



JPAC Workshop

“Business across North America for green products – Opportunities and Barriers for SME’s”

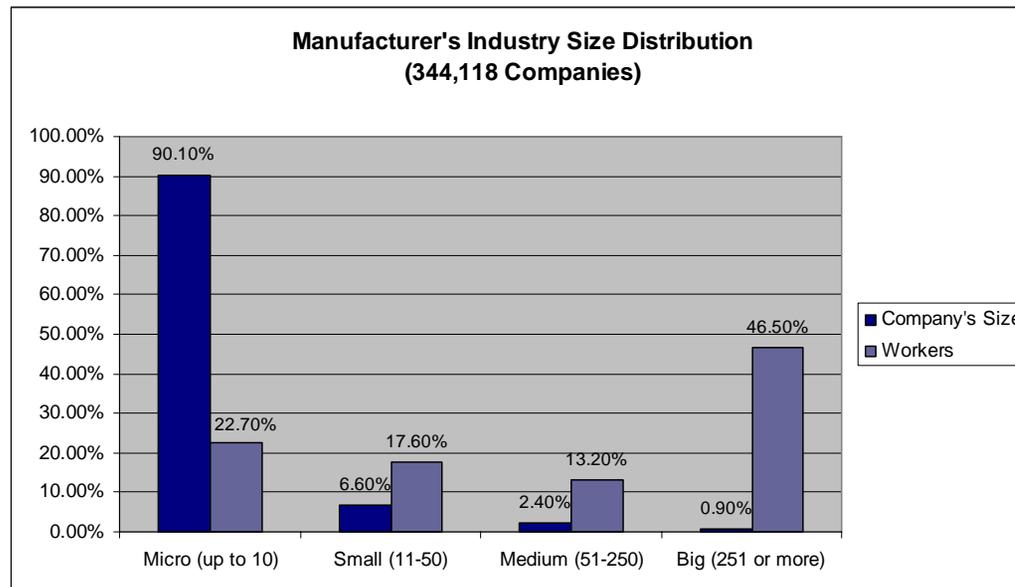
Alejandro Sosa

Vancouver, March 29, 2006

Mexico's Manufacturing Industry



- More than 344,000 manufacturing companies in Mexico
- 99.1% pertain to the classification micro, small and medium-sized companies
- The remaining 0.9% (large companies) offers employment to 46% of the total personal employed in manufacturing

