

Case Study

Shop Floor Level Sustainability Compliance

Mercy Productions

October 2021



suppeco

Relationships reimagined

Mercy Productions and The Case for Corporate Sustainability

Once upon a time, not so very long ago, it was common practice for organisations to uphold little to no ongoing Corporate Social Responsibility (CSR) compliance checks.

But times are changing, and quickly. **Whistleblowing is on the rise** and is ushering in a new age of accountability. Consumers and employees are now on high alert, on the lookout for corporate wrongdoings and are quick to report of such, whether through social media, whistleblowing hotlines, or, worse yet, directly to the press or law enforcement.

Yet intricate global supply chains remain riddled with ethical atrocities, whilst countries the world over increase legislation holding companies responsible for their supply chains; brand risk is at an all-time high—bringing with it a sudden increased need for corporate-driven sustainability.

To point out just how real these atrocities are, in **It's Time—Actionable Visibility for Resilient, Sustainable Supply Chains**, we highlight a quote from **Sedex**, one of the world's leading ethical trade membership organisations:

”

Human rights groups, FCA media and whistleblowers frequently highlight social issues in the apparel manufacturing industry such as excessive overtime, low wages, poor access to social security provisions, verbal and sexual harassment, and forced labour.

The 2013 Rana Plaza collapse in Bangladesh, which killed more than 1,100 garment factory workers and injured thousands more, stands as yet further proof of the human collateral that lay at stake. The need for improvement in corporate social governance is clear and pressing.

So, how can companies do better?

The Use Case... Welcome to Mercy Productions

To promote their services in a variety of ways, Mercy Productions, a corporate multinational, sources a wide range of promotional merchandise, everything from apparel manufacturing to food produce.

Purchasing Profile: Low Volume, High Risk

Although purchasing volumes are low and represent a comparatively small portion of the organisations overall spend, therefore garnering little time and attention from procurement, the risk this category represents to the brand is extremely high. Consisting of two exceptionally high-risk industries, these products sit in the hands of thousands of customers and employees, proudly displaying Mercy Productions' name and logo.

After analysing a wide range of industries and assessing their exposure to different areas of risk, **The State of Fashion 2021**, co-published by **BoF** and McKinsey & Company, found that of 23 supply chains analysed, due to its geographical foot-print and intensive labour requirements, apparel showed to have the second-highest of risk exposure—seconded only by communication equipment. In addition, Bangladesh and Vietnam are two areas subject to heat stress and flooding and export a significant portion of apparel.



Of 23 supply chains analysed, due to its geographical foot-print and intensive labour requirements, apparel showed to have the second-highest of risk exposure—seconded only by communication equipment.

BOF, McKinsey and Company

Food produce is another industry ripe with risk. According to **Rainforest Alliance**:

”

The production of many commonly traded goods—coffee, chocolate, tea, bananas, palm oil, and timber—often involves human rights abuses. While progress has been made in recent years, thorny problems such as child labour, forced labour, poor working conditions, low wages, gender inequality, and the violation of Indigenous land rights are still embedded in many supply chains.

To mitigate these potential shocks to supply chain, including serious reputational brand damage, compliance monitoring must move towards a more comprehensive practical application at shop floor level, in real-time, where actionable visibility supports remediation and continuous improvement. Placating compliance through box-ticking has been deemed woefully insufficient. Additional measures to support traceability and validation serve to ensure accountability and ultimately compliance standards and safety.



The Mercy Productions Challenge

Disparate systems, multiple actors, dynamic conditions, and an intricate global supply chain all contribute to the complexity of safeguarding Mercy Productions' business by ensuring corporate sustainability whilst extracting value from its third-party supply chain.

The Actors

Within its merchandise operation, Mercy Productions directly manages hundreds of suppliers, close to a hundred categories, and thousands of items. Each actor (stakeholder) must do their part in communicating actions and providing data such as supportive documentation, audit requirements, compliance certification, KPI's and data analytics. Of course, actors may be working from virtually anywhere, at Mercy Productions headquarters, remotely from satellite offices, factories, production plants, warehouses or even farms.

