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Retailers Rethink Inventory Strategies

By: Paul Ziobro

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is an online magazine with a strong heritage in the fields of ethics, governance, corporate responsibility and socially responsible investing.

Now available only on the web, but soon will be published and will be available for monthly subscription.

The mission of Ethical Business Update? Now, as then - is "to promote ethical business practices, to serve that growing community of professionals and individuals striving to work and invest in responsible ways."

We believe this is not only how to guarantee a future for all, but makes good business sense.

A lot has changed in the more than two decades, ethics and governance have emerged as front-page news and lead agenda items in corporate board rooms and the halls of Congress.

Good corporate citizenship is now studied, advocated and sometimes practiced. Sustainability has become a goal for well-meaning small businesses as well as many of the Fortune 500.

Whether that represents real progress is open to debate. The continuing fallout from the recent economic and financial crises is a constant reminder that many systems are not working. There's plenty to discuss. Ethical Business Update aims to serve as a guide.

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GROWING MEGA-CITIES WILL

*displace vast tracts of
farmland by 2030, study says*

By: Emma Bryce



Growing mega-cities

will displace vast tracts of farmland by 2030, study says

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Cropland losses will have consequences especially for Asia and Africa, which will experience growing food insecurity as cities expand.

Our future crops will face threats not only from climate change, but also from the massive expansion of cities, a new study warns. By 2030, it's estimated that urban areas will triple in size, expanding into cropland and undermining the productivity of agricultural systems that are already stressed by rising populations and climate change.

Roughly 60% of the world's cropland lies on the outskirts of cities—and that's particularly worrying, the report authors say, because this peripheral habitat is, on average, also twice as productive as land elsewhere on the globe.

"We would expect peri-urban land to be more fertile than average land, as mankind tends to settle where crops can be produced," says Felix Creutzig from the Mercator Research Institute on Global Commons and Climate Change in Berlin, and principal author on the paper. "However, we were ignorant about the magnitude of this effect." The agricultural losses they calculated in the study, published in *Proceedings of the National Academy of Sciences*, translates to a 3 to 4% dip in global agricultural production.

This may not appear to be a huge figure at first glance, but on the regional scale the picture changes. Across countries and different crops, the effects of this loss vary and become more intense. In Africa and Asia especially—which together bear 80% of the projected loss due to rising urbanisation in these regions—urban expansion will consign farmers to an even tougher agricultural reality.

To arrive at the estimates, the researchers combined datasets on cropland location, productivity, and projected urban expansion by 2030. By superimposing these layers of information on one other, they could highlight the locations where cropland and urban spread are expected to intersect in the future. These projections reveal hotspots of loss in countries like Egypt, Nigeria, the countries that flank Lake Victoria in East Africa, and in Eastern China. (China alone is expected to experience one-quarter of the global cropland loss.)

A major worry surrounding the disappearance of this productive land is the impact it will have on staple crops such as maize, rice, soya beans, and wheat, which are cornerstones of global food security. Many of these crops occur in areas that will be consumed by urban spread in years to come.



“Due to urbanisation in Nigeria, 17% of rice production and 12% of maize production will be hampered,” Creutzig says. “Egypt will lose more than 40% of its rice, and more than 60% of its maize.” In Africa, there will a 26% continental loss of wheat. Rice is forecast to suffer the most, with a 9% global decline, occurring predominantly in Asia where the bulk of this crop grows.

Creutzig notes that some of this loss can be compensated for by agricultural expansion and intensification. But again, this isn’t possible everywhere on the planet: many regions are already limited by their inability to adapt to urban encroachment.

For instance, in South Asia farmland can’t simply spread elsewhere, because fertile land is already running out. In India, agricultural expansion would force crops into habitats like wetlands that act as important buffers against flooding and sea-level rise. And in North Africa, worsening conditions driven by climate change will make the land that is available less suitable for farming. “Urbanisation pressure adds to other stresses on the food system, notably climate change,” Creutzig says.

This will undermine food security, with countries worst affected by urban expansion experiencing rising dependence on imports. That will leave them vulnerable to global fluctuations in food supply, and could also price crops out of reach of poorer populations.

Creutzig sees other subtler food security impacts at play as well—like the ousting of millions of smallscale farmers, as cities expand. These farmers produce the majority of food in developing countries—and so are instrumental to global food security. “As peri-urban land is converted, smallholders will lose their land,” he says. “The emerging mega-cities will rely increasingly on industrial-scale agricultural and supermarket chains, crowding out local food chains.”

“In cases where farmers have no formal land rights, such as in Africa, governments may expel farmers from their land,” commented Anton Van Rompaey, a geographer from the Katholieke Universiteit Leuven in Belgium, who was not part of the study but has done research on urban spread and its agricultural impacts in China. “In the past this has led to social instability and deadly conflicts between farmers and government.”

Facing this disturbing future food map, Creutzig predicts that growing food within the city’s margins—urban farming—could be part of the solution. “Urban agriculture is of course utterly insufficient to feed the urban population, but it is very important to maintain local supply chains and provide livelihoods and subsistence for urban farmers,” he says. However, regulations on expansion, to keep urbanisation as compact as possible, will be the bigger prerogative of cities, Creutzig says.

After the COP22 climate conference in November this year, there was a call to shift power from the national level to cities, which will be key players in curbing emissions and fighting global climate change. With croplands on the periphery of these urban hubs in peril, ensuring food security is set to become an important part of that mandate, too.

Retailers Rethink Inventory Strategies

By: Paul Ziobro



**BUSINESS
STRATEGY**

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Retailers Rethink Inventory Strategies

Home Depot tells its stores, 'Get comfortable with days of inventory, not weeks'

By: Paul Ziobro

CONROE, Texas— Home Depot Inc. is bringing a new philosophy to its cavernous stores: Less is more.

