

# CHAMPION OF GREEN

## *An Interview with Drew Schramm*

**G**o to any industry event these days and you're almost guaranteed to find one topic prominently featured on the agenda—*green*. But as often as not, you get the feeling there's still a lot more talk around the subject than real action.

That's not the case at Herman Miller Inc., a \$2 billion contract furniture manufacturer based in Zeeland, Michigan. Herman Miller has been in the forefront of good environmental and sustainability practices even before these terms became commonplace—all the way back to the company's founding in the 1920s. In more recent years, this commitment has been reflected in a host of recognitions and awards, ranging from a White House Presidential Citation for Environmental Management in 1991 to a 2007 Wastewise Golden Achievement Award for Smart Packaging.

That commitment also is reflected in Herman Miller's approach to supply chain management. The person responsible for that function is W. Drew Schramm, senior vice president of global supply and logistics. Schramm and his team work to ensure that every action taken in connection with acquiring and moving components and finished products worldwide conforms to one of Herman Miller's core values, "to be a good corporate steward for the environment."

Schramm is not only a believer in the gospel of environmental sustainability, but also an energetic evangelist. He's a frequent participant in industry forums on the topic and is active in the Institute for Supply Management's (ISM) Committee on Sustainability and Social Responsibility. Schramm also gives freely of his time to fellow supply chain professionals seeking to advance the sustainability cause in their own organizations.

SCMR Editor Francis Quinn spoke with Schramm recently about supply chain sustainability and social responsibility at Herman Miller.



Photos by Glenn Triest

**Q.** *As the senior vice president of global supply and logistics at Herman Miller, what are your key responsibilities?*

**A.** As my boss puts it, if it moves anywhere or if anybody buys it, I'm held accountable for it. So I literally have responsibility for all of the suppliers, whether they're on the MRO side or on the raw materials side, as well as all logistics and transportation activities.

**Q.** *What's the geographic scope of these responsibilities?*

**A.** There are four geographic regions that I need to make sure stay connected and optimized. The biggest is here in the United States. The second largest is in the U.K., which services our European operations. We also have entities in China and Brazil.

**Q.** *How do you view the function of a supply management organization?*

**A.** I don't view our primary mission as cost savers. We are waste eliminators. That means we are constantly looking at waste in the value stream and how we can reduce it. If we viewed our job as purely cost reduction, we would sacrifice a lot of things—including our suppliers' margins. So the fact that we're constantly trying to find out where the waste is in the value stream allows us to concentrate on increasing that value. That helps not only my supplier, but my customer and my company. But moving supply management and purchasing from cost reduction to waste elimination is a huge philosophical switch.

**Q.** *Turning to the main focus of our discussion, how do you define sustainability at Herman Miller?*

**A.** When we think about sustainability, we basically ask what are we doing today that will affect tomorrow. And if we're going

to do something that negatively affects tomorrow just to make a short-term gain today, that's probably not sustainable and probably not what we should be doing. Now, in reality we need to keep in mind the other piece of the sustainability equation: we can't be good for the earth if we're not able to stay in business. So the other side of that sustainability coin is that we have to be financially solvent.

For example, moving from fiberglass to non-fiberglass materials in furniture panels would probably be better for the environment, better for the customer, better for everybody. But some customers may not be willing to pay for the added expense of a non-fiberglass product. So we have to seriously balance that against the competitive odds of us being sustainable in the marketplace, and maybe that means we have to wait on advancement in materials or a change in cost or market dynamics before we can implement some environmental actions.

**Q.** *Do you view supply chain sustainability as part of a broader corporate sustainability?*



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**A.** When we get down to the level of the supply chain, we really view it as a combination of what we call sustainability and social responsibility. So it's what we are doing that can impact the community both from an environmental perspective and a people perspective. We wrap that up into a set of aspirations inside of my organization; we have specific goals for environmental improvements as well as community-oriented goals such as increased business with diverse suppliers.

**Q.** *Herman Miller's broad vision for sustainability is laid out in your Perfect Vision 2020 plan (see accompanying sidebar). Could you talk about some of the specific goals for 2020 and why you as a company felt it was important to articulate a vision that far out.*

**A.** Herman Miller is unique in that the founding family thought sustainability was important. We didn't wake up one day and say, hey, let's go green. That's why we're well along the path of looking at longer-range targets because we've been doing it for quite some time. Just in the last 10 years or so, we've gotten very serious about articulating this philosophy in terms of well-defined strategies rather than simply stating that this is part of our corporate credo. In essence, sustainability has been woven into the fabric of our future goals.