Yet, the company must maintain one version of the truth that manages the entirety of the relationship across the supply chain ecosystem. Actors are thus the supply chain community, buyers, suppliers, subcontractors, and third-party logistics providers, all contributing from and representing a wide range of departments, including:

- Procurement, Purchasing Functions, Risk Management
- Quality Assurance, Inventory, Product Development
- Sales, Business Analytics, Customer Service
- CSR, Sustainability Management, Innovation
- Supply, Distribution, Territories, Logistics
- Commodity, Demand Management
- Management, Health & Safety
- Finance, Audit and Compliance
- Business Development, Consultants
- Production, Factory, Facilities

The Requirements

Corporate ESG strategy, increased legislation, consumer and stakeholder pressure, and third-party certifications such as **Fairtrade** all help to police adherence to Mercy Productions growing list of CSR requirements. To manage and reduce the risk that lay within its supply chain and enforce compliance, Mercy Productions and its legal and procurement teams spent much of their time drafting requirements and standards into the contracts of new and incumbent suppliers.

However, as an **EcoVadis study** shows, CSR clauses have become little more than a box-ticking, paper-pushing exercise due to irrelevant standard clauses being pushed en masse to all suppliers. Impractically lengthy codes of conduct further hinder real-world application.

”

As many as 100 per cent of the suppliers we had in-depth conversations with stated that they do not read codes of conduct from all their customers because the process is too time-consuming, states the report.

Mercy Productions is no exception

As it turns out, these contract clauses may not be providing the company with the protection they believe they're receiving.

”

Including a standard CSR clause in a commercial contract may appear to be a sensible option at first, however, the study shows this practice has its drawbacks: It limits the extent to which the contracting parties are involved in the process and may reduce the binding force of the clause," warns EocVadis.

After reading the report, Mercy Productions took a long hard look at its processes and the little improvement they had gained so far and had to agree. The contract agreements had all been metaphorically placed in a drawer, never to be looked at again; the company continued to remain exposed to high levels of CSR/ESG compliance-related risk.

So, what was next for Mercy Productions? The company had now established that what was missing was the practical application and governance of CSR requirements – at workshop floor level, and further that these practices had previously and unsuccessfully been set in motion through drafting them into contract.

To align this with their evolving requirements across supply chain and Supplier Relationship Management (SRM), Mercy Productions required a powerful omnichannel capability that would bring all of this together. It had to deliver transparency and real-time actionable insight across all regions and territories and yet be flexible enough to change as they change, whilst scalable enough to track their future growth plans.





Suppeco, Mercy Productions Supplier of Choice



You simply cannot divorce relationship management from the drive for sustainability in supply chain. The two are crucially linked. You can manage relationships without focusing on sustainability, but you can't sanction upstream sustainability without that relationship, Suppeco.

Historically speaking, SRM efforts, including sustainability management and innovation, often lacked structure, methodical approach, and tangibility, hindering improvement and limiting value extraction. Plus, wrapping conventional governance around innovative efforts to drive sustainable practice and service excellence leads to avoidable delay and unnecessary cost.

Suppeco's cloud-based platform offers frictionless collaboration across every aspect of relationship engagement, supplier performance monitoring and ongoing CSR operational compliance and governance—creating repeatable, scalable processes designed to measure and manage at the appropriate level of detail.

Enabling a single customer with multiple stakeholders, Suppeco allows you to engage in real-time with distributed teams across a complex global supply chain. Providing a collaborative space that promotes transparency on both action and data, where all product lines can be viewed, and where all operational activity, change and improvement across the supply chain can be monitored and assessed against compliance requirements and company objectives.

How Suppeco Helps

For years, C-Suite has looked to procurement for answers



Show us how and what our suppliers are doing. Suppeco has made that possible.

The contract space typically contains a pre-baked, pre-negotiated 10-15% profit margin. Whereas relationships can contain upwards of 25%. The challenge is, this tends to be hidden, unmanaged, and behaviour led. By creating structure, bringing tangibility, and turning what is, after all, unstructured data into something we can quantify and manage, we are then able to measure and improve, which ultimately supports innovation and growth.

