



# *Green Sourcing to Savings and Sustainability*

*A Sprint Case Study and Best Practices Solutions*



# *Green Sourcing*

*Marvin R. Motley  
Director of Sourcing  
December 2, 2010*

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## Marvin R. Motley – Director of Sourcing Sprint Nextel

24 years At Sprint  
Various Executive  
Positions:

- Legal
- Human Resources
- Supply Chain Management
- Business Process Improvement

• Member of Kansas  
and Missouri Bars

• BA, JD and MPA  
University of Kansas

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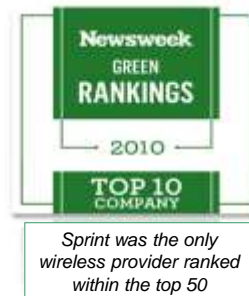
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## Making an ECOmmitment

Sprint is committed to being a corporate leader in environmental responsibility and sustainability and was rated as **#6** in **Newsweek's 2010** ranking of the biggest 500 U.S. corporations. This is up from **#15** in the 2009 ranking.

- First U.S. wireless provider to establish a clear, environmental vision by publishing a set of long-term, measurable environmental priorities and goals
- First wireless provider to publicly announce a long-term collection goal for phone reuse and recycling efforts
- Leads the U.S. telecommunications industry in terms of renewable energy use\*



\*Overland Park Campus 90% powered by Kansas Wind Farm

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## Setting expectations for our future

Sprint announced 10-year environmental targets in 2008.

**90%** of suppliers comply with environmental standards  
(based on spend)

**15%** of greenhouse gas emissions eliminated

**10%** of Sprint's commercial site electrical energy secured from renewable sources

**50%** of operational waste from commercial facilities recycled

**95%** of Network and IT e-waste sent for reuse or recycle

**90%** device collection rate achieved

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## Sustainability Must Be Achieved on Multiple Fronts - Yours and Your Suppliers

- *Reducing Carbon Footprint*
  - *Energy consumption*
  - *Use of renewable energy*
- *Management of natural resources*
  - *Reduce consumption*
  - *Maximize reuse*
  - *Recycle aggressively*
- *Development of sustainable products and services*

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## Reducing our carbon footprint

Initiatives to reduce Sprint's carbon footprint have encouraged environmental responsibility for today and tomorrow.

### Decreasing reliance on fossil fuels



- > Wind farm-powered Overland Park campus
- > Hydrogen fuel cells back-up power sources
- > Awarded \$7.3M grant by DOE

### Reducing greenhouse gas emissions



- > Aggressive 10-year Greenhouse Gas reduction goal of 15% by 2017
- > Achieved 9% reduction through 2009

### Increasing energy efficiency



- > Increased energy efficiency by an average of 9% per year in commercial facilities over 7 years.

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## Reducing our use of natural resources

Initiatives to reduce Sprint's use of natural resources have enabled internal eco-conscious behaviors.

### Reducing operational waste



- > Goal to recycle 50% of our operational waste from our commercial facilities by 2017
- > Goal to reduce use (metric tons) of printed paper 30% by 2012. Reduced by 26% through 2009.

### Improving packaging



- > Launched sustainable accessory packaging reduces cost by \$2.1M and waste by 647 tons annually.

### Reducing e-waste



- > Goal to send 95% of Network and IT e-waste for reuse or recycling by 2017
- > Maintain a Zero e-Waste policy – no electronics are sent to landfills or waste incinerators

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## “Greening” our products and services

Initiatives to green Sprint products and services have made our world and our business a greener place.

### Implementing greener devices



> Portfolio of 3 eco-devices - award-winning Samsung Reclaim™ (8/09), LG Remarq™ (3/10) and Samsung Restore™ (4/10)

### Implementing greener accessories



> Eco-friendly accessory line

- Chargers: Solar charger and All-in-one charger
- Carrying Solutions: 100% recycled plastic, cotton, and Naturacell (plant-based plastic resin)

### Recycling devices



Device recycling

> Collected more than 20 million cell phones for reuse and recycling since 2001

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## How Do You Keep Score?

