


In this Issue

- [Notes from the Birth of VICs](#)
- [Aggregate Sales of Empty Miles Subscribers Nears \\$1 Trillion](#)
- [Regional 3PL Shipment Consolidation Saves Substantially](#)
- [Defense Logistics Agency Orders 2nd CPFR® Workshop](#)
- [Lessons from the Financial Crisis](#)
- [Auto ID History Repeats Itself](#)
- [Penn State Named as Top Educational Institution for Supply Chain](#)
- [An Old Definition of Sustainability Re-Emerges](#)



Over 100 years of retail knowledge and proud partner of VICs.

For additional information about UPS, please contact Dan O'Connor at 404.828.7339.

<http://clk.atdmt.com/ANY/go/127880821/direct/01/>



MOTOROLA

RFID RETAIL SOLUTIONS FROM MOTOROLA

➤ **GET YOUR FREE RFID SOLUTIONS KIT NOW**



<http://promo.symbol.com/26154>



Joe's Corner

Supply is Getting More Demanding

Joe Andraski
President & CEO, VICs

The challenges facing companies in general—and supply chain professionals in particular—keep growing dramatically. The whole chain that supplies consumer demand is about to have more demands put upon it, and supply chain professionals will have to meet new requirements with innovative solutions.

Consumers want a cleaner environment, one that is avoiding the threat of climate change. When consumers want something (e.g. more environmentally responsible actions), retailers and brands will respond, and retailers will make demands on their suppliers. When voters want something, politicians will respond, and we will get more environmental legislation.

It seems inevitable that supply chain professionals will eventually have to measure carbon emissions along the supply chain accurately, report them appropriately, and reduce them over time to remain competitive. Supply chain professionals must do that, of course, on top of efficiently delivering to customers with greater visibility and faster speed to market.

Consider the consequences of environmental legislation such as the Waxman-Markley comprehensive energy bill entitled the American Clean Energy and Security Act of 2009 (ACES), also referred to as the cap-and-trade emissions control bill.

Companies and their supply chains will be required to measure and reduce their emissions a little more every year—or pay a new cost. The current bill, which passed the House and is in the Senate, mandates a 17% reduction by 2020. Companies will be required to measure their emissions level and report to the government. Undoubtedly, some will face audits to ensure accurate compliance. If companies don't cut emissions, they will be forced by the government to bid for and pay for "pollution credits" via a government-controlled marketplace.

With the added costs of emissions measurement and control, the effort to improve supply chain productivity will become more demanding. We will have to do more while using less.

Try visualizing your global supply chain, where products are being handled by multiple companies before they reach their final destination.

Joe's Corner (continued)

Will conventional business practices and supply chain networks be capable of meeting the demands of cap and trade? Will standards for measuring and reporting supply chain environmental metrics be needed?

One thing will be needed for certain: New best practices that reduce emissions. VICS is in the vanguard, developing the new best practices that reduce emissions across the supply chain. Some of these best practices are available to you today; some are yet to be developed by the volunteers in VICS Committees.

Empty Miles is part of the solution to emissions reduction. With an estimated one quarter of trucks on US and Canadian highways running empty, the elimination of many empty return trips by using the VICS Empty Miles system can substantially reduce emissions—and it typically pays for itself the first time it is used.

DC ByPass is part of the solution. When companies eliminate one or two entire legs of transportation along the supply chain by shipping goods direct from ports to retail distribution centers, DC ByPass significantly reduces emissions.

The more extensive consolidation being performed by companies like States Logistics (See article Regional 3PL Shipment Consolidation Saves Substantially Below) is another better practice that will reduce emissions.

Do not assume that the consumer/voter-driven push for more responsible action by business will stop at greenhouse gas emissions and energy consumption. There will be similar concerns for solid waste, recycling, water usage, packaging and materials use. Work in the VICS Packaging and Hangers Sub-Committees will be delivering new best practices in those areas.

Managing supply will become more demanding. VICS will continue to supply solutions for your more demanding world.



