

ORDERWISE®

SUSTAINABILITY:

FROM EXPECTATION TO REALITY

INCREASING RESILIENCY, NOT BUSINESS BURDENS

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FROM NICETY TO NECESSITY

Over the last few years, 'sustainability' has transitioned from a PR buzzword to a real and critical component of modern business models.

Adapting to climate change and driving environmental practices are no longer niceties for organisations. They are necessities that will become increasingly regulated over the next few years.

The impact of climate change has disrupted supply chains and inflicted financially crippling catastrophes on businesses across all industries.

The urgency for businesses to drive operational efficiency and accuracy to increase resiliency against climate change will only intensify.

In this guide, we will explore the direct impact climate change has on businesses, whether that be internal operational disruptions or external pressures. In addition, we'll examine the growing expectations around sustainability.


Most importantly, we will reveal how you can effectively adopt your processes and make better use of your existing resources to drive business resiliency, as well as sustainability.





“Climate change no longer needs to be accepted as it needs to be managed.”¹


THE CORPORATE IMPACT OF CLIMATE CHANGE


Whether you are **B2B** or **B2C**, right now, climate change is impacting your business by:

 Increasing operational risks and supply chain inefficiencies.

 Incurring additional costs and resources to your business.

 Decreasing accessibility to your supplies and resources.

 Intensifying your customer relationships and corporate responsibilities.

 Impacting your consumers and changing their behaviour.

“While the disruptions from climate change won’t happen everywhere at once, as was the case with the pandemic, the severity of the impact will only increase over time. Many companies aren’t prepared.”²

Olivia Rockerman,
Reporter at Bloomberg UK



WEATHER YOU’RE READY OR NOT

In the past couple of years, climate change has brought on countless deadly, extreme weather events. Across the globe were storms, heatwaves, floods, blizzards and fires that destroyed lives, economies and supply chains.

Without action, climate change will intensify the operational risks caused by extreme weather, such as:

- Travel delays due to road closure or accidents.
- Port closures.
- Damages caused by fires, floods, storms, explosions or earthquakes.
- A lack of resources slowing production or increasing costs.

There are still many companies that are unequipped and unprepared for these conditions now, never mind if they exacerbate.