Throughout our history, we've been ahead of the curve. The design for the environment (DfE) approach that we have embraced is a manifestation of that. When we came out with the Aeron chair, for example, it was an innovative and thought-changing product. But it took a while for people's reaction to change from, "this chair is a little weird" to "it's really cool." In any case, we're on a strong innovative track around our environmental policies. In fact, we're betting that in the future customers are going to gravitate towards companies that are more mindful of sustainability practices.

Five years ago, I don't think there was a customer willing to pay a penny more for a product just because it didn't have PVC in it. Nowadays, we see more and more RFPs and RFQs coming from our customer base that are asking about reduction in the use of PVC, about environmental issues, about diversity, about what we're doing around recycling, and so on. So we feel even more strongly about the bets we made early on towards hitting our 2020 goals, or the "perfect vision." We think the tipping point on sustainability is coming soon—the point at which we really have no choice.

**Q.** *You mentioned something called design for the environment. Could you briefly explain that concept and the role that the supply chain organization plays in it.*

**A.** By way of background, one problem we have is that everybody and his brother seems to have a different idea of what should be measured, and how to go about it, and what counts for a sustainable product and what doesn't count, and how many points you get for it. So a long time ago, we started using the McDonough Braungart Design Chemistry (MBDC) certification process, which is a "cradle-to-cradle" protocol for designing your products in such a way that they're better for the environment. For us it's really all about chemistry and about critical questions like are the parts recyclable, are they easily disassembled, do they come from recycled material?

Now I have to tell you, as much as I love to stick with just the design for environment protocol—which makes things much easier for my team and for my suppliers—there are new outside influences coming down the pike that we need to be aware of. Perhaps the biggest of these is carbon footprint. Currently, that's not part of the MBDC protocol.

**Q.** *So the supply chain folks at Herman Miller are intimately involved in the design for the environment process from the beginning?*

**A.** Absolutely. That's at the heart of the goals we set, the processes we implement, and the relationships we develop with suppliers. This is especially true with new product development. The suppliers that have been with us for a while understand the MBDC process and know the importance of recycled content and easy disassembly and whether the material is green, yellow, or red. (Herman Miller's classification system of chemicals with little or no hazard, low to moderate hazard, and high hazard respectively.) They know from the beginning that they can't come to us with something that has PVC or chromate, for example. They're becoming pre-programmed to offer us solutions that will help us achieve our design for environment standards. That saves us time and it saves them time.

Getting to this stage with suppliers is not an easy process. It's time-consuming and there's a lot of hard work and data gathering—and a lot of negotiation. There are plenty of frustrations, too. But we definitely are making steady progress with all of our suppliers.

**Q.** *What about new suppliers?*

**A.** When a new supplier comes on board, we concentrate on bringing them up to speed on how to deal with us from an environmental standpoint.

**Q.** *You've made great progress with your suppliers on sustainability issues. Are you working with your customers toward the same goals?*

**A.** You can only push a customer so far. You've got to be wary of getting the cart a little in front of the horse because we're building a sustainable approach that not all customers can appreciate yet. In those cases where customers do appreciate what we're trying to do, they gravitate towards us very quickly. For instance, those industries that are in front of the public eye—the investment houses, banks, insurance companies, for example—tend to be more conscious about buying from a Herman Miller because of our record and reputation for keeping things green. Why? Because their customers are saying, I'm keeping my money in your trust, and I want to make sure you're a trustworthy person. And if you're doing something good for the environment, that increases my level of trust with you.

Now do we try to educate customers as well when we have the chance? Absolutely. But sometimes that means saying to the customer, we can give you formaldehyde-free product, but it's going to cost a little bit more. They might respond, I'm not willing to pay a little bit more and a formaldehyde board is fine with me. So that's what we give them.

Now is that doing something particularly good for the environment? Probably not. But that's that second side of the sustainability coin—staying in business.

