Companies striving to reduce their environmental impacts by pushing eco-efficiency measures up the supply chain often find that this is much easier said than done. It's certainly not a matter of merely handing down an edict about your environmental standards or specifications and expecting everyone to stand up and salute. Many suppliers would just as soon you take your business elsewhere.

Being big doesn't necessarily help. Even General Motors finds less than total cooperation when it asks suppliers to make environmental improvements.

It's not that suppliers don't want to reduce the environmental impact of their operations and products. It's just that many find themselves facing a bewildering array of corporate environmental policies, purchasing specifications, and other criteria.

And yet many companies are successfully forging a green link in the supply chain. In the process, they are finding that both buyer and seller can benefit through shared cost savings, reduced environmental impacts, and enhanced business relationships.

There is no cookie-cutter approach to greening suppliers, as our recent conversations with companies found. Each has managed in its own way. At some companies, environmental procurement initiatives are comprehensive, with extensive performance criteria and evaluation processes given to all, or most, vendors. At others, the efforts are smaller and more targeted, focusing on packaging, for example, on a specific type of emissions, or on only the largest suppliers.

And yet all of these companies appear to have traits in common. For starters, all have high-level environmental commitments, backed by clear, strong mission statements and top management's understanding of the benefits of integrating the environment throughout company operations.

Clear and consistent communications is another common trait. Most companies use a variety of two-way communication vehicles and channels to provide information to -- and get information from -- vendors. Included in these efforts are initiatives to educate suppliers about environmental issues in general and about the company's green goals and challenges in particular.

Perhaps the most important common trait is the understanding among companies that their efforts to educate, screen, evaluate, monitor, or otherwise interact with suppliers on environmental issues is key to their own performance and competitiveness. "You are what you eat," says Jim Sellar, manager, executive board support, at Lucent
Technologies. "If we can push environmental concerns down the supply chain, that makes our job a lot easier in complying and going beyond compliance."

**Walking a Fine Line**

The challenge for most companies is walking a fine line between gentle prodding and overbearing aggressiveness. The former may lead to little or no change in supplier performance while the latter can anger and alienate key business partners.

Many effective programs begin with a clear statement of a company's goals and expectations. Compaq Computers puts potential suppliers on notice that environmental performance is one of five pre-selection criteria. Volvo sends suppliers information about its environmental commitments along with a self-assessment questionnaire. Hewlett-Packard was instrumental in creating a standard supplier environmental questionnaire for use within the computer industry to screen and evaluate suppliers.

Some companies actively monitor suppliers. Herman Miller, for example, conducts a two-hour tour of suppliers' facilities, buttressed with extensive written documentation of the supplier's environmental policies and performance. A follow-up is done every 12 to 18 months.

At some companies, such as IBM and Hewlett-Packard, environmental expectations are included in formal contract language and product or process specifications. Other companies are less formal, developing expectations on a case-by-case basis. "Our approach is a very proactive one, of seeing what people have to offer, selecting someone we can work with, and then continually improving that," says Sue Mecklenburg, director of environmental and community affairs at Starbucks.

In the case of S.C. Johnson, the company communicates to suppliers not only its own environmental expectations, but also those of its customers. "We thought it was important for [suppliers] to understand that we are just one link in the chain," says Cynthia Georgeson, director of corporate public affairs. "While our business was important to them, they needed to understand whose business was important to us. It was essential that [suppliers] understood where we were coming from and became partners with us in achieving that."

Increasingly, companies are asking suppliers to green not just their products but themselves. Volvo, for example, has mandated that its suppliers to go through ISO 14000 or equivalent certification by the year 2000. Few other companies have taken that route so far. Most efforts to improve suppliers' overall eco-performance center around encouraging compliance with voluntary industry standards, or on participation in such government voluntary programs as the EPA's Green Lights.

As companies gain experience and expertise in enlightening suppliers on environmental matters, there are concerns about how far to go. "How do you effectively extend this to
say, 'IBM is recycling 50% of its solid waste and I want you to do the same?' " asks Edan Dionne, program manager at IBM. "How do you articulate that so that they literally share your goals?"

And there is increasing awareness that individual companies, however large, can't always push suppliers on their own. "We need to collaborate with other companies and industries so we have leverage effect," says Hsia Choong, program manager, procurement of environmental materials, at Hewlett-Packard. "We want to create the supply and the demand. And that for HP alone is very difficult to do."

A few such collaborations exist, but most companies are left to their own devices in getting suppliers to make eco-improvements. Some help may come as companies share information and experiences. Business for Social Responsibility, the nonprofit business alliance, is one group working to track supplier policies and share company successes.

While educating corporate buyers will help, the key to success will come from educating sellers. "The challenge is to make the case that there is a business for the environment," says Bill Shapiro, Volvo's director of environmental affairs. "That is what we need to convince our suppliers of. It is a continuous challenge to educate the business community about our philosophy and what we expect of them."

Questions to Ask Suppliers

Here are some factors to consider when evaluating suppliers for environmental performance:

- What are the supplier's environmental values and commitments? How are they stated, measured, and enforced?
- How does the company express its environmental values or commitment to employees, customers, and others?
- Does the supplier have an environmental management system?
- Who is accountable for environmental performance -- environmental staff only or all employees?
- Is the company in compliance with all applicable federal, state, and local environmental laws?
- How willing is the supplier to understand and work to meet your company's environmental specifications?
What efforts has the supplier undertaken to design products with the environment in mind?

What efforts have been made to efficiently use resources, materials, and energy, as well as recycle and prevent pollution, in the production and distribution of products?

Does the supplier do anything to reclaim its products or packaging at the end of their useful lives, or encourage customers to recycle or reuse products?