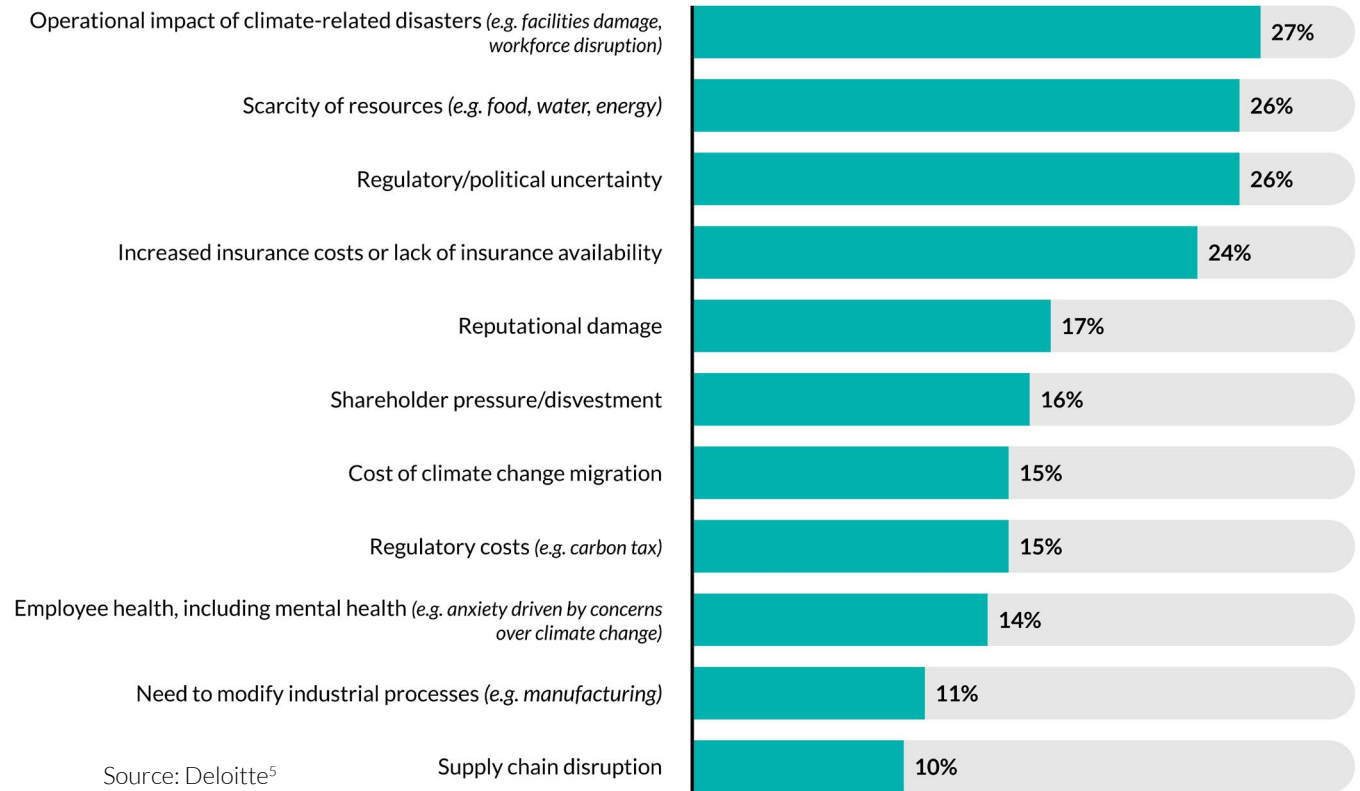
“Whether you’re in the agricultural sector or the forestry sector, or in the tech sector, there is really no particular sector that is immune from climate change.”³

Christy Slay, Senior Director of Science and Research Applications at The Sustainability Consortium

According to a report by Deloitte, in 2021, many companies around the world were actively concerned about the impact of climate change issues.

Climate-related disasters topped the list, with the scarcity of resources coming a close second.⁴

What are the biggest environmental sustainability/climate change issues already impacting or threatening to impact your organisation



Source: Deloitte⁵

THE PRICE OF PRODUCTION

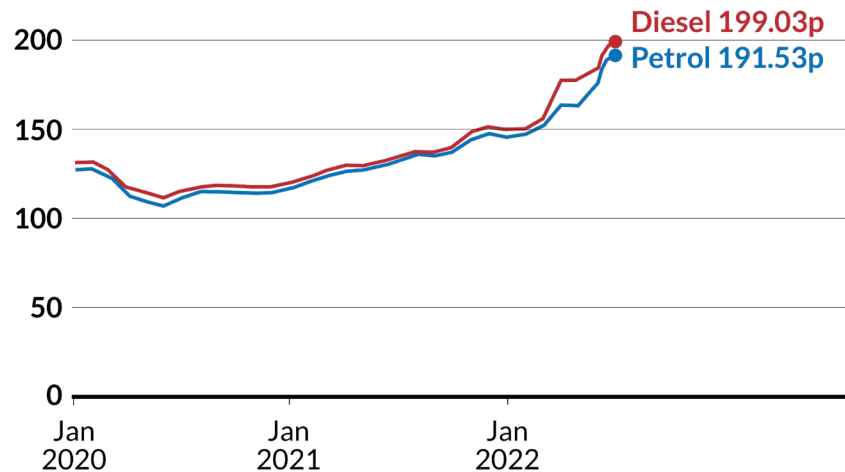
From a business perspective, hazardous weather disruptions are not the only critical challenge businesses are facing due to climate change.

Climate change will cause **raw material** and energy prices to rise. Over 2022, we expect to see the price of raw materials continue to increase. 'Extreme weather caused by global warming will cause these inflations and will be felt across all operations, from the shipment of microchips to agriculture goods'.⁶

A prime example of this is the drastic increase in fuel prices.

