Sustainable Manufacturing: Is It Resilient?

NIST Advanced Manufacturing Technology Partnership for Research and Innovation in Sustainable Manufacturing (PRISM)

Joseph Fiksel, Executive Director Sustainable and Resilient Economy The Ohio State University



Discovery Themes

THIS IS NOT BUSINESS AS USUAL.



Sustainability is the capacity for:

- Ensuring economic prosperity
- Protecting ecological resources
- Enhancing societal well being



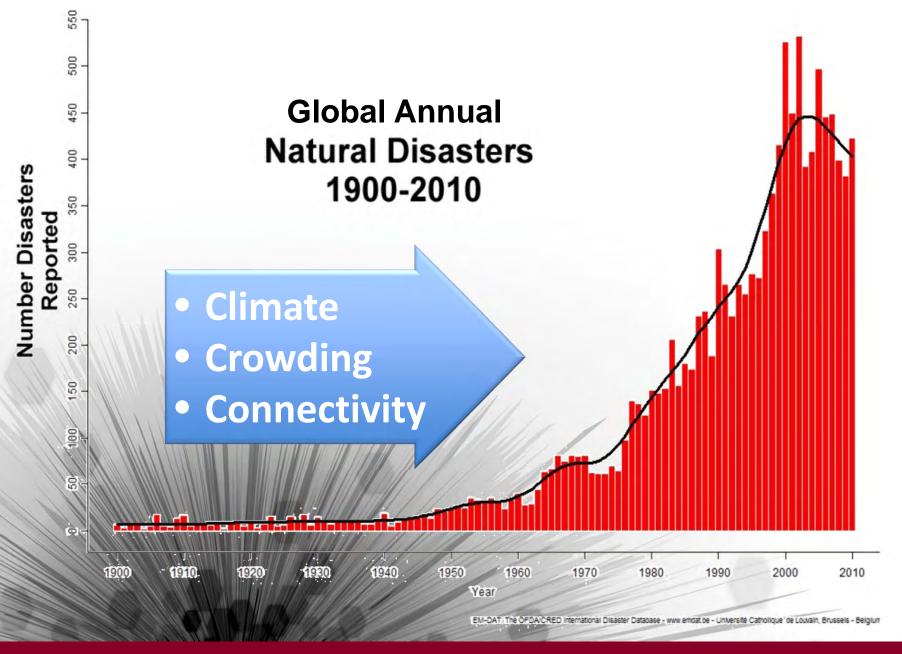


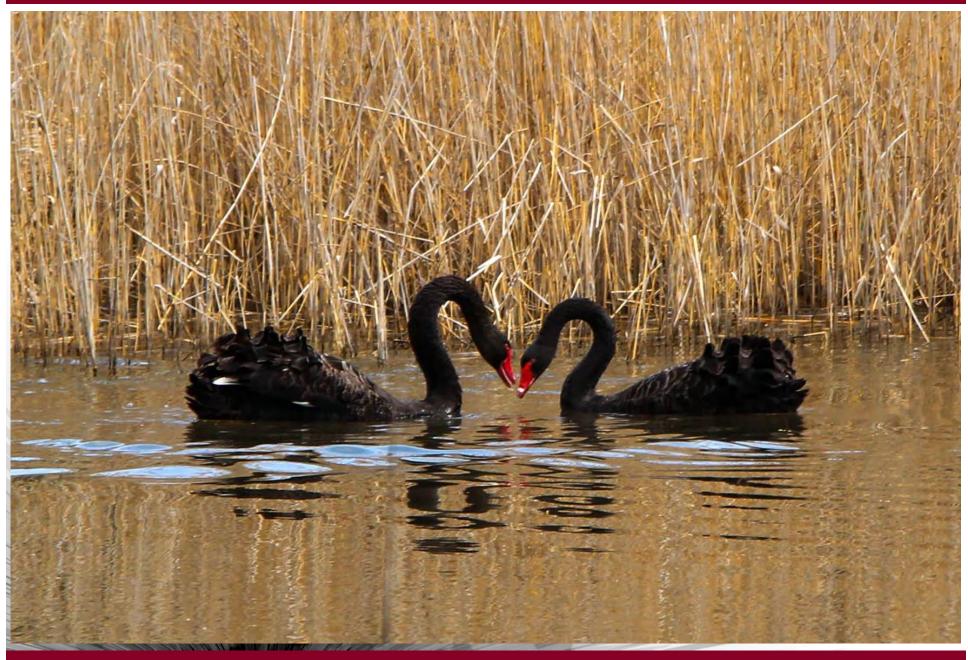
Resilience is the capacity for:

- Overcoming unexpected crises
- Adapting to turbulent change
- Flourishing in a chaotic world



continuity





More sustainable

(ecological footprint)

