

Chris White

Supplier Sustainability at Fiat Chrysler Automobiles: Assessing All Tiers

Bill Hall, director of sustainability at the US unit of Fiat Chrysler Automobiles (FCA), and Todd Yaney, the manager of supply chain sustainability, were musing over the results of their Automotive Industry Action Group (AIAG) Supplier Sustainability Self-Assessments (SSSA). In the wake of tragic industrial incidents across the globe, such as the Rana Plaza factory collapse in Bangladesh, reports of suicides and riots at Foxconn's iPhone factories in China, and an explosion at a metal finishing company in China, the two were concerned as to whether the assessments were really enough.

The assessments covered a multitude of sustainability, ethics, and human rights compliance issues with Tier 1 suppliers, but the pair was wondering what was really happening further down the supply chain with the company's Tier 2, Tier 3, Tier 4, and Tier 5 suppliers. Yaney noted, "What if that were us? That's what keeps us up at night. We don't lose sleep over our Tier 1 suppliers," adding that they were well-vetted through the AIAG SSSA as well as audits and other assessment means. "But Tier 2 may be less inclined to be following the principles of sustainability."¹ As this cascaded down the chain to Tier 5 suppliers and beyond, the chances continually declined that the supplier would be operating according to FCA's or AIAG's standards.

So the pair convened a meeting with 25-30 stakeholders to discuss and weigh in on the issue and determined they should study FCA's Tier 1-5 adherence to the principles laid out in the AIAG SSSA. They decided to commission a focused project team, and selected Kristine Schantz, a specialist from the Erb Institute at the University of Michigan, to head up the effort.

The questions remained: How would Hall and Yaney know when to push ahead or hold up their efforts to get suppliers on the same page once they had the results? Who would be the go-to people within the organization? Might anyone oppose their efforts? How would they make the case? Which tools would they use? How would they mobilize their efforts?

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