UK fuel prices since January 2020⁷

Average price at the pump in pence per litre



Not only does this increase the cost of production and manufacturing, but it also increases the cost of logistics and transportation.



Raw material – material in unprocessed or minimally processed states. For example, raw latex, crude oil, cotton, coal, raw biomass, iron ore, air, logs, water, or “any product of agriculture, forestry, fishing or mineral in its natural form or which has undergone the transformation required to prepare it for international marketing in substantial volumes.



ENVIRONMENTAL EXPECTATIONS AND ASSOCIATION

Eco-friendly, self-regulated business models like Corporate Social Responsibility, are becoming increasingly mandatory across the world.

While various pieces of legislation around corporate sustainability do exist, UK businesses can expect to see much stricter guidelines and penalties come into force soon.

From a brand perspective, modern businesses are expected to engage with sustainable practices throughout their operations and supply chains. It's a principle that your customers, partners, suppliers and investors will consider when associating with your business.

Corporate Social Responsibility - a type of business self-regulation with the aim of being socially accountable and aim to improve communities, the economy or the environment.

BUYER BEHAVIOUR IN THE AGE OF CONSCIOUS CONSUMERISM

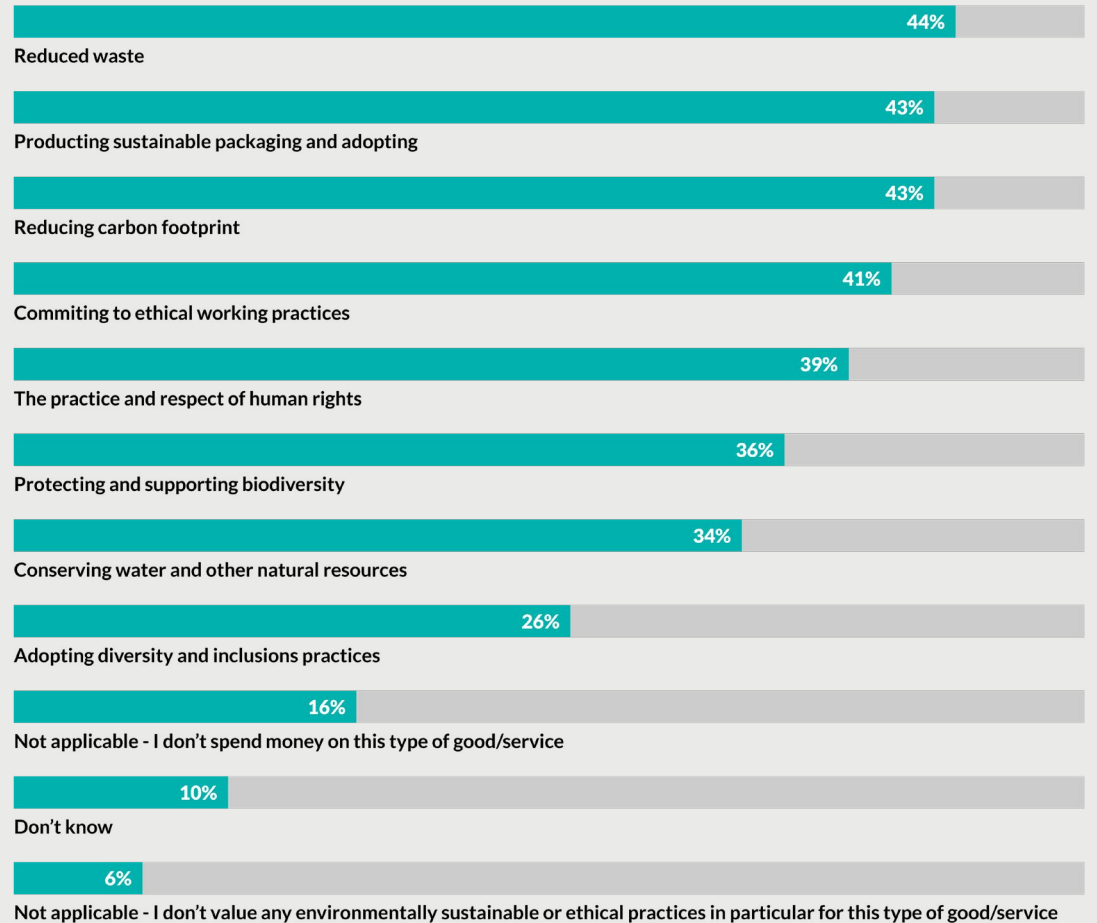
In the 2020s, there is a rapid increase in buying practices driven by a commitment to make purchasing decisions that have a social, economic and environmental impact. This is called **Conscious Consumerism**.⁸

