Safety Data for Greener Product Supply Chains

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Material Safety Data Sheets (MSDS) contain information key to a greening a manufacturing supply chain. How? Imagine an MSDS vault on steroids. Where substance-level information on hazardous materials is stored, updated, and screened against environmental regulations for compliance and sustainability reporting. Now that’s what a green supply chain is made of! The information in a safety data sheet, analysts say, is a key component in greening the supply network.

Analysts Say
AMR Research / Gartner recently published a report stating that a foundational component of a green supply chain includes:

1. immediate access to granular information on product chemical composition
2. detailed information on the environmental effects of substance and mixtures

"Green supply chains are here," says the report, "with product-specific environmental information transparency expected to increase dramatically in the next three years. Environment, health, and safety (EH&S) plays a crucial role in delivering key information content." -- AMR Research, February 11, 2010 ("EH&S Content: A Foundational Component of Green Product Supply Networks" by Simon Jacobson)

We won't say that Environmental, Health & Safety (EHS) data is the whole story in greening a supply chain. But the analysts agree: it's certainly a good start.

What visibility into ingredients can do
Visibility into product ingredients allows companies to analyze risk exposure. The

ability to analyze risk exposure is a signature trait of Best-in-Class companies.

Aberdeen Research: "Best-in-Class companies are 60% more likely than all others to have the ability to analyze the current level of supply chain risk exposure." Also: "Best-in-Class companies are 55% more likely than Laggards to be at a proactive or resilient stage of Supply Chain Risk Management." - Aberdeen Research Group

Aberdeen Group and AMR Research/Gartner agree that product supply chain visibility is key to:

1. risk management in operations and product development
2. mitigating brand risk
3. using environmental compliance as differentiator
4. not losing competitive advantage because of lack of product information transparency

Competitive edge
Products on American store shelves contain over 80,000 chemicals, with a core group of 3,000 making up about 95 percent of the chemicals in use. Soon, regulations around chemicals will make it impossible to evade chemical-level data management and product stewardship.

Analysts suggest that Business-leading companies use Standards such as Chemical Standards as a competitive edge.

One example is Office Depot. With the announcement in February to seek green certification for stores, stock rose immediately. Monday, Feb, 22: Shares of Office Depot rose 2 cents to $6.59 in morning trading.

Cadmium and brand damage
In early 2010, cadmium was found in jewelry on the market in U.S. stores -- causing recalls, revenue loss, and brand damage. Cadmium is toxic. Stakeholders seemed to shrug with an attitude of, "Well, we didn't know there was cadmium in there." But the presence of cadmium in a swallow-sized piece of jewelry is one of the obvious reasons why we need ingredient data from suppliers. Not to mention a greener supply chain!

Let's not make retail-suppliers the bad guys, either, because they have suppliers, too. Let's just start talking about centralized, accessible, real-time-updated supply chain ingredient data.

Green and ri$ing
Companies like Whole Foods and Bed Bath & Beyond, even now Sara Lee, are enjoying the market traction from Greener efforts. Nike, Timberland, and REI are finding gold in green. Hearing the names of those companies makes most people relax a little, feel more comfortable spending money there. Newspapers report that even during a recession consumers are spending more on Eco.

The safe route
Find out what chemicals, substances and mixtures are coming into your facility and products. Keep a chemical-substance inventory. Provide tools that suppliers will actually *use*. Make it easy for them, automated for you.

Consider centralizing supplier product information with regulatory compliance information in a secure web-based portal. This way, suppliers only have to enter it once. And regulatory lists and changes are updated in one place, real-time. Only people with certain permissions can peer at the data.

The competitive edge
Leverage the information you already have as a start. Move ingredient-chemical-substance-inventory information into a structured database. Keep data replenished with up-to-date, "live" data; and keep cross-referencing it with current regulatory lists. Suddenly there's nothing separating you from Best-in-Class -- you're keeping track of substances suppliers are sending you, maybe not all of them, but certainly the hazardous ones.

As the Research firms are saying: tracking safety data this way is a foundational component of a green supply chain.

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