Notes from the Births of New Management Ideas

Ralph Drayer's Perspective



Ralph Drayer,
President, Supply Chain Insights LLC
Formerly VP Customer Service & Logistics, P&G
Leader in ECR, GCI, CRP, Perfect Order, CPFR
Recipient of:

- VICS Roger Milliken Lifetime Achievement Award
- CLM/CSCMP Distinguished Service Award
- GMA First Path Forward Award

In this series of articles about the lessons learned from the birth of VICS and the management concepts VICS has brought to the world, we cover some of the principles of success for anyone solving interindustry problems. We hope to help other emerging leaders around the world to understand how they too can transform entire industries and achieve vastly more than any one company or individual could ever hope to accomplish.

We also honor those who identified an issue, envisioned a way to solve it and took the initiative to make our world operate better.

In this article, we interview Ralph Drayer. Ralph Drayer has been a leader for not just one major industry initiative, but several. As the Vice President of Customer Service and Logistics for The Procter & Gamble Company (P&G), he worked with customers and competitors, associations and consulting firms to refine and win acceptance of new ideas on a multi-industry and global scope.

Drayer has worked on at least five major industrywide initiatives. They include:

1. Continuous Replenishment Program (CRP), which was P&G's pioneering version of vendor-managed or co-managed inventory programs.
2. "The Perfect Order," which entailed looking at logistics and customer service from the customer's point of view rather than the traditional point of view of the CPG industry.
3. Efficient Consumer Response (ECR), which, similar to Quick Response in the general merchandise industries, was an application of Just-in-Time principles, along with category management, to the grocery retail industries.
4. Collaborative Planning, Forecasting & Replenishment (CPFR®), which is widely known to all VICS Members.
5. Global Commerce Initiative (GCI), which was focused winning acceptance of a single set of retail-consumer goods standards worldwide.

Ralph Drayer's Perspective (continued)



P&G's first application of Total Quality principles was in order management. "We needed to measure success in order management, but for the first time, we took a different perspective: the customer's, said Drayer. "Our service quality as seen by the customer was very different from our own perception. No one had even mapped the process before.

"The key measure of order management performance became 'The Perfect Order.' The Perfect Order was 100% complete, 100% on time, undamaged and invoiced correctly. That has since become the industry standard measure."

Obviously, Drayer knows something about achieving industrywide change.

If Machiavelli was right in writing, "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things", then Drayer must be a daredevil.

"Back in the '80s and '90s," said Drayer, "management thinking about supply chain expanded dramatically. We adopted a new understanding about optimizing the entire supply chain to drive business growth. That led to a number of internal projects at P&G, which in turn led to involving our customers and suppliers.

"It soon became clear that a lot of companies doing similar things in different ways would be costly chaos. The industry needed new best practices applied industrywide, based on standards. That meant changing a lot of minds."

Change their Self-Interested Perspective

Among the hardest elements of winning widespread acceptance of any new approach in an industry is helping a wide range of people to see the bigger picture. "A young manager typically 'grows up' within a functional area and learns from the others what to focus on, what is more important, what will yield the best career for that individual," commented Drayer. For example, a buyer wants a price break and wide margins. A manufacturing person wants long production runs. A salesperson wants the order. A distribution manager wants full truck loads. "Every functional area in a company will have a sizable battery of those ideas of how to be successful. They become engrained as part of accepted practice, part of the corporate culture. Those beliefs are rarely questioned.

Some of those beliefs become "turf"—an understanding of where work gets done and what group has the responsibility for it. People hate to let anyone change their "turf", or as one popular book termed it, "move my cheese."

Unfortunately, the most powerful and valuable new ideas regularly run head on into some of those embedded, unquestioned elements of "why we are successful?". They also invade turf. When big changes come, some must be overturned, and people naturally resist it. It takes a surprisingly vast effort to change the accepted norms across an industry—especially when most of the people are in other companies and you will never meet them.

"The magic idea that broke through those unquestioned beliefs and turf issues came from Sam

Walton, founder of Wal-Mart," continued Drayer. "He insisted that we force ourselves to always look at

things from the point of view of the end consumer. If it would help the end consumer it was good. If it only helped your own company or functional area, it probably wasn't good. That idea brought everyone together in agreement over a common objective of doing what will benefit the consumer. It got us away from win-lose, zero-sum negotiations and into accepting revolutionary changes and collaborating to achieve them.

"Walton said he would share information and work together with suppliers to lower costs for the end consumer. There are still managers who resist sharing information with suppliers, although many fewer than there used to be—in part because some saw the light and changed, and in part because some couldn't compete against those who embraced the changes."