'Generation Z, currently accounts for **40% of buyers**. 'Some two-thirds of Gen Z are willing to **spend up to 48% more** to buy from a purpose-led brand, as well as willing to make 20% less to work for one'.⁹

Generation Z - Born between 1997 - 2012

Which of the following environmentally sustainable or ethical practices do you value?¹⁰

% of all UK consumers who have chosen brands that have environmentally sustainable or ethics practices/values in the last 12 months



The younger and value-driven generations are dominating more of the consumer market. With this, businesses must ensure that environmental and ethical standards are evident throughout their supply chains.

However, concerns around sustainability are influencing and enraging consumers of all ages.

In 2021, **32% of consumers** were highly engaged with adopting a more **sustainable lifestyle** and **28% of consumers stopped buying** certain products due to **ethical** or **environmental concerns**.

In late 2021, a Business Wire study found that ‘more than a third of global consumers are **willing to pay more** for sustainability as demand grows for environmentally friendly alternatives.’¹¹

“More companies are managing sustainability to improve processes, pursue growth, and add value to their companies rather than focusing on reputation alone. We now question business ethics in a way not done before. There is a focus on the triple bottom line, measuring a company’s degree of social responsibility, economic value and environmental impact.”¹²

Sheila Bonini and Stephan Görner
Consultants at McKinsey & Company



It’s your customers’ planet too, and they’re paying more attention than ever before. While sustainability may not be the only deciding factor when making a purchase, it could be when it comes to choosing between you and a competitor whose products and stock have the sustainable edge.

Search interest for **“ethical brands”** and **“ethical online shopping”** in 2020 grew **300% and 600%**, respectively.¹³

“Any business that fails to comply with the law risks damaging its reputation with customers and could face action from the CMA.”

Andrea Coscelli,
Chief Executive of the
Competition & Markets
Authority

But they’re also paying attention to what you don’t do. Businesses who deliberately deceive the public that they are following more ethical and environmental practices, will be held accountable for **Greenwashing**.

In September 2021, ‘the UK **CMA** published its Green Claims Code to protect consumers from being misled by businesses about their environmental claims.’¹⁴

Greenwashing - branding something as eco-friendly, green or sustainable when this is not the case - misleading consumers into thinking they are helping the planet by choosing those products.



“Millions of UK households are rightly choosing to switch to green products as they look to reduce their carbon footprint. But it’s only right that this commitment is backed up by transparent claims from businesses.”¹⁵

