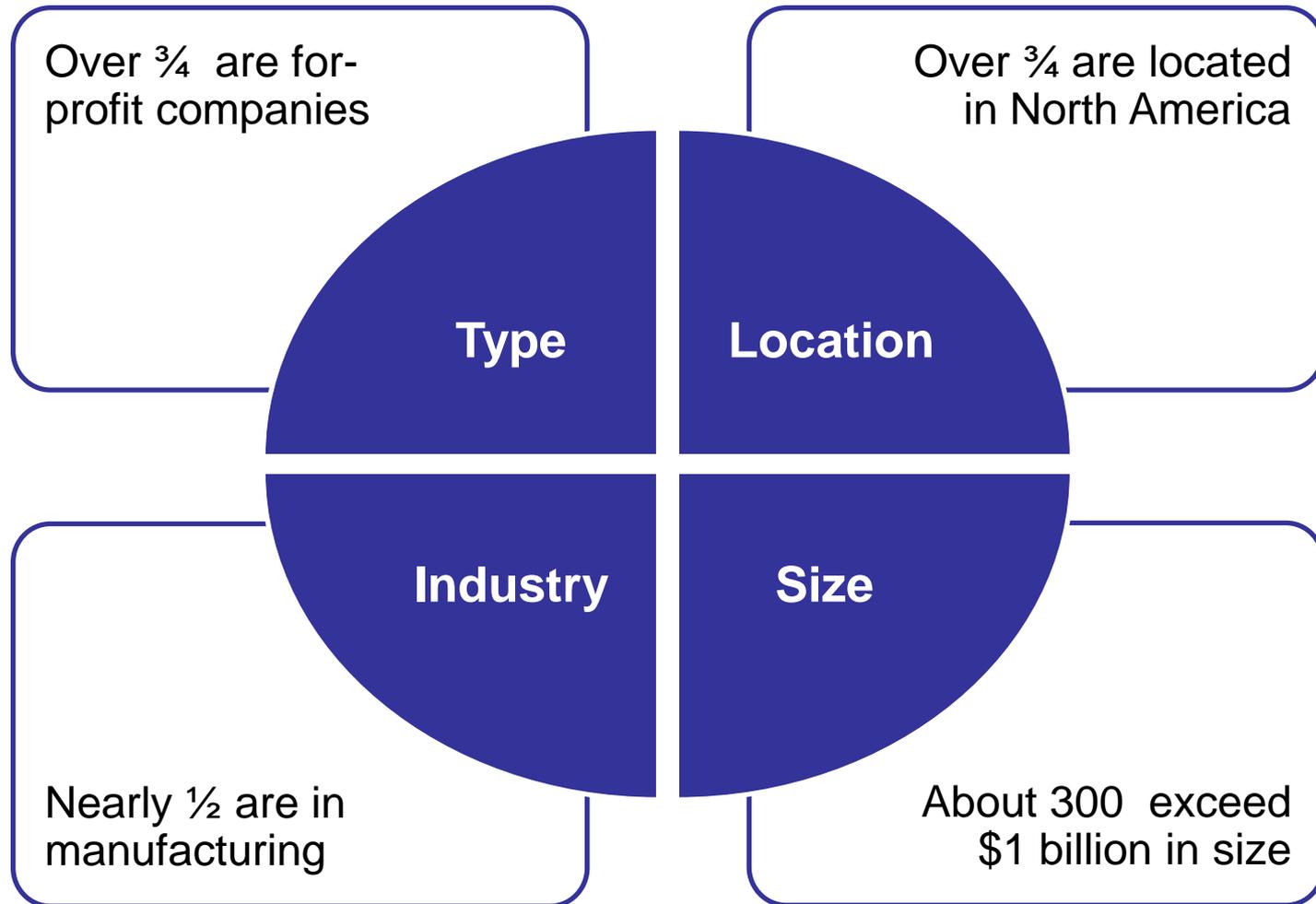


## Research



# The survey respondents spanned a wide cross-section of industry stakeholders

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# The goal of the research is to identify which specific practices can help companies achieve their sustainability goals

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## Situation

Think about your company's sustainability efforts.

- What initiatives do you have?
- How effective are they?