Demonstrate the Value

"Any major change requires that you first demonstrate the superior results of doing something differently," continued Drayer. "You have to demonstrate through action that sharing and working together produces superior results for you and your trading partners. In each of the initiatives, we found a few people enthusiastic enough about the new ideas to test them. We developed a series of pilots covering the important aspects of the initiative, along with an up-front agreement that the results would be published and shared for the good of the industry.

"For ECR, we created a long series of pilots. David Jenkins (then Chairman of Shaw's Supermarkets and the Food Marketing Institute and considered the father of ECR) saw the importance of pilots. We gained a lot of cooperation with pilots in part because the supermarket industry was struggling to survive.

"We were fortunate getting KSA (Kurt Salmon Associates) to help us organize what would become ECR. ECR built on the ideas behind Quick Response (the major initiative for soft goods and general merchandise that resulted in the founding of VICS), but ECR added a lot more. ECR had a consumer-centric perspective that QR lacked. ECR included Continuous Replenishment, The Perfect Order, Efficient Assortment, Efficient Promotion, Category Management, Activity-Based Costing, and more.

"An ECR Committee was formed from grocery retailers and manufacturers. Its sub-committees developed more than a dozen manuals of best practices for key elements of ECR. They created pilots. They published results. We worked on applying standards. As a result, ECR expanded beyond grocery into chain drug and healthcare. The Europeans soon started an ECR organization and before long it had spread to nearly 30 countries in Europe, Latin America and Asia.

"Randy Mott (who was then CIO at Wal-Mart) asked us to become members of VICS, and we joined VICS.

Ralph Drayer's Perspective (continued)

We needed to get general merchandise (VICS) and grocery together on common standards and best practices globally.

Demonstrating the Value of CRP

"Even with something as simple as Continuous Replenishment, it took a lot of effort to convince salespeople and retail buyers that their responsibility for the ordering basic replenishment goods should be moved a new breed of customer service representatives using superior technology," said Drayer. "And that was just within our own company!"

"We had to show unequivocally that customer service people could do it better and more efficiently. We started with one retailer—Schnucks. We first worked the bugs out of the software and then showed that the results were superior. The results were impressively better for both Schnucks and P&G.; We had substantial savings, improved turns, reduced out-of-stocks, improved loading and unloading efficiency and reduced damage. Although it did little for P&G's dollar business with Schnucks, CRP was the start of one huge benefit—establishing a new relationship with a new behavior of collaboration. Collaboration has since delivered dramatic gains for both trading partners.

"Next, we took CRP to Kmart to solve a Pampers business problem—acquisition cost. Pampers was a bulky, high-volume business with lots of costly LTL shipments. Kmart also had an overloaded warehouse system with lots of inventory and no capability to take on diapers. CRP required minimal inventory and as soon as they started buying truckload through the warehouse, our mutual business took off. Then we took it to Wal-Mart."

We knew we had a proven winner with CRP and at the time, Wal-Mart and P&G were also working to dramatically simplify our interactions with each other utilizing Total Quality principles. We used CRP to demonstrate what was possible by working together differently, and the rest, as they say, is history! The results were dramatic, and CRP became the foundation of a new collaborative, interdependent, Customer Business Team relationship with many of the company's key customers.

Take it Global – Carefully

"We soon saw the need to take the work of ECR and VICS global," said Drayer. "Too many standards organizations in too many different countries were creating their own standards, such as for EDI. For example, P&G had to maintain separate systems for 14 different EDI standards around the world. The standards needed a standard!"

"The Europeans knew nothing about VICS, and some bristled at accepting an American organization as the global standard-setter. Working together, we created the Global Commerce Initiative (GCI). The different bar code and EDI organizations were pulled together

to form GS1 global, with member GS1 organizations in many countries. Randy Mott at Wal-Mart and Ron Griffin at Home Depot worked together well to push global commerce standards. Working behind the scenes to win agreement among many conflicting parties were Tim Smucker (CEO, The J.M. Smucker Co.) and Art Smith (CEO, GS1 Canada).

