

TALKING NET ZERO EPISODE 14 – SARAH BANKS

SARA SLOMAN: Hello and welcome to our 14th Talking Net Zero with me, your host, Sara Sloman. In this episode, we'll be talking to Sarah Banks, Managing Director of Accenture. She's joining us from the States, near Detroit, actually and I have the pleasure of meeting Sarah only a few days ago, by her fantastic intro from Michael of the ITT Hub Community, who knows me well enough to know that I would absolutely love to be talking net zero with Sarah because Accenture are all about being leaders, leading the practice for freight and logistics globally. And what you'll no doubt find out is that Sarah is not only extremely knowledgeable, she has that passion and commitment to bring new technologies to disrupt the way that the industry operates for us all. She is outwardly enthused about the future of the logistics and that makes two of us, but you don't need to take that from me. What I would love to do, if I may, Sarah, is ask you to explain a little bit more about your career and how you came to be at Accenture for us?

SARAH BANKS: Hi, Sarah, thank you so much for this opportunity. This is really just a wonderful piece of my day to get to talk about Net Zero with you. So to get into how I got where I am today, so as you mentioned, in Accenture, I lead our Global Freight and Logistics Practice, which is all about companies that are moving cargo, parcels from A to B. My journey started more than 25 years ago quite accidentally, to be honest with you. I

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left university, not really sure what I would do and I had the opportunity to work for an ocean shipping company, you know, the companies that have the big ships with all the containers on them. And I was absolutely blown away. I mean I was familiar, obviously, with international trade, but very academic conceptually. But actually, being involved with a company that is physically involved in moving products and connecting those products with people all over the world, it just had me hooked.

So I spent a number of years at that type of role and then, had the opportunity to come over to consulting and to be able to work more broadly with companies in this industry on a whole variety of issues, including sustainability and especially seeing that grow is really exciting.

So that's what got me to the role that I have today and the types of companies that I work with.

SARA SLOMAN: That makes a lot of sense if you saw that first hand from quite a young age, so right at the outset of your career. As you say, you're now leading the practice for Freight and Logistics and that's really turning industry on itself to look deeper in itself and more than just Net Zero. It's what I call true Net Zero. So not just electing for the easier, quicker win. This is about deep-rooted sustainability in logistics and cargo industry. And I'm know from getting to know a bit this week, you share a mutual

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fascination for humanistic behavior and how understanding that social science could really help the environment and I'm talking here about consumer decision making and how we all have a responsibility to ensure that a consumer has a choice to make about their goods and helping to steer that consumer sentiment takes time. And I read from your work that the continuing growth in ecommerce is driven by need it now consumer culture is really fueling the need for retailers to evolve their supply chains and for carriers to adopt new technologies.

And did I see, Sarah, that Accenture predicts that by the end of the year, 50% of all deliveries will be local? I mean that's quite a stat. What have you seen? And what's working?

SARAH BANKS: Yeah, I mean I think it really ties back to what happened during the pandemic. We weren't imagining a world where we would not have the option to go into retail shops to get our products. So with that push to demanding an ecommerce option and what we're calling in our industry the last mile, which is delivery to consumer doors, it responded in a way to be able to continue to encourage this need it now type response, where people do want their products, they don't want to wait. And I think the pandemic really allowed the transportation industry, along with the retail industry to shift to meet that demand.

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But from a sustainability perspective, I think the exciting piece is that move to respond more locally, actually has driven a more greener outcome. Last mile, since the pandemic started, has never been greener, which isn't intuitive when you look at the number of parcels that are moving to people's doors these days compared to a year and a half ago. The growth has really been exponential.

In fact, it's exceeded in many cases the available capacity that's out there in the market to do those moves. But yet, the density in terms of getting products to be more local, closer to consumers, and then enabling a last mile choice, a delivery to my door, your door, through more density, let's say, in a vehicle or even looking at options of delivery by bicycle or allowing for walk-up options to do pickups, has just really opened up the opportunity. And I think allowing us to think about ways to create a greener transportation model for supply chains much more differently, without sacrificing the consumer interest, as you call it, like for the need it now.

