

PROCUREMENT BULLETIN

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[Case Study] Mars Makes Drastic Sustainability-Focused Improvements to Its Supply Chain

After five years of studying every detail of its supply chain, Mars Inc. announced substantial changes for its global brand in September 2017. Find out what the company learned about its global supply chain and discover how Mars Inc. intends to invest in sustainability.

Situation: Mars Inc. Reevaluates Its Global Supply Chain



Image via [Flickr](#) by Leonid Mamchenkov

Enduring a series of public relations problems might compromise some global companies, but facing everything from supply chain concerns to human rights issues prompted Mars Inc. to launch an intensive, inward-focused reevaluation campaign. After five years of collecting and analyzing data about the company's supply chain, Mars Inc. identified a number of serious concerns that would impact the corporation's bottom line if it continued to postpone proactive steps.

Upon evaluating the study's findings, Mars Inc. determined that over the course of the next century, the company could quickly lose access to the best small farmers as well as to essential crops. As Barry Parkin, [Mars' Chief Sustainability & Health and Wellbeing Officer](#), states, "We



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know we cannot grow and prosper unless the planet, people, and communities on which we rely are healthy and thriving.” The global corporation concluded that several drastic supply chain modifications would be necessary for improving sustainability and ensuring its long-term success.

Approach: Mars Inc. Invests in Sustainability

To address supply chain concerns as quickly and as effectively as possible, Mars Inc. announced a \$1 billion investment over the next three years. This Sustainable in a Generation Plan will focus on three main concerns: resource scarcity, climate change, and poverty. To do this, the company aims to take a science-focused approach to reducing its environmental footprint through better land management and improved water stewardship. Ultimately, the company intends to [lower its emissions by two-thirds](#).

Mars Inc. aims to help the million workers in its supply chain thrive by improving its approach to human rights, raising farmer incomes, and providing more opportunities for women and other disadvantaged workers. The company's Farmer Income Lab will help to identify best practices for improving farmers' lives and bettering the furthest reaches of the supply chain. Mars' initiatives won't end there, however. The company also plans to help customers lead healthier lives through product innovation and effective marketing.

Impact and Advantage

Despite the recency of this announcement, Mars has already begun to put important changes into motion. For example, the company has pledged to transition its operations to wind power in over a dozen countries within a year. In addition to the Farmer Income Lab, Mars has established sustainability initiatives like CocoaAction, which aim to change standard practices for cocoa growing.

Though Mars Inc. has discussed its underlying desire to achieve long-term success, the company also aims to [drive global sustainability](#) in a positive direction. As Parkin states, “It's time for companies to accelerate their game and work together, and work together with governments and civil society. [Climate science] is a world issue, and it requires all actors to work together.”

As Mars Inc. continues to implement large-scale changes, both the business world and the global farming community can better gauge the success of the company's sustainability initiatives. Given the company's substantial supply chain and large investment, the Sustainable in a Generation Plan has the potential to make a drastic impact.

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Shopify Partners With DHL to Improve Small Business Shipping Options

Shopify's new shipping partnership with DHL Express, announced in October 2017, aims to give small businesses and e-commerce companies significantly improved access to the global market. Find out how Shopify's partnership with DHL will work and what kind of impact this could have on the global supply chain.

How the Shopify – DHL Partnership Will Work



Image via [Flickr](#) by Atomic Taco

Through this partnership, both Shopify and DHL Express will offer their signature services to an expanded network of online retailers. Shopify's digital framework will allow retailers to add international shipping options and schedule shipments, while DHL's delivery service will provide international logistics, with delivery within five business days. Shopify will be offering the DHL Express shipping option as a standard component for U.S.-based e-commerce companies at no additional charge.

For e-commerce companies, the experience of using the Shopify retail platform and taking advantage of DHL Express shipment options couldn't be easier. After adding international shipping zones and DHL Express rates to their online stores, retailers can simply begin accepting and processing international orders. Since Shopify and DHL Express provide the rate calculations automatically, retailers don't have to concern themselves with ensuring accuracy. They can create and print shipping labels using the Shopify interface and then schedule free pickups with DHL Express. Both retailers and their customers can track shipments for added convenience and peace of mind.

