



***Road Map for Building Sustainable Supply Chains:  
World Environment Center’s Methodology for Customer-Supplier Collaboration  
July 2014***

Since 2004, the World Environment Center (WEC) has implemented a Greening the Supply Chain (GSC) program to advance the sustainability objectives of government agencies and member companies. Individual projects—implemented in Australia, China, Latin America, Eastern Europe and North Africa—represent a core element of the “Capacity Building” focus within WEC’s Strategic Plan. A list of WEC’s supply chain projects is provided in Appendix 1.

**Goals of the Green Supply Chain Program<sup>1</sup>**

Major goals include:

- **Achieving measurable performance improvements** by suppliers. Metrics have included: energy efficiency; conservation of natural resources; reductions in air, land and water releases, including greenhouse gases; efficient use of materials; and improved cycle time.
- **Identifying opportunities for business process improvements** through the application of best practices, innovations in clean production and capital investment options.
- **Reducing business costs** through greater efficiencies in natural resource and materials consumption and business process enhancements.
- **Expanding worker knowledge** by training in technical issues, management systems and sustainable business practices through in-country and/or on-site and online training in native languages.
- **Strengthening supplier business performance and competitiveness** by reducing supply chain business risks and improving customer relationships.

**WEC’s Methodology—How We Work**

From 2004-2014 WEC’s methodology for implementing supply chain projects has continued to evolve. The core principles of the methodology are to:

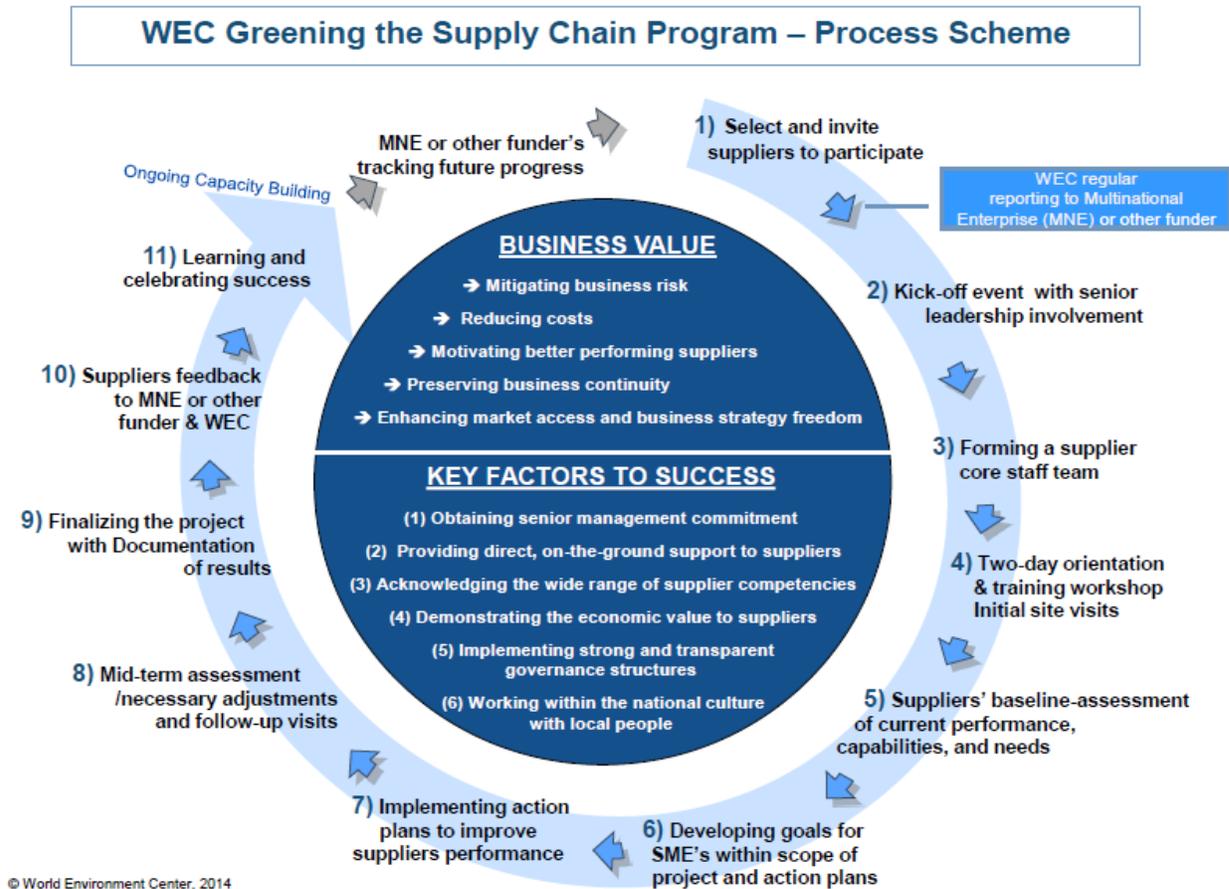
- Focus on business value creation that integrates sustainability objectives through a step-by-step process.
- Understand key factors to success in a regional, cultural and project-specific context.
- Implement projects through on-the-ground participation involving local partners.
- Transfer knowledge and leadership to local partners and project participants.
- Adapt and apply the methodology across business sectors.
- Maintain the capability to scale project results.

