

Case Study

Hewlett-Packard: Cascading Supplier Training through the Chain

As corporate supply chains grow ever more vast and global, smart business strategists must equip themselves to anticipate and manage an array of environmental and social impacts, dilemmas and trade-offs outside the company's direct footprint.

Unchaining Value, a report by SustainAbility, the UN Environment Programme, and the UN Global Compact, explores a variety of best practices, drawn from different sectors.

The report illustrates how multinationals like IKEA, Unilever and Hewlett-Packard are working with suppliers towards a shared understanding of the role of sustainability in supply chain management and the mutual value to be achieved.

Included in the report are several case studies that illustrate a range of benefits that companies – and their supply chain partners – can realise from a collaborative, proactive and sustainability-minded approach to management across the chain, such as improved engagement & communication, capacity building, efficiency improvement, resilience, and risk avoidance.



Case study Hewlett-Packard

Hewlett-Packard (HP) co-launched the Electronic Industry Code of Conduct (EICC) in 2004 and is working to extend social and environmental standards to its suppliers, which number around 600 across 1,000 different sites. Although the company has made good progress, it still faces non-compliance in areas such as working hours, emergency preparedness, and wages and benefits. Capacity building programs have been central to HP's approach to this challenge. In 2006, it initiated the Focused Improvement Supplier Initiative (FISI) in China and the Central Europe Supplier (CESR) Project. In China, the project was a joint initiative with expert organisations like Business for Social Responsibility's China Training Institute. In Central Europe, the project was similarly devised in partnership with the Copenhagen Centre for Corporate Responsibility (now part of the Danish Commerce and Companies Agency; DCCA) and the Copenhagen Business School. In China, the FISI program provided monthly social and environmental management training sessions to 30 of HP's key suppliers in China, who employed approximately 100,000 people.

Project Focused supplier improvement in China and central Europe

Factory managers, as well as managers in quality, human resources, and environment, health & safety received two to four days of mandatory training for a year. The training sessions covered increasing productivity, working hours, wages and benefits, worker communications, management systems, root cause analysis, Chinese laws and regulations, the environment, and health and safety. Suppliers provided HP with monthly progress reports of corrective actions, improvements and metrics.

In Central Europe, HP worked with a group of first- and second-tier suppliers in an 18-month initiative to help develop their expertise in social and environmental responsibility. As in China, the goal was to help suppliers understand the connection between improved standards and business efficiency. At the beginning of the project 20 suppliers in the Czech Republic, Hungary and Poland were assessed and, based on the evaluation, received focused trainings on the EICC and its requirements, management systems and best practices on labour, and environment, health & safety provisions. The project report was published in January 2008.

Illustration Efficiency improvement

As well as capacity building with small suppliers, the CESR project also developed skills within HP's top tier of direct suppliers, with regard to how to manage second-tier suppliers and encourage the cascade of social and environmental good practice down the supply chain. HP plans to start similar capacity building projects in Thailand, India and Mexico, and is currently engaged in CSR Europe's 'Responsible Supply Chain Management' laboratory where it is sharing lessons learned.

Insights:

- Capacity-building with first tier suppliers is important, but appropriate intervention and training at the second tier is also powerful in encouraging a cascade of good practice.
- Partnerships are essential to a credible training process.
- Lessons learned can help shape best practice across the sector and beyond.