How This Partnership Will Benefit E-Commerce Companies



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Together, Shopify and DHL have recognized that most e-commerce companies based in the United States can access a relatively limited share of the global market. Many U.S.-based online retailers only sell products within the U.S., as international shipping can be expensive, especially for small businesses that lack large-scale contract negotiating power. Because [the worldwide market is five times larger](#) than the national market, gaining access to a global market gives retailers the potential to scale their operations substantially.

This partnership can also benefit online retailers that already have international shipments in place. With the seamless integration into their Shopify platforms, the lack of additional retailer fees, the fast DHL Express shipment speed, and the ease of scheduling and tracking international shipments, this partnership is likely to provide a straightforward and affordable option for online retailers of all sizes.

How This Partnership Could Impact the Global Supply Chain

While this partnership could offer substantial benefits to online retailers, it could also have a significant impact on the global supply chain. As [Christian Vera](#), Vice President of Sales for DHL Express Americas, explains, “For smaller businesses and startups today, the potential field of customers is not just local — it's global. Those on the Shopify Shipping platform can now access the growing global marketplace and take their business to new heights by shipping their products to any of the 220 countries and territories we serve.”

More than 500,000 online retailers use the Shopify platform, and this new international shipment option gives small businesses an avenue to compete with global corporations. As online retailers begin to take advantage of this service, more disruptions in the global supply chain may arise.

Ultimately, this new partnership between Shopify and DHL Express indicates an increasing shift toward global supply chains and integrated logistics. As the industry continues to move in this direction, both small and large online retail platforms and logistics companies may begin offering their own unique methods for accessing the global marketplace.

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Toyota's Hydrogen Fuel Cell Trucks Debut at the Port of LA

Toyota began testing its hydrogen fuel cell truck concept at the Port of Los Angeles in spring 2017, and the technology has caught on quickly. Discover the benefits of hydrogen fuel cell technology, learn more about the impact it has made on the Port of LA, and find out how it could affect other ports around the nation.

Situation: Toyota Seeks a Market for Its Sustainable Hydrogen Fuel Cell Technology



Image via [Flickr](#) by Green Fire Productions

Toyota has long been at the forefront of hydrogen fuel cell research and development, but the Japanese automaker has struggled to find a market for this innovative technology. Even though it offers myriad benefits, such as zero emissions, clean water vapor byproducts, and fast refueling times, a lack of fueling infrastructure has prevented hydrogen fuel cell technology from catching on across the nation.

Although Toyota once sought to introduce this technology in passenger vehicles, the automaker has identified commercial trucks as a niche with greater potential. In April 2017, [Toyota debuted its Project Portal](#), a hydrogen fuel cell-powered tractor-trailer capable of traveling 200 miles with a full load. However, the automaker still needed a test market.

Approach: Toyota Partners With the Energy-Efficient Port of Los Angeles

Toyota announced its partnership with the Port of LA in April 2017, as the two entities agreed to test out the feasibility of using Project Portal in a port setting. In many ways, the Port of LA proved to be the ideal partner for Toyota's Project Portal. The port's ambitious Clean Air Action



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Plan aims for substantially reduced emissions, which the zero-emission hydrogen fuel cells can certainly help achieve.

In addition, the port doesn't require long-distance vehicles, as the distribution centers that it services are less than 100 miles away. These logistics make Toyota's hydrogen fuel cell-powered trucks, which can travel up to 200 miles round-trip, a good match for the job.

Since electric and hydrogen-powered tractor-trailers are more efficient to build and easier to maintain than diesel- and gas-powered trucks, shifting to Toyota's Project Portal may also help the Port of LA reduce its overhead costs. Since these trucks will be confined to a limited area determined by the Port of LA, port authorities may even have the ability to create a customized refueling infrastructure with the help of Toyota's innovative engineers.

