

# GLOBAL SUPPLY CHAIN MANAGEMENT CONFERENCE

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## SUPPLY CHAIN FINANCING: CAN WE THINK GREEN WHEN IT COMES TO DOLLARS?

The **Supply Chain Financing** (SCF) model is a relatively new concept. Actually, to put it more clearly, the systematic movement of goods (or services) has always been dependent on financing and payment, but the overriding trend nowadays is toward tighter and more effective practices designed to optimize the structural and financial aspects of the process. This model is a Canadian one and varies slightly from its American counterpart. They do, however, share certain things in common.

Isn't it fair to consider that goods in transit are associated in real-time with financial flows? One of the goals of active, optimal cash flow management should therefore be to enhance and streamline both treasury operations and the corresponding flow of information.

What's more, in a context where markets are stagnant or credit conditions are tighter, this structured approach provides concrete support for the positive flow of money across the supply chain, as well as an interesting leverage effect for a company's balance sheet.

So what about the green aspect associated with supply chain financing? We could joke that the only thing that's usually green is a banknote.

But doesn't the **SCF** model generate savings? Doesn't it need to make use of appropriate information technology and market intelligence and tap into dynamic client relationships? So perhaps there are business conditions that can claim to be consistent with "sustainable" principles and trends!

The following questions are meant to stimulate thought and discussion about supply chain financing and, at this stage, even if we do nothing more than draw on this integrated management approach to establish good business practices, this process can definitely be regarded as an environmentally responsible shift for businesses that opt for this operational framework.

### QUESTIONS

- Is there a supply chain in both importing and exporting? What similarities can be drawn between the two?
- Which financial products can be used to optimize supply chain financing?
- Which payment tools are the most suitable for supply chain financing? Is the payment framework different depending on the supply chain's business market?
- How can the risk of financial default be mitigated in order to better secure the supply chain?
- Will business institutions be more willing to provide support and issue credit if the SCF model is used?
- Are there any new trends in SCF that have been observed recently?