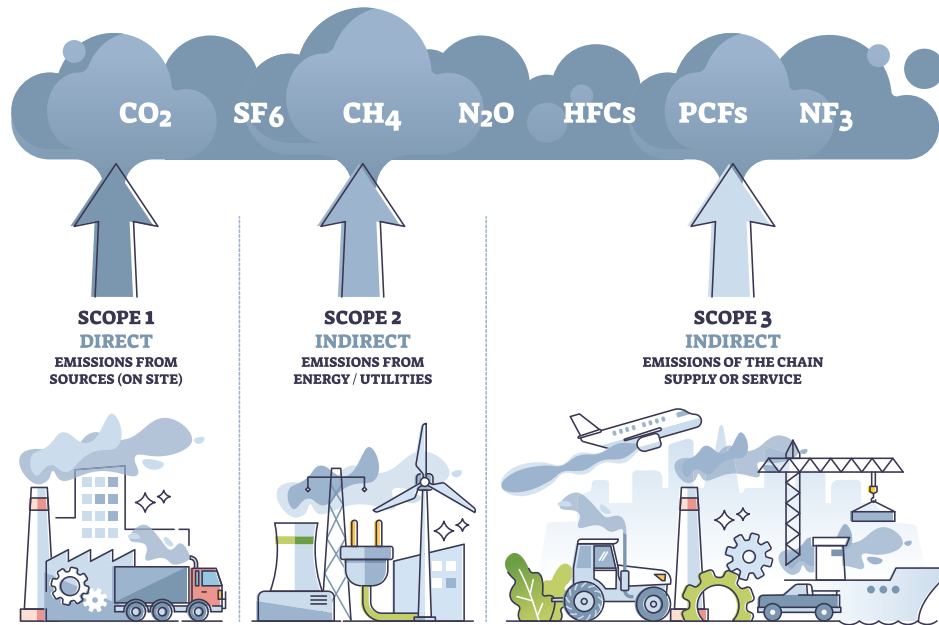
Greg Hands, Minister of State for Energy and Clean Growth

NET ZERO

In 2022, the UK became the world's 'first major economy that has pledged to become net zero by 2050'.¹⁶

Net zero refers to 'the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. We reach net zero when the amount we add is no more than the amount taken away'.¹⁷

SCOPES OF EMISSIONS



The resolution is to:

1. **Decrease the emissions being sent into the atmosphere** that are caused by industrial processes, power generation, transport and intensive agriculture.
2. **Remove greenhouse gas emissions from the atmosphere** by capturing carbon created during industrial processes before it's released, or simply planting more trees.

It's been argued that the 2050 deadline is too far away to make the intended impact on the planet. However, this goal is shaping your business now with all corporations expected to play a vital role in the transition to a net-zero society.



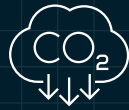
INCREASING RESILIENCY THROUGH SUSTAINABILITY

'Sustainability is now as much about the resiliency of your business as it is that of the planet—with both benefiting accordingly.'¹⁸

Pressure to change is coming from regulations, expectations, and logistical complications. So, as well as incorporating the impacts of climate change into your business strategy, you also need to consider how to adopt more sustainable practices into your own operations. Significant and actionable measures you need to be taking now, include:



Reducing waste.



Reducing emissions.



Reducing resources.

But will this impact throughput and profits?

DRIVING RESILIENCY WITH DATA

Businesses must adopt processes that will increase the resiliency of their infrastructure and ensure proactive risk management.

Climate change will only **increase bottlenecks, disruptions** and **challenges** for businesses in the coming years.

"Risk management is the most important function in the supply chain and manufacturing process. Being able to avoid catastrophes, lowering costs and moving fast on new opportunities ensures smooth business and growth."¹⁹

Anne-Marie Scott,
Director of Manufacturing & Industrial Sales at
Google Cloud

Your **data** is the key to risk management as well as lowering costs, increasing efficiencies and driving corporate growth.

ACHIEVING ACCURACY IN YOUR OPERATIONS

If you rely on manual paper-based processes, across multiple disjointed systems, data errors are inevitable.

Ensuring accuracy within your data and operations enables you to capitalise on sales opportunities while lowering costs, time and resources.

With a fully integrated business management solution such as an **ERP (Enterprise Resource Management)** or a **WMS (Warehouse Management System)**, you can access accurate data, in real-time across your entire organisation.

Business data can be stored in one central location, accessed on multiple devices, and automatically synchronised to update in real-time. This seamless data integration removes the administrative burden for staff and the need for paperwork.





END-TO-END BUSINESS MANAGEMENT

With an ERP or WMS solution, integration is not just limited to your internal operations.

You have the power to integrate with third-party service providers, such as couriers, ecommerce or online platforms and 3PL (third-party logistics) providers.

An end-to-end solution provides you with complete data visibility and seamless communication with your third parties. However, you're not only able to enhance your customers' experience through regular updates. You can also work with your third-party providers to increase efficiency.

This might include reducing miles through deliveries, ensuring ethical resources are used during manufacturing and production or providing the most eco-friendly returns options.