"At that time, another new idea emerged from the consulting firm Benchmarking Partners (no longer in business). It was called CFAR (Collaborative Forecasting and Replenishment). We saw flaws in its lack of a planning component and need for a focus on the end consumer—and CPFR® (Collaborative Planning, Forecasting & Replenishment) was born. Collaborative Business Planning is really the basis and starting point for CPFR."

Over the years, best practices and standards developed for supply chain management were adopted around the world, but it took a lot of effort. "Whenever expanding use of new practices globally, expect some dramatic differences in speed and depth of acceptance among different cultures," warned Drayer. "For example, bringing new supply chain concepts to Japan took much longer than anticipated. The business culture in Japan was extremely competitive and sharing of information was a very difficult hurdle to get over. It eventually succeeded, but it took a long time, and it took a lot of work with individual companies and consultants to get there."

Needed: Chief Executive's Active Involvement

"You really need CEO understanding and commitment to the need for change," continued Drayer. "This is particularly true when the going gets tough and you begin impacting the way people in other functions do their work. The CEO must be on board to overcome the inevitable objections and stay the course."

"Trust is probably the hardest part. Trust is needed to achieve major change across functions—and across the supply chain. Unfortunately, before anyone can build trust in a new manner of working, they have to establish better performance—and reliability. That also takes CEO involvement to get the cooperation needed to establish better performance.

"It's good to see more trust developing over time," concluded Drayer. "The process is still evolving. Work at VICS is still needed. But it's very encouraging that our industry is focusing more on value delivered to the end consumer. It is continuing to move from an adversarial relationship to a collaborative one. The future will be brighter. This is because the model for creating business value is changing: Companies today participate in extended value chains where real operating efficiency and revenue enhancement can only come from greater visibility, integration and synchronization among connected partners in the extended supply chain."



Aggregate Sales of Empty Miles Subscribers Nears \$1 Trillion



This month, Swift Transportation and Wegmans Food Markets joined the Empty Miles family of subscribers. With those additions, Empty Miles subscribers have a combined annual sales volume exceeding \$880 billion dollars.

Created by close collaboration between GS1 Canada, GS1 US, and VICS, Empty Miles has also attracted Best

Buy, Big Lots, Dillard's, International Paper, Johnson & Johnson, Kraft, Macy's, Nestle, JC Penney, Schneider National, Target, Wal-Mart and YRC Worldwide.

Empty Miles is a low-cost way to deliver transportation savings as well as reduce CO2 emissions by taking empty trucks off the road. As more companies enter their empty truck routes into the Empty Miles system, the volume of savings opportunities for the subscriber base continues to grow. Bill Connell, EVP of Logistics for Macy's, said, "This project is a good one on a number of levels.... It fits with sustainability, it saves money and it's just common sense."

Since the annual subscription fee is generally paid back with the first use, the ROI in savings and reduced emissions soars as more companies and more routes provide more opportunities for subscribers. The annual cost of Empty Miles is low, only \$1600 for VICS Members and \$1850 for non-members.

Macy's and Schneider National have generated savings of over \$25,000 in lower transportation costs and a reduction of CO2 emissions by 155 tons for each lane. That's quite a return on their \$1600 investments in Empty Miles subscription fees six months from the startup of program.

Regional 3PL Shipment Consolidation Saves Substantially

Numerous consumer goods companies use third-party logistics (3PL) companies, and many will consolidate their less-than-load (LTL) shipments into full truck load shipments by combining them with other suppliers' shipments. However, now some 3PLs have started collaborating with retailers to boost performance further.

Each day, Empty Miles subscribers are using the system to identify routes in which trucks will be returning empty, or even partially empty. The "empty routes" and available truck capacities are then searched by other subscribers who could use that space for their shipments. The subscribers then create agreements so that one truck can handle multiple shipments—and formerly empty return trips now generate revenue for the trucker and savings for the shipper rather than just cost.

With approximately one quarter of trucks on highways in the US and Canada running empty, the opportunity for savings is vast. The opportunity for reducing greenhouse gas emissions is equally vast. Empty Miles subscribers frequently and freely share best practices to keep the momentum going as opportunity lanes across partners continue to be found.

Buddy Polovick, who heads the EPA / SmartWays initiative wrote about VICS Empty Miles, calling it an "ambitious project that will surely make a notable impact. This is just the kind of innovation the industry needs."

