

The Green Suppliers Network

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Operating efficiently and eliminating waste makes for good business. This explains why many large manufacturers have invested resources to integrate waste reduction techniques, such as lean and clean manufacturing, into their operations. Ideally, these large manufacturers could impart this knowledge to their enormous supply chains. Yet, most large manufacturers do not have the time and money to help all of their smaller suppliers remain lean and green. Furthermore, most small and medium-sized suppliers do not have the resources to devote to environmental and operational improvements.

The Green Suppliers Network, an innovative, voluntary program sponsored by industry, the U.S. Environmental Protection Agency and the U.S. Department of Commerce, works to help small and medium-sized suppliers get the on-site technical assistance needed to remain profitable, environmentally sound and competitive. The Green Suppliers Network offers small and medium-sized suppliers a lean and environmental review that works to identify facility-specific improvement opportunities. Why a dual lean and environmental approach? Broadening a lean manufacturing approach -- which aims to eliminate all non-value added activities -- to include environmental considerations allows suppliers to identify additional wasteful activities and opportunities for improvement. Green Suppliers Network reviews are conducted by a 360vusm lean expert and are usually assisted by an environmental expert from the state's environmental agency. 360vusm, a program of the Department of Commerce National Institute of Standards and Technology's Manufacturing Extension Partnership (NIST MEP), is the leading provider of lean technical assistance to small and medium-sized suppliers.

The Green Suppliers Network works with large manufacturers, also known as original equipment manufacturers (OEMs), to engage their small and medium-sized suppliers in reviews. Once suppliers commit to a review, it usually takes two to three days to conduct an on-site visit. During this time, the Green Suppliers review team trains facility employees to create a value stream map and process map of current and future process flows. At the end, suppliers are given a cost-benefit analysis that identifies lean and environmental opportunities in their facility and evaluates which opportunities have the greatest return on investment. The final report remains confidential. OEMs and U.S. EPA never see facility-specific reports and view only aggregate data. This ensures that OEMs cannot identify a supplier's specific results and ask the supplier for cost reductions.

These reviews are assisting suppliers from across the U.S. to save thousands and often hundreds of thousands of dollars. The program's first 19 reviews have helped suppliers identify \$9 million in annual potential cost savings and over \$3 million in cost savings from one-time lean opportunities. While Green Suppliers Network reviews cost a supplier \$7,000¹, there is generally greater than a 3:1 return on that investment. U.S. EPA even offers suppliers a \$1,000 credit for implementing an environmental opportunity within three months of the review. Helping suppliers remain profitable and efficient empowers them to remain competitive in a global market place.

While suppliers keep all cost savings from implementing lean and clean opportunities, there are other benefits from participating in the program. Often low in the supply chain, small suppliers like that the program connects them to their OEMs. This is important because in some cases OEM specifications hinder operational and environmental improvement opportunities. The Green Suppliers Network review can offer suppliers a forum to discuss these issues with their OEM and can serve as a third-party verification of these barriers. Program participation also fosters valuable relationships with local environmental and lean experts that can assist suppliers in implementing review recommendations.

¹ U.S. EPA is offering a \$2,500 subsidy to small and medium-sized suppliers that participate as funds are available.

Because OEMs and suppliers alike benefit from the program, many companies are signing up to participate. There are 23 OEMs from the automotive, aerospace, healthcare/pharmaceutical and office furniture sectors. Forty suppliers are currently in process or finalizing plans for a review and another 103 have been identified by their OEM. You can be next. For more information about the Green Suppliers Network contact Kristin Pierre at pierre.kristin@epa.gov.