

OPTIMISING SUPPLY CHAINS FOR RESOURCE EFFICIENCY

This video presents five things that you can do right now to optimise your supply chain for increased resource efficiency.

Hi, I'm Gen and I've been working with small to medium-sized businesses in Tasmania to help reduce their consumption of resources and minimize waste streams.

This video is part of a series from the Business Resource Efficiency Program, delivered by Business Action Learning Tasmania in partnership with the Tasmanian government.

It is a key action from Climate Action 21, the Tasmanian Government's climate change action plan.

Each video shares successful strategies and other lessons we've learnt from BREP.

A supply chain is defined as a system of organizations, people, technologies, activities, information and resources involved in moving materials, products and services all the way through a manufacturing process, from the original supplier of materials to the end customer.

It integrates all activities involved in the process of sourcing, procurement, conversion and logistics to the end-point of sale to the consumer.

Supply chain management is the management of the supply and demand of materials, products and services within and across companies in a supply chain.

Some companies use the term "logistics" interchangeably with "supply chain management" but supply chain management doesn't just oversee the tracking of materials or products in transport,..

...it provides an oversight of all movement and storage of raw materials, works-in-process, finished goods and inventory from the point of origin to the point of consumption.

Traditionally, the goal of a successful supply chain management strategy is to ensure that products are available, just as they are needed.

In Lean supply chains, this is called Just-in-Time or JIT. Stored inventory is very small and new inventory is only generated when a customer order is received.

An optimised supply chain supports resource efficiency in that it prevents us from using resources unnecessarily to make things that we don't have a need for yet.

But there are a number of ways that we can increase our resource efficiency by influencing all the players in our supply chain to be more sustainable.

Here are five things you can do right now to improve resource efficiency across your supply chain:

New materials and processes are being developed all the time. Opportunities to replace virgin materials with recycled or recyclable alternatives are constantly emerging.

“Do your own research”

Don't just rely on your current suppliers to provide information about potential alternatives, do your own research.

“Ask your industry association”

Ask your industry association or even look at other similar industries to find out about new products and emerging technologies.

“Develop local suppliers”

Consider the origins of materials and components in your products, including the packaging. Where are they coming from and how are they transported? Don't assume there are no competitive local suppliers.

Check with your local chamber of commerce or Business Enterprise Centre to see if there are any Tasmanian businesses that you could work with.....perhaps you could collaborate on a project to develop a new product solution or mentor them to reach the price point and quality standard you require.

Set performance criteria for your suppliers and evaluate them regularly. Typical criteria might include:

Quality performance

Packaging- how much do they use and how recyclable is it?

Origin and transport methods – where is it coming from and how is it getting here?

Recycled content – how much is included in the product and it's packaging...

... and we still need to consider price and minimum order quantities to ensure our products and services are competitive in the market.

Standards should be set to give you and your suppliers a benchmark to objectively assess their performance against their competitors.

Set the standard high- even if your suppliers can't meet all the criteria yet. Give them an incentive to improve and innovate!

As a customer, you need to use your influence to incentivise change in the supply chain.

Communicate regularly with your suppliers, let them know how they are performing against your criteria.

Seek opportunities to collaborate to solve problems and develop new product ideas.

Continue to review performance periodically and consider new suppliers if your current ones aren't responding to feedback.

No matter how small your business is, remember that you are the customer and your feedback is valuable to your suppliers.

In another video, we talk about the product/service lifecycle and 'the circular economy'.

Lifecycle thinking can help us understand where our efforts are best placed to 'close the loop' and retain resources within our product/service systems.

This can be mapped to our supply chain.

By considering the inputs and outputs at each step in the supply chain, we highlight opportunities to design waste out of the system and discover ways to close the loop and retain resources in the system.

Download our supply chain mapping template to help you identify inputs and outputs across your supply chain and evaluate the opportunities to eliminate waste.

The supply chain model we used earlier reflects the "take, make, use, dispose" economy that we have been operating in since the beginning of the industrial revolution.

Extending the supply chain to include after-sales activity such as repairs, replacement or take-back programs provides a pathway toward closing the loop. It gives us an opportunity to reclaim resources and return them to the system for re-use or remanufacture into second-life products.

This extended supply chain opens our minds to emerging new business models that support the circular economy.

This video has presented five things you can do right now to improve resource efficiency across your whole supply chain and promote the circular economy.

For more ideas and practical information about improving resource efficiency, watch one of our other videos or visit the Tasmanian Climate Change Office website at climatechange.tas.gov.au

or the BALT website at businessactionlearningtas.com.au.

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