Report on Supply Chain Compliance Volume 2, Number 20. October 24, 2019

Supply chain mapping: Democratizing data and improving operations

By Sascha Matuszak

In our last issue, we discussed supply chain mapping,[1] gave a brief description of what that process entails and included some resources for further study. In this article we will dig a little deeper into the argument in favor of a robust supply chain mapping strategy, as well as provide a few examples.

While studying this process, it's also instructive to think of supply chain mapping as not just what manufacturers and retailers do, but a process that any organization should be doing, whether it is mapping actual raw materials, data flows or any other process of creation and distribution. Value stream mapping,[2] for example, was designed for the automobile manufacturing process, but "can be used to improve any process where there are repeatable steps — and especially when there are multiple handoffs."

Thinking of the process in this broader context allows organizations to step back and understand why it is so critical to invest resources into supply chain mapping, value stream mapping, or material and information flow mapping; whichever phrase fits best.

The upside

There are two very important benefits that arise out of an effective supply chain mapping process: data democratization and improved operations. These two then lead to a host of downstream effects, including increased profits, a nimble organizational posture and the ability to begin building and refining an ethical and sustainable business culture.

"The data collected may originate in the supply chain, but it's applicable to all sorts of different groups in the company," said Sanket Mehta,[3] corporate social responsibility analyst at Assent Compliance Inc. "Supply chain mapping creates transparency and democratizes that data, so all different groups can action it based on their individual needs."

To look at it from a slightly different angle, organizations that have effective mapping processes and have achieved a level of transparency simply perform better. A report[4] published by the Shareholder Association for Research and Education, "Valuing Decent Work in Your Investments," provides a heavily-sourced argument for why investors should consider environmental, social and governance (ESG) risks when investing. From the introduction:

> [A]n extensive review of 2200 academic studies on the relation between ESG criteria and corporate financial performance concluded that the business case for ESG investing is empirically well founded. Another review found that 90% of studies on the cost of capital show that sound sustainability standards lower the cost of capital of companies and that 88% of the research shows that solid ESG practices result in better operational performance of firms.