Suppeco has helped unlock this value. Structured, streamlined omnichannel processes make for scalable simplicity at the point of use and supports Mercy Productions growth through building relationship-driven resilience.

Empowering Action with Actionable Visibility

Suppeco offers end-to-end visibility of stakeholder contribution anywhere throughout the value chain at the project subcategory or product line level. The platform tracks overriding standards, attained levels of service and compliance, performance metrics, as well as granting full visibility on any steps and remedial activity taken. Suppeco also supports documentation and data such as KPI's and trending patterns all in one place, empowering players (supply chain employees) to take informed action.



A Zero Friction Environment that Removes Barriers and Nurtures Collaboration

- Disparate systems and in-house computing have long since created silos of communication, limiting the sharing of information and impeding progress on improvement initiatives.
- No longer. Suppeco removes those silos and facilitates improved performance, bringing the data directly to the users who need it, removing the barriers to entry and communication, and promoting participation through every level of the supply chain.
- Suppeco is accessible to anyone, anywhere globally in seconds, whether they be suppliers and their teams known to the supply chain or guest collaborators, subject to Mercy Productions controls designed to protect the flow of sensitive data.
- Automated workflows support never missing a deadline, KPIs, compliance, or audit inspections, as well as never having to go looking for the data. Instead, the data follows the users.

Beyond Box-Ticking; Mitigating Risk Through Validation of Compliance

Practical applications built for the real world.

Managing supply chain compliance is not easy. Supply chains are susceptible to fraud and greenwashing. Ensuring ongoing compliance at the most granular and visible level requires a systematic approach and a flexible platform built to capture, measure, and improve.

By providing a structured process for obtaining verifiable evidence, Suppeco ensures the necessary levels of due diligence are supported, something which is increasingly required by certifying bodies to accompany and substantiate statements made around factory or farming conditions as well as child labour practices.





For example, Suppeco can help support due diligence by empowering you to:

- Involve local players (stakeholders) and gain a more accurate image of the reality (conditions) on the ground with photographic evidence, in line with certain audit processes.
- Validate ethical and responsible practice on-platform via third party standards & certification.
- Documents such as substantiating statements or imagery can be uploaded and linked to specific projects or product lines.
- Flow automations track expiry dates and push calls-to-action notifications out to the global supply chain communities warning of required actions before it's too late.
- Track compliance against uploaded documents.
- Set clone events to track repeatable certification and audit expiries.
- Deploy due diligence KPIs from an extensive database or creation suite.
- Ensure every loop is closed by monitoring the completion of tasks and closing out any unmet conditions, as per a **SMETA** report, for example.



Automated workflows support never missing a deadline, KPIs, compliance, or audit inspections, as well as never having to go looking for the data.

Instead, the data follows the users.

Sheldon Mydat, Suppeco



Mercy Productions and the Future of Merchandise

We'd like to say that Mercy Productions went on to smooth sailing and effortless sustainability, but this is post-pandemic supply chain. We can, however, say that Mercy Productions was able to roll out effective and scalable initiatives in Suppeco to improve the credentials of their current operations whilst futureproofing them for increasing legislation and governance that is about to befall every supply chain.

Following suggestions from the EcoVadis report, Mercy Productions was also able to:

- Discuss, Negotiate and Provide Training on CSR clauses for improved compliance.
- Develop a case-by-case supplier CSR priority schedule based on the context of contracts.
- Develop CSR performance monitoring process.
- Reduce costs and develop a scalable model by involving suppliers and sharing the effort of CSR control.

Furthermore, the increased transparency and open communication that Suppeco enables helps build trust, supports continuous improvement and growth, and drives innovation- the building blocks of long-term partnerships and a vibrant supplier ecosystem geared towards driving better outcomes for all.

And that's exactly what Mercy Productions enjoys today.

Based on a true story. Names have been changed to protect client confidentiality.

Laura V. Garcia is a supply chain and procurement writer and subject matter expert with over 20 of industry experience. Laura is a regular contributor to Suppeco articles.

Thank you

Reach out and explore

[Get in touch](#)

www.suppeco.com