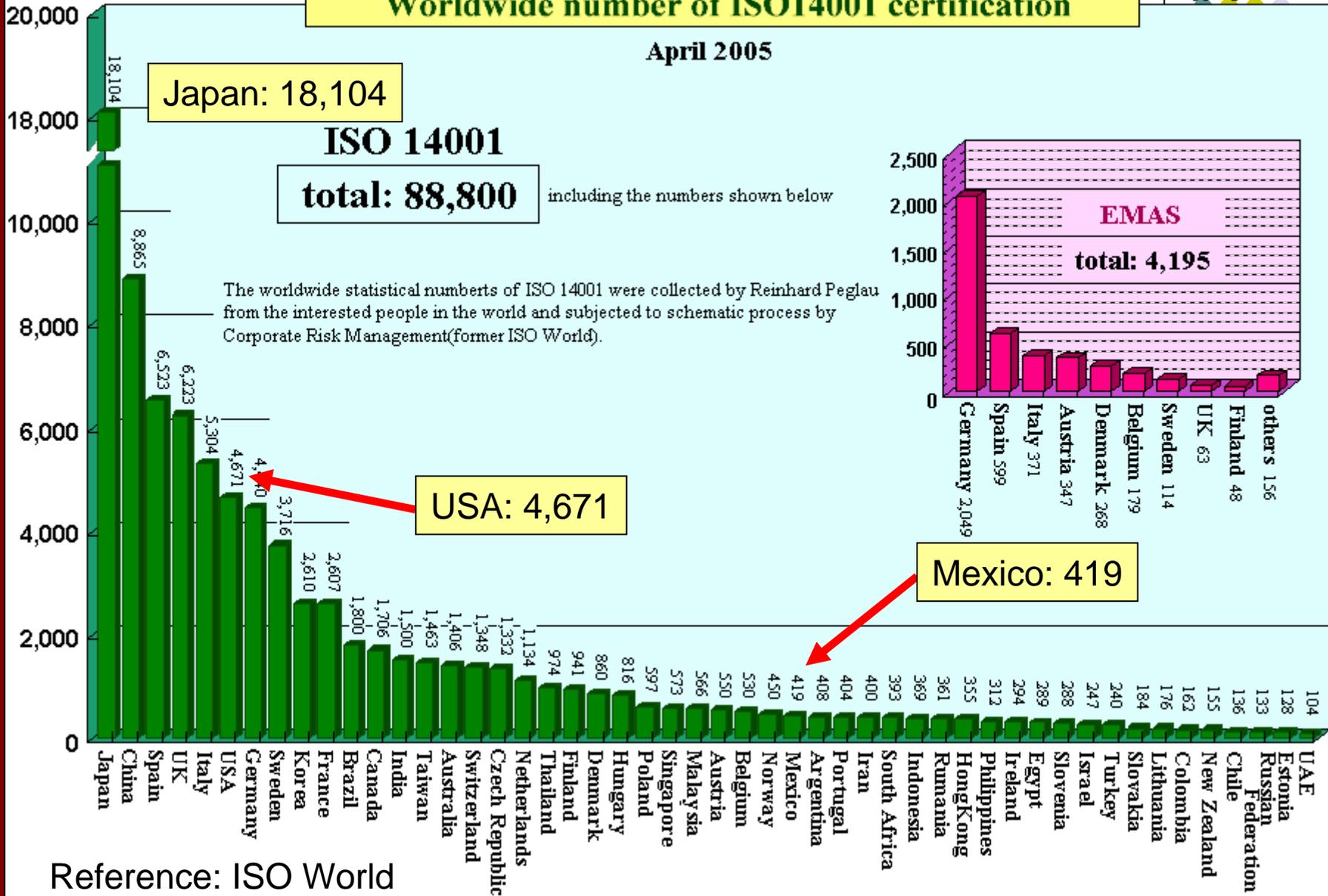


Number of certifications EMS's



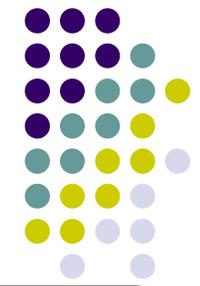
Worldwide number of ISO14001 certification

