

The Supply Chain Memo

Organizations that seize the opportunity are those that appreciate that the world around us is changing

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By Sigi Osagie · August 18, 2023

“Every company should have received the memo that supply chain needs a seat at the table.” Especially in regard to the sustainability or [ESG](#) (environment, social and governance) agenda.

I smiled to myself in a conflicting mix of delight and disdain as I read those words of Ernest Nicolas, HP’s chief supply chain officer, in the Fast Company July 24 article “[How HP Is Using a Supply ‘Reset’ to Advance the Circular Economy.](#)”

I couldn’t help my ambivalent feelings about his comments.

On the one hand, his assertion about the memo brought the joys of spring to my heart. All the more so because of his understanding of many pertinent issues. Yet, on the other hand, it’s a truism that most organizations today have received the supply chain memo.

Any attempts to deny receipt of the memo by board members and senior executives are scotched by recent global events, not least the logistics disruptions and labor shortages caused by the recent pandemic; recurring supply chain upheavals from environmental disasters and extreme weather events; the huge reputational and financial damage suffered by some brands from shocking exposés on human rights abuses in their supply networks; and the growing clamour by consumers for more sustainable and socially conscious business practices.

Two different things

You’d have to have been dwelling deep inside the caverns of the Mammoth Cave for the last two decades or so to have missed the supply chain memo. But getting the memo and reading it are two different things. Anyone who has read it knows that it’s not really a “supply chain” memo.

It could have been named “the it-just-makes-sense memo;” “the sustainability memo;” “the don’t-mess-up-the-global-village-you-live-in memo;” ... or even “the spiritual memo” – if it was written by a sage. Because the sages through the ages have always known that the spirit of the soul of the world entails no waste. Everything nature produces gets consumed and reused in its own perfectly sustainable circular economy. That’s why the cow’s feces is a five-star feast for the dung beetle, and the flow of the rivers into the oceans returns as rainfall to bathe and nourish the land.

Nature wrote and read its own memo.

And it acts on it eternally. Because it knows that reading a memo and acting on it are also two different things.

What’s more, perpetuating your actions with effectiveness is so distinctly different that it puts you in a special niche, well beyond the spheres of the mediocre and the laggards.

No drops of water, no ocean

Laggard organizations haven’t bothered to read the supply chain memo, as shocking as that sounds. And mediocre organizations haven’t really grasped the memo’s imperative.

All because we live in a time where the Church of Money has the largest congregation. And we all worship at its altar, whether we admit it or not.

As individuals, few of us can claim otherwise. Not when we prioritize costs, enjoyment or personal comfort over the environmental and social impacts of our spending decisions and everyday actions.

We may feel that our little tiny actions have minimal effect on global sustainability, so it’s not worth the effort. But that’s like dismissing the importance of the tiny little cent. Yet a million dollars is made up of many little cents.

Just like the ocean is made up of many little drops of water – no drops of water equals no ocean.

As organizations, we’re beholden to shareholders, banks, taxpayers and executive pay policies that focus exorbitantly more on financial performance than on supply chain sustainability or corporate ethics.

Money rules today’s world, I’m afraid; even in socialist economies and communist societies.

So the notion of configuring supply chains such that sustainability is the primary goal, or ESG enhancements are principal considerations, still seems a long way off. [“Show me the money!”](#) continues to dominate as the paramount decision-making factor in most companies’ supply chain networks, given far more weighting than anything else.

Achieve the impossible

Nevertheless, some prudent organizations are making good efforts toward better supply chain sustainability. IKEA, The Body Shop, Patagonia and Unilever, for example, continue to boost their green and ethical credentials, demonstrating a solid grasp of the supply chain memo.

Such beacons of good sense must accelerate their sustainability drives across their end-to-end footprint toward attaining and sustaining the same perfect circular economy as nature.

Sounds impossible to achieve? So did putting a [woman on the moon](#) at one time.

Big brands and multinational corporations have the big balance sheets to finance their sustainability drives. It’s not as easy for many small and medium-sized businesses – a sustainable supply chain makes business sense in the medium to long term, but it costs money in the short term.

I know this first-hand from my work with clients globally. Many organizations would like to do the right thing, but they dare not disobey the first commandment of the Church of Money: “Thou shalt prioritize profitability over sustainability.”

Studies from esteemed sources confirm this. For example, an Economist Intelligence Unit survey a short while back, spanning companies in the Americas, Europe and Asia-Pacific, showed that higher costs was the number-one barrier to adopting sustainable supply chains.

Keeping track of complex supply chains was the number-two barrier.

Yet – and here’s the rub – it was the same insatiable greed for ever-increasing profits that drove the [outsourcing and offshoring](#) boom decades ago, which, repeated across multiple supply tiers, has now created the [complex supply chains of today](#).

Tut-tut. We’ve tied ourselves in knots!

The color of prosperity

We can’t roll back the hands of time. But we can disentangle ourselves, as many exemplar organizations big and small are proving. Disentanglement won’t be achieved by paying lip

service to supply chain sustainability while the board and executive mindset is still enslaved by the dollar; to the continued detriment of the planet.

Rather, it requires the sort of shift in perspective that stopped humans from eating each other once they realized that the planet had abundant food for us to survive.

A sea-change reset.

Perhaps the UN's latest warning that "the era of global boiling has arrived" will be the clarion call that spurs us to more intensive action.

Organizations must direct substantially more resources – especially leadership time and attention, financial expenditure, human capital, and executive incentives – to achieving a quantum leap in supply chain sustainability.

The proliferation of familiar technologies like barcodes, RFID, GPS, smart sensors and supplier management software, coupled with the enhanced capabilities from applications of artificial intelligence, blockchain and internet of things, offers a seismic opportunity.

Organizations that seize the opportunity are those that appreciate the world around us is changing significantly, and nature teaches us that those that'll survive and subsequently prosper are those that can effectively adapt to change.

The color of organizational prosperity is getting greener, because the imperative for sustainable supply chains is irrefutable.

For organizations that ignore the opportunity, time will catch up with them and they'll likely share the destiny of the dinosaurs – as nature also teaches us.

About the author:



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