Instead of filling its warehouse-style racks to the ceiling with Makita drills, rolls of Owens Corning insulation and cans of Rust-Oleum paint, Home Depot wants fewer items on its shelves and it wants them to be within customers' reach.

"Get comfortable with days of inventory, not weeks," Tom Shortt, Home Depot's senior vice president of supply chain, says is the message going out to stores. The retailer is targeting sales growth of nearly 15% by 2018, but wants to keep inventory levels flat or slightly down.

It is a shift happening across the retail sector as companies try to figure out ways to profitably serve the growing needs of online shoppers while making their network of stores less of a financial burden. Chains must predict whether demand will come from the internet or a store visit, and whether they'll ship online orders from a distribution center or a store. Every move of inventory is an added cost that eats away at already thin margins.

Online shopping "has forced the industry to rethink not only the math and science behind the inventory pool, but also the strategy," said Scott Fenwick, a senior director at Manhattan Associates Inc., which makes supply-chain software.

Wal-Mart Stores Inc. and Target Corp. are cutting back on the number of packs of diapers, boxes of cereal, and bottles of laundry detergent in their backrooms, and moving the product to shelves faster. Wal-Mart has also widened aisles to further reduce the amount of goods on its shelves, while Target has moved bulky items such as patio furniture into centralized distribution locations instead of keeping them in stores. Kohl's Corp. is aiming to lower inventory by 10% by the end of next year, after seeing it swell 15% over the past five years as the department-store chain tried to become a bigger online player.

In the first quarter, Wal-Mart's inventory rose slower than sales, helping to improve gross profit margins. "It's like oxygen in the store," Wal-Mart CEO Doug McMillon said at the company's annual meeting last month. "The weight of inventory has been relieved to an extent. And I think that bodes well for the future."

Inventory is one of retailers' highest costs. Any reduction in the level of capital tied up in unsold goods frees up resources to invest elsewhere, such as building out online operations or covering wage increases. But destocking isn't without risk. Bare shelves are a major annoyance to shoppers who take the time to go into stores to shop.



“If I hold too much inventory out of the stores, then it looks like I’m out of business,” says Rodney Sides, vice chairman of the retail practice at Deloitte LLP.

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When many chains first started selling online, they set up distribution centers to service their e-commerce operations. But that ran the risk of doubling inventory. Then they tried to make their stores double as online fulfillment centers and merged the systems that manage their online and store inventory pools. While that helps lower shipping costs by storing products closer to customers, it means more work for store employees.

“Ideally, you put less inventory in the stores, but replenish more frequently,” said Brian Gibson, a supply-chain professor at Auburn University. “You’d rather fulfill based on demand than based on a forecast.”

Home Depot has weathered the shift to online shopping habits better than most, with sales at existing stores up at least 5% in each of the past three years—helped by the continuing rebound in the housing market. Still, its push to lighten inventory levels will be a challenge, especially as it seeks to increase annual revenue to \$101 billion in 2018—\$12.5 billion higher than last year—without opening more U.S. stores.



To tackle the issue, Home Depot is overhauling a big part of its brick-and-mortar supply chain. It's instituted "Project Sync," a series of changes that include developing a steadier flow of deliveries from suppliers into its network of 18 sorting centers. Instead of being slammed with five trucks twice a week, for instance, Home Depot now wants to have suppliers send two trucks five days a week.

The savings from the synchronized inventory flow are a key part of getting Home Depot's operating margin up to 14.5% by 2018, from the current 13%, and also boosting the return on invested capital, a closely watched industry metric. The more frequent deliveries also help improve in-stock levels, even as Home Depot tries to keep a lid on inventory growth.

When the shipments get to stores, workers move them right to the lower shelves, eliminating the need to store and retrieve products from upper shelves using ladders and forklifts. Those activities are some of the most expensive parts of the supply chain, Home Depot executives say. Savings can be used to have more workers on the floor or finding orders for shoppers who are picking them up.

This also keeps stock from collecting dust out of reach. "You would stack it high," says Jessica Thibodeaux, manager of a Home Depot just outside Houston, "but it wouldn't fly."





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YES... DIGITAL PAYMENTS ARE CLEARLY
DISRUPTIVE AND ENORMOUSLY GAME
CHANGING !



Science needs great communi- cators

By: Dan Vergano

**COMMUNICATION
& REPORTING**

23rd Edition 2017



Science needs great communicators

By: Dan Vergano

Science enjoys the best and the worst of times today, celebrated as the secret sauce behind economic growth but embattled in high-profile areas such as climate change, stem cells and evolution.

"Science is more essential for our prosperity, our security, our health, our environment and our quality of life than it has ever been before," President Obama said in April at the National Academy of Sciences.

At the same time, Obama noted, federal funding of physics and related sciences has fallen by nearly half since the 1980s, and U.S. schools trail in math and science vs. Japan, England, South Korea and others. "We have watched as scientific integrity has been undermined and scientific research politicized in an effort to advance predetermined ideological agendas," he said.

In *Unscientific America: How Scientific Illiteracy Threatens Our Future* (Basic Books, \$24), Chris Mooney and Sheril Kirshenbaum size up the paradox of American science and offer their solution to its ills. Leaving aside hand-wringing over public ignorance of scientific fun facts (only half of people in a National Science Foundation survey knew the Earth circles the sun once every year, for example), the two authors point to the "most important" kind of scientific illiteracy: "citizen's awareness of the importance of science to politics, policy and our collective future."

What the country needs, they believe, are the kinds of communicators who can make science comprehensible and popular at the same time.

The book focuses on the late Carl Sagan, whose 1992 rejection from membership in the National Academy of Sciences, they write, "made clear (scientists') view of popularizers in their ranks, and of public outreach generally." They argue that the science establishment needs a new career path for science communicators (folks like Kirshenbaum, a marine scientist at Duke, who previously interned in the office of Sen. Bill Nelson, D- Fla., and who once worked as a disc jockey).

