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Offshore: Profit Motives

Column

By Peter R. Gourlay

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"We've made the commitment to go green, not because it's a fad, but because America has an opportunity to take a global leadership position in green manufacturing," said Dr. Michael Galiazzo, executive director of the Regional Manufacturing Institute (RMI).

Dr. Galiazzo and I recently joined the U.S. Commerce Department's public-private dialogue on "Enhancing U.S. Competitiveness Through Sustainable Manufacturing," led by the department's new manufacturing czar, Admiral "Woody" Sutton. The goal is to help Commerce better understand how it could help U.S. firms access federal resources to help them become more sustainable.

While Commerce should be commended for taking the initiative and reaching out to the community to engage in this dialogue, Maryland manufacturers are leading a private sector thrust on this issue. Maryland may not be the first state you think of in terms of manufacturing, but what it is showing is some great grassroots leadership on this front.

In November, RMI will be launching its Going \$Green with Maryland Manufacturing Initiative with a large stakeholder conference featuring Maryland-based firms who have "gone green." The conference will feature peer-to-peer models of Maryland-based manufacturers that are using a variety of energy efficient, chemical waste management,

recycling and clean technology approaches to increase their profitability.

Such companies as General Motors, Lockheed Martin, Johnson Controls, Coca Cola and Marlin Steel Wire Products will provide examples of how their green manufacturing initiatives have increased their profitability.

As Maryland manufacturers increasingly adopt cleaner production practices, they not only save on resources, but they enhance their opportunity for innovations and global competitiveness whether they are based in Maryland or exporting to Pusan, Korea. By showing green manufacturing leadership, American manufacturers can be well positioned to provide critical environmental equipment and technology innovations to solve the world's increasing demand for water, energy and clean production approaches. The opportunities are huge and Asia will be one of those key markets of opportunity. Asia's global market for environmental goods and services is likely to triple over the next decade to some \$100 billion per year.

“We applaud RMI's environmental business leadership in mobilizing business, academia, work force, communities and government – all key stakeholders involved with manufacturing,” said John C. Raut, communications manager for GM Powertrain Baltimore. GM's transmission plant will build the industry's first two-mode hybrid transmission for GM's full-size SUVs and pickups. “We have officially achieved landfill-free status – meaning our plant will no longer send any waste from the production operations to landfills,” he said.

“RMI has shown great leadership in bringing the ‘going green’ concept to reality in Maryland manufacturing,” said Ken Burch, director of manufacturing education of the Technology and Innovation in Manufacturing Education (TIME) Center, at the Community College of Baltimore County. “One of the benefits of the collaborative relationship is to respond to emerging trends like green manufacturing with hands-on awareness and education to improve efficiencies for our manufacturers.”

Something has changed in this age of globalization where companies from all sectors are making serious commitments to change the way they do business. Manufacturers, both large and small, are now paying great attention to green issues because consumers, stakeholders and investors everywhere are demanding they change. These companies made substantial investments in retrofitting their operations or improving production efficiencies, not because of EPA regulations, but because they feel strongly that they will recoup their investments. Why? Partially because the world is flatter and globalization makes it so very important to be responsive to regulators, customers, shareholders and communities.

While manufacturers improve their efficiencies, develop clean production and minimize waste, they see value in cost savings. They also are being responsive to their stakeholders. In this age of instant communication, companies know that their reputation is perhaps their most important asset. Lessons learned from the toy and food industry where companies importing from China have felt a terrible backlash are not lost on

manufacturers. Today's global environment allows for instant messaging, and if it's a bad message, it can sink a firm if stakeholders are not engaged properly.

Many of these companies are also requiring their suppliers and vendors to adopt environmental management systems so they can uphold the green commitment. These companies recognize their green investments directly impact their profits and position their firms for growth. Laggards will not have the luxury of time if they don't adapt soon.

Sustainable manufacturing is not a tree-hugging initiative. Many companies are now realizing that environmentally conscious actions need no longer be contrary to financial considerations. Companies are saving money by doing good. Successful green business efforts help companies reduce costs and develop new products and markets.

"I think it's fabulous that Maryland is leading the way on this green manufacturing initiative," said Drew Greenblatt, president of Marlin Steel Wire Products LLC. "This initiative from RMI is very productive. These things should come from the private sector and not be mandated by the government."

Marlin depends on recycled steel wire. "We take the steel from old cars and washing machines and convert that into precisely engineered wire baskets," Greenblatt said. Marlin promotes manufacturing sustainability within its factory and extends that approach to its clients since its custom-made baskets are cycled back from such companies as Toyota, Siemens, Roche and Novartis. "We have been able to replace the need for plastic or cardboard containers with our sustainable approach," he said. "It's good for our collective profitability and efficiency and also improves our environmental footprint at the same time. The private sector sees the profit motive; that's when sustainable manufacturing makes sense."

Reaching out to other business groups is also important to help create a movement. "The Baltimore County Chamber is working closely to coordinate efforts with RMI to make our Baltimore manufacturers more aware of the importance of becoming competitive by going green," said Joan Hatfield, president and CEO of the Baltimore County Chamber of Commerce. Baltimore County has the greatest number of manufacturers in the state of Maryland.

"Our manufacturers are clearly recognizing the value of adopting green practices – both for the operational efficiencies, and for the very real benefits of being good environmental stewards," said Baltimore County Executive Jim Smith. "I commend RMI for their strong leadership in the green manufacturing area. Their peer-to-peer information exchange will help fast-track the implementation of environmentally beneficial improvements. It's a good model for the nation."

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