

Corporations Demand Suppliers Go Green

Vendors will be expected to get on the green bandwagon if they want a piece of the action

By Sean O'Leary
Hartford Business Journal Staff Writer
Today

Wal-Mart Stores, the world's largest retailer, wants to reduce its waste by 25 percent in the next three years, in large part by using less packaging. Since Wal-Mart doesn't make its own packaging, the onus to make that reduction happen will fall on the retail giant's supply chain.

Wal-Mart isn't the only corporate giant requiring its vendors to comply with specific green policies. Major manufacturers, including Toyota and General Electric, also are now requiring some of their suppliers to adopt planet-friendly practices.

Getting on the green bandwagon isn't just about being good to the planet anymore.

For an increasing number of suppliers, adopting green practices is becoming imperative if they are to stay competitive not only with consumers, but also with other businesses.

As major corporations increasingly push for green initiatives, vendors will be expected to follow suit if they want a piece of the action.

"When Wal-Mart takes a step like this, the suppliers are forced to do so or they're not going to get that business," said Judy Wlodarczyk, environmental management specialist with Connstep, a nonprofit that assists manufacturers adopt energy efficient practices.

For suppliers wanting to continue to work with corporations, they will be expected to reduce waste and greenhouse gases, Wlodarczyk added.

"In the last couple of years, greenhouse gases have been the most visible because of the media attention," Wlodarczyk said. "Because of that, big corporations need to do something to avoid that negative press."

Pushing their suppliers to make energy cuts, reduce emissions and reduce waste allows corporations the ability to tout their advances in reducing their own carbon footprint on the planet. Wlodarczyk considers such trickle-down demands, such as Wal-Mart's new

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packaging goals, to have essentially pushed green “downstream.”

New Private Regulators

Also, as more large corporations require their suppliers to adopt specific environmental practices, it has essentially made businesses important decision-makers on sustainability.

At one time, businesses were only concerned about meeting government environmental regulations. Now, as major companies enter the green fray, the new regulators — private industry — are holding the purse strings.

In the case of Wal-Mart, its waste-reduction criteria is very specific, and has introduced a packaging scorecard to assess suppliers on their progress towards achieving sustainable packaging.

The scorecard requires suppliers to enter specific information into a program that grades them on a variety of parameters such as greenhouse gas emissions, product to package ratio, and innovation. The suppliers receive a score in each category and are compared with other suppliers.

As momentum and demand for green manufacturing and practices continues, businesses that adopt such practices are in the position to build their businesses, said Robert Santy, president and CEO of the Connecticut Economic Resource Center (CERC).

A Manchester manufacturer credits its environmental practices for attracting new business.

“Once OEMs [original equipment manufacturers] recognize that you put in additional effort ... it gives you a leg up on the competition,” said John Whalen general manager of Sermatech Connecticut, which specializes in producing protective coatings for the aerospace industry.

The company has overhauled its manufacturing process, which included the installation of an enclosed environment work station. As a result, the company has reduced about 2,000 pounds of hazardous waste as well as reducing its volatile organic compound emissions.

Whalen said that the company has signed on at least one new customer due to its environmental overhaul.

Santy of CERC believes Connecticut companies are generally ahead of the green curve due to the state’s environmental regulations, considered tougher compared with some other state laws.

In fact, he believes green manufacturing could become an economic driver.

“Connecticut is well positioned to take advantage [of the trend],” he said. “It can be a way for Connecticut to differentiate itself and become more attractive for businesses.”