**Q.** *Do you find that the segment of customers who are interested in working with you on sustainability is expanding significantly?*

**A.** The growth is becoming logarithmic. It's accelerated by things like the CARB (California Air Resources Board) standards in California, which among other things is going to limit the use of formaldehyde in wood panels. That's going to affect every company doing business in the state. Companies like Herman Miller will not have a choice. Neither will the customers. So when you see this kind of legislation being passed, you can appreciate that the curve is accelerating on a logarithmic scale.

What's happening in the European Union and the U.K. will also accelerate the trend. The EU, for example, has implemented new regulations on the safe use

of chemicals under a program called REACH. Members of the EU are very conscious about the kinds of materials they're bringing into their country. They're refusing to allow in anything negative or harmful that possibly could end up in a landfill and pollute their water or land. That's going to eventually hit the United States.

**Q.** *How do you get the people in the Herman Miller organization to buy into the sustainability message?*

**A.** It starts right at the top. Our CEO Brian Walker has publicly declared that 50 percent of our product sales will be DfE certified by 2010, and that goal is incorporated into my performance objectives and those of my people. That goes a long way toward getting the message across.

Another important factor is that sustainability is really part of the DNA here. That's what makes working at Herman Miller so pleasurable. A simple indication of that is our employee parking lot. I can almost guarantee that you'll never see any kind of waste or debris out there. Our people are educated to understand that debris runs into the waste water, which then can pollute everything else. And when you go into our cafeterias, you see people separating all of their recyclables on their own. Again,

that's because we've taken the time to educate people on why recycling is important to our community, why it's important to our customers, why it should be important to our families. And, of course, that culture tends to attract like-minded people.

**Q.** *Obviously, Herman Miller is fortunate to have leadership committed to sustainability and green. What about your fellow supply chain professionals who may be in an organization without that same kind of commitment at the top? What can they do to get the sustainability ball rolling?*

**A.** They can do a lot. Here's a good example: I'm on the Committee on Sustainability and Social Responsibility at ISM (Institute for Supply Management). We have a diverse group of companies represented on the committee including the heads of purchasing from IBM, Motorola, one of the children's hospitals, the Disney organization. There's even a representative from the New York Mets. We've been working

## Herman Miller's 2020 "Perfect Vision"

- Zero landfill.
- Zero hazardous waste generation.
- Zero air and water emissions from manufacturing.
- 100 percent green energy.
- All buildings constructed to a minimum LEED Silver certification.
- 100% of sales generated from products that meet the DfE protocol.

to gather as much knowledge as we can on sustainability and responsibility and make it available on the internet to supply management professionals. They can simply go to the ISM web site ([www.ism.ws](http://www.ism.ws)) and click on the box for “Ethics and Social Responsibility.” It’s a wonderful resource that includes case studies and step-by-step guidance on how to make an organization more sustainable. They don’t have to wait for their CEO to tell them what to do.



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My other idea comes from Steven Covey’s book *Seven Habits of Highly Effective People*. Covey writes about what he calls the circle of concern and the circle of influence. The circle of concern relates to the things we all worry about, but really can’t do much about. What’s happening to the dollar on the global markets is a good example. The circle of influence, on the other hand, involves things you can do something about. So if you want to start along the part of sustainability without your CEO’s involvement, stick with what’s in your circle of influence. As a supply management person, can I affect my suppliers? You’re darn right I can. Can I start asking my suppliers what they are doing around the environment? And, oh by the way, can I start measuring their adherence to environmental standards we have set? Simple steps like these that are well within your circle of influence can start the ball rolling.

**Q.** Sounds pretty doable.

**A.** Right. It doesn’t have to be some big, sophisticated, gazillion dollar IT deal to get it done. It could be as simple as a spreadsheet you send to your suppliers and update every few months when you get together.

**Q.** You talk to industry groups about balancing green with “getting the green”—the business aspect of sustainability. How does that play out at Herman Miller?

**A.** Well, it takes a lot of work. Let me give you an example. In the yoke of our Mirra chair we initially had plastic surrounding a hunk of metal to make the back of the chair stiff. When the prototypes were done and our design for the environment gods came down and looked at it, they said we’re not going to give you points because the yoke could not be disassembled quickly in 30 seconds with hand tools. So that forced my team to go back to the suppliers and work on alternative solutions with their engineering group. Turns out, after being required to spend a little more time on the design, they came up with a better solution that was all plastic, therefore highly recyclable. And since it was all one material, you didn’t have to disassemble it. Plus, it was actually cheaper! But again, it takes more work to go back and try to find those solutions.

