



# SUSTAINABILITY SUCCEEDS IN SUPPLY CHAINS

Birse Rail values its reputation as a UK rail sector leader and innovator. It also knows that government is under EU pressure to set industry demanding sustainability targets. These are business opportunities, it says, that turn on the finely-tuned efficiency gains, inventiveness and flexibility that well-integrated, empowered supply chains can bring. Through Fast-track-14 (FT-14), the company is sharing its vision, values and vitality with supply chain members, helping them meet change with initiatives of their own. FT-14, it says, encourages a co-operative culture that will be essential in managing an inevitable surge in sustainable demands.

Birse Rail is acutely aware of its influential role as an innovator and partner of choice in the modern UK rail industry - now widely seen as a pacesetter for principles and practices that influence the economy generally.

First formed in 1996 to offer reliable, multi-disciplined contracting services to the newly-privatised rail industry, the company has grown swiftly to become one of rail's largest specialist contractors. During 2006, it became a complementary part of Balfour Beatty Civil Engineering.

Continuing success and growth depend on managing change well, says Birse Rail. Central to its project ethos is a whole life cycle approach that is significant for the future. Industry must prepare for major changes, it suggests, as far-reaching effects of sustainability - now being applied at a strategic level in industries close to government, like rail - are translated into practical measures for business in general.

The challenge is so great, the company believes, that only organisations able to generate innovative new efficiencies through well-coordinated supply chains will be in a position to deliver continued client value.



*The Fast-Track-14 Awards:  
Don Ward, Chief Executive,  
Constructing Excellence, Gary Holland,  
Technical Director, ISYS International,  
Sue Innes, Director of Sustainability,  
Constructing Excellence and John Green,  
Supply Chain Manager, Birse Rail Limited.*

It is committed to being one such business and has acted early to ensure that its own supply chain members understand and support its motives - including the full implications of sustainability.

One key to sustainability is the ISO 14001 international environmental standard, to which Birse Rail is certified. In 2006, the company adopted Fast-Track-14 (FT-14) - a tightly-structured, six month programme to introduce a creative ISO 14001 management methodology to the supply chain.

FT-14, a Constructing Excellence programme developed by ISYS International, is now used as a catalyst by Birse Rail for sharing its ideas and values in a close partnership enabling suppliers to discover how they can respond instinctively with initiatives and inventive solutions of their own in specialist areas.

Birse Rail is strongly placed to champion opportunities in the new sustainable development agenda - the concept of optimising economic growth while safeguarding the environment and social well-being.

As an alliance partner, it has been instrumental in key rail route modernisations, including the West Coast line. As Framework Contractor to Network Rail, it is responsible for delivering railway infrastructure worth more than £200 million, managing the complete construction process, from design development to implementation and commissioning. New and redeveloped stations, plus the upgrading of depots, are within its traditional portfolio.

Assurance Manager, Shelley Stretton and Supply Chain Manager, John Green, have responsibilities for optimising change and meeting - even surpassing - standards when this leads to business opportunity.

"In a similar way to how industry has engaged with environmental issues during the last five years, it will increasingly have to come to terms with sustainability over the next five," explains Green. "But the demands will be tougher and the role of supply chains vital."

The introduction of FT-14, with its emphasis on quantifying risk to convert liabilities into opportunities, coincided with Birse Rail's first review of its supply chain performance.

"We know that many of the performance innovations we will need in future go far beyond simple cost-cutting and that greater efficiencies - or inefficiencies - created through our supply chain will be magnified through Birse Rail's own performance," adds Green. "Our approach has been to form a fertile environment for improvement by restricting our number of supply partners but then working with them more often and much more closely. We are, for example, ending the unnecessary duplication of staff, pooling knowledge, sharing more training and, importantly from our perspective, we positively welcome tender applications that include alternatives solutions, which we promise to consider and discuss carefully."

As a first step, the company is benchmarking supplier performance, with the aim of re-assessed voluntary progress annually. FT-14's focus on continuous self-improvement matched Birse Rail's strategy exactly. It was the correct vehicle at precisely the right time, says Green.

Starting with a detailed gap analysis, FT-14 provides participating suppliers with a highly-detailed, 24-step software 'ISO Toolkit', designed to remove barriers and provide a template for each company to build a bespoke environmental management system (EMS) to ISO 14001 standards. This is supported by monthly peer-review workshops where managers co-operate enthusiastically to optimise their particular solutions under expert guidance.



Crucially, because the programme is not based on simple process or compliance, participants swiftly put themselves in a competent position to advise clients, or suppliers, where essential environmental decisions are taken. The methodology and mind-set developed to put in place a tailored EMS are then equally suited for managing parallel risks thrown up by sustainability.

What Birse Rail has been able to put in motion with its supply chain coincided with another key factor - evolution of the company's sustainability policy, says Stretton.

"We looked very carefully at what the precise objectives of our sustainability policy should be and the steps needed to implement it. There is great internal support from staff and management," she explains.



"The company realises that sustainability will be a defining market force. Our view is that while sustainability is currently a high-level driver in strategic industries, in the same way that pragmatic environmental measures have been accepted by business over the last half decade, so sustainability will test companies over the next.

"We believe that there is a welter of impending sustainability requirements waiting to come "over the wall", primarily through government departments and agencies. This isn't bad news if you are prepared, as we are, to turn the spirit of sustainability into genuine opportunity.

"FT-14 is the perfect fit," she adds. "We watched what was happening throughout the programme very closely. The first part was clearly demanding and without the support, peer-pressure and time discipline, many companies might have pulled out. However, once through that, the emails began to fly and there was lots of energetic group support."

Birse Rail's goal of realigning suppliers has been successful to the extent that, while the programme prepares companies for ISO 14001 compliance in six months, Stretton isn't insisting that they apply for external certification to the standard. "It is the non-prescriptive, 'can-do' mind-set and mentality, but particularly the new level of dialogue and communication, that we value most from FT-14," she points out, noting also that

participating companies must be determined to succeed and it is wise to select them carefully on this basis."

For any doubters, the first challenges are already beginning to face the construction industry. In future, business will have to learn to live with a Climate Change Bill on the statute book. Companies will become accountable - both as a legal requirement and to sustainably-conscious clients - for cutting their carbon-footprints. Waste routes are changing radically, as is the need to re-use and recycle.

However, sustainability goes well beyond environmental impacts. Bio-diversity will be priority, as it is already for Birse Rail. Nuisance is becoming a major working consideration, with costly implications for poor decisions made on site. Materials procurement will become especially sensitive because of extensive and time-dependent consequences.

For example, metrics is a sophisticated approach for tracking complex trends, productivity, resources and key performance indicators accurately. In practical terms, the sustainability implications of choosing, say, a cubic metre of concrete, as against a cubic metre of steel, which might equally be used in bridge building, can be substantially different from purely environmental considerations.

The fact that senior clients, and future regulation and legislation, will dictate material provision and practice should be a persuasive business driver for all supply chain members, she notes.

Meanwhile, plain speaking, no hidden agendas, an emphasis on safety, assurance and customer satisfaction, plus working together as a team through the whole life cycle, will continue to underpin the company's business relationships, including those with long-term suppliers.

These are values, says Birse Rail, leading to a profitable future for everyone. It is committed to sharing its best practice across industry and beyond.

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