But the reality is, I do think that we do have a gap, right, to be able to help bring the visibility that you talked about to make consumers better educated about their choices. I think we had the happy accident with the pandemic and understanding that we can get to a greener last mile by being smarter about supply chains. But consumers I don't think really

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understand the sustainability impact yet of those choices and there is definitely work to be done.

SARA SLOMAN: Agreed. And it's often the case that they'll still – they being asked on my as well. We'll buy something thinking that we're doing the right thing or that we've made the right choice, so that our packaging is recyclable, but it turns out that our local authority doesn't take it. It's an absolutely minefield and behavior change stems from the trigger, right, and I think that's something that COVID has shown us.

And you're clearly a very captivating speaker and I was almost forgetting to speak myself. And you're a writer too. I mean you have a blog and you can channel your voice extremely well and really informed and valued way. So I just want to take a moment to delve a little deeper into something that you've been party to some very in-depth research, I believe, around how COVID specifically has seen these huge changes in consumer behavior. This is the trigger we've been talking about. Can you tell us more about the findings? What have you found?

SARAH BANKS: Well, I think that, again, the shift in terms of how consumers expect now to get products, I think, has opened up an opportunity for consumers to have access to more of the information

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about how those products get into their hands. And I mean, clearly, there is a big push for companies globally, a shift and shareholder expectations around sustainability to bring more, I would say, proven capabilities to the market, not just talking green, but truly working toward being green.

But I think what the research has shown us is that there are three areas where companies and even regulatory government institutions can play a role to help consumers. The first is in getting more access to data and analytics about consumers. And this is a bit of a give and take. This means as a consumer, I need to be willing to share some information about myself that actually can help make greener decisions in terms of how I want to consume goods. So if I can learn certain things about a certain person, I may be able to do more predictive capabilities, such as I know Sara likes to get laundry detergent once a month and Sara always prefers this brand. And if I can get that brand closer to her, I know that I should deliver it to her by bicycle, for example.

So there is a huge opportunity around trying to use data for good and trying to navigate that carefully and providing the analytics to bring more predictive thinking to drive a greener supply chain. And that also became clear before the pandemic with a company like Amazon, which has been very big in the local fulfillment.

But then the second piece, is also around the way that governments can incentivize different things like asset usage to help consumers make

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better decisions. And, again, a very difficult problem. So asset usages, imagining a delivery company sharing vehicles with their competitor.

Consumer may get more choices in terms of delivery frequency. It may actually be better to be honest, but from a competitive positioning, it's very difficult to be able to have competitors compete and co-operate at the same time. And that's where I think consumers can play a role with regulatory partners, at cities in particular is very important, to be able to make those kind of partnerships possible and even create incentives to make those partnerships possible because we are seeing in the research, that consumers are becoming increasingly aware, more than 40% of consumers actually do care about the decisions that they make in terms of the sustainability impact they have, but we don't have the data to get there and we don't have the mechanisms like the incentives and the partnerships to really make that happen.

And so, with the research, you see the opportunity, but with the research, you still see the work to be done.

SARA SLOMAN: Absolutely. And as you know, I've been in sustainability and infrastructure projects my entire career and one of the reasons I love Eltronics where went to work is they get they're in huge need to be truly sustainable. We try to communicate that to our customers about how

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we're trying to measure twice and cut once when it comes to this meaningful carbon accounting and often, we're quizzed on it more than we even can cope with it at the moment. We're not there yet. We're trying everything, but planting trees and attempting to wipe away those inevitable impacts of our industry just simply won't cut it. And offsetting is a strategy and it is a neutralizer. It's not to be downplayed, but we need to encourage the positive steps, more than just parting the hundreds of thousands of pounds of tree planting. Let's take the time to make sure that those are the right trees for that soil type and that region and that they aren't taking up valuable crop space for local communities and that they aren't going to release all their carbon again in a few years down the line and you are vastly educated on this. So tell us what schemes have you seen which would inspire us and which ones would you rate that you think we should look into?