"We're not saying every scientist needs to become another Carl Sagan," Kirshenbaum says. Or Comedy Central regular, astronomer Neil deGrasse Tyson. But scientists need to open paths to "jobs, positions and incentives" for their brethren to communicate the role that science plays in modern life, the book argues.

"I think that they get points for pointing to a serious problem," says political scientist Jon Miller of Michigan State University in East Lansing, who has a review of the book coming out in the Nov.-Dec. *American Scientist*.



But Miller disagrees with Unscientific America's prescription for treating U.S. disengagement with science. "You can't ignore the role of education."

The book's suggestion to breed more science experts, while well-intended, dismisses the need to get science information, including basic facts, into high school classes, Miller says. "No one should graduate from high school without knowing what a molecule is," he says. That's because your odds of understanding other science concepts, for example, nanotechnology, the manipulation of materials on the molecular scale, increase greatly — from nearly zero to two-thirds — once you understand that a molecule is a chemical combination of atoms. "You can't fix this problem without fixing public schools."

Further, Miller says a better-educated electorate "should be our goal in a modern democracy," instead of well-connected experts winning arguments through their authority.

"Shouldn't scientists just let the evidence speak for itself?" asks Stewart Justman of the University of Montana in Missoula. Justman, author of *Do No Harm: How a Magic Bullet for Prostate Cancer Became a Medical Quandary*, suggests grooming authority figures isn't the solution for curing science illiteracy. "I don't see a big difference between a popularizer and a crusader," Justman says. "And that is not how it is supposed to work in science."



Australian Corporate Social Responsibility

reports are
little better than
window dressing

By: Stephanie Schleimer
& John Rice

Australian CSR reports are little better than window dressing

By: Stephanie Schleimer, John Rice

Despite increasing visibility of corporate social responsibility (CSR) initiatives over the last decade, real change in corporate behaviour has tended to be modest.

This is clear from the sections in financial reports from Australian companies listed on the stock exchange that cover social and environmental initiatives. For example, only a fraction of Australian firms report transparently, using suggested guidelines when publishing annual reports. Instead, there are carefully tailored public relations documents, fancy media campaigns, and glossy reports that showcase the firm's social good deeds. This weighting of image over substance, and spin over objectivity, leaves us questioning whether social initiatives today are simply window dressing.

According to the longest running study of CSR by the Australian Centre for Corporate Social Responsibility, Australians believe that progress in CSR has remained slow and insufficient over the last decade. The same study reports that compared to ten years ago, today there is at least an awareness of CSR.

It seems the majority of Australian businesses are just aware rather than truly integrating CSR into what they do. For example, although Qantas focuses increasingly on addressing its approach to and role in global sustainability, the balance of its latest annual reporting on sustainability in 2016 seems predominantly about the emerging possibilities for Qantas, rather than reducing damage to the environment caused by the company's CO2 emissions.

Similarly, BHP states in its latest annual report that:

"Sustainability is core to our business strategy and integrated into our decision-making. It helps us live our charter values of putting health and safety first, being environmentally responsible and supporting our host communities".

However, the same report also informs about five fatalities and two significant community incidents in 2015 alone, as well as the disastrous Samarco tailings dam collapse in Brazil. It seems that the company is all talk and no strategic action.



Another example is ANZ bank, which sets its yearly and half-yearly sustainability targets in a separate sustainability report. But, while the bank's 2016 report shows that the organisation wants to improve its sustainability deeds, targets like "improving customer satisfaction ranking" are what the organisation should be striving for anyway in order to achieve its yearly profit.

In getting companies to do better, there are various motivations. This could come from increasing regulations, class action lawsuits, and social movements holding firms accountable not just for their misdeeds, but their very existence. An example of such jurisdictions is South Australia's "Punters Tax" where 15% of South Australians' losses will be payable in tax by online betting agencies, in part to assist with gambling addiction. We expect other jurisdictions to follow with similar taxes.

However good initiatives should also be encouraged and promoted. Working with communities to proactively mitigate the potentially damaging consequences of business activities can create significant long-term benefits for generations to come. For example, Fortescue Metal's commitment to training and employing indigenous workers could change the lives of thousands of young people in the Pilbara.

Judging from the CSR reports of Australian companies above, businesses here seem to have at least understood in the last decade that the social and natural environments within which they reside are intertwined with their own existence. But, as there is no national standard on exactly how deep CSR must be entrenched in Australian companies' strategies, the approach by even the largest firms towards CSR remains operational at best.

If firms truly want to incorporate CSR into their long-term strategy, then this is where CSR needs to sit right in the heart of the firm. Every action that follows, every move the firm does will then simply be a way of communicating this central cause.



A Human Resources Career is Not for “Nice” People

By: Brian Walker

HR

HR Analyst

HR Specialist

HR Manager

HR Director

HR Senior Analyst

HR Business Partner



A HR Career is Not for “Nice” People

By: Brian Walker

Over the years I have often had young talent come to me asking for mentoring because they want to work in Human Resources. I love to mentor, but I like to do it for the right reasons. So I have usually asked the question: “Why do you want to work in HR?” More often than not the answer goes something like this: “I love working with people, developing them and helping them”. To which I usually respond: “If that’s what you want to do then you should work in operations or general management, not in HR.”

This is often a shocking response, but it’s an honest one. The misperceptions that HR is a “nice” place to work because we work with people is pervasive, and often leads to the wrong kind of talent in the function.

To be fair, being nice is usually an expectation and requirement to be in HR. It’s hard for most people to imagine their HR partners as not nice people. But I think this is where some young talent gets confused. They see “nice” HR colleagues and leaders, perceive that the role is all about helping people, and mistakenly assume that being a nice person is qualification enough for the function. However, “nice” is only a starting point – it is not nearly enough.

