



SCALING SOLUTIONS: THE NEW BUSINESS AS USUAL

VIDEO TRANSCRIPT

You know, I think there still is this sense that business and sustainability are at odds when they are actually a perfect love match. You will run a very healthy business if you think about that resilience, if you think about all of the different nodes of the ecosystem that we're going to be talking about and embedding sustainability everywhere. If you're using that sustainability data as part of your consideration set, you will have better relationships with your suppliers, you'll be building in agility in case there are interruptions, you'll be thinking about long-term resilience with materials, you'll be thinking about and mindful of fair labor and wages and worker rights and so on and worker well-being.

So doing that shifts you to be a much more powerful company. And I think the report, what we did was really flip it completely on its head. We were always talking about here are the negative impacts that we're trying to get rid of.

And instead, now by flipping the script, what we're actually doing is the idea of saying, if you are what you're seeing now on the screen, kind of imagining the nodes of the ecosystem there and you're in finance, what is your normal control zone? What are the business KPIs that you have? And if we shifted them a little bit, how would that change and deliver better sustainability outcomes? And you can go all the way along the nodes of the ecosystem there from the sourcing through the merchandising, what's happening in transportation all the way through marketing and so on. And so, what we

did was it's, I don't want to say not heavy lifting. We're always wondering when we build these reports or anybody reading them, but it's only two or three pages per section.

So, I would encourage all of you to pick up your section if you are in sourcing, you're in merchandising, you're in planning and so on and have a look there because the report is set up into three different sections. So, if we just jump to the next slide, we can show a little bit how to use it and what you've got there is the guide to use. So, the first section are what are the control zones? What are my normal business KPIs and how can I shift them? From there we come to two big ideas per ecosystem node.

So, each one has two opportunities to look at what they're doing differently. And then the third part of that is how are you engaging your sustainability team? What advice should you have? How can you be collaborating? And if we jump ahead, we'll just show one of the sections. So, this one here on merchandising, what you'll see at the beginning of each section on the left is sort of how were things done in the past versus how are things being done now.

In merchandising particularly, what we're seeing is huge amounts of data coming together with Gen AI capabilities. As you're using them, you get it wrong less. So more on time, more on trend and all of those things that data will allow us to do.



Different skill sets slightly than the one we've had in the past. So, we're building on that. So, what you start to see here in control zones and impact levers is really to create a bridge or a two-way conversation between sustainability teams and the teams in each of the different areas.

In this case, as we said, merchandising. The control zones that normally are being worked on here are pricing, a promotion, etc. There are business KPIs tied to it.

And along the bottom, somebody in merchandising or one of the other nodes may say, but how am I impacting sustainability when this is the normal business that I'm running? These are the KPIs that I'm tied to. So, what this two-way dialogue allows is on the bottom, you see across how are these business activities impacting sustainability, but it also gives the sustainability teams the opportunities to say, what are the KPIs? How are my colleagues being measured in that area of our business? Now let's create a dialogue. Now let's create that bridge.

Beyond this, there are two big ideas for each section. So, in this case, in merchandising, one is how we're using that gen AI to integrate masses of amounts of data to inform buying. And the one after that is how do we also start to look at new product categories, like embedding sustainable products to add to that selection for folks.

So that gives a little bit of a sense of the report and how it works. I would call it more of a pragmatic playbook than I would call it a report, actually, because we hope that it really creates a usable guide for different kinds of dialogue. We often hear, let's all get out of our silos, to the point that you were asking, and work differently.

And I kind of hate that phrase because I'm always asking, well, how? So, here's the how. Let's not say we all need to get out of silos and then not have a roadmap or a pathway to get there, because there's a lot of inefficiencies trapped in between departments and even externally as well, trapped in between partners. So, the dialogue has to be different.

And we hope this is the beginning. Yeah, it's interesting. I think, you know, when we start to look at maybe the five years ahead, a little bit and what's coming.

Next question. I think, you know, there are a couple of key things. The way that we are operating internally is different.

So, we are breaking down those silos, we're looking at technology systems across, you know, all of the nodes of the ecosystem, what's the data everybody needs to consider it, as I said, part of this consideration set, but also report on it and build resilience, change what they're doing. Now that I have that information, how do I drive a healthier and build a healthier company? Second thing is, I think supplier engagement is critical. You can't just work on the inside and setting it up.

If you're going to remediate and import, you need to be engaging your suppliers. And how does manufacturing excellence come into it? How do we find co-benefit models that work for all sides? How are we taking responsibility together for the different shifts and changes we need to make? So, you've got internal, external, and the third leg on that stool is data everywhere. There will be data in each of the verticals, there will be multi-party data systems that are being exchanged in between the companies and all of the different levels of the supply chain to offer that transparency and all of the different directions that everybody wants.



Let's fast forward 2025 to 2030. Are you optimistic? Are you pessimistic? Are you hopeful? I mean, where are you on the scale of depression? I always say I live between thrilled and terrified, so that is probably still where I am. But I think, you know, there's a couple of things to say.

I have a mentor who always says, don't do less worse. Don't clean up a system because it's the system that you know. Don't rake the leaves.

Imagine it healthy. Imagine the system you would be proud of. And then build that thing.

So, I think we've done a lot of let's do less worse. Let's break the leaves. Let's get organized.

And maybe not enough of this, how are we visioning what's coming and building that. So that makes me amazingly hopeful.

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