CAPTURING BUSINESS INTELLIGENCE

A fully integrated ERP or WMS solution will also provide you with accurate BI (business intelligence) in real-time across all areas of your business.

BI reporting functionality optimises your business data and enhances the visibility of your metrics. With performance analysis reported to you in clear, customisable and digestible formats, decision-making can be made much faster to achieve greater profitability.



HOW DOES THIS INCREASE SUSTAINABLE CORPORATE PRACTICES?

1. REDUCED WASTAGE

Data accuracy and visibility across your business and its external operations are pivotal to achieving more sustainable practices. Primarily, when it comes to reducing the risk of error and subsequently, **wastage**.



ERP and WMS solutions are proven to eliminate errors across **stock control, picking, despatch, procurement, forecasting, sales order processing and deliveries**.

Operational accuracy across these areas will protect stock from being **damaged, lost, overstocked, understocked and delayed being processed at goods-in, despatch or delivery**.



*"I will run a damage report to identify the products that are getting damaged and the couriers that they were with. If I think the ratios are too high, I can try another courier."*²⁰

James Lotts, General Manager at The Wright Buy

In addition to increasing the accuracy and speed of these operations, wastage can also be prevented through more efficient forecasting and procurement processes.

*'Reducing waste results in saved money, time, and materials, and dramatically cuts environmental waste and energy consumption.'*²¹

2. REDUCED EMISSIONS

With the drastically minimised risk of stock, supply and manufacturing inaccuracies, you not only reduce wasted materials. You also save on having to reproduce these goods, thus emitting further emissions.

Increasing operational accuracy and efficiency throughout your supply chain will eliminate the risk of stock becoming damaged, mislocated or sent in error. With the reduction of errors, this will lower your business's haulier and transportation emissions caused by stock being returned, redelivered, or reproduced to rectify those mistakes.

“ERP eliminates errors because it keeps everything in one area. Otherwise, if it were all manual, human error would be inevitable. As the kits are under one code, we know the correct item is set up. Then we know our own consumer is going to get the correct product.”²²

Lewis Strellis, Procurement Analyst at Obaby


In addition, with this quality of data, your business has the opportunity to enhance logistical sustainability by consolidating the orders and making fewer deliveries.



3. REDUCED RESOURCES

Data integration through ERP and WMS solutions do not only increase cost-savings and throughput by reducing errors and the resources required to rectify inaccuracies.

With increased data accuracy and secure accessibility across your business, you can increase operational efficiencies and productivity.



“Using an ERP solution means we’re more efficient and more automated. But that hasn’t meant we need to get rid of staff, we’ve been able to repurpose them. Using staff more efficiently has increased profit margins.”²³

Ian Place, Company Accountant at Sam Turner & Sons Ltd.

Streamlining these operations ensures your business can grow sustainably. Instead of having to incur additional costs through premise expansions or making additional hires, you can fully maximise the potential of your existing resources and manage additional capacity.

“This is not a one-off change. It’s an evolution that will continue to develop. Businesses need to be able to forecast future trends, and they also must have the capacity in their supply chains and warehousing to adapt. Sustainability is only going to become an increasingly important part of business and every organisation along the supply chain will need to be able to show their response. Rather than a quick change now, it’s about staying competitive.”²⁴



**Jon Roberts,
Sales Director
at OrderWise**

“AN EVOLUTION THAT WILL CONTINUE TO DEVELOP”

Forecasting for future trends within your business will create a more resilient infrastructure.

Sustainability may be introducing a new wave of business models, but that doesn’t make it a burden. Find the power in your data today while working towards a more sustainable future and more resilient business model.

ORDERWISE®

With over 30 years of experience helping businesses across various industries, OrderWise is proud to be a trusted, award-winning software provider of fully integrated ERP and WMS solutions for UK businesses.

Offering a wide range of scalable, integrated, end-to-end solutions, we ensure our software shapes to your needs.

For more information about the best software fit for your business as well as the modules and functions available to you, **please contact our highly experienced and friendly team today.**

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