Lean production

Cellulosic biofuels

Decentralization

Smart grids

Less resilient

Traditional practices

Corn ethanol

Redundancy

Diesel backup

More resilient (adaptive capacity)

Less sustainable

Adapted from: J. Fiksel Soodman, A. Hecht, "No ligating Toward a Sustainable Future," Solutions, Oct. 2014

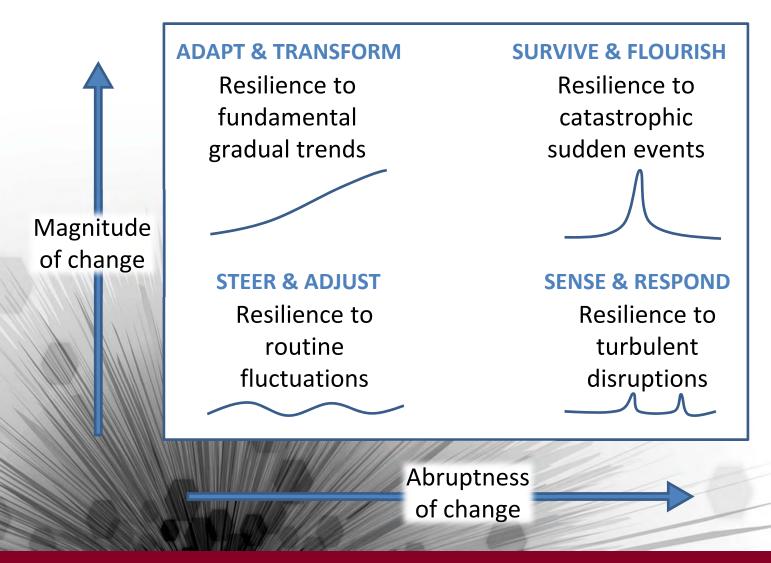


Synergies and Trade-offs

COSO Framework for Enterprise Risk Management



Managing in Turbulent Times



Security

Flexibility

Capacity

Efficiency

Visibility

Adaptability

Anticipation

Recovery

Dispersion

Collaboration

Organization

Market position

Financial strength

Source: Fiksel, Polyviou, Croxton, Pettit, From Risk to Resilience: Learning to Deal with Disruption, MIT Sloan Management Review, Winter 2015, pp. 79-86.