Fair, Not Nice

As I was speaking to a friend and former colleague about this one time, he validated my point by pointing out that in Human Resources “we aren’t in the nice business, we’re in the fair business”. I believe this is a very insightful statement. Let’s consider a few Human Resources roles as examples :

Restructuring – Whenever there is an organizational restructure there are winners and losers. Dealing with the people that land on their feet is easy. But in any restructure there are those that lose their job, face demotions, or sometimes end up in a role that they don’t like. These people deserve a respectful and fair process. Nice is just not enough.

During my HR career I have been involved in a lot of restructuring projects. There was a time that my wife began calling me “Grim Reaper” because during that time it seemed that I was always leading and executing really difficult restructuring efforts.

I remember one person in particular. A colleague that I knew and liked, but who didn’t have the right experience/capabilities for the revised structure. When I informed him that there was no job for him, he took the paper I tried to give him with key data, crumpled it up, and threw it in my face. It was emotionally very painful, for both of us.

I ran into him about a year later while shopping in a local store. He saw me and called my name. I braced myself for what might come, but he was as friendly as could be. He informed me that he had a great job, and thanked me for making it possible for him to be in a position to get that.



This is a rare and gratifying experience, as usually we never get the back story. Sometimes they don't turn out that well. But whatever the case, we must take satisfaction in treating professionals with fairness and dignity.

Recruiting – There are few things as enjoyable as telling somebody they got the job they were really hoping for. Unfortunately, for everybody that gets the job, there are many people who wanted it and didn't get it. It's not so fun to make those calls.

Compensation is about paying people what the job is worth, not what they want. This often causes disagreement and friction. HR professionals must learn to explain facts and reality not only to employees at all levels, but also often to their managers who feel they should just be able to pay more. Sometimes we get to give great news in this regard, but more often we must find ways to keep integrity in the compensation structure.

Talent management is about differentiating top talent and investing in them disproportionately. Delivering that news to the selected individuals can certainly be enjoyable. But for every top talent there are many who are not, and we often must explain why we have rewarded others disproportionately.

Learning & Development should be about giving people the training they need, not what they want.

Labor/Employee relations is about ensuring we have a consistent and fair work environment, not to make everybody happy with their circumstances.

Culture is about creating a great and/or effective working environment, not necessarily a nice environment. Great and nice aren't synonyms.

It's not hard to see that the common perceptions that HR is an easy place to work, nice, or fun, are completely misguided. Of course, it can be fun. But when done well, it's difficult work.

I made a recent acquaintance at a conference. This gentleman started his career as an Aeronautics engineer, moved to Finance, and now works in HR. I asked him about his transition into HR, and I loved his quote:

"I was surprised about how difficult HR is. Designing airplanes that won't fall out of the sky is a lot easier than managing HR." Well said.

Empathy is the Key

I believe that what HR professionals really need is not niceness, but empathy. That is, understanding and taking into account how people feel. We must do the work, sometimes tough work, that our organizations need. Doing so with empathy, and helping other leaders have empathy, makes such a difference. As a function, we are often expected to give difficult news and feedback, or to help other leaders give such feedback. It's always better to give it in an empathic way.



Balance

As HR professionals we have to keep it all balanced if we want to maintain sanity. Balance in life is critical, otherwise it can become overwhelming and tempting to slide into nice for nice sake in order avoid some of the tough work, which is not what organizations need. It's important to take a breath sometimes and keep it all in perspective.

I love my job, not because it's "nice", but because I find fulfillment in helping the organization achieve it's objectives through human capital. It is strategic, but it is also an art that must be practiced daily to be truly good at it. Helping and watching people grow is great. But helping and watching the company grow through it's people is even more important and more fulfilling.

So, if you want to work in HR, please take note of what's really required for success and make sure you are pursuing this career for the right reasons.

If you already work in HR, take a breath, keep perspective, and focus on what's most important. Have empathy, but do the right thing and don't be afraid to give the tough messages.

If you're neither of these, please go give your HR partner a hug and appreciation for what he/she does.

Brian Walker is an International Human Resources executive with significant experience in Latin America, Asia Pacific and Europe. He is passionate about strategic HR, transformational HR and culture. Brian currently resides in Flower Mound, Texas.



Stakeholder Engagement

take advantage of online opportunities

By: Caroline A. Keddy





Stakeholder

engagement: take advantage of online opportunities

By: Caroline A. Keddy

Stakeholder engagement is now a key part of many public and private sector projects, particularly around the issue of sustainable development. The past few years have seen a huge shift in corporate communications as the competitive advantages of two-way dialogue between companies and their stakeholders are being recognized and exploited.

Despite the importance of engaging stakeholders from initial project development stages and the significant benefits of the Internet in providing an accessible and flexible platform for such dialogue, many companies are still overlooking the opportunities of online stakeholder engagement. This article explores the effectiveness of the web in designing such consultation in progressing towards corporate sustainability goals.

A Changing Climate for Corporations

The past few years have seen sustainability climb the business and political agenda, while the public, communities, e/NGOs and First Nations increase the pressure and participate in leading the charge in encouraging socially responsible corporate behaviour.

Where the issue of corporate responsibility was once an add-on to business-as-usual, allowing companies to generate goodwill towards brands, it is now a matter of legal and social obligation for many companies including those in the oil, gas, mining and minerals, forestry and construction sectors.

The introduction of the UK's CRC Energy Efficiency Scheme, the Global Reporting Initiative (GRI), International Council of Mining and Metals (ICMM) Sustainable Development Framework and the UN Global Compact principles along with voluntary projects such as the Carbon Disclosure Project (CDP) and Frac Focus are changing the way that companies measure and report their activities, bringing sustainable development to the fore.

It is no longer enough for companies to include sustainability as part of their activities; it must be woven into the fabric of the organization from top tier strategies.