## With a Scorecard

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# Sprint Sustainability Scorecard

Priority Area	Goal	Baseline Complete?	Results					Decision Needed	Status
			Through 2008	Through 2009	2010 Forecast	1H10 Trend	2017 Forecast		
<b>Reduce our impact on global climate change</b>									
Greenhouse Gas Emissions	Reduce GHG emissions 15% by 2017 (MT of CO <sub>2</sub> e)								
Total electrical use	Reduce electrical use 15% by 2017 (kWh)								
Renewable Energy	Source 10% of total kWh from renewable sources by 2017								
<b>Reduce our use of natural resources</b>									
Operational Waste	Recycle 30% of commercial operational waste by 2017 (MT)								
Network and IT e-waste	Reuse/recycle 95% Network and IT e-waste by 2017 (MT)								
Water Use	Manage water use through 2017 (kGal)								
Paper Use	Reduce paper volume 40% by 2017 (MT)								
<b>Promote a socially and environmentally sound supply chain</b>									
Supplier responsibility	90% of suppliers (based on \$) compliant with Sprint social and environmental criteria by 2017								
<b>Reduce the environmental impact of our products and services</b>									
Phone recycling	90% device collection rate for reuse/recycling by 2017								
Sustainable Devices	Ensure X% of devices launched quarterly meet Sprint's environmental criteria by 2017 (per vendor scorecard)								
<b>Increase Sprint's brand reputation for sustainability</b>									

Key: ▲ = Adequate performance improvement, ● = Improvement, but inadequate to meet goal, ▩ = Performance modestly deteriorated, ▼ = Performance deteriorated significantly

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## Supplier Responsibility

## Supply Chain

Owner: Gene Agee

### Results and Targets

Organization	Baseline 4Q10?	2012 Target	2014 Target	2017 Target
SCM		10%	60%	75%

\*\* Values reflect % of dollars spent

### 2010 - 2012 Action Plan

- Establish social and environmental guidelines for suppliers, then distribute and ensure their awareness
  - 2010 – Identify and prioritize specific spend categories and suppliers to incorporate into the Supplier Responsibility model
  - 2010 - Revise, finalize and distribute “Sprint Supplier Code of Conduct” to selected spend categories and suppliers
    - 2011 - All existing suppliers will be notified by years' end
  - 2010 – Address “supplier awareness” issues / challenges / successes on a case-by-case basis → apply lessons learned to all processes
  - 2011 & 2012 – Incrementally incorporate spend categories, suppliers and processes while increasing Results and Target penetration
  - 2012 – 2017 – Achieve supplier certification of compliance with key elements of the “Sprint Supplier Code of Conduct”
- Determine a scoring system for measuring suppliers performance against our social and environmental criteria
  - Coordinate with Legal , Product, IT and Network
  - Develop, Validate and Implement an on-line supplier “self-assessment” capability

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# A Greener Future For All of Us

- *Government regulation will increase.*
  - *National*
  - *International*
- *Our customers and shareholders will ask us to be “greener” even if they don’t want to pay extra for it.*
- *Engage at the industry level wherever possible.*

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## Sprint’s environmental partnerships

*Sprint is a proud participant in the following environmental organizations and programs.*



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## Green Sourcing to Savings and Sustainability



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## James V. Kelly, C.P.M., CEO