## Potential

What if those same sustainable initiatives were **more effective, produced larger and more measurable cost savings, and grew revenues?**

## Challenge

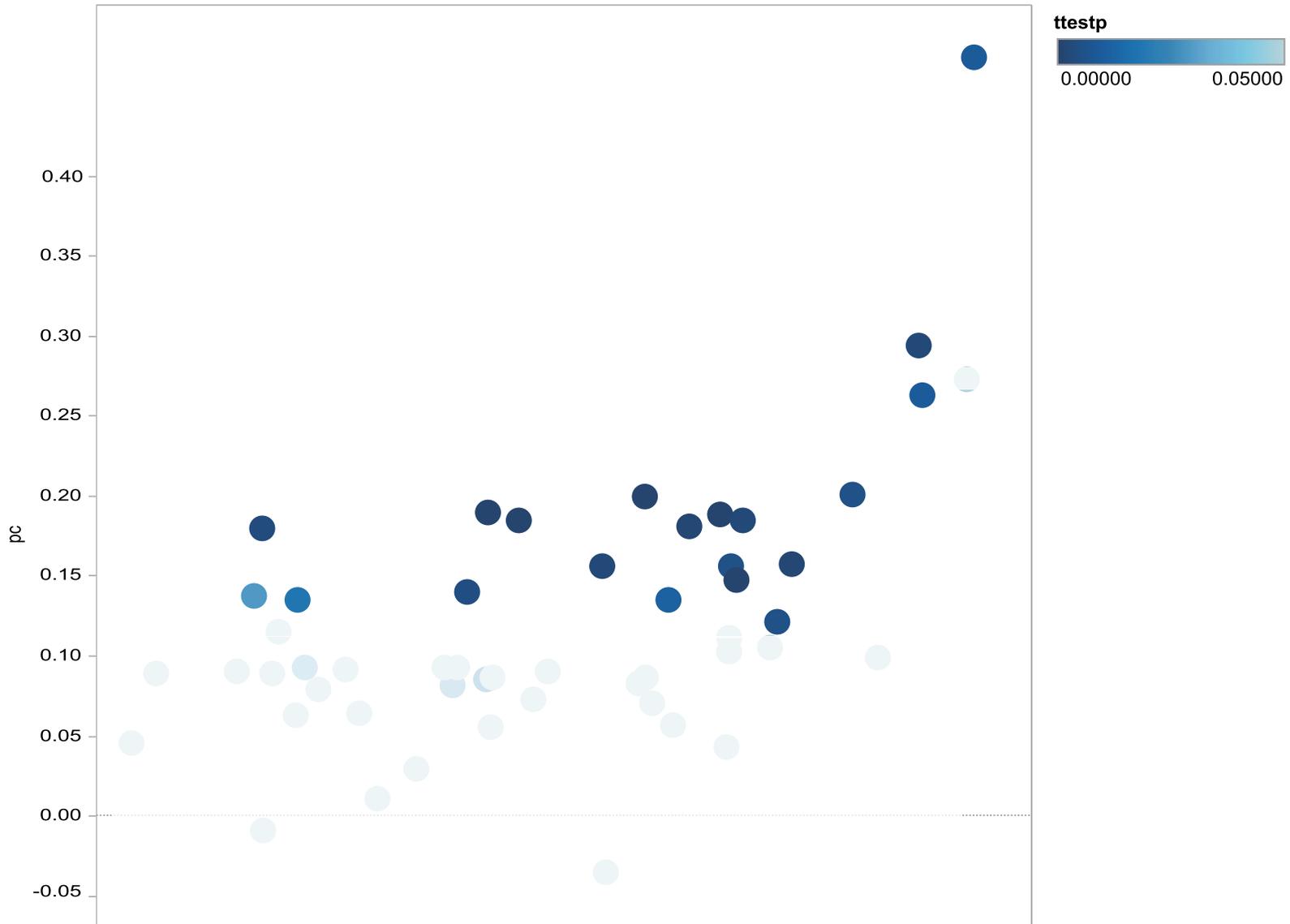
One big challenge in getting this to happen is knowing **which ways of structuring, managing, and executing sustainability initiatives** are more likely to be effective.

