



Integration of Life Cycle Management in Purchasing – a Promising Key to Combine Efficiency, Economic and Environmental Improvements

Jeppe Frydendal & Anders Schmidt

dk-TEKNIK ENERGY & ENVIRONMENT

Gladsaxe Mollevej 15

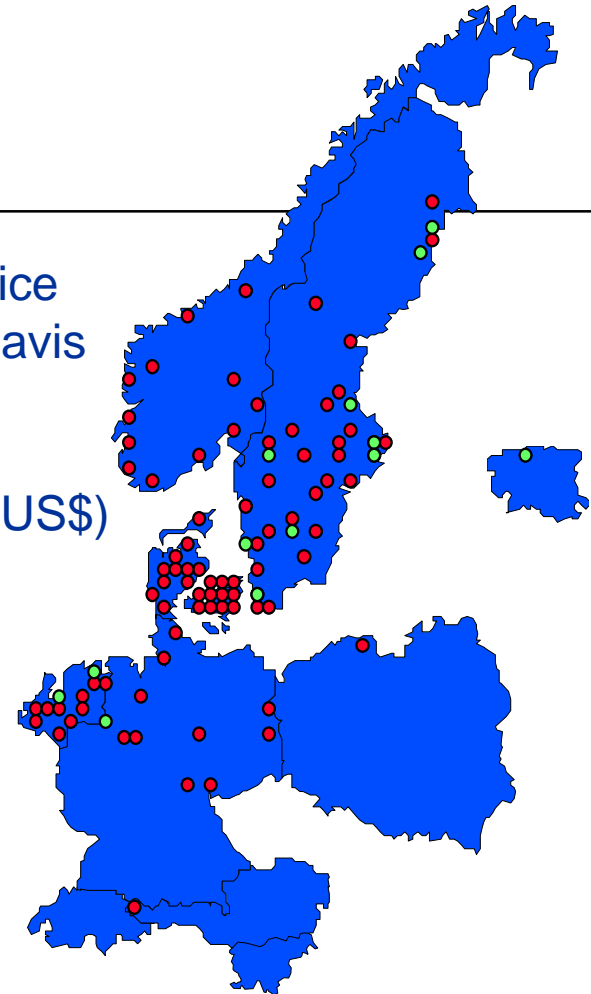
DK-2860 Soborg

jef@dk-teknik.dk

Sophus Berendsen A/S

Company Characteristics

- Berendsen alone is the 3rd largest textile service company in Europe. Berendsen is part of the Davis Service Group plc.
- Turnover DKK 4.1 billion 2002 (~ 625 million US\$)
- More than 7.000 employees in 8 countries
 - (DK, SE, NO, D, NL, PL, A, EST)
- Hotel, Restaurant and Healthcare Division
- Garment and Safety Division
- Facility Services and Wipers
- Own textile production in Estonia (workwear)



Red = Textile Service

Green = Berendsen Safety



Environmental Supply Chain Dynamics at Berendsen

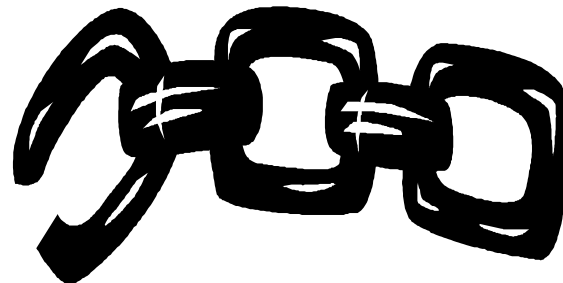
Situation & Trends

- The role of Environmental Supply Chain Dynamics is present in the product chains of Berendsen
- A reason is that everyone knows about laundering and that water, detergents and energy are used!
- Berendsen has had an influence on several suppliers, but Berendsen has also been affected to a high degree by their customers
- The Swedish and Danish markets have a high focus on environmental issues and those markets have been driving the environmental innovation at Berendsen

Some Examples

Three Cases

- Scandic Hotels → Berendsen → Ecolab (Nordic)
- Many small enterprises → Berendsen → HTS/CWS
- Novo Nordisk → Berendsen → All suppliers



Reasons for Working with Suppliers

Reasons

- The performance of the suppliers has a direct influence on the performance of your own company
- It is therefore important to motivate the suppliers to make improvements – not only regarding environmental issues, but also regarding:
 - Price, Quality, Reliability of Supply, Service/Support, Business Ethics etc.



Purchasing at Berendsen

Situation

- **Many suppliers**
- making a close dialogue about environmental improvements very difficult.
- **Very large span in the range of products and services purchased from different suppliers.**

Trends

- **Increased consolidation (and centralisation)**
 - *Fewer – but higher volume suppliers*
- **Suppliers have to be evaluated**
 - *ISO14001, ISO9001 etc.*

Services



Garment



Hotels & Restaurants



Hospitals & Nursing Homes



Facility Service



Industrial Wipers



Hygiene Products



Safety Equipment



Distribution

Focus Areas

- **Washing Chemicals** **High consumption - primarily one supplier on a long-term supplier agreement - Ecolab.**

- **Dry Cleaning** **Low consumption – typically one small and local supplier per laundry for special textiles that cannot be washed.**

- **Textiles** **High consumption – many suppliers – also for "identical" products. The number of suppliers is expected to decrease. Textiles are complex and it is very difficult to handle sub-suppliers – e.g. cotton growers.**