- **CEO**  
JVKellyGroup, Inc., a D&B company
- **Past positions include:**
  - Managing Director & Global Head**  
Purchasing Operations and eSourcing  
*Deutsche Bank*
  - Team Leader**  
Center of Excellence for eCommerce  
*Deloitte Consulting*
  - Vice President**  
US Purchasing Operations  
*Citibank*
  - Radio Talk Show Host**  
Kelly's Corner: Business Matters  
*WLIE 540AM*
  - Past Board Member & Former President**  
ISM-NY
- **Current Public Initiatives:**
  - Board of Directors** – Huntington Chamber of Commerce
  - Advisory Board for the School of Business** – Adelphi University
  - Board of Directors** – Huntington Arts Council
  - Board of Directors** – Long Island Medical Foundation
  - Huntington Town Audit Committee**
- **Recent Awards**
  - 2007, 2008, 2009, 2010 Pros to Know**  
Supply and Demand Chain Executive
  - 2006, 2007, 2008, Power List**  
Long Island Press
  - 2008 JH Leonard Award**  
ISM-NY
- **Recent Speaking Engagements**
  - Conference Board
  - ISM Services Group
  - Synergy Conference
  - CFO SOX Conference
  - Procurement Leaders Forum



## About the Firm

### OUR COMPANY

- A D&B Company
- Headquartered in New York
- Staff with an average of **15 years** experience in supply chain risk management, procurement, strategic sourcing and performance management.



### OUR CLIENTS

- Fortune 1000 Client Base
- Industries
  - Financial Services
  - Healthcare / Pharmaceutical
  - Manufacturing
  - Automotive
  - Business Information
  - Government/Public Sector
  - Retail

**Over \$1,000,000,000,000 in spend addressed.**

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## Where We Are

### United States

- **National**
  - Absent from the Kyoto Treaty
  - No carbon or emissions trading scheme has been enacted
  - On the eve of another swing in political power
  - Minimal Tax credits
- **Regional**
  - Portfolio standards for power generation with renewable power generation targets
  - Renewable Energy Credits (RECs) for clean power production
  - Tax credits, rebates

### International

- **Developed Regions**
  - European Union Emissions Trading Scheme: Largest multi-national, emissions trading scheme in the world
  - Most onboard with Kyoto Treaty
  - Many nations have feed-in tariffs and or 100% rebates for energy efficiency / renewable energy
- **Developing Regions**
  - Regardless of environmental commitments, lack the ability to track or enforce compliance
  - Lack of capital for investing in new and efficient infrastructure, and in turn utilize older less efficient methods of manufacturing or energy production

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## How We Got Here

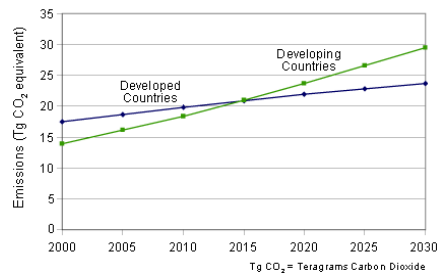


- **Lack of ownership of production byproducts**
  - We don't directly own our waste or the waste of our suppliers
  - Ambiguity of measurement, carbon footprints, etc.
- **Concern over the ability to maintain a competitive edge over non-restricted and emerging markets**
  - Current economic recession only solidifies such view points

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## Are The Tides of Responsibility Changing... not really.

- In 2015, developing nations may begin to surpass developed ones in emissions
- The finger of blame may point away from us, however the weight of responsibility cannot
- Developing countries driving emissions, produce the tributary products and services that make up many of your supply chains
- In short, your supply chain demand drives their emissions
- Moreover a supplier with a large environmental impact is susceptible to material and emission legislation as well as material scarcity/pricing - all of which put your supply chain at risk



SGM Energy Modeling Forum EMF-21 Projections, Energy Journal Special Issue, in press, reference case CO<sub>2</sub> projections

## What Questions Does This Raise?

### Internal

- What are your current environmental restrictions?
- What is your immediate environmental impact? (company own operations)
- Your environmental values?
- Ability change mindsets?
- Ability to enforce across the organization?

### Your Suppliers

- Location, Location, Location – What country they produce your products in is the single biggest factor in environmental risk.
- What the key materials that make up your products?
  - Are they rare?
  - Are they heavily regulated?
  - Are they toxic?
- What are the key processes in making and distributing your products?
  - What are the byproducts?
  - Is it energy or water intensive?
- How do they self manage their environmental impact and risks?
- What gov't and international agencies verify and enforce compliance?

