

Membership case study: AkzoNobel



Using the Clean Shipping Index to enhance the sea freight procurement process

CONTEXT & OBJECTIVES:

The AkzoNobel Vision which was presented by CEO, Ton Buchner, in February 2013 :
'Leading market positions delivering leading performance

To be a leader in:

- Operating efficiency and customer service
- Innovation
- Sustainability'

AkzoNobel are targeting maximum eco efficiency throughout the business value chain, from the procurement of raw materials to shipping finished goods materials, including own manufacturing operations.

AkzoNobel is a member of the Clean Shipping Index (CSI) environmental impact rating scheme and have identified that using the CSI within shipping tendering processes will facilitate identification of suppliers whose eco efficiency objectives are aligned with those of AkzoNobel.

SOLUTION

AkzoNobel included consideration of ratings scheme in a recently executed sea freight tender process. As part of the questioning process, prospective suppliers were asked if their business uses a rating scheme to assess their eco efficiency.

The use of a ratings scheme, such as the Clean Shipping Index, in tender comparative processes provides a clear picture of which of the potential suppliers who taken part in the tender process are

- Actively considering the environmental impact of their activities
- Using a shipping rating scheme to determine and communicate the eco efficiency of their activities
- Working to improve the eco efficiency of their business through a structured approach to continuous improvement

Ideally, the data provided in the rating scheme needs to be verified by a neutral, certified body like Lloyds, Bureau Veritas etc. AkzoNobel believe that using a rating scheme, and having data verified by an impartial, certified body, ensures that comparisons between suppliers are made on a like for like basis. Post verification win-win opportunities to jointly agree improvement targets will be identified and customer and supplier can work together to deliver the related benefits.

If the tendering companies are actively working to improve their environmental footprint the use of a rating scheme provide a structure around which they can explain to the procurement team what they are doing and why. In addition ship owners can use ratings schemes to benchmark their business versus competitors and thus identify areas for improvement in their eco efficiency performance.

Including a consideration of eco efficiency rating within the tender process enables a more holistic assessment of tender responses, helping to ensure that data on the environmental impact of the shipping services purchased is given due weight, alongside other considerations such as the financial impact of the choices made.

More recently AkzoNobel have started to consider the Sustainability impacts of multi modal transport services also.



OUTCOMES

The inclusion of the questions regarding the use of rating schemes, provided the opportunity for the sourcing team to establish if the environmental assessment:

- was verifiably robust
- process was aligned with that carried out internally by AkzoNobel
- enabled the business to establish if planned improvement processes would provide benefits for AkzoNobel

It also provided visibility of those potential suppliers who are not participating in ratings schemes and enabled a platform for conversations with those suppliers about the value that AkzoNobel perceive in understanding the eco efficiency of the wider business area.

Furthermore, interactions on the topic of eco efficiency facilitate conversations around total 'value' of relationships, rather than discussions solely on the topic of 'cost'. Developing these conversations and associated improvement plans will help AkzoNobel reduce their environmental impact and enable the supplier to share the ensuing newly established processes to reduce environmental impact with other customers, thus benefiting the industry as a whole.

More information:

www.akzonobel.com/sustainability

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