Many companies submit to third party sustainability ratings schemes as a way of reporting progress and benchmarking against peers. Yet, these schemes are frequently based on the quality, clarity and transparency of information submitted rather than evidence of actual performance.

Hence, clear communication of corporations' views, strategies and actions on sustainable development, and evidence that they have engaged with and understand the concerns and priorities of their stakeholders, can be the most important factor in determining companies' final scores and positions.



Given the blend of certainty (that there are risks and opportunities associated with sustainable development) and uncertainty (about their nature, timing and scope), engaging the relevant communities of interest, or stakeholders, is often considered as a key to success.

An important way to build sustainability into corporate thinking and practice is through stakeholder engagement. The significance of consulting with key stakeholders at various points throughout project development is certainly not a new concept, but with the growing demands on companies around accountability and transparency, companies wanting to attain and maintain social license and stay ahead of competitors need to change their approach to stakeholder communication. Online communication utilizes the web as a platform for such two-way stakeholder dialogue.

Why Engage and Communicate?

Communicating how a company is managing sustainable development -- how risks are minimized, opportunities exploited and solutions developed -- is a crucial element of creation. Communicating its approach to sustainable development can help distinguish a company from the competition and offers opportunities to gain competitive advantage.

Stakeholders bring different perspectives, values and expectations that can help a company build a better understanding of the nature and scope of the sustainable development risks and opportunities, and how best to approach them. Ensuring that a broad range of perspectives is considered increases the likely acceptability, as well as the effectiveness, of any proposed actions.

Consequently, stakeholder engagement and communications are becoming a critical element of how companies approach sustainable development.

Why Online ?

Online stakeholder engagement is becoming increasingly attractive to companies, as a way of complementing traditional face-to-face dialogue, opening up new possibilities for all involved. Companies are no longer limited to providing static snapshots of their actions and achievements in relation to sustainability matters such as carbon management and climate change, and are starting to develop more dynamic and responsive ways of disseminating information.

Emerging web technologies like social media and crowdsourcing are starting to be understood as realistic means of inviting mass collaboration from a large (often undefined) community of stakeholders.

For stakeholders, online engagement means that they can communicate when it is convenient or appropriate for them, making the process of consultation simpler, cheaper and more accessible. It ultimately opens the way for genuine two-way engagement, where responses to issues like sustainable development and climate change can evolve as an outcome from discussion between companies and their stakeholders.



Online Potential

Oil, gas, mining, forestry and construction companies have traditionally been criticized for their approach to the Internet. Where other companies have welcomed the opportunities offered by the web, these industries have been slower to realize its potential.

The developments taking place in online communications have changed the way companies are able to interact with their key stakeholders. Online stakeholder engagement is now a crucial mechanism for those wanting to build long-term, dynamic relationships with stakeholders, allowing them to move beyond the limitations of offline consultation.

Online engagement, unlike its offline counterpart, offers continuously accessible communication channels. The web is available anytime from anywhere, overcoming the limitations of time and distance that may otherwise deter participation in engagement. It also provides stakeholders with a level platform from which to partake in dialogue. This is particularly useful in allowing for anonymity which may encourage greater stakeholder involvement.

Targeted Communications

Most companies will have particular activities and actions associated with sustainable development that they are proud of, but not all of them necessarily communicate this effectively to their stakeholders. Reporting best practice is particularly powerful for companies that are project-based, as it allows successful aspects of different projects to be showcased.

Companies are no longer restricted to mass communication campaigns; online stakeholder engagement tools enable businesses to present vast amounts of information in an easily searchable format, allowing individuals to find the information most relevant to them. Tools such as online evidence databases present key stakeholders with a searchable database of case studies, providing well-targeted, interactive information that is useful to stakeholders. Establishing a central set of online case studies, that can be searched and downloaded by employees and external stakeholders alike, is a relatively straightforward but effective way of demonstrating real evidence of progress made addressing sustainable development.

Behavioural change

Perhaps the ultimate goal for any company who wants to take a real lead on sustainable development issues is to become established as thought leader that can effect wider behaviour change. Online stakeholder engagement is a powerful tool for facilitating how a company is perceived by the market and by society as a whole.

It can be used as a means to publicize policy initiatives, such as a requirement for suppliers to commit publicly to a particular climate change pledge or agreement. Alternatively, it might be through a wider online campaign or manifesto that aims to both promote the efforts of a company while challenging competitors or the public to make similar changes.



Multi-stakeholder dialogue

Businesses now also have opportunities to create communication networks that support two-way dialogue with multiple stakeholders. The web enables messages to be targeted at and delivered to various stakeholders with differing interests who are then able to give instant feedback. The ability of the web to measure and evaluate both quantitative and qualitative information enables businesses to not only collect stakeholder opinions, but to effectively engage with them in decision making and problem solving.

Multi-stakeholder dialogue can be developed using online tools such as engagement blogs, hubs or portals. Hubs and portals are important tools in a project to engage with local communities, the public and First Nations in managing the effects of a project.

A hub or portal works as a focal point for the provision of information such as fact sheets, video clips and technical reports, communication from the project team and feedback from local communities through forums and online surveys.

The outputs of the project will be the production of reports identifying short- to long-term options for how environmental change can be managed. While offline stakeholder engagement in such a project is important, online communication tools enhance the effectiveness of offline two-way dialogue with multiple stakeholders.

Improve transparency and accountability

If you use an online collaboration toolkits, hubs and platforms to engage stakeholders, you have a full audit trail of all activity, and can easily publish documents and responses for any audience of stakeholders. An audit trail can also make responses to Freedom of Information requests cheaper and simpler to fulfill, every item of information regarding a project is kept within one workspace. This, combined with widened participation, increases both transparency and accountability.