April 2005



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Reference: ISO World



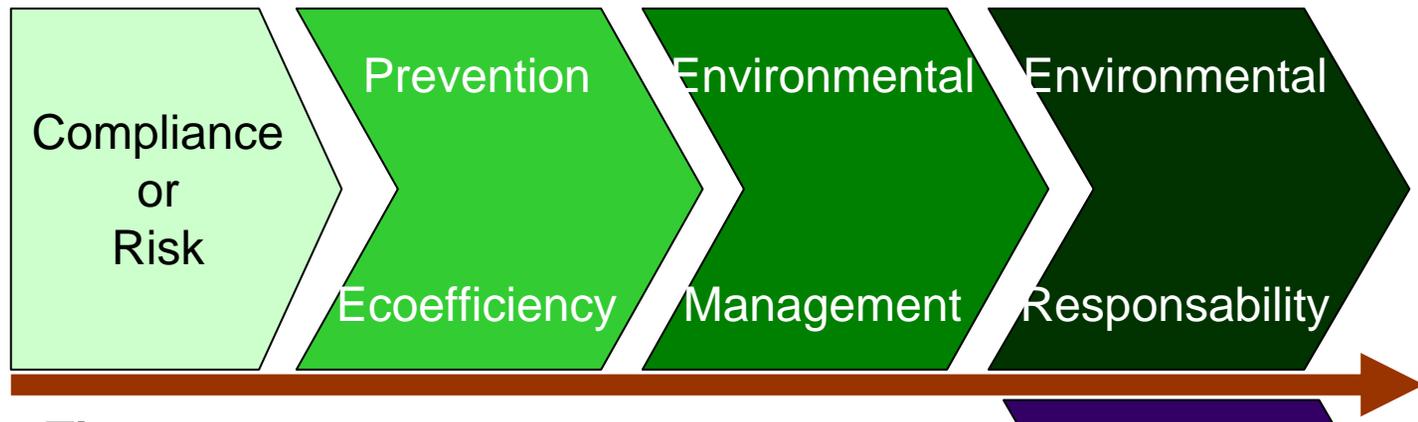
Business Needs Prioritized

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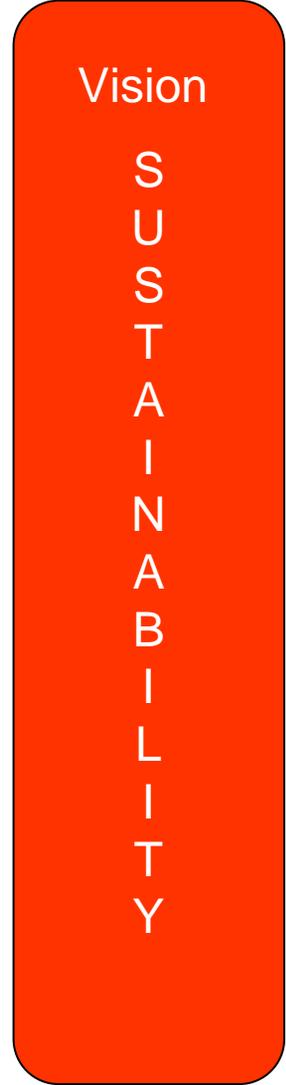
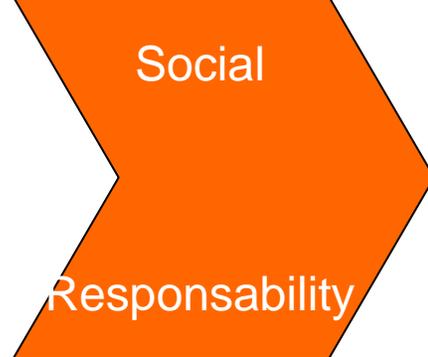
Company's culture maturity



Time

Needs:

1. Survive
2. National Growth
3. International Growth
4. World's Domination
5. Long Term Certainty

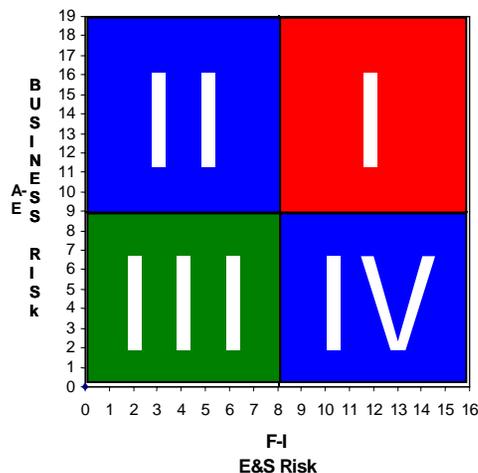


Reference: Iniciativa GEMI

IGEMI started a Supply Chain Project (2002)



