

Greening Supply Chains to Eliminate Priority Chemicals

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Definition

"Greening the Supply Chain" refers to:

buyer companies (or OEMs) requiring a certain level of environmental responsibility in core business practices of their suppliers and vendors.

Why Work With Supply Chains?

- OEM can use leverage to affect change
- More reliability from customers
- Cost reductions
- Greater operational efficiency
- Enhanced value to customers
- Positive media attention
- Positive ratings from socially responsible investment groups

Company Perspective

General Motors (GM) sums it up well:

"Working together with our suppliers, we can accomplish much more to improve the environment than GM can alone"

Supply Chain Successes

- ComEd reduced hazardous waste generation by 66% through a partnership with paint supplier
- Andersen Windows
 - eliminated a corrugated cardboard waste stream and overall costs by \$127,000 through decreased breakage
 - Reduced methylene chloride releases by 50% and xylene releases by 50,000 pounds/year

More Success

- GM worked with a supplier, NACHI, to standardize pallet size and reusable shipping boxes saving \$55,000/annually
- ComEd company consolidated six suppliers into one and saved \$500,000, while managing chemicals and inventory more easily
- Ashland Inc. substituted aluminum for steel in vehicle engines and transmissions so BMW and GM could recycle at end of life
- Eli Lilly and Co. have saved roughly \$1,000,000 by having supplier manage gas cylinders

Techniques

- Collaborative Partnering with Suppliers and Contractors
- Environmental Procurement and Product Specifications
- Environmental Management Systems
- Evaluation and Certification of Suppliers
- Outreach and Assistance to Suppliers
- Service-Supply-Chain Strategies

Collaborative Partnering with Suppliers and Contractors

- Suggestions for Success
 - Involve suppliers early
 - Identify new and existing suppliers that go beyond simply providing a product or service
 - Establish terms and agreements for the partnership
 - OEM consider playing mentoring role
 - Research the waste reduction opportunities for the supplier and have them implement

Environmental Procurement and Product Specifications

- Suggestions for Success
 - Develop procurement policy and product specifications
 - Clearly and consistently introduce the information to suppliers and contractors
 - Offer assistance to suppliers for meeting requirements
 - Establish a rating system

Environmental Management Systems

- Suggestions for Success
 - Develop a certification plan and schedule
 - Decide what environmental criteria, standards, management systems, etc. will apply to which suppliers
 - Develop a policy for suppliers and contractors that cannot meet your criteria

Service-Supply Chain

- Suggestions for Success
 - Assess areas of the OEM that may more effectively be managed by a supplier
 - Assess profitability and cost benefits of adding these services
 - Build the program incrementally
 - Develop an operational plan and terms of agreement

PPRC's Current Efforts

- Boat Builders
- Shipyards
- Performance Specifications Database

Boat Builders

- Boat parts contain Brominated Fire Retardants
 - Furniture
 - Carpet
 - Electrical Equipment
- Preparing Fact Sheets for OEM delivery
 - Challenge competing with strict fire standards

Shipyards

- Customer education
- Paint efficiency training for suppliers

Performance Specifications Database

- Tool that links OEM performance specifications to most environmentally preferable product

PPRC's Resource

Supply Chain Management for
Environmental Improvement

<http://pprc.org/pubs/grnchain/>