Meet stakeholders' expectations

Growing numbers of stakeholders now expect corporations to engage with them digitally — sending them blanket emails, or simply providing an email address or feedback form isn't enough.

It's your responsibility to make it easy for stakeholders to have their say about issues they care about, and providing proper online platforms for engagement speaks volumes about your company and your brand values — it sends a clear signal that you truly value stakeholder involvement and are engaging because you want to, not because you have to.



STAKEHOLDER ENGAGEMENT



Putting engagement & communication at the center of the process

The challenges created by sustainable development are complex and wide-ranging, and the processes for dealing with them efficiently are still evolving. It is inevitable that companies do not have all the right answers (no-one does), and only by trying different approaches -- and crucially asking and sharing what is important, what worked and what didn't -- can they develop robust solutions.

For this, engagement and communication is essential; not only to share good practice and showcase successes, but also to understand priorities and shortcomings, and to explore what lessons can be learnt from them.

Stakeholder engagement and communication are increasingly central to effective management of risks such as climate change, yet from my experience, are still commonly perceived as "optional extras" or "bolt-ons." In some cases, after spending considerable time and resources developing strategies and solutions for sustainable development, companies then communicate them poorly to their stakeholders.

In others, the strategies and solutions may themselves have been improved had stakeholder engagement occurred earlier in the process. Instead, engagement and communication need to be viewed as an important part of the process; sharing and improving companies' sustainable development intentions, actions and outcomes. Online stakeholder engagement represents a relatively straightforward way in which this can be achieved.

The best overall engagement strategy leverages the unique strengths of both face-to-face and online engagement.

The future of successful communication

As the web becomes increasingly sophisticated, providing companies with an abundance of communication tools, the challenge for extractive natural resources and construction companies is to reap the benefits in exploiting these opportunities. Creating ongoing dynamic relationships with key stakeholders, using the web will help minimize risks associated with First Nations, community and public rejection, build trust in the company and improve the quality of decision making, leading the way to innovation.

Digital channels bring major benefits to stakeholder engagement, allowing companies to inform, consult, collaborate and engage in a wide range of ways. Using them also brings major cost, efficiency and opportunity benefits to the stakeholder engagement process.

The competitive advantages gained by companies already building long-term online engagement with stakeholders demonstrate that the web is the most effective way forward for successful corporate communication. As the pressure for accountability and transparency in key industry sectors increases and public demand for sustainable business practices grows, companies that do not embrace the opportunities of online stakeholder engagement will be left behind in the march towards sustainability.

Companies should look at the evolution of the Internet and communication technologies as an opportunity to connect with stakeholders. With the ability to more easily and effectively organize, manage, and report on stakeholder communications, the path to stakeholder engagement and trust building is only a few clicks away.

The Benefits

of Evolved Vendor Managed

Inventory Model Led

by Web-Based VMI

By: Chuck Intrieri



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Editor's Note: Cerasis is a 3PL focused on transportation management. So why do we feature content related to Vendor Managed Inventory? In a VMI model, part of the equation is the inbound & outbound flow of the inventory. Inventory is then put on pallets and shipped as freight. Distributors will inbound to a manufacturer the inventory needed and transportation management, especially inbound freight management, efficiency is paramount to an effective vendor managed inventory model. If you are looking to optimize VMI in regards to transportation management, contact Cerasis today to speak to one of our Account Executives or read our white paper on Inbound Freight Management.

As you may or may not know, Cerasis is very active on the business social network, LinkedIn. Each blog post written is distributed into groups that reach the supply chain community as well as professionals in manufacturing, transportation, distribution, and more. Today's post is a follow up blog post to the post written a week or so back called "Vendor Managed Inventory Model for Supply Chain Cost Reductions." The post is also in response to a LinkedIn user, named Osamu Higo, a Business Process Re-Engineering Consultant, and long time commentator on Cerasis content. Mr. Higo said in response to the VMI for Supply Chain Cost Reductions post was:

"Very informative article, thank you. BTW, as far as I know, there are some various models such as: 1) stocks are nearby customer's production line, and the supplier periodically checks it and fill up if necessary, 2) stocks are in the customer's warehouse, and the supplier gets the information (consumption) and then fill up if necessary, 3) stocks are in the supplier's warehouse (the customer owns, the stock level is contracted), and the supplier fills up when shipped, etc. So, I hope the next article explains the evolved VMI model."

Vendor Managed Inventory Model: A Quick Back Story

When I was Materials Manager at Maricopa County, Arizona, the second largest county in the country, I introduced Vendor Managed Inventory. I took our line of fasteners: bolts, nuts screws and washers and put them in one location in the Warehouse. I called Fastenal, who specializes in Vendor Managed Inventory (VMI) for fasteners, in to see what we can do together. VMI is all about collaboration. We came to the conclusion, that each fastener type be put in a slot in a special rack that Fastenal gave us. We only paid for fasteners as we used them. There was a signed contract with agreed upon inventory levels. No Purchase Orders were used. There was no inventory carrying costs or concern for inventory turns. Fastenal would come in each week, check our inventory levels, and re-fill the rack based on agreed upon inventory amounts. We never ran out of or had too much inventory. It was a "win-win" partnership.



The Evolved Vendor Managed Inventory Model

The use of Vendor Managed Inventory model has gained acceptance in many industries. What was once thought of as an experiment, has now become the preferred way of doing business. The Ford Motor Company led by Henry Ford and The Toyota Manufacturing Company led the way to VMI.

Cutting the Right Costs with Technology by Sourcing Innovation

In an article in Industry Week, which advocated that you cut the fat, not the limb, reminded us that there are a number of strategic projects, based on appropriate supply chain technology that can provide a far greater internal rate of return than merely slashing costs. Vendor Managed Inventory and longer-term collaborations offer opportunities for both parties.

