



Total Audit Integration : A Case Study from SE Asia

Presented to:

CEAA National Conference
Vancouver, Canada
25 October, 2001

Presented by:

Dave Archibald
Suda Solutions Ltd.

N. Vancouver, B.C. (E: sudasolutions@home.com)



Is This Guy Credible?

Dave Archibald, *BSc, MBA*:

- ◆ 21 years of Environmental Mgmt consulting
- ◆ EARA (UK) certified EMS Auditor
- ◆ Worked in SE Asia starting 1992
- ◆ Lived in SE Asia 1995 – 2000 (*Indonesia*)
- ◆ Started *PT. ERM Indonesia*
- ◆ Managed projects for: GM, GE, Mattel, BMS, TotalFina, BP, BHP Mines, . . .



So – What Projects?

- ◆ Lead EH&S Auditor for US\$4B buyout for GE in Japan (*>140 sites*);
- ◆ Developed EH&S Mgmt systems for Mattel (*SMS and ToT focus*)
- ◆ Lead Auditor for EH&S Due Diligence Audit for 10,000 ha Oil Palm plantation
- ◆ Lead Auditor for EH&S Compliance Audit for a (national) gold mine
- ◆ Developed Indonesia's 1st translated version of all EH&S regulations (CD ROM)



Any Trends?

- ◆ Lead **EH&S** Auditor for US\$4B buyout for GE in Japan (*>140 sites*);
- ◆ Developed **EH&S** Mgmt systems for Nike, Reebok and Mattel (*SMS and ToT focus*)
- ◆ Lead Auditor for **EH&S** Due Diligence Audit for 10,000 ha Oil Palm plantation
- ◆ Lead Auditor for **EH&S** Compliance Audit for a (national) gold mine
- ◆ Developed Indonesia's 1st translated version of all **EH&S** regulations (CD ROM)



Case Study: *1. The Situation (a)*

- ◆ Multinational Footwear Manufacturer
- ◆ >30 plants globally;
- ◆ 10+ in Indonesia;
- ◆ Low performance on Environment – Corp H/O wants it rectified with ISO compliant EMS design and implementation;
- ◆ In final negotiations requested addition of H&S to the overall MS, thus integrated EH&S MS



Case Study: *1. The Situation (b)*

Regulatory Environment in SE Asia:

- ◆ **Enviro laws** on the books: Low – Mod
- ◆ Enforcement: Low – None



- ◆ **H&S laws** on the books: Low – None
- ◆ Enforcement: V. low – None



Case Study: 2. *The Challenges (a)*

◆ The *Client* **DID NOT** own any of the plants

◆ Classic



vs.



◆ Factory Experience w/ Environment = *this much*

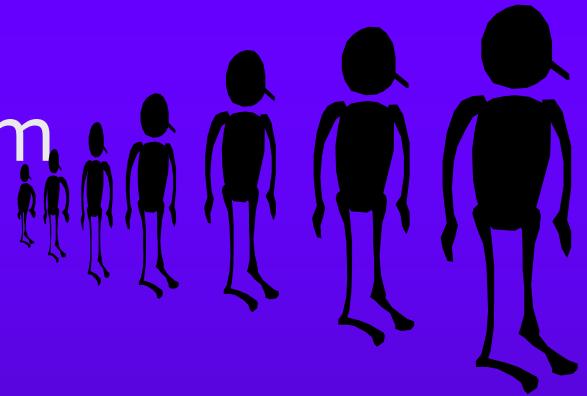
◆ Factory Experience w/ H&S = *this much*

Email: suda-solutions@home.com



Case Study: 2. *The Challenges (b)*

- ◆ Staff/plant ranged from 3,000 – 20,000



- ◆ NO experience with EH&S in school, at home, in their society in general – jobs matter!
- ◆ Average education – equiv. to Gr 4-7 in Canada

Email: suda-solutions@home.com



Case Study: 2. *The Challenges (c)*

Day 0:

- ◆ Mid-managers in EH&S Dep'ts were generally keen, BUT
- ◆ Bosses generally (80%+) not - **EH&S MS** viewed as: 1) expensive; 2) not important
- ◆ Culture focused on ST not LT



Case Study: 2. *The Challenges (d)*

Keys To Success for EMS development:

- ♦ **STRONG Senior Management support**
- ♦ **Adequate resources provided**
- ♦ **Good training systems – for ALL staff**
- ♦ **The staff & mgmt create the beast – not the Consultant!**
- ♦ **Focus on ACTIONS Not Paperwork**



Case Study: 3. *The Strategy (a)*

Phase I: Senior Managers Seminars

Pump the benefits:

- ♦ Decreased inputs = **increased profits**
- ♦ Less waste = **increased profits**
- ♦ Happy buyers = **sustained profits**





Case Study: 3. *The Strategy (b)*

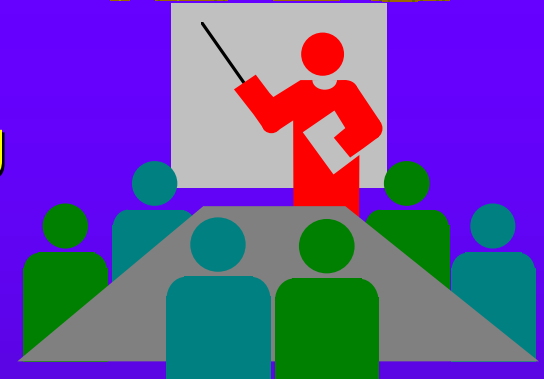
Phase II: Gap Analysis

- ♦ **Avoid criticism/blame!**
- ♦ **Applaud the positives!**
- ♦ **Focus on specifics**
- ♦ **Incl. detailed *Action Items***
- ♦ **“Only to establish a start point”**

Case Study: 3. *The Strategy (f)*

Phase III: Extensive Training

- ◆ Split EH&S MS process into 9 steps
- ◆ 9 two-day wkshps at 4-6 week intervals
- ◆ Format:
 - Present a new component/element ea. day
 - Provide a little theory, a lot of example
 - Exercises + class presentations + lots of Q&A





Case Study: 3. *The Strategy (h)*

Phase III: Extensive Training

OUTPUT:

After 9 wkshps over 11 months each factory had effectively gone thru the 1st cycle of their EH&S MS and developed a “working system”



Case Study: 3. *The Strategy (i)*

Phase IV: Pre-Certification Assessment

- ◆ Similar to Gap Analysis, but more feedback & support
- ◆ 2 day review of each site by 2 Auditors Assessment Specialists
- ◆ Output: a detailed report by element "Prior to seeking (in/ex) certification you will need to . . ."

Email: suda-solutions@home.com



Case Study: 4. *The Results (a)*

After 2 Years:

- Senior Mgmt commitment ranged full spectrum
- MS's ranged full spectrum
- Thru-out ea factory, general awareness is bldg &
- Shop floor performance has improved

Case Study: 4. *The Results (b)*

More Specifically:

➤ Senior Mgmt:

- ⇒ 20% involved with MS day-to-day
- ⇒ 10% still fighting it
- ⇒ 70% involved with EH&S MS to some degree at working level





Case Study: 4. *The Results (c)*

AND:

- Average compliance has improved
- All factories have developed a good list of A&I and are working on them
- Management Teams meet at least Qtrly to review the EH&S MS and record/report progress