All of this requires your people to be much better thinkers and problem solvers. That, in turn, brings more value to the company.

**Q.** From a supply chain management standpoint, are there certain sustainability achievements you’re particularly proud of?

**A.** I would boil them all down to one: the ability of our new product development team to work with our suppliers. This capability enables us to get to market with our green product much faster than constantly having to go back and reengineer everything to get it greener. Our suppliers are already thinking green from

the beginning. That means we start with the clear understanding that certain approved resins are better than others, that chromium-free leathers are preferred, that we polish material instead of chromate, and so on. So all of the work we've done over the last four years is now paying off. We can move much faster because our suppliers exactly know our expectations and already have a great knowledge base of what raw materials we can use.

**Q.** *What have you done in the area of packaging specifically?*

**A.** We have done a heavy amount of work on reusable packaging. In some cases, we've even eliminated the packaging. So instead of putting the furniture in boxes, for example, we blanket-wrap them in dedicated trailers. The customer unloads the furniture and returns the blankets to us; there's no box or other packaging to be disposed of or recycled.

**Q.** *Herman Miller has been widely recognized for your green initiatives. How does the organization react to the accolades?*

**A.** Historically, we had been modest in publicizing awards and didn't talk about them too much. Now, I'm originally from New Jersey, so maybe I'm a little different from the typical Herman Miller person. But the last thing a Herman Miller person would want to do is blow their horn about an award we received. But that's changed in recent years, and now we're willing to step up and be recognized for our leadership in places like *Fast Company* magazine, or the *Harvard Business Review*, or even *Vanity Fair*. Our culture is to be quiet about those things and put our heads down and really accomplish the right thing rather than say we're accomplishing something, but now we're more supportive of seeing those results publicized and hopefully encourage others on the same journey.

**Q.** *Looking out over the near term, what do you see as the biggest challenges to becoming more sustainable?*

**A.** The first challenge centers on standards. At present, there's a plethora of existing and proposed standards. There's the MBDC protocols I mentioned earlier. There are the LEED green building standards. Plus there are the BIFMA safety and performance standards for the furniture industry. And that's not all of them. There's an alphabet soup of standards out there. Which ones do we want to hang our hat on? There's nothing more devastating to my team than running in 15 different directions trying to respond to different standards

rather than narrowing our focus on a few right ones. We need to know which standards will govern what we do so that I can get my team behind those standards and drive our behaviors and our metrics accordingly.

Another challenge that scares us is around the carbon footprint. Right now, there's a lot of talk about it, but no substantial measurement capabilities or metrics. How is it measured? How do you offset it? Am I carbon neutral, say, if I create a million tons of carbon but buy a million trees? These are all gray areas that are going to take a considerable amount of work to clarify.

Third is the data. The data is just going to kill us all in the purchasing world because customers are going to say: Hey, I want to buy that chair. Can you tell me exactly what the carbon content is, how much can be recycled, what percent is recycled, how many dollars of diverse content went into it? We're going to have to get that granularity into our systems. Our suppliers will need the capability to provide us the data that will go right into our systems. Our salespeople must be able to effectively pull that data to answer our customers' questions.

Those three things scare the ever-loving daylights out of me. And that's when I start longing for the days of old when it was three bids and a cloud of dust—and all I cared about was cost.

**Q.** *How can supply chain people reading this interview become more knowledgeable about sustainability issues?*

**A.** I was fortunate enough to come to a company that is very proactive around the environment, which obviously quickly raised my own knowledge level. So to the extent that it's feasible to an individual, one recommendation would be to search out a company that's committed to sustainability. Another idea is to bring in outside consultants or experts who can educate you and your organization on the importance of these issues. Then there's the ISM web site that I referred to earlier. It truly contains a wealth on information on the subject.

One point I need to emphasize, though: We at Herman Miller don't have it all figured out. We just may be half a step ahead of some other people. So when I'm talking to groups or individuals, I tell them there may be other, better ways to become more sustainable and socially responsible than what we're doing here. But from listening to me, I hope that they will start thinking seriously about how to get started, what questions to ask, what metrics to put in place. Bottom line: It ain't rocket science, it's just hard work.

