

Taking The Long View Of Compliance Programs



Why Our Industry Shouldn't Be Satisfied With Self-Regulation

by Bill Mahre



Would we feel safe if Pfizer, Squibb and Johnson & Johnson decided drug safety standards instead of a legitimate, independent third party?

A recent invitation to a panel discussion, which included four top industry suppliers discussing the “State of the Industry” in front of more than 800 key distributors and suppliers, was a terrific opportunity to review key challenges and opportunities we will all face in the future. Initially, the panel participants covered a number of typical subjects such as describing the industry, the greatest challenges, technology needs, etc. Then the discussion touched on compliance and product safety, and it became much more passionate—which probably surprised many in the audience.

One fairly straightforward comment that sparked a strong response from a founding member of the Quality Certification Alliance (QCA) was mine: “Long term there is little positive outcome for any industry to find it acceptable or be satisfied with self-regulation.”

Using the pharmacy industry

as an example, I continued with a question: “Would we feel safe if Pfizer, Squibb and Johnson & Johnson decided drug safety standards instead of a legitimate, independent third party? It’s not likely any of us believe this is a good idea for the health care of our families and friends. Recent examples of the mortgage industry policing itself, or Volkswagen leadership deciding that EPA regulations were not necessary for their vehicles, shows how these misadventures can change an industry or brand quickly.”

After the session, numerous distributors and suppliers connected with me to gain more understanding on my comments and the subject of compliance. I don’t pretend to be an expert in product safety and compliance since there are too many moving parts, from state guidelines and laws to national and international regulations, for any of us to fully understand everything. This subject is so

vast, changing and complicated that it makes more sense to focus on fundamentals, establish agreed-upon processes and work to do the right things every day to make our industry more compliant and disciplined.

My business background has been in industries including consumer products, health care, professional sports and nonprofits. Like everyone, our past experiences and learning opportunities help shape our thinking and perspective on certain subjects like compliance and product safety. While at Procter & Gamble, it became engrained in my thought process that following regulations and laws, and making sure every product met top-level performance and quality standards, was a required outcome. At ADG Promotional Products we have developed similarly solid processes for compliance as part of a much larger multi billion-



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dollar international printing organization that has many diverse product lines.

QCA is a reasonable starting point for our industry, but is made up of only 38 suppliers (less than one percent of the industry). While these companies are relatively large entities, there is limited rationale for a single group of for-profit entities establishing protocols on their own and then marketing them as standards for a broader industry. During the aforementioned panel discussion, it was stated that QCA is a nonprofit entity, which is supposed to sound like a benefit, but that point is of no relevance and is probably more a critique of our tax code system. How does a group of for-profit companies create a 501(c)3 to market themselves and end up with a financial business advantage? Another topic for a different day.

Has QCA brought some discipline, process and visibility to compliance? Absolutely! Hopefully this effort will continue to evolve and be shared to benefit the entire promotional products industry. However, having a small group of suppliers position self-regulating efforts as a base standard is not appropriate for an industry of our size. We recently had another founding QCA member comment to us that ADG's standards were higher than they

needed to be on a particular product. That is okay at this time and we will continue to maintain that effort until more detailed independent industry standards are established.

It is important to recognize that there are other suppliers, like ADG, that have excellent compliance and product safety standards in place, and we can all learn from each other to get better. Some recent op-ed, marketing and advertising pieces in industry publications have had a few non-industry people question the quality of "non-QCA" items. It's an approach that is, unfortunately, self-serving and inaccurate due to an absence of facts. This type of miscommunication is also damaging long-term to our industry's reputation. The focus should be on bigger challenges, strategies and questions such as these:

1 Which independent entity is best positioned to lead our industry compliance effort?

We need PPAI's leadership. If we ask our end-user clients whether they are more interested in product quality and compliance, or lobbying efforts and brand positioning of the industry, it is a safe bet where their answers would lie and where we should spend our resources.

2 How do we best manage components of a compliance testing process? For an industry already challenged with its profitability model, figuring out how to efficiently test relatively low-cost items is critical. Suppliers often share overseas production facilities so it makes sense to insist that the supply chain cycle start there. For example, recent industry battery charger recalls included a number of suppliers (including a QCA-member company) but has anyone really identified whether the issue was caused by a common overseas facility? Let's start at the beginning, establish sound fundamental processes and constantly challenge ourselves to improve. (Full disclosure: ADG does not carry electronic items such as battery chargers.)

Our end-user clients will continue to demand that the promotional products industry establishes and maintains an independent, high-quality and long-term compliance program. Proactive leadership is needed by everyone to establish industry standards. This is not the responsibility of just a few entities. **PPB**

Send your comments on this Guest Viewpoint or your idea for a future column to PPB@ppai.org.

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