

Come, join the data chain

You won't be surprised to hear that much of your company's environmental impact is outside your control. On the face of it, that's probably good news. However, many of the potential associated cost saving opportunities are also hidden somewhere in your supply chain. Tim Dowling, AEA Technology, on information shared.

EHS managers are increasingly being required to look outside their own companies and to the environmental risks and cost-saving opportunities within their supply chain.

At the heart of any such industry partnership should be knowledge – to support objective setting, performance tracking and contractual rewards. Companies should spend time planning what information is needed to derive the knowledge and how it will be shared with their supply chain partners.

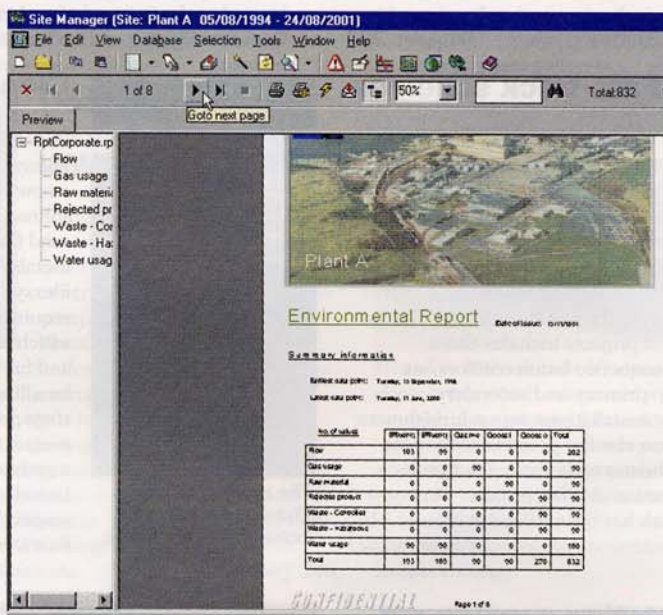
Unfortunately, it's unlikely that EHS managers will be able to secure more time for supply chain management – so they should consider using software to manage the information more effectively.

EHS managers are now facing growing pressure to reduce the environmental impact within their supply chain and to reap some of the cost benefits for their organisation.

Past relationships

What do EHS managers understand by Supply Chain Management (SCM)? It's about managing and reducing risks to you, the 'host', from suppliers, contractors and, increasingly, customers. Whilst there's undoubtedly a handful of blue chips engaged in social and ethical SCM, for now the majority of companies appear to be looking at environmental issues first before moving on to the more controversial and less well-trodden ground of social and ethical.

Past relationships with suppliers have primarily been built around a 'purchasing' model: host companies have specified 'green' criteria for incoming materials and service which suppliers and contractors have contractually had to meet. Now, as companies reduce their supplier lists, outsource core activities and use eco-efficiency to drive customer cost-savings, the emphasis is shifting to sharing knowledge and expertise with suppliers



and contractors to improve supply chain performance. But where do you start?

- identify the risks posed by suppliers/contractors and the cost-reduction opportunities;
- clearly identify the issues to be managed;
- get senior management commitment; and
- agree approach with selected supply chain partners: the issue(s), the performance objectives, joint communications, confidentiality.

At the outset, the type of issue to manage is likely to be akin to those already being addressed in-company: production and disposal of wastes; transport and logistics; packaging; energy and water. But the other steps shouldn't be rushed in order to 'get something moving'. Experience shows that lasting SCM pro-

jects are based upon a good mutual understanding of the issues and benefits and a relationship built around openness and trust.

So far so good. Where many companies seem to falter is in getting the project rolling and generating benefits before the rug is pulled from beneath the EHS manager's feet. This is often due to the inability to access and use data and information for setting a baseline and for subsequent measurement and reporting of improvements.

Issues to consider in SCM data management:

- Is data collected and stored in a consistent format?
- Can all relevant parties in partner organisations rapidly access data?
- Can the data be easily and professionally presented?

- Is shared data controlled and secure?
- Is the data auditable?

Using the structured approach of management systems such as ISO 14001 will help manage supplier questionnaires, but will provide little hard data to see how effectively issues are being addressed. This information gap is now being filled by software that reduces the time EHS managers need to spend to make the SCM process work and helps focus on achieving the benefits that both parties initially sought. Environmental Data Management Systems (EDMS) now give companies the ability to draw into a single point large amounts of data, from where users can rapidly check and report upon performance.

Traditional barriers

Technology developments also mean that traditional geographical or organisational barriers no longer exist and data can be entered and accessed remotely, including via secure websites. Such systems can save more than 75 per cent of the time normally taken.

As for the future? As companies become more sophisticated, the numbers of SCM partners a 'host' has will be expanded and software will enable supply chain benchmarking. This will most likely be followed by a move to incorporate the social and ethical dimension into SCM, and finally to SCM developing a specific focus around products rather than overall performance.

SCM is not new to industry. It is, however, only relatively recently that experience of managing environmental issues in the supply chain has shown that taking time to address its hidden risks and locked-up value can help your company realise the next wave of real environmental and cost benefits.

Why spend time managing supply chain issues?

- To ensure your risks are covered
- To reduce environmental burdens
- To manage out costs and increase resource intensity
- To avoid negative PR from association with poor performers
- To encourage future product development around eco-design

contact: Tim Dowling
Tel: 07968 707 245
enquiry 221