Behind the success of Empty Miles is a cohesive team composed of GS1 Canada, GS1 US and VICS. The team has created an Empty Miles portal on the VICS Collaboration Zone, a platform for improving business processes and delivering business value among companies.

Visit www.emptymiles.org to register your company and list your empty lanes and other information needed to make an accurate match. Logon and join in the savings!



VICS' Empty Miles program is a proud supporter of SmartWay – the EPA's innovative brand that represents environmentally cleaner, more fuel efficient transportation options.



Ryan Donovan
VP Operations & Bus. Dev.
States Logistics

A large, full-service 3PL, States Logistics specializes in this for the retail/consumer goods industries, particularly for food and mass merchant deliveries, concentrated in 11 western states.

3PL Shipment Consolidation Saves (continued)

According to Ryan Donovan, VP—Operations and Business Development for States Logistics, his company's consolidation and collaboration typically:

- Saves 9-11% in transportation costs on average, although savings vary widely
- Reduces emissions significantly
- Dramatically reduces lead time on orders.

"A lot of companies serving retail have an average lead time on orders of 7-10 days," said Donovan, "but our consolidation service is now mostly 5 days, and often 3 days. If necessary, we can get to next day, which, for example, can avoid lost sales during promotions."

States Logistics serves 50-70 consumer goods/retail companies, typically consolidating about 11 different manufacturers' shipments into a full truck load to a retailer. "It's easier for the retailer too," added Donovan. "They prefer one big delivery to a dozen small ones."

"The more manufacturers we represent," continued Donovan, "the closer we get to 100% full truck loads and 100% 3-day lead times. With that increasing

level of service, the retailer's gross margin return on inventory investment rises—and consequently the retailers' assessments of those brands' performances increases. It's a virtuous spiral."



3PL Collaboration with Retailers

The 3PL also collaborates with retail buyers. Said Donovan: "We work one-on-one with manufacturers and then represent all of them to retail buyers, often working with brokers."

"It is sometimes hard to get in to meet with retailers. They know we don't control price, but when they get to know how we can achieve 98%-99%-plus service levels that enable faster inventory turns, many start to see the value. Some retail managers recognize how collaborating with us enables reduced inventories, lowered OS&D (overage, shortage & damages), reduced invoice discrepancies and less administrative time. The retailers will not tell us how much those gains are. All they will do is push other manufacturers toward using us."

"Their supply chain people like us for reducing dock congestion," continued Donovan. "When we first started this years ago, delivery time at the dock was 4-5 hours. We have had it down to 1.2 hours, but now it has since risen to 1.9 hours because of the increased number of different manufacturers in each truck load."

"Just by copying us on the PO, retailers are boosting their turns and service levels," concluded Donovan. "However, there is a whole additional level of performance improvement we can reach if they will share more information and collaborate with us better."



Defense Logistics Agency Orders 2nd CPFR® Workshop

The Defense Logistics Agency (DLA) has retained VICS to conduct a second VICS CPFR® Workshop in August. The first VICS CPFR® Workshop was held at the Defense Supply Center Richmond (DSCR), where about 30 Defense Logistics Agency staff including many directors, deputies and service chiefs, learned the importance and basics of collaborative planning, forecasting & replenishment.

According to DSCR Deputy Commander Kathy Cutler, "Some of the same issues that the private sector has



to deal with are very similar to DLA's current challenges," agreed Cutler. "We need to have better visibility of information across all of our supply chain partners so that we all can make more informed decisions." When it comes to collaboration, she emphasized that "everyone needs to play a part in the process so that we can improve our customer support."

The Defense Logistics Agency won a Finalist Award in CPFR® Implementation Excellence last month.



Lessons from the Financial Crisis

According to Richard Rumelt, a professor at UCLA's Anderson School of Management, and Lowell Bryan, a director at McKinsey, key lessons from the current financial crisis involve the smooth-sailing fallacy, improperly designed incentives and a failure of governance.

