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Think Greener

Yes, this is an editorial about lean manufacturing, but this time it has nothing to do with operations happening inside your company doors.

► Lean manufacturing seems to be one of those industry buzzwords that will never get old. We all know the theory: eliminate waste at every level of your operation, and the benefits quickly add up—increased efficiency, decreased costs, and, most of the time, a healthier environment.

As OEMs, however, you are in a unique situation in that you are really only as good as your hundreds of suppliers. So while you may have already done your “lean” homework and may have even successfully implemented some of the principles, the effects often don’t make it past internal operations.

In an ideal world, OEMs would share their lean knowledge and expertise with their entire supply chain to benefit all aspects of their operations, but what company has the time—not to mention the funds—to teach and evaluate each and every one of its suppliers, not to mention the suppliers of its suppliers?

The good news is there’s help. Through a new program headed by the U.S. Environmental Protection Agency and the National Institute of Standards and Technology’s Manufacturing Extension Partnership (MEP), you now have a group that is not only willing to educate your supply chain but is also willing to help your suppliers pay for it.

Called the Green Suppliers Network (GSN), the U.S. government-subsidized program endeavors to teach small- to medium-sized suppliers about “lean and green” practices that they might not otherwise have access to due to staff and/or cost constraints. So what does that have to do with you? Absolutely everything.

“Being involved with GSN enables suppliers to look at ways to lean their production processes, as well as improve their environmental performance,” says Kristin Pierre, program director for GSN. “It also gives OEMs an opportunity, not only to enable their suppliers to achieve some of those goals, but also get information back about what’s happening in their supply chains.”

Designed to start at the OEM level, the program takes a chosen portion of your supply chain and offers each supplier the option of going through a review process that aims to improve products and processes, increase energy efficiency, optimize resources and technologies to eliminate waste, and identify cost-saving opportunities. Yes that’s right—cost-saving opportunities that could potentially be passed on to the OEM.

In fact, during one of GSN’s pilot programs with General Motors (GM), an external research firm found that by extrapolating the cost savings of just GM’s tier-one suppliers, there was an estimated \$390 million to \$520 million dollars of economic value added. “That has a direct impact on GM’s bottom line,” Ms. Pierre tells APPLIANCE.

She also says it fosters better communication between OEMs and all of their suppliers. “We’ve heard from other OEMs that while they may know who their tier-one suppliers are, they don’t necessarily know who their tier-two or tier-three suppliers are,” Ms. Pierre notes. At the same, she adds, the program keeps companies at a comfortable distance since a third party is evaluating and making suggestions, not the OEM.

So how does it work? The OEM begins the process by sending GSN a

letter stating its participation. From there, GSN meets with the OEM and identifies which suppliers they want to target. Ms. Pierre recommends targeting suppliers along a particular product line because it’s easier to capture the data and see the direct impact of the program, but adds that it doesn’t have to be done that way.

Once a list is compiled, each supplier is invited to participate in an informational Webcast hosted by GSN and the OEM. If the supplier agrees to participate, MEP takes over and the review process begins, which typically includes a pre-assessment followed by the creation of a value-stream map. At the end of the review, the supplier receives a confidential report that lists all of the opportunities that were identified during the process. “It also gives them a rough cost-benefit analysis so that they can determine which opportunities make the most sense to go after with potential return on investment,” notes Ms. Pierre.

From there, the MEP aggregates all of the participating suppliers’ data and distributes one general report to the OEM. One important note is that GSN will not share facility-specific data with the OEM; only aggregate data is provided. “Suppliers are enabled and empowered to determine how much of those cost segments they want to pass back to their OEM,” Ms. Pierre explains. “Obviously the more they pass back, the more competitive they are. We leave that decision in their hands.”

So is anyone really doing this? Yes, and it’s not just the automotive industry. Healthcare, aerospace, farm and construction, and the office furniture industry are all active participants. In fact, the Business and Institutional Furniture Manufacturer’s Association (BIFMA) has been promoting the program since its launch late last year.

Allsteel, an office furniture manufacturer based in Muscatine, IA, U.S., has successfully gone through the program, and some of its suppliers are already implementing their initial projects. “It has allowed our vendors to see the flow potential for their business in a way that they can see the dollars and cents potential for making improvements, which will generate positive environmental outcomes without us looking over their shoulders at their books,” explains Scott Lesnet, Safety & Environmental Affairs manager. Mr. Lesnet also says that while Allsteel isn’t expecting to receive immediate cost savings by participating in GSN, it does feel the program will help reduce the potential of cost increases in the long term.

Steelcase, another office furniture producer, has just started the GSN process and is anxiously awaiting the results. “We see it as a definite win-win opportunity to have an objective and experienced reviewer come in and identify opportunities for removing inefficiencies and waste,” Mary Ellen Mika, manager of Strategic Sourcing Services for Steelcase, tells APPLIANCE. “A stronger supply base means a stronger Steelcase.”

Sold yet? I haven’t even touched on the program’s largest benefit to U.S. OEMs—the global competitive advantage. Many of your suppliers are probably located outside of the U.S., which means they aren’t qualified to participate in this program. Think about that. This could not only be one way to maintain your U.S. suppliers and keep them competitive, it could be an answer to America’s most pressing manufacturing issue.

Any takers? ●

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