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<sup>1</sup> Specific goals may vary by individual project and through directions provided by funding organizations.

This methodology is presented in Figure 1 through a multi-step process that stresses leadership commitment from customers and suppliers, dedicated employee teams, data-based decision making, peer-to-peer iterative learning, on-going feedback and celebration of success. Project time frames can vary from one to three years.

**Figure 1:**



A fuller discussion of this methodology appears in Appendix 2, a case study of WEC’s initiative with olive oil producers in Chile.

**WEC’s Role in Managing Supply Chain Projects**

In virtually all cases, WEC has served as the prime project manager responsible for ensuring project goals and executing the implementation plan with suppliers. This includes organization of workshops, training sessions, baseline, mid-term and final performance assessments, communications and budget management. WEC assigns a lead Project Manager—generally a WEC employee— and a local Technical Director who both work with on-the-ground partners. In some instances, WEC has served as a participant in projects managed by other organizations.

WEC monitors and reports performance results (generally on a quarterly basis) to assess achievement of project goals as well as provide outcomes to funders for their review. A final report is prepared for each project.

In projects funded by global companies, their role also includes: approving project budgets, designating a lead contact person for WEC, providing clear leadership communication to suppliers of the project's importance, assisting in the recruitment of suppliers, participating in project kick-off and closing events, reviewing interim results for individual suppliers and (if necessary) communicating a need to improve performance, and providing (if needed) in-kind support such as conference rooms for training or other events.

As WEC is not an auditing organization, it does not conduct formal audits of supplier performance or adhere to customer or international standards, but it does verify project results with individual suppliers.

### **WEC's On-the-Ground Partners**

It is essential to recruit local partners to implement supply chain projects. There are significant benefits in building an on-the-ground team that consists of local partners. They include: lower project costs; understanding of local issues, language and cultural knowledge and sensitivities; and relationships with companies and business associations, government agencies, educational institutions and other stakeholders. WEC has consistently found technically qualified partners in all areas of the world where it operates.

Examples of WEC's local partners include: national cleaner production centers formally affiliated with the United Nations Industrial Development Organization (UNIDO); research and sustainability organizations such as the China Eco-Efficiency Research Center (CERC), an organization that consists of former Ministry of Environment officials and university researchers who maintain expertise across a number of issues; individual technical experts that possess a variety of skills and relationships including prior affiliation with the World Bank, national ministries, or the private sector; business associations that provide a source of technical expertise, a communication channel and a platform for scaling individual project results; and governmental ministries.

Presently, WEC maintains over 50 partnerships across the various countries in which we have worked. WEC continually communicates with other non-governmental organizations, business associations, national ministries and other international organizations to identify potential new partners as the need arises.