Suppliers, Trade Partners



Main characteristics

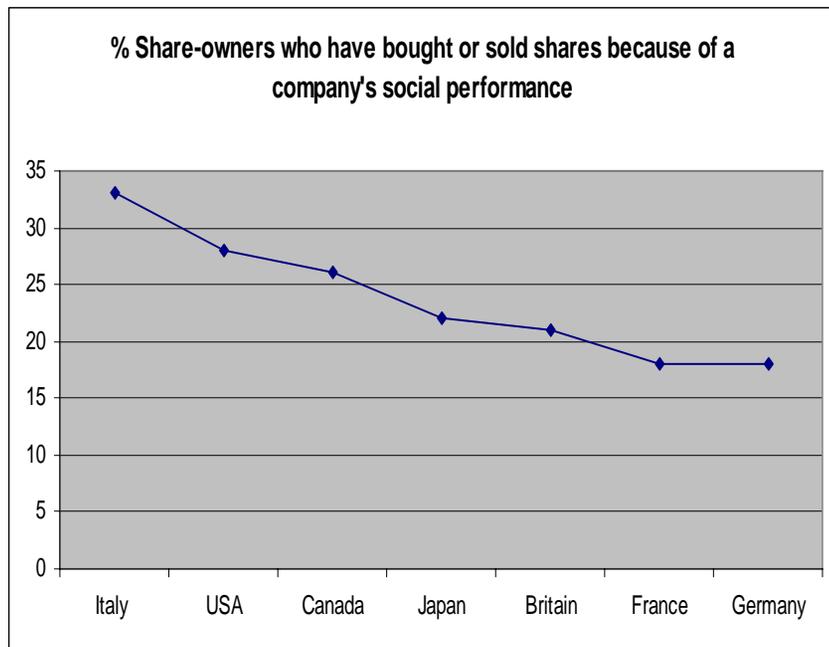
- It is voluntary
- It does not re-invent procurement process.
- It evaluates both risks: Environment & Business
- It ranks suppliers:
 - Spot purchase
 - Qualified
 - Preferred supplier
 - Strategic

Quality, Price, Delivery Time, Service & ¡Environment!

Corporate Social Responsibility Monitor



- Significant numbers of investors take a company's social performance into consideration when making investment decisions



- In wealthy countries, social responsibility makes a greater contribution to corporate reputation than brand image

- In 20 developed countries surveyed, **CSR-related factors** collectively accounted for 49% of a company's image, compared with 35% for **brand image**

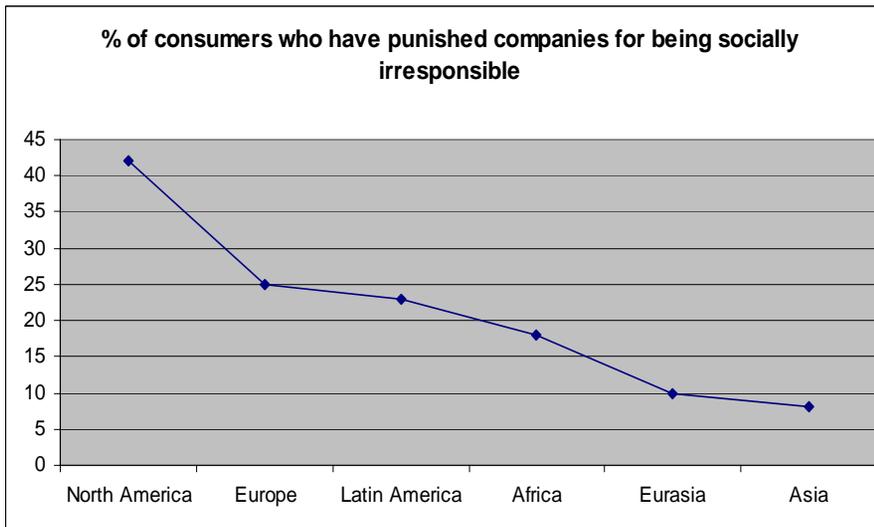
Reference: IISD Web Page/Enviro-nics International

Corporate Social Responsibility Monitor



- **Companies that ignore social responsibility place market share at risk**
 - Consumers, are likely to vote with their wallets against companies whose social and environmental performance is perceived to be poor

- **Views and behaviours of opinion leaders indicate that consumers' social expectations of companies will continue to grow**
- Compared with the general public, opinion-formers have **higher expectations** of companies, and are 50% more likely to boycott poor performers



Companies will come **greater public pressure** to deliver on their broader social responsibilities'