Focus Areas

- Distribution **Medium consumption – some laundries use external distributors. The number is expected to increase. Typically single person companies.**
- Hygiene Products **Increasing consumption – primarily one supplier. HTS/CWS.**



Washing Chemicals

- **Supplier(s)**
 - **ECOLAB (+ German supplier)**
- **Potential environmental impacts**
 - **Emission of toxic substances to the aquatic environment. Health issues during use. Non-degradable substances to sludge.**
- **Criteria**
 - **Focus on products and their impacts and fate in use and disposal stage. No focus on the processes of the supplier.**
- **Environmental requirements of Berendsen**
 - **Demands related to single substances and substance characteristics (Fate etc.)**

Cooperation with Ecolab

- **7 years' long term-contract**
- **Time for partnership and break down of barriers. Closer and more personal relations between technical and environmental staff.**
- **Function, service and innovative partnership**
- **Not only focus on delivery of detergents but also contribution to development of new washing processes and phase-out of problematic substances.**
- **Berendsen Environmental Reference for Detergents**
- **Reduction of single substances and characteristics based on ecolabelling, "List Of Unwanted Substances", etc.**

Hygiene Products (Soaps etc.)

- **Supplier(s)**
- **HTS (CWS) (+ a few other)**
- **Potential environmental impacts**
- **Health issues in relation to use. Discharge of toxic substances to the aquatic environment. Non-degradable substances to sludge.**
- **Criteria**
- **Focus on products and their impacts – not processes.**
- **Environmental requirements of Berendsen**
- **Reduction of single substances and characteristics based on ecolabelling, “List Of Unwanted Substances”, etc.**

Cooperation with HTS (CWS)

- **Poor communication**
- **Health issues related to cosmetics are not (yet) an issue on the core markets of CWS**
- **Continuous pressure**
- **Berendsen Environmental and Health Reference for Cosmetics**
- **Berendsen seems unprofessional**
- **Problem on the markets in Denmark and Sweden**
- **Dialogue on reformulation of CWS standard products**
- **Demands related to single substances and substance characteristics (Health, fate etc.)**

Approach - HTS (CWS)

- Group of experts defines the requirements
List of requirements with focus on health and environmental issues. Phase out of unnecessary substances.
- Requirements are communicated to process staff at CWS
As far as possible the requirements are fulfilled in standard products. Dialogue with the expert group. New formulations are made for the products and improved products are sent on the market.
- Everybody is satisfied
Berendsen gets products that fit their markets at a reasonable price (standard products). CWS gets products that fulfil future demands on their own core markets, as they expect that the tendency from Scandinavia will show on their other markets in time.



Textiles (as an example)

- **Suppliers**
 - Many different suppliers of many different types of textiles. Impossible to control all suppliers.
- **Potential environmental impacts**
 - Many potential problems in relation to environment, health, social and ethical aspects.
- **Criteria**
 - Fulfilment of legislation etc. Code of conduct based on UNEP Global Compact. Try to influence suppliers to make environmental improvements.

Approach (Textiles)

- **Evaluation of suppliers with focus on all aspects – not only environment.**
- **Compliance with legislation and right to un-announced inspections is part of future contracts.**
- **Assessment at the following levels:**
 - Company (ISO14001 etc.)
 - Products (Öko-Tex 100 etc.)
 - Processes (Environmental labels etc.)
 - Communication (Environmental reporting, LCI/LCA etc.)
- **As far as possible existing international standards known by the suppliers are used as reference.**

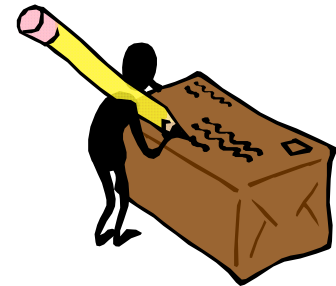
First Experiences



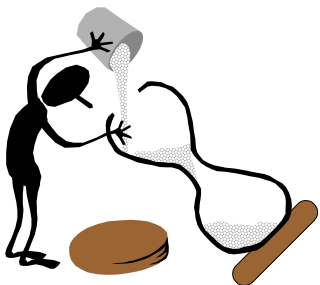
Heavy work with papers



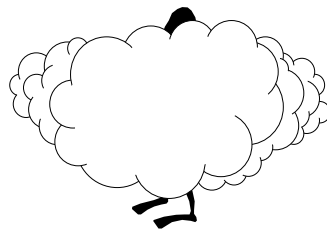
Difficult to integrate 'soft' values



Large expenses for shipment



Demands extra time



Unclear results



The suppliers do not get feedback



Deep frustration

System to Evaluate Suppliers

- **Includes all aspects of supplier evaluation including environment**
- **Reduces the workload of the purchasing department**
- **Suppliers always get feedback**
- **Possible to document improvements at suppliers**
- **Can handle different types of suppliers**
- **Internet based**
- **Concept for a tool has been built up, and programming of the tool has recently finished**



Status



- **Berendsen has started integrating the system (supplier-e-valuation) and will begin regular evaluations of suppliers this fall**
- **dk-TEKNIK is starting to market the tool commercially to other companies and institutions**



Future & Conclusions



- **Berendsen expects that the evaluation of suppliers will lead to both economic and environmental improvements**
- **With many suppliers a system to handle the evaluation is necessary**
- **Environmental supply chain dynamics is not only for large enterprises**