SARAH BANKS: You know it's such a good question and I think about this and to be honest with you, again, in the sector that I'm in, which is in the transportation sector, our number one gap, number one, is being able to calculate what is truly the impact that we need to offset? So offsetting, of course, like you said, it is a part of the strategy, it cannot be all of the

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strategy, but if you have it as part of the strategy. What are you trying to apply that against? And I think that is fundamentally the issue.

So if you think about a transportation move and we spent the first part talking about last mile, but if we think about end-to-end and you think about a desk that you may want to buy, just a wood desk. It's coming from Indonesia and that wood desk is coming to Indonesia, it's coming into the port of Southhampton, it's with, let's say, 99 other desks that are in that same container. And then that desk needs to get to a fulfillment center and then, it needs to get to a customer's door eventually or to an office building.

When you try to think about what actually goes into the desk, we spent a lot of time looking at the elements around, let's say the wood component, how that was sourced? What went into the manufacturing process? But then, also on the transportation side again, where I spend my time, it isn't a simple calculation of just saying, well, how did you get from Jakarta to Southhampton? If you actually look at the components of the journey, there are so many points in time where you are making a negative carbon impact that aren't able to be quantified because we just don't have the insights. So how long does a driver spend, let's say, idling a vehicle at a manufacturing location in Jakarta or idling to wait to pick up the container in Southhampton. Those are things that are really under the table.

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And so, when you think about offsetting schemes, things that really work. I think the biggest gap is not only in finding the ways to make offsets that make an impact and really make positive impact, but it's really about the baseline upon which you are trying to offset.

And I think we have so much work to do from an industry perspective in the baselining side of it, that I think is the big, to me, call to action in the industry I'm in to understand that at every level and be able to communicate that, not in averages, but bring the insights in that really represent what we are doing in terms of emissions.

SARA SLOMAN: I agree. And you've inspired me in so many ways, just preparing for this interview today and preparing our podcast together. I'm so grateful you've come to talking to share it with us. And I do agree, that data gap is so huge, but that's something for the corporations to think about and for us behind the scenes to work on. What I would also love, if you could, maybe bring us a call to action that some hundreds of listeners can takeaway from this to make positive and conscious choices in their consumer behavior. What would you recommend?

SARAH BANKS: I mean I think that if consumers really are interested in making a difference, I think number one is understanding the companies

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behind the products that they're interested in. So knowing the company's sustainability strategy, what they're doing to make investments that are positive toward that strategy. So there's a lot about the strategies that exist today, but it's the work that's being done to realize those strategies. I think that's number one.

Number two, I think consumers need to demand that there is visibility in more of a product level as to what the end-to-end impact is of a choice. Right now, it's very fragmented in terms of the piece that they may be interested in. If I'm a consumer, for example, and I'm taking a trip to Tahiti, I can get a baseline calculation of what that flight is. But what I don't have visibility to is going to the place where I'm going in Tahiti or how I get to the airport or what I may need to buy to make that trip successful. I don't have a full visible picture and I think people need to realize that there's only a part of the story and start asking for more of that information with the consumer demand and where you put your dollars behind. And let's be honest here, it's not going to be easy. There will be gives and takes in trying to be more sustainable. It's not going to be easy for a consumer and I think we have to realize as a consumer, we will sacrifice some of the easiness, but demand that we have partnerships with the corporations to be able to make those better decisions in order to make that impact. I think that's something we can demand.

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SARA SLOMAN: So consumer demand led decision making could be something that we could all focus on, put that sort of positive pressure back onto our supply chain, whether that's even the local shop, right through to where you go on a weekly, monthly basis for even food supplies or goods for the home. I just think it's a fascinating realm. We've only been able to scratch the surface here together, but what a fantastic moment to end our time together here today.

I thank you so much, Sarah. Now in this episode, we've been talking to Sarah Banks, the Managing Director of Accenture. And that brings our 14th Talking Net Zero with your host, Sara Sloman, to a close. So it's good-bye for me. I actually look forward to welcoming you again next time.