*When it comes to your suppliers it's not about values, commitments, or initiatives.  
It is about measurable actions and results.*

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## How Do You Quantify, Prioritize, & Address These Issues

- It's not rocket science, but there is a process
  - Initial Scope
  - Certify
  - Monitor
  - Analyze
  - Mitigate
- What you don't have to do
  - Pay more for products and services as a result of selecting sustainable vendors
  - Choose between sustainability and reliability
  - Become one with nature



## The Process: Narrowing Initial Scope For Early Success

*To get a few notches on your belt, consolidate your efforts on understanding your largest suppliers by criticality or spend*

- **When focused on direct spend, look to criticality**
  - Reach out to engineering: they should understand the processes used to produce your products, sub assemblies, and the materials that go into them
- **When focused on indirect spend, look to your largest suppliers by volume or dollars**
  - High volumes could be an indicator of a large environmental impact due to logistics
- **Drill down further to firms with environmental responsibility departments or senior positions**
  - Information is easier to access and more likely to be complete
  - Baselines as well as targets for improvement likely to already to be set



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## The Process: Certify



- **Integrate environmental risk mitigation and dependency into your sourcing process.**
  - Know the marketplace
  - Ask the right questions
    - Dependency ratio
    - Tier 2 suppliers
    - Business requirements
    - Legal
    - Governmental
- **Trust but verify – set criteria, third party information**

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## The Process: Certify (Part 2)



- **Collect, aggregate and centralize all required information and documents for established suppliers.**
  - Collect data from various sources and append it to create the business intelligence needed.
  - Aggregate supplier information and required documents in one system.
- **Give the suppliers access to maintain the most current information and repeat the process annually to insure nothing is missed.**
- **Implement a web-based supplier portal to centralize and audit supplier information.**

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## The Process: Monitor

- **Identify the suppliers that have the most impact on your business**
  - Strategic
  - Critical
  - Approved
  - Used
- **Determine which sources of information to monitor**
- **Establish a repetitive process to monitor external and internal data in real-time.**



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## The Process: Monitor (Part 2)

- **Supplier failure can happen quickly. Be proactive and monitor suppliers in real-time with an automated alerts systems.**
- **Monitor the right metrics**
  - “If you are not measuring it, you’re not controlling it.”
  - “If you are measuring the wrong thing, you’re wasting your time.”
  - “If the decision-maker doesn’t have the information on their desktop, you’re wasting your time.”



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## The Process: Analyze

- **Enrich internal data with 3<sup>rd</sup> party information to increase visibility and create actionable intelligence.**
  - Corporate linkage
  - Diversity
  - Financial Risk
  - Spend by category, by business unit, by country
  - Supplier performance
- **Trend the information over time**



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## The Process: Analyze (Part 2)

Enriching internal data with 3<sup>rd</sup> party information such as EPA violations can give you the insight necessary to uncover and validate ecological supply chain risks.



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## The Process: Mitigate

You may not be able to predict supplier failure, but you can plan for it. Having contingency plans in place will reduce the time and money spent recovering from a disruption.



- **Develop a business continuity plan specific to your supply chain**
- **Determine a policy and plan for suppliers who do not meet your standards**
  - Will you offer assistance to help them meet your standards?
  - Will your evaluation team make recommendations, develop and track corrective actions?
  - Will you seek out new suppliers?
- **Create and document alternative sourcing strategies**
- **Continually evaluate supplier via targeted questionnaires that enable you to collect more information such as...**
  - Inventory, Financials, Technology, Awards & Certifications

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## Summary

- There are many changes to environmental regulations both in the US and Globally. Sustainability is a constantly evolving and moving target.
- Don't hold supplier to higher standards than yourselves. It sends a mixed message to consumers and business partners.
- Sustainable Suppliers = Reduced Risk in your Supply Chain
- Follow a best practice process to mitigate risk – Certify, Monitor, Analyze, Mitigate
- Don't make it harder than it needs to be, utilize existing reporting and communication channels to keep information flowing (both ways) when possible



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