Funding for WEC's local partners is included in individual project budgets.

### **WEC's Funding Model**

As a non-profit, non-governmental organization, WEC is eligible for funding from government, private sector and foundation sources. WEC regularly scans funding opportunities in the U.S. and increasingly in Europe, and conducts conversations with potential funders. At present, WEC's principal funding source is the U.S. government (in particular, the Department of State and the U.S. Agency for International Development). A principal motivation for U.S. State Department funding is its implementation of regional free trade agreements that have mandatory environmental provisions, and economic development initiatives in bi-lateral or multi-lateral relationships. WEC has been able to obtain an increasing number of multi-year projects that provide both greater financial stability as well as facilitating the development of longer-term relationships among funders and stakeholder that can yield additional opportunities.

## **Process for Scaling Supply Chain Projects**

Having participated in a number of projects for various purposes (e.g., one-time pilot projects, multi-year projects with limited objectives, and initiatives designed to achieve market scale), WEC has evolved a set of operating principles for achieving great scale. They include:

- Avoid pilot projects, where possible, for they are too limited in scope and insight to have an impact, and they often reinvent the wheel of knowledge in comparison to projects conducted by other organizations. Further, their limited results are generally not relevant to the major business risks or opportunities that companies face in today's highly dynamic marketplace. Instead, supply chain projects should be "designed for scale" even as a condition of developing a proposal to address supply chain needs.
- Implement "design for scale" by expanding the "supply chain pool" beyond individual suppliers to broader value chains through business associations or common customers.
- Seek to leverage project results with regulatory authorities and other stakeholders so as to level the competitive playing field, better inform authorities of best practices and other project innovations, and enhance the credibility and scale of project results. WEC also seeks opportunities to scale project results by developing agreements between project participants and government ministries whose authority can cover entire business sectors.
- Scaling potential is limited by financing. Many suppliers have demonstrated a willingness to invest project savings into cost-effective improvements, but a lack of financing prohibits them from doing more.

## **Benefits of working with WEC**

WEC's long-term experience in managing supply chain projects and its documented performance results yield the following benefits for companies:

- WEC supply chain methodology is very adaptable to achieving other sustainability objectives, including the training and empowerment of women in the SME sector, and the integration of business managers and universities to improve curriculum to prepare future employees in developing markets.
- WEC methodology is adaptive to a range of business sectors and geographic locations.
- WEC's non-profit status and global accreditation with UNEP contribute to enhancing the level of trust between companies and their stakeholders (e.g., government, NGOs, communities) and strengthening the governance of supply chain projects.
- To date, the supply chain initiatives of most global companies are of limited scope and duration, and they achieve only limited results. WEC approaches the supply chain from the point of view of both the customer and the supplier and has increasing experience in designing projects for greater scale impacts.
- When possible, WEC seeks to obtain co-funding of supply chain projects with government agencies or other companies.
- WEC's capability building projects provide ideas and case studies for thought leadership initiatives such as roundtables that are open to all member companies.
- The scope of recent projects has expanded to include collaboration with a number of universities where WEC members recruit future employees, thus enabling WEC to assist its members in future employee skills development.

## **How Member Companies Can Participate in WEC Projects**

To date, WEC has managed supply chain projects involving the following business sectors: agriculture and food processing (including coffee growing, poultry production and packaging, dairy, olive oil production and tomato processing), aluminum manufacturing, automotive production, beverage products, chemical and pharmaceutical manufacturing, lodging and hospitality, retail and textiles.

WEC is able to share previous project results with companies potentially interested in developing a new project as well as the names and skills of our local partners.

WEC staff are available for more detailed discussions of how we work. We are able to adapt our methodology to an individual company's needs; for example, we have the capability to manage projects involving dozens as well as several hundred suppliers. WEC is very open to collaborating with a company's existing partners or participating in initiatives that involve multiple companies (including non-members) and their suppliers.

Please contact me if you are interested in exploring a discussion of a potential project or have questions about WEC's capacity building program.



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