Reference: IISD Web Page/Enviro-nics International

Corporate Social Responsibility Monitor



- North American consumers represent the most socially demanding market for companies
- Most socially demanding markets for companies are the USA, Canada, Mexico and Britain.
- 'Second tier' countries include Argentina and several European Union member states
- Weak pressure is exerted on businesses in Asia, France, Turkey, Brazil and Chile
- The least demanding markets identified in the survey are India, Russia and Nigeria.
- Two distinct groups of citizens, making up a third of the world, are engaged in pressurizing companies to assume greater social responsibility
- Conventional activists 'demand that corporations fulfill their operational responsibilities
- Social activists 'expect companies to exercise "citizenship" by going beyond the sphere of their everyday operations and playing a socially minded leadership role'
- 'Undemanding Pro-Corporates', 'Traditionals' and 'Desperate Inactives', all of which 'are favourable towards corporations in general'
- 'Demanding Disgruntleds', like Conventional Activists and Social Activists, 'tend to be more anti-corporate'

Reference: IISD Web Page/Enviro-nics International



Social Indicators

- **Top ten social topics reported**

1. Community (44)
2. Health & safety (32)
3. Employment (29)
4. Training & education (13)
5. Charitable donations (11)
6. Ethics (11)
7. **Supply chain (10)**
8. Human rights (9)
9. Socially responsible investment (6)
10. Child labour (4)

Reference: IISD Web Page/Envionics International

Types of Companies: Leaders and Followers



- **Inactive:** “I don’t want to be seen”. ¿Is there regulations that I have to comply?
- **Reactive:** “I defend myself”. ¿How do I have to comply with regulations?
- **Responsible:** “A little bit more (just in case)”. ¿What can I do to improve?
- **Proactive:** “I want to be pro-active”. ¿What is coming?



There are some barriers for SME's



- There is one main purpose in their mind... ¡Survive!
- There are few workers so, one project beyond their daily routine is very difficult for them
- There is lack of confidence on governmental authorities
- They need proofs to believe that they will be winning at the end of the project
- There is lack of resources and time
- They need holistic solutions
- Law compliance often privileges correction over prevention



Conclusions

- Basics
 - Trust
 - Commitment
 - Sinergy
 - Teamwork
- Leadership (Big Companies)
 - Dialog with procurement professionals
 - Don't re-invent procurement, collaborate!
 - Add value to what's already in place
- Careful suppliers selection
- Differentiated Shared Responsibility
- A holistic approach makes the project efficient ;And attractive!
- It enhances commercial relationship
- It creates stronger and sustainable supply chains
 - Competitive advantage
 - Reducing liability & accidents, as well as risks to environment and business



Conclusions

- It improves brand's and company's image and reputation with:
 - Community
 - Government
 - Shareholders, etc.
- A profitable project means savings
- It promotes the cultural change
- It transfers knowledge and experiences among the participants
- It offers added value to shareholders
- It fosters pollution prevention and ecoefficiency solutions reducing the environmental footprint and improving environmental performance through the value chain
- It strengthens the relation client-supplier, improving the trust and the loyalty
- It does not impose unnecessary requirements on our suppliers
- This is not just an environmental project, but also a social one

Some challenges



- To accept the idea
 - Change the wrong perception that the process means to lose time and resources
 - Defeat the belief that we have to privilege correction over prevention
 - Defeat the resistance to change: *If it is not broken, do not fix it vs If you do not change, you lose the opportunity to be better*
- For the implementation
 - Integration with other projects and programs that we have in Mexico (Public & Private)
 - Applying complex change model
- To expand the project
 - Involving other organizations to embrace the project
- To give sustainability to the project
 - Resources (human, material and economic)
- To improve the project
 - Benchmark
 - Complementary training
- Promotion
 - Showing the results and the added value

¡¡Congratulations!!



- CEC has worked **very hard** in Mexico to build the necessary capabilities in order to start this kind of projects
- CEC has given cohesion and coherence to the Supply Chain Project in Mexico



THANK YOU (GRACIAS)



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