Impact and Advantage

The partnership between Toyota and the Port of LA could give both entities a substantial boost. As [Toyota's Craig Scott explains](#), “The port is unable to grow at all until it can show there are no incremental emissions coming from trucks or ships.” If the Project Portal test period proves successful, the Port of LA may be able to expand as necessary, and Toyota may be able to generate renewed interest in its hydrogen fuel cell technology. As they face increased environmental regulations, other ports may also choose to adopt hydrogen fuel cell-powered fleets to address sustainability concerns.

Although the full impact of Toyota's partnership with the Port of LA remains to be seen, plenty of potential exists. As environmental regulations expand and the capacity of hydrogen fuel cell-powered vehicles improves, this sustainable technology could power supply chains around the world.

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For Volkswagen, Last-Mile Solutions Lie in Electric Trucks

From delivery services to automakers, a large number of companies have put their own stamps on last-mile logistics. Recently, Volkswagen became the latest to address last-mile logistics in an innovative manner. Learn about Volkswagen's plans to develop a line of electric trucks and discover how these vehicles could solve some of the transportation industry's biggest last-mile logistics issues.

Volkswagen Aims to Invest \$1.7 Billion in Electric Vehicle Technology



Image via [Flickr](#) by BKM_BR

In October 2017, Volkswagen executives announced that the automaker's truck and bus division would [invest \\$1.7 billion in researching and developing](#) electric vehicle technology. As Bloomberg reports, highlights of Volkswagen's future components include autonomous driving systems, electric drivetrains, and related software, all intended for use with commercial vehicles.

Volkswagen Intends That Its Electric Trucks and Vans Will Tackle Last-Mile Logistics

Although Volkswagen's electric commercial vehicles could eventually take on much larger roles, the automaker has designed them to tackle last-mile logistics. Volkswagen's electric e-Delivery trucks and e-Crafter vans are ideal for this type of task, which involves delivering goods directly to customers rather than to warehouses or distribution centers. While last-mile logistics often involves more than a mere mile, most of these end-customer delivery routes are relatively short. Since electric vehicles require frequent refueling and have a much shorter range than gas- and diesel-powered vehicles do, they can easily tackle these short routes.



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Demand is already high for last-mile logistics solutions that can keep costs and emissions minimal, and several major Austrian companies have already begun testing Volkswagen's electric commercial vehicles. As [Motor Authority reports](#), this industry is projected to expand rapidly, as larger numbers of urban customers purchase goods online.

Volkswagen Plans to Lead the Charge Toward Sustainability

With its e-Delivery trucks, e-Crafter vans, and other innovative commercial vehicles, Volkswagen plans to place greater emphasis on sustainable technology. While this focus may help the automaker move past its recent emissions scandal, it could also enable Volkswagen to develop viable commercial vehicles for a range of markets.

Naturally, various states, nations, and regions require commercial vehicles to adhere to different regulations. By introducing a variety of electric vehicle and other alternative fuel technologies to the market, Volkswagen can more easily develop sustainable vehicles that adhere to local regulations around the globe.

By testing the limits of electric vehicles and researching other alternative fuels, the automaker may also be able to expand the potential usage for sustainable commercial vehicles. The current iteration of Volkswagen's e-Delivery truck has a [range of about 125 miles](#), but future versions could benefit from the automaker's innovative engineering. With a substantially longer range, electric commercial vehicles may be able to tackle more than just last-mile logistics. They may also be able to increase the sustainability of over-the-road trucking and other long-distance transportation methods.

Volkswagen's e-Crafter van is due to begin delivery in late 2017, and its e-Delivery truck is slated for 2020. As both vehicles undergo continued testing and Volkswagen debuts its entire line of electric commercial vehicles, other automotive giants are likely to follow suit with alternative fuel vehicles and sustainable innovations that aim to transform the transportation and logistics industry.



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Related Procurement Events

Certified Procurement & Purchasing Specialists (CPPS)

- 2nd April-31st May 2018 - Online Distance Learning
- 2nd July-31st August 2018 - Online Distance Learning
- 8th October-30th November 2018 - Online Distance Learning
- 23-26 October 2018 - London, UK
- 13-16 November 2018 - Hong Kong
- 4-7 December 2018 - Singapore
- 9-12 December 2018 - Dubai, UAE

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- 29-31 October 2018 - London, UK
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