The Fallacy of Smooth-Sailing Incentives

Rumelt and Bryan believe that management governance in many companies—and the government—contains a fundamental design flaw. They believe that modern managers, particularly in publically held companies, rely too much on reading metrics and setting up incentives. Metrics and incentives are typically designed improperly, especially for some senior managers. They are designed for relatively short-term improvements and



wringing the last iota of performance out of an operation. They are designed to reward superior performance, but not to penalize for bad performance or taking excessive risks. Therefore, the incentives pressure senior managers to take big risks

and make assumptions that bad things will not happen. It is the smooth sailing fallacy. Even today, metrics and incentives, such as stock options, get designed in such a way that managers build the company to "sail" very fast through smooth waters rather than a company that can "sail" well in all kinds of weather.

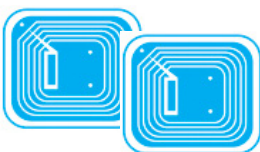
Needed: Governance with a Holistic Perspective

Rumelt and Bryan say that too many people believe they can manage by looking at the meter readings rather than truly understanding holistically what is going on. Rumelt cites the example of the Federal Reserve using the consumer price index as the measure for inflation rather than seeing the holistic picture that may contain asset bubbles or credit bubbles (e.g., real estate and mortgage-backed securities). They say that it's possible to create a record that looks pretty good for a certain number of years, by taking—consciously or unconsciously—hidden risks of a major disaster.

Rumelt and Bryan suggest that an overhaul of governance is needed, particularly over financial industry operations. A complete podcast of a discussion with Rumelt and Bryan discussion can be accessed at: <http://www.mckinseyquarterly.com/audio/problems>.



Auto ID History Repeats Itself



According to T. J. Jackson Lears, a cultural historian at Rutgers University, at the time when bar codes first came out, "the vision of the bar code as some sort of

surveillance device with ominous social implications was quite resonant.... It now seems comparatively innocuous."

It sounds a lot like what is happening in RFID today.



Penn State Named as Top Educational Institution for Supply Chain

Penn State won the highest score, closely followed by Michigan State, in AMR Research's survey of 126 companies and 19 universities to determine which US universities prepare students to manage global, integrated supply chain organizations best. Arizona State, Ohio State, MIT, University of Tennessee and Georgia Tech also scored well, although substantially lower than Penn State and Michigan State

The AMR report, *Leading U.S. Supply Chain Programs, 2009*, includes scores for US universities based on the value for industry, depth of the program and the scope of the program.

While recognizing that there are many strong programs and relevant research, the analyst firm states that, "Unfortunately, most universities are only partially meeting the most pressing needs from industry, with supply chain programs on average teaching only 5 of 11 academic areas needed, inconsistently applying supply chain technology, and not ensuring sufficient applied knowledge transfer."

Seven functional areas and four enabling areas comprise the 11 academic areas. The functional areas are: plan, source, make, deliver, customer management, post-sales support and new product development/launch. The four enabling areas are:



strategy and change management, performance measurement and analytics, technology enablement and governance. In addition, AMR states that the industry wants supply chain students with a broad

understanding of supply chain concepts, problem-solving judgment, analytical capabilities, relevant work experience and abilities to work effectively in global and matrixed teams.

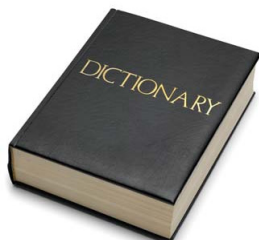


An Old Definition of Sustainability Re-Emerges

The term “sustainability” has wrongly evolved into something that implies an environmental focus instead of an earnings focus. Surprisingly, that is the view of Adam Werbach, formerly President of the Sierra Club. Currently, he is CEO of Saatchi & Saatchi S, a consultancy arm of the global advertising firm dedicated to sustainability and author of *Strategy for Sustainability: A Business Manifesto*.

Hurricane Katrina was an epiphany for Werbach: When society was shut down by the forces of nature, the rescue work being done by government and the environmental movement were relatively weak. It was the trucks from Wal-Mart and Home Depot that reached the survivors in the disaster area well before the government. Werbach switched from Sierra Club to Saatchi & Saatchi.

Undoubtedly, Wal-Mart’s unilateral move on a sustainability index will convince Werbach that businesses are far faster and more effective than governments for acting in society’s best interests.



Werbach believes that the definition of sustainability should return to its original implication of long-term profitability—doing what sustains earnings. He feels that companies embracing sustainability should not take on green as a compliance or philanthropic issue, but as a core business issue—one that sustains earnings and enables surviving for the long term. His new definition of sustainability is doing what sustains earnings.