## Solution

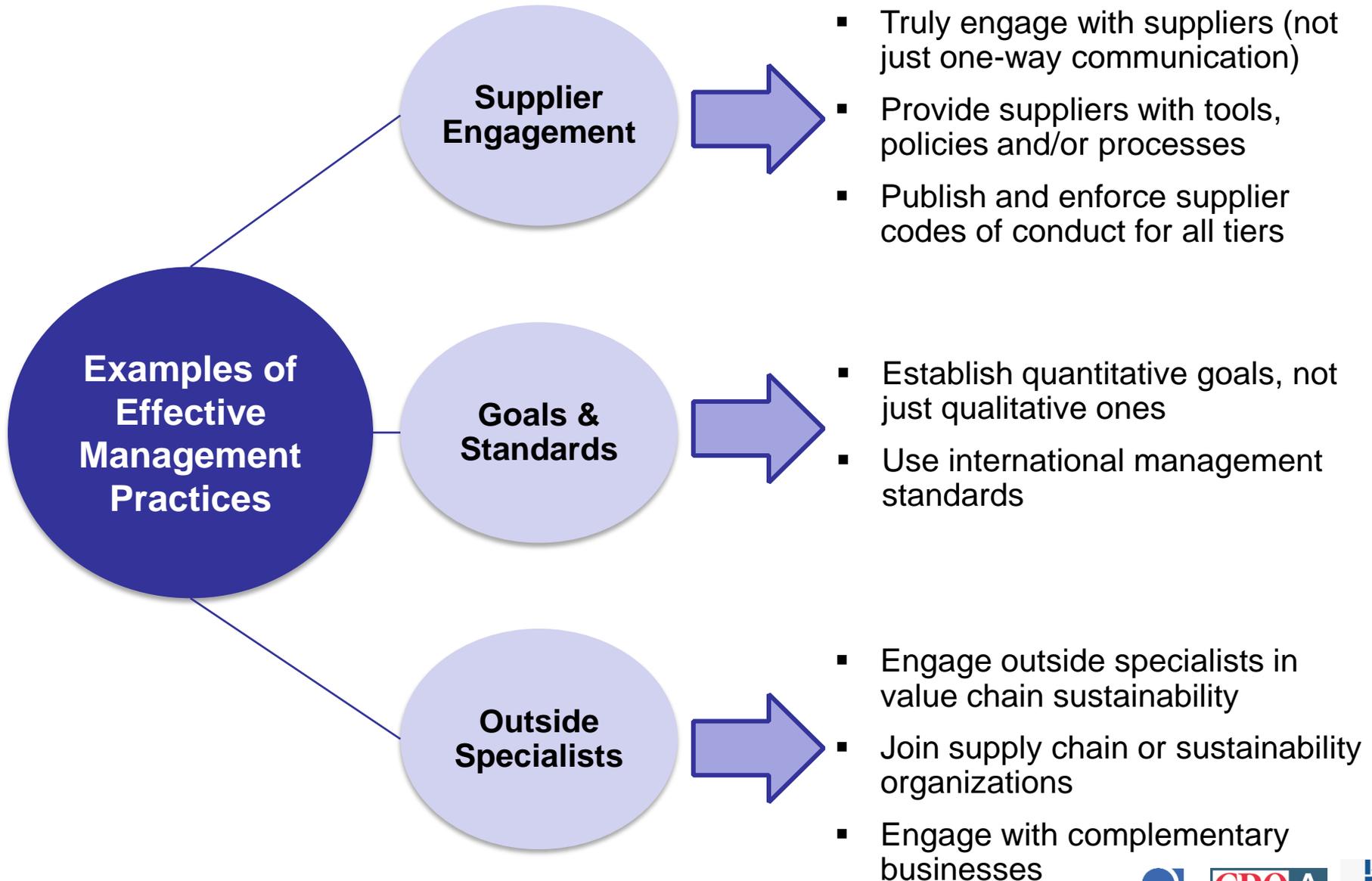
**Answering that key question – *what works?* – is the goal of the research.**



# ...And can allow us to determine the ones that produced statistically significant improvement



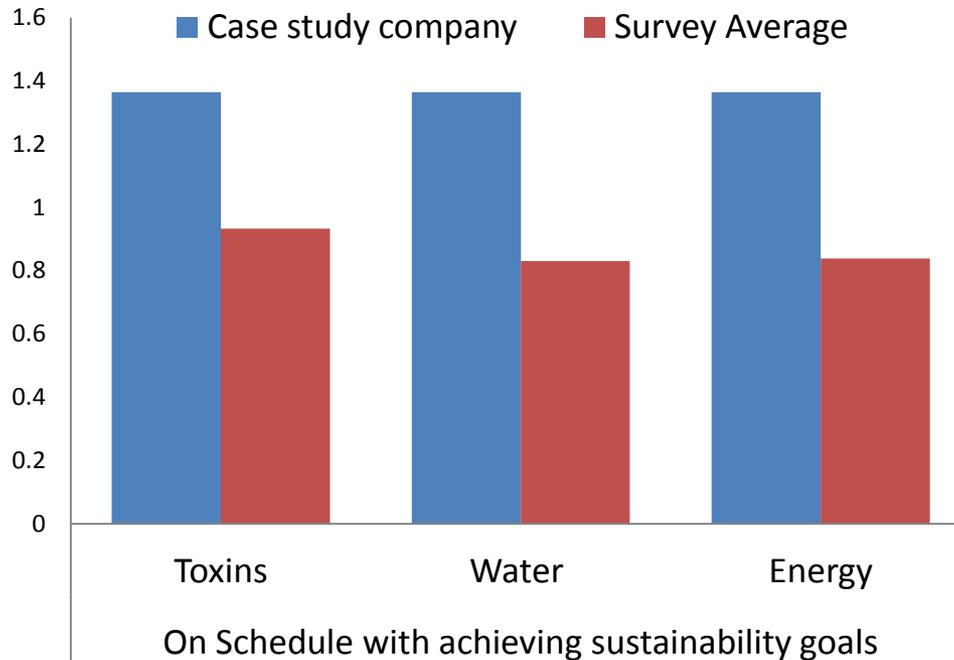
## Some clusters of practices show particular effectiveness