Further, Fleet Equipment magazine identifies six emerging trends in the dynamic commercial vehicle aftermarket. One of these trends deals with utilizing the latest inventory management techniques to manage customers to “lean”. In addition to more prevalent online ordering, many suppliers now offer Vendor Managed Inventory (VMI).

- VMI can automatically generate recommended orders based on mutually agreed upon objectives and information sent by the customer.
- VMI is an excellent option for many dealers and distributors as it has the ability to increase inventory turns, reduce customer returns, reduce administrative costs and reduce lost sales.
- VMI is an opportunity for suppliers to refine inventory control for their distribution channels, and ultimately, lower costs to the end user. We have an ongoing emphasis to continuously improve this channel and streamline the process to make it more effective and responsive.”

A real world example of Vendor Managed Inventory in play is electrical products company Leviton Manufacturing. Leviton selected a vendor managed inventory solution from VMI specialist Datalliance as a tool to help them run their business more effectively and giving them a competitive edge by creating a collaborative working relationship with key trading partners. "By moving to Datalliance we are gaining a more robust VMI solution that will better serve the needs of our customers," said Mark Richards, Leviton's director of e-commerce. "We also look forward to opportunities to reduce the overall cost and effort of VMI by choosing a more streamlined solution."





What is Vendor Managed Inventory?

Vendor managed inventory is a family of business models in which the buyer of a product (business) provides certain information to a vendor (supply chain) supplier of that product and the supplier takes full responsibility for maintaining an agreed inventory the material, usually at the buyer's consumption location (usually a store). A third-party logistics provider can also be involved to make sure that the buyer has the required level of inventory by adjusting the demand and supply gaps.

As a symbiotic relationship, vendor managed inventory makes it less likely that a business will unintentionally become out of stock of a good and reduces inventory supply chain. Furthermore, vendor (supplier) representatives in a store benefit the vendor by ensuring the product is properly displayed and store staff are familiar with the features of the product line, all the while helping to clean and organize their product lines for the store.

One of the keys to making VMI work is shared risk. In some cases, if the inventory does not sell, the vendor (supplier) will repurchase the product from the buyer (retailer). In other cases, the product may be in the possession of the retailer but is not owned by the retailer until the sale takes place, meaning that the retailer simply houses (and assists with the sale of) the product in exchange for a predetermined commission or profit (sometimes referred to as consignment stock). A special form of this commission business is scan-based trading where VMI is usually applied but its use is not mandatory.

This is one of the successful business models used by Walmart and many other big box retailers. Oil companies often use technology to manage the gasoline inventories at the service stations that they supply (Petrolsoft). Home Depot uses the technique with larger suppliers of manufactured goods. VMI helps foster a closer understanding between the supplier and manufacturer by using Electronic Data Interchange (EDI) formats, EDI software and statistical methodologies to forecast and maintain correct inventory in the supply chain.

Vendors benefit from more control of displays and more customer contact for their employees; retailers benefit from reduced risk, better store staff knowledge (which builds brand loyalty for both the vendor and the retailer), and reduced display maintenance outlays.

Consumers benefit from knowledgeable store staff who are in frequent and familiar contact with the manufacturer (vendor) representatives when parts or service are required. Store staff have good knowledge of most product lines offered by the entire range of vendors. They can help the consumer choose from competing products for items most suited to them and offer service support being offered by the store.





Software to Manage Vendor Managed Inventory

Web-based vendor managed inventory (WEB VMI) provides live and immediate access to inventories throughout the supply chain, increasing supply reliabilities while taking costs out of the supply chain. Customers are assured of deliveries that better meet changing replenishment needs, for both base and opportunistic production levels, while also reducing inventory-related working capital needs. Suppliers also gain a cost advantage by enabling more effective make-to-order and just-in-time manufacturing strategies, aligning production with the latest real-time market demands and eliminating unnecessary transport delays.

Significant value results from the application of web-based vendor managed inventory, which provides critical insight into usage patterns and forecast consumption to help match production and deliveries with exact customer demands. Additionally, a WEB-VMI solution removes barriers to inter-company transactions through database connectivity or formatted message communication options with enterprise systems, such as SAP R/3™, JD Edwards OneWorld™ and others.

Core Benefits of the Evolved Vendor Managed Inventory with Technology Application

- Data entry errors are greatly reduced due to computer to computer communications. The speed of the processing is also improved.
- Both parties are interested in giving better service levels to the end customer. Having the correct item in stock when the end customer needs it, benefits all parties involved.
- A true partnership is formed between the Manufacturer and the Distributor. They work closer together and strengthen their ties. This benefits of a stronger partnership goes beyond VMI.
- Stabilize the timing of Purchase Orders - PO's are now generated on a predefined basis. Example: A once/twice Weekly purchase order cycle.

Distributor Benefits in Vendor Managed Inventory

- The goal is to have an improvement in Fill Rates from the manufacturer and to the end customer. Also, a decrease in stock outs and a decrease in overall inventory levels
- Planning and ordering cost will decrease due to the responsibility being shifted to the Manufacturer.
- The overall service level is improved by having the right product at the right time.
- The manufacturer is more focused than ever in providing great service to the distributor and the end customer.

Manufacturer's Benefit from Evolved VMI

- Visibility to the Distributors Point of Sale data makes forecasting for the manufacturer easier.



