New Paths to Business Value

“New Paths to Business Value: Strategic Sourcing -- Environment, Health & Safety”

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What is the Purpose of This Document?

• Explore the importance of EHS issues to procurement decisions
• Show how companies that integrate EHS concerns in their strategic sourcing can create business value
• Show the importance of the creation and expansion of partnerships between EHS and Procurement professionals
Key Premises

• Supply Chain management of EHS issues will be increasingly important for many companies
• The potential business value varies, one size does not fit all
• Procurement departments can easily integrate EHS criteria into their existing tools and procedures
• Companies should be careful not to impose unnecessary requirements on their suppliers
Addresses Five Topics

• Is EHS an important source of business value in my supply chain?
• How can I find untapped value in my supply chain?
• How can procurement add business value?
• How can I assess and improve supplier EHS performance?
• How can I improve EHS performance through subcontracting?
The Bottom Line

- Enhances business value in the supply chain
- Encourages a selective approach based on supplier-customer relationships
- Provides a practical resource for procurement staff
- Encourages dialogue and collaboration
- Steers companies toward practices that add value
- Integrates EHS professionals to become a part of the business process
Trends of EHS Performance on Procurement

- Growing pressure from customers, advocacy groups, investors and shareholders
- Changing regulatory landscape
- Expanding definitions of liabilities and risks
- Proactive, strategic procurement
- Outsourcing
- Supplier consolidation and strategic sourcing
Four Step Search for Value Opportunities Related to EHS Performance

• What are the significant environment, health and safety impacts of the product or service?
• Which have significant impacts on business value?
• What are the significant business risks and value opportunities at this time?
• What are the top priority initiatives to gain or protect business value?
Case Studies

- **Ashland Inc.** ~ Third Party Providers
- **Halliburton Company** ~ Safety Management for a Service Provider
- **Eastman Kodak Co.** ~ Kodak’s Effectively Focused Supplier Surveys
- **Motorola, Inc. & Ashland Inc.** ~ Motorola’s Collaboration with Ashland Specialty Chemical Company
Visit GEMI’s website to view:

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