# Different management practices support different objectives – though some support more than one

	Overall initiative effectiveness	Operating cost	Revenue
Objective	Exceed expectations	Reduce cost	Increase revenue
Management Practice	<ul style="list-style-type: none"> <li>Rewards suppliers sharing sustainability knowledge</li> <li>Publish and enforce supplier codes of conduct for all tiers</li> <li>Provide tools, policies and/or processes to suppliers and value chain partners</li> </ul>	<ul style="list-style-type: none"> <li>Rewards suppliers sharing sustainability knowledge</li> <li>Engages specialists to improve value chain sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Engages with or talks about sustainability with complementary businesses</li> <li>Establishes quantitative value chain goals</li> </ul>

# Case Study



## Performance Metrics

- ✓ Organization was much more effective than expected in meeting sustainability goals
- ✓ Improved revenues, efficiencies, and brand
- ✓ Reduced operating costs
- ✓ Improved relationships with suppliers, employees and customers

## Company Profile

- Industry: Manufacturing
- Annual budget: \$4.01 billion - \$10 billion
- Geographical Region: North America

## Identified Management Practices

- They engaged third parties with supply chain specialists
- Engages as well as publishes and enforces code of conduct for tier 1,2 and 3 suppliers
- Exceeds applicable sustainability regulations and has leading standards in the industry

# The survey results reveal the significance of aligning sustainability goals with management practices that matter

By selecting substantiated management practices, an company can significantly increase the likelihood of achieving goals



<p><i>What are the organization's goals?</i></p> <p><i>How do they connect to the business?</i></p>	<p><i>What initiatives support those goals?</i></p> <p><i>How can they improve business value?</i></p>	<p><b><i>Which practices does the evidence say are more likely to work?</i></b></p> <p><b><i>What practices can increase business value?</i></b></p>
<p>Examples:</p> <ul style="list-style-type: none"> <li>• Reduce carbon footprint</li> <li>• Reduce cost</li> </ul>	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Help suppliers lower carbon intensity</li> <li>• Help suppliers increase operational efficiency</li> </ul>	<p>Examples:</p> <ul style="list-style-type: none"> <li>• <b>Reward suppliers for sharing knowledge with each other</b></li> <li>• <b>Collaboratively engage with suppliers</b></li> </ul>

# Are you missing leading practices that could grow business value or improve the chances of meeting your sustainability goals?

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## Overall sustainability effectiveness

- Engage suppliers of all tiers
  - Provide tools, policies, or processes to suppliers and value chain partners
  - Reward suppliers for sharing sustainability knowledge and experience
  - Work with suppliers & others in distribution as part of quality programs
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## Operating cost reduction

- Engage external specialists
  - Reward suppliers for sharing sustainability knowledge and experience
  - Provide tools, policies, or processes to suppliers and value chain partners
  - Work to create market value from sustainability attributes of product
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## Revenue improvement

- Set quantitative value chain goals
- Analyze sustainability impacts of value chain on overall business
- Engage with complementary businesses about sustainability
- Reward suppliers for sharing sustainability knowledge and experience

## Summary: Recognizing initiative goals and achieving cost and revenue benefits

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- Identify and implement leading practices you are not currently using
- Use rigorous, quantitative goals and international standards to guide your efforts
- Communicate the value you create, both internally and externally

For further help or assistance, you can reach out to the following organizations:

ASQ – [www.asq.org](http://www.asq.org)

CROA – [www.croassociation.org](http://www.croassociation.org)

ISM – [www.ism.ws](http://www.ism.ws)

Or you can contact us directly:

Daniel Aronson – [daronson@deloitte.com](mailto:daronson@deloitte.com)

## Appendix: Survey Analysis – Methods and Definitions

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### Analytical Method

Description of various analytical methods used in the analysis:

- Section 1 investigates hypothesized associations between ten core management practices and (a) various sustainability initiative performance metrics, and (b) organizational challenges. The statistical significance of each hypothesized relationship is assessed with several empirical techniques.
- Section 2 is more exploratory, and examines associations between a broader set of management practices and performance metrics, and focuses on identifying the management practices associated with highest performance boosts to various value chain sustainability metrics, and highlights which boosts are statistically significant.
- Section 3 examines associations between various sets of management practices and three core performance metrics.

### Statistical Checks

Description of statistical methods used

- Order logistic and regression models
- T-tests
  - Indicate statistically significant differences between average performance levels, based on p-values

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