Erosion of profits

Zone of balanced resilience

Exposure to risk

Increasing Capabilities

Increasing ulnerabilities

Turbulence

External pressures

Connectivity

Deliberate threats

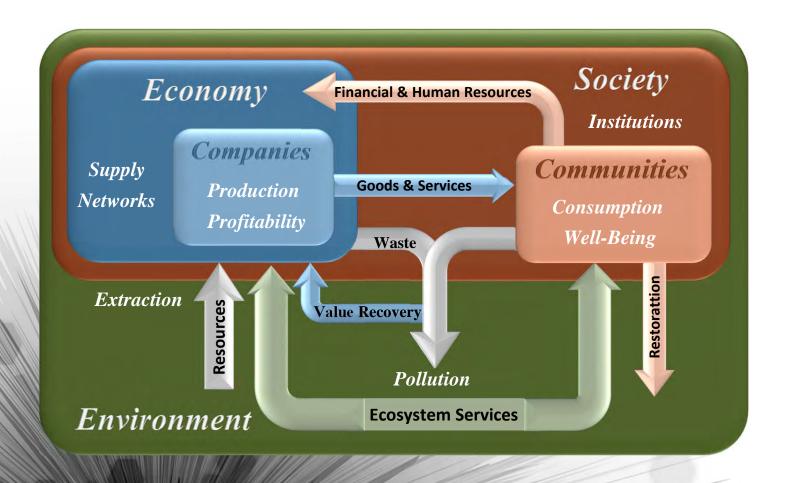
Resource limits

Sensitivity

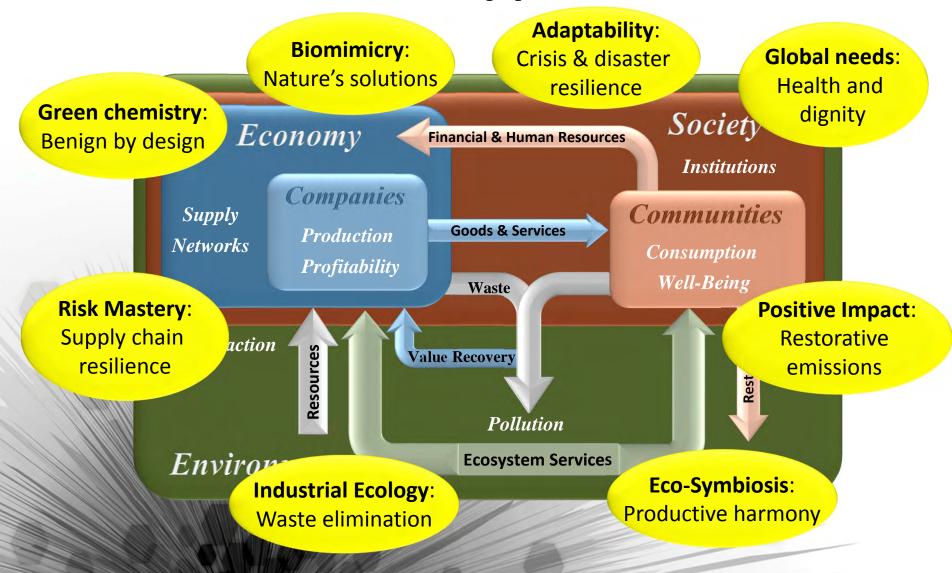


Resilience Strategies

Triple Value Framework



Innovation Opportunities





Integrated Assessment

Economic Value Creation

Shareholder — After-tax operating Added profit

___ Capital Charge

Increase Revenues

Decrease Operating Costs Manage Decrease Assets WACC

GROWTH

EFFICIENCY

UTILIZATION

Process

simplification

LOW RISK

Incident

prevention

Product preference
License to operate
New markets

Lean & clean processes

Supply chain streamlining

Crisis response

Resource conservation and recovery

Business continuity

Compliance

	Top-line growth	Operating profit	Asset utilization	Risk reduction	Intangible value
Dow Chemical	Expand into new markets	Avoid excessive costs	Right-size fixed assets	Business continuity	Customer loyalty
L Brands		Anticipate shipment delays		Business continuity	
AEP		Maintain electrical service			Community quality of life
Cisco	Resilient product design			Supply chain visibility	
Veolia		Assess true cost of water	Optimize infrastructure	Avoid water shortages	Reputation and brand

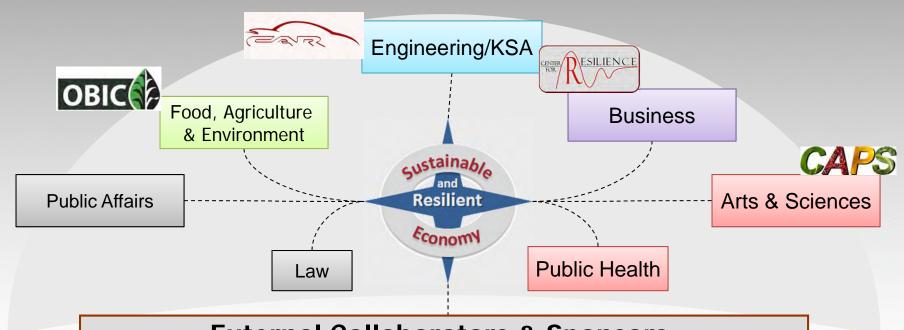
Aerospace Industry: Opportunities for Value Creation

		Sustainability	Resilience
	Product design	Reduce energy demands	 Enhance security
		 Avoid toxic constituents 	• Ensure durability
	Supply chain processes	 Minimize assembly cost 	 Minimize disruptions
		 Facilitate disassembly 	 Ensure availability
	Community well-being	 Enhance natural and social capital 	 Enable adaptability in times of crisis

"Crisis" 危机 Danger Opportunity

Sustainable and Resilient Economy

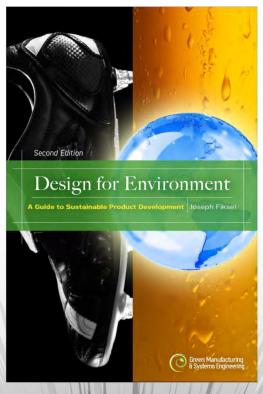
Mission: Accelerate the development of sustainable and resilient **production and consumption** systems that enhance the value and reduce the adverse impacts of global material and energy flows.



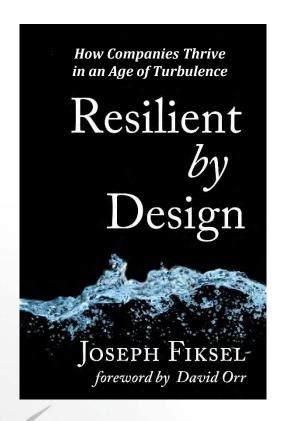
External Collaborators & Sponsors:

Universities, Research Institutes, Corporations, Agencies





Design for Environment
Second Edition
A Guide to Sustainable
Product Development
(McGraw-Hill 2009, 2011)



Joseph Fiksel

Resilient by Design

How Companies Thrive
in an Age of Turbulence
(Island Press, 2015)