



Meeting the Compliance Challenge: Incorporating Regulation into Your Business Processes

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Ensuring regulatory compliance and doing so in a cost effective manner is a profound concern for lubricant manufacturers. Astute lubricant companies aim to minimize the costs of government regulatory requirements by incorporating compliance into the process of running their business. No matter the scale or complexity of your business operations, failing to do so will negatively impact your bottom line. Better management of your regulatory compliance processes necessitates a smart approach that embeds regulation in the fiber of your operations.

How does a lubricant company meet this challenge? Software technology will deliver the efficiencies to both drive profitability and assure regulatory compliance. Areas of your business operation impacted by regulations are shipping, inventory and production and distribution. These are useful to demonstrate how the application of technology will embed processes and help control government regulation costs.

The first example, shipping regulations, are governed by the federal government's Department of Transportation (DOT) which requires that motor carriers prepare a written bill of lading for all interstate or foreign shipments that are transported. The bill of lading is a legal document which is required to include the names of the consigner and consignee, a PO or special account number used between businesses for order tracking, origin and destination point, the number of shipping units, the type of packaging (such as cartons, pallets, skids and drums), a description of the items being shipped, a note if the commodity is a DOT hazardous material (special rules and requirements apply) and the weight, volume or measurement of the freight. The document gives the freight carrier temporary title to the shipment and functions as a contract between the shipper and carrier.

Gathering and preparing bills of lading to follow DOT regulations for shipping is a time-consuming task beset with the possibility of error. The time involved to comply with the government regulation is not only burdensome but non-productive in terms of contributing to the bottom line. The employment of technology to this task will take redundancy out of the process and assure

accuracy of the information. An inaccurate bill of lading can result in missed shipments and thousands of dollars in fines.

Specialized software developed to meet the requirements of DOT shipping regulations creates shipping documents (bill of lading) using data already entered into your Enterprise Resource Planning (ERP) system. This process reduces time and resources wasted on reentering information that is already available in the system. In addition, the risk of data entry error is eliminated. The application of the tools available through technology promotes a more efficient and effective way for your lubricants company to follow the highly demanding and important requirements of DOT shipping regulations.

A second example of how technology will take steps out of your compliance requirements and improve profitability applies to regulations based upon your inventory. Organizations and businesses in the United States that manufacture, store or distribute hazardous chemicals above certain quantities are required by the Environmental Protection Agency (EPA) to complete and submit periodic reports. Officially called Emergency and Hazardous Chemical Inventory Forms or SARA (*Superfund Amendments and Reauthorization Act*) Tier II Reports, the documents include data that allow states and local disaster planning committees to be informed in case of an emergency such as a fire, spill or explosion involving hazardous substances. The information is available to the public so that citizens are aware of matters which affect them and their health and safety. SARA Tier II reports are not mandatory by federal law but may be required under state or local law.

Lubricants companies fall under the SARA reporting regulations for most states. The reporting form includes a list of all hazardous substances and chemicals and takes into account the following: common name, physical state, physical and/or health hazards, inventory information and storage details (container type, pressure, temperature, average and maximum daily quantity and locations). Other data include owner name, facility address and emergency contact and phone numbers.

A designated company representative must certify that all information is accurate and complete.

Compiling the information and preparing SARA Tier II reports is time consuming and a drain on your resources which could be utilized for money-making operations instead. Fortunately, there is technology that will take steps out of the inventory reporting process and allow your company to focus on profitability rather than regulatory reporting. With an ERP system in place, up-to-date, detailed inventory information is collected in the database and stored for multiple purposes. The information can be easily accessed and utilized to prepare the SARA Tier II reports. Some systems will print out the actual form for submission. Duplication of effort is eliminated, accuracy is assured, the need for staff to oversee the report preparation is reduced and the cost-savings are significant.

The third example of incorporating government regulation into your business processes is the production and distribution of Safety Data Sheet (SDS) and labeling compliance. The Occupational Health and Safety Administration (OSHA) recently revised its Hazardous Communication Standard to incorporate the United Nation's Globally Harmonized System of Classification and Labeling of Chemicals (GHS) in an international attempt to harmonize hazard classification, SDS and labeling of chemicals. The new SDS format and labeling information must be in place by June of 2015. Lubricants companies are subject to the new standard and are required to integrate the changes into their SDS and labeling.

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Formerly referred to as Material Safety Data Sheets (MSDS), the SDS must use specific headings in a specific sequence in a new 16-section format that includes data such as identification, composition, first-aid measures, fire-fighting measures, accidental release measures, handling and storage, exposure controls/personal protection, physical and chemical properties, stability and reactivity, toxicology, ecological information, disposal considerations, transport and regulatory information, and last revision date. Label requirements for lubricants companies include a harmonized signal word, pictogram and hazard statement for each hazard class and category as well as a precautionary statement.

The assembling of information required for the new SDS and Labeling requirements is burdensome but also redundant in many ways to the former OSHA requirements. There are enough changes that the satisfaction of these new government regulations takes a lot of time and personnel away from the profit-making part of your business. The new GHS regulations are more complicated and require more in-depth analysis of your products' properties. Companies are struggling with the ability to meet the specified time frame for compliance. Downstream producers are waiting for the information from their upstream suppliers to provide them with the information that they need to create SDSs and labels.

Fortunately, there are software solutions that integrate outside data sources and internal data from ERP systems to help the end user produce compliant SDSs and labels. Today's available software technology can take many steps out of the process to streamline the regulatory workload. ERP software stores the data, integrates the information and makes it available for use to generate SDSs and inventory labels. By leveraging the resource of the ERP system and outside data, duplication and added costs are eliminated.

In summary, the amount of government regulation in the lubricants industry is growing in volume and complexity, and the time and energy put into compliance increases exponentially. In today's world, the most comprehensive and cost effective solution for lubricant companies to comply with government regulation is to build the tools for regulatory compliance into the business operation through the use of designated technologies. ▲

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