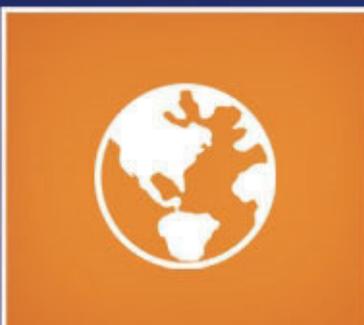
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6th International CORPORATE SOCIAL RESPONSIBILITY SUMMIT & AWARDS

January 26th, 2017 Marriott Hotel, Karachi

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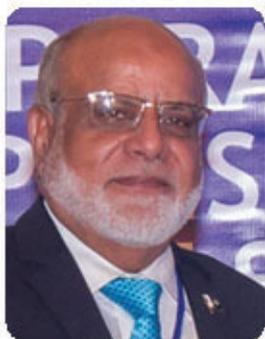
 THE PROFESSIONALS
NETWORK





The 6th International Corporate Social Responsibility Summit & Awards by TPN held 50 corporate companies honored with CSR awards

Neglect of Karachi resulting in sense of deprivation: President KCCI Shamim Firpo



Karachi, Jan 27 (PR): President Karachi Chamber of Commerce and Industry (KCCI) Shamim A. Firpo has said that neglecting Karachi is resulting in sense of deprivation among business community.

However the chamber would continue to play its due role in the welfare of traders and businessmen of Karachi besides enhancing industrial activities in the port city.

He was addressing to the 6th International Corporate Social Responsibility Summit & Awards organized by The Professionals Network (TPN) with collaboration of School of Leadership, Indus Hospital, Aman Foundation, FESF and many other relevant organizations at a local Hotel here in Karachi.

He said that federal government should address issues of business community so opportunities could be increased resulting in better business activities and employment. We have shared our issues many times with officials but got very slow response, he added.

Criticizing government priorities, President KCCI observed that the federal government is concerned only to the development of Lahore, adding previously Balochistan and FATA used to feel the sense of deprivation but now Karachi is also sensing the same feeling. Media should shun negativity and promote positive aspects for flourishing of our society.

Sharing KCCI efforts for business community, Shamim Firpo told that there are 55000 members of chamber and it is the eighth biggest chamber of the world, which further increases its responsibilities. The KCCI provided relief to the affectees of Bolton and Timber markets fires.

A large number of people and members of corporate sector attended the ceremony. The program had six different sessions addressed by CSR members and professionals and people from NGO sector. They discussed the developments in healthcare, education, environment, sports and other social fields in private as well as government sectors. Syed Samar Hasnain, Executive Director, Development Finance Group, State Bank of Pakistan was chief guest at the inaugural session.



Founder & CEO of TPN Mehmood Tareen informed that this CSR event is the first and only IP registered CSR event of Pakistan and also having the copy right protection. We have received very encouraging response from participants and will continue to provide a professional forum for all stakeholders to discuss and promote CSR aiming welfare of community.

In opening session, Uzair Ausaf, Head of Marketing & Business Development, Lead Consultant & Trainer at Torque Corp, Brigadier Muhammad Ibrahim Khan, Secretary, Army Welfare Trust (AWT) and Sheikh Imranul Haque, Managing Director & CEO, Pakistan State Oil Company Ltd delivered their lectures on different topics and Ateeq Ur Rehman, CSR / CSI Activist, Analyst & Consultant, Executive Director AMTF shared introduction of conference. He appealed to financial institutions and corporate bodies to increase their CSR Budget , which is vital need of the hour . Further, CSR is a miracle and its support is badly needed by the deserving NGOs and humanitarian institutions.

Humayun Bashir, Former IBM Country General Manager, Startups, Advisory, Board Governance talked on “Unlocking The Power of Crowd funding with Startups,” Faisal Akhtar, Managing Director, BASF Pakistan (Pvt) Limited on “Social Engagement at BASF,” Shireen Naqvi, Senior Associate, Carnelian on “From CSR to SSR (Sustainable Social Responsibility),” Dr. Abdul Bari Khan, Chief Executive Officer, Indus Hospital on “Vision of Indus Health Network with Present and Future Plans” and Ahmed Jalal, Chief Executive Officer, The Aman Foundation shared his speech on the topic of “A Personal Journey to Social Entrepreneurship.”

A panel discussion “Café CSR” on “Social Impact Investment: The New CSR for the Private Sector” was hosted. Speakers for this session included Aman Ul Haque, Head of Engro Foundation Manager CSR & Media, Naeem Zamindar, Pakistan Country Director & CEO, Acumen, Faraz Khan, Entrepreneur and Investor, Seed Ventures, Favad Soomro, Director, Engro Foundation, Aman Hussain, General Manager, Head of Marketing & Product Management, EFU Life Assurance Ltd and Maryam Mohiuddin Ahmed, Founder & Co-Director, Social Innovation Lab.

Networking session was addressed by Chris Hunt, Area Director, British Council, Karachi on topic of of Transformational versus Transactional, Ali Ashar, Corporate Manager External Projects & CSV, Nestle Pakistan Limited, Shahbaz Islam, A. General Manager Corporate Communication, Sui Southern Gas Company Limited on topic of Human Side of CSR and Burhan Shah, Senior Consultant / Trainer / Purposepreneur, School of Leadership (SoL).



Taher G. Sachak, Managing Director & Chief Executive, EFU Life Assurance Limited spoke on topic of CSR in the Pakistani Context while other speakers include Ovais Asad Khan, Executive Vice President, Divisional Head CSR, National Bank of Pakistan, Ali Tareen, Motivational Speaker, Radio Jockey and Sound Designer (Include the Excluded One), Christopher Thomas, Program Manager, FESF (Family Educational Services Foundation) and Abdul Rauf Khajjak, General Manager CSR, Oil & Gas Development Company Ltd (CSR in OGDCL).

As many as 50 corporate companies were honored with CSR awards in various categories on their exemplary CSR contributions during the year 2016. Chief guest of closing ceremony Shamim A. Firpo distributed awards among the winners.

National Bank of Pakistan received three awards in the areas of health, education, sustainable development and relief categories.

An exclusive “CSR Gallery” was also displayed on the occasion comprising of 24 stalls. The corporate companies and NGO’s showcased their exemplary CSR activities & initiatives (local or international) for the promotion of CSR in Pakistan.