Of the world’s 100 largest economic entities, 63 are not countries—they are corporations. Great power creates great expectations: Society increasingly holds global businesses accountable as the institutions strong enough to meet the huge long-term challenges facing our planet. Consumers reward companies for the efforts that help society; they punish companies that lack social responsibility. So do stock analysts.

The business of meeting those challenges provides a vast opportunity for corporations. Werbach believes that companies should have “North Star” goals connected to the core and strengths of the business. These should be aspirational, but achievable within

5-15 years. For examples, he points to the consumer products companies Method and Seventh Generation as companies that have adopted true sustainability strategies that embrace long-term healthful and environmentally appropriate products and brands.

Executives can believe it or not that social responsibility:

- Builds profitable growth
- Provides superior service to the customer
- Builds a more efficient supply chain
- Motivates and attracts employees
- Creates a stronger brand.

According to Werbach, executives who do not believe that should not embrace it.

Werbach believes sustainability has four equal components:

1. Social, to address conditions that affect us all, including poverty, violence, injustice, education, public health, and labor and human rights
2. Economic, to help people and businesses meet their economic needs—for people: securing food, water, shelter, and creature comforts; for businesses: turning a profit
3. Environmental, to protect and restore the Earth—for example, by controlling climate change, preserving natural resources, and preventing waste
4. Cultural, to protect and value the diversity through which communities manifest their identity and cultivate traditions across generations.

Companies can break away from traditional short-term thinking by making a commitment to sustainability as a core business strategy—and then proving it is not lip service by taking actions visible throughout the company.

When asked who should lead green initiatives in corporations, Werbach says that some of the best sustainability leaders in business today were not aware of sustainability issues in the past. They were the people that had led highly successful business initiatives and were then asked to take on another initiative with sustainability as key to its success.

More views of Werbach and stories from Method and Seventh Generation are accessible at:

http://www.mckinseyquarterly.com/Energy_Resources_Materials/Environment/When_sustainability_means_more_than_green_2404.



VICS Meetings & Events

Interested in hosting a VICS meeting? Click [here](#) to find out how

Date	Meeting/Event	Location
Sep 20-23	CSCMP Annual Global Conference 2009 Details	Chicago, IL
Oct 6-7	Joint VICS CPFR/TPAC Committee Meetings Hosted by Lowe's Details & Registrations Coming Soon	Mooresville, NC
Oct 14-15	VICS GLM/DC-Bypass/CTM Sub-Committee Meetings Learn more about these sub-committees	TBD
Oct 27	Retail Channel Management Forum for Household Appliance Industry Organizer - VICS and VICS AsiaPacific, Zhanda Media Details & Registrations Coming Soon	New International Export Center, Pudong New Area, Shanghai, China
Oct 27	VICS/AAFA RFID Committee Meeting - 8:00 am – 12:00 pm Hosted by University of Arkansas Details & Registrations	Fayetteville, Arkansas
Oct 27	RFID Forum Lab - afternoon tours Hosted by University of Arkansas Details & Registrations	Fayetteville, Arkansas
Oct 28	RFID Conference Hosted by University of Arkansas Details & Registrations	Fayetteville, Arkansas
Oct 28	VICS Board of Director's Dinner	Fayetteville, Arkansas
Oct 29	VICS Board of Director's Meeting - 8:30 am – 3:00 pm Hosted by University of Arkansas	Fayetteville, Arkansas
Nov 10	TPAC Committee Meeting Details coming soon Learn more about the VICS TPAC Committee	TBD
Dec 9	VICS Website Tutorial Details coming soon	Webcast



A monthly eZine covering supply chain, retail trends, and so much more.

CLICK HERE for your Free Subscription

www.cpgmatters.com/vics.html

www.vics.org

VICS
Princeton Pike Corporate Center
1009 Lenox Dr., Suite 202
Lawrenceville, NJ 08648

Tel: 609-620-4590
Fax : 609-620-1201
Email: admin@lists.vics.org

Websites
www.vics.org
www.cpfr.org

Joe Andraski
President & CEO, VICS
jandraski@vics.org

Mark Frantz, Editor
frantz@comcast.net

Jo Ann Fiordland
Manager
jfiordland@vics.org