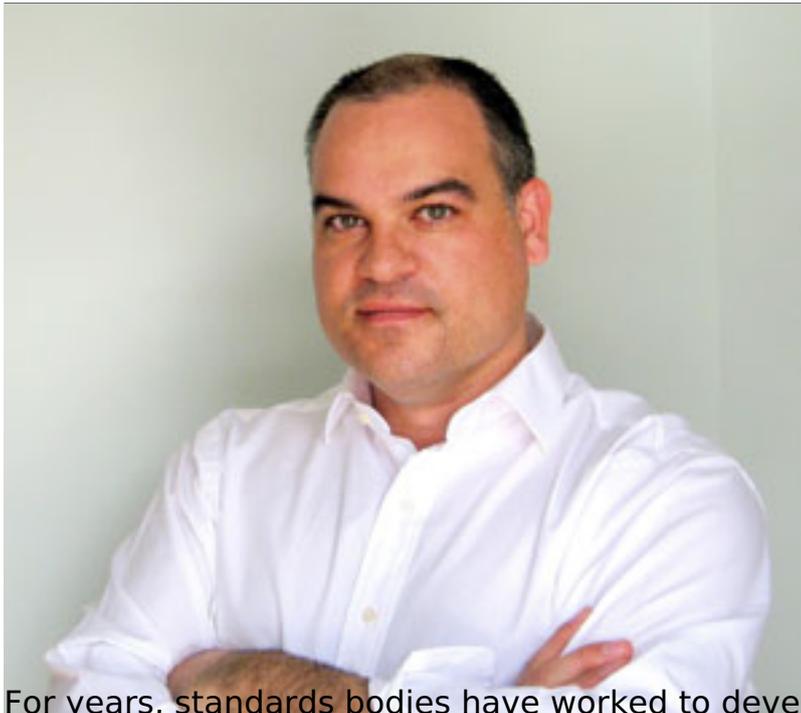


Helping Manufacturers Navigate CPSIA Compliance

Nick Parnaby is the Founder and Chief Operating Officer at RollStream Inc.

This article first appeared in the November/December 2010 issue of *IMPO*.



For years, standards bodies have worked to develop common vocabularies to help streamline supply and demand chains. However, with recent legislation demanding rapid compliance and costly fines for organizations that fail, a new approach for compliance is required—one that could forever change the way we think about exchanging supply chain information.

Two years ago, Congress passed the Consumer Product Safety Improvement Act (CPSIA), to protect consumers from products or packaging that may contain dangerous quantities of harmful substances, such as lead and phthalates.

CPSIA is aimed at protecting children's products in particular, including toys, video games, books, school supplies, clothing, shoes, and jewelry. The legislation is estimated to cover tens of thousands of products developed and marketed to children 12 years of age and under.

On February 10, 2010, portions of the CPSIA regulations went into effect, requiring manufacturers to produce certificates of conformity stating that their products have been tested to the substance and safety standards set by the CPSIA. All products covered under the legislation must have paper or electronic certificates of conformity (GCC) that indicate the products have been tested, do not exceed specific substance levels, and in some cases have been packaged following U.S. Consumer Product Safety Commissions (CPSC) guidelines. The full list of products

Helping Manufacturers Navigate CPSIA Compliance

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

requiring GCCs can be found on the CPSC web site at www.cpsc.gov/businfo/reg1.html.

On March 16, 2010, the CPSC voted to approve a final rule interpreting factors to be considered when seeking a civil penalty amount for knowing violations of CPSC laws. Penalties for non-compliance with CPSIA are tough, and can even include jail time. Merchants and manufacturers could face fines of up to \$100,000 per incident and \$15,000,000 in aggregate if caught unprepared. Voluntary and mandatory recalls are also well within the realm of possibility following store inspections.

Despite the significant impact to the business for non-compliance, many manufacturers, distributors, and retailers continue to struggle with how best to demonstrate overall CPSIA compliance. Since testing certificates required by CPSIA must accompany a product through the supply chain, it is usually the responsibility of the quality assurance team at the manufacturer to certify their products adhere to the CPSIA guidelines.

However, these product certificates must also follow the product to the distributor to the reseller to the retailer and ultimately ensure the product to the consumer. This means the entire supply chain must be in sync to guarantee key compliance information moves beyond the quality assurance team of the manufacturer.

Some manufacturers have considered printing a URL onto the product in question that references a company website hosting the certificates of conformation. Yet for a product as small as, say, a girls' bracelet to have a web address imprinted on it is simply not practical. Attaching the certificates to packaging also wouldn't work considering it may be stripped at a distribution center, or products may be recombined several times before they actually are sold.

Most manufacturers need faster, better, and less expensive ways of managing the compliance process and guaranteeing the right players across the global supply chain have access to all of the right information.

RollStream Inc. delivers manufacturers, distributors, pharmacy chains, and other retailers the Certificate Exchange Network (CEN), developed with assistance from the National Association of Chain Drug Stores (NACDS), to facilitate compliance with the Consumer Product Safety Improvement Act of 2008.

The CEN is an online network where manufacturers and retailers can securely post or link to existing product safety certificates to quickly and easily demonstrate compliance with the CPSIA.

SaaS Displaces Compliance Risk

The good news is that now many manufactures can turn to cost effective, easy-to-use Software-as-a-Service (SaaS) solutions to rapidly and efficiently achieve compliance with new government regulations such as the CPSIA.

Most SaaS solutions, like the CPSIA CEN, are subscription based and do not include

Helping Manufacturers Navigate CPSIA Compliance

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

the traditional high-priced software license fees. Also, SaaS providers manage the IT infrastructure to host their solutions so the IT costs for hardware, software, and the people to manage those tools are lower as well.

Because SaaS-based solutions are accessible from any computer or device at any time, anywhere, the adoption rate is much higher. Most people are familiar with using the Internet to find what they need, so using browser-based SaaS has a lower learning curve than other technologies. So regardless of location, all employees can log in to a SaaS application and begin using it for initiatives like CPSIA compliance immediately.

The CPSIA Certificate Exchange Network

The CEN is an online SaaS network where manufacturers can post or link to existing certificates of conformity directly using just a web browser. With an easy-to-use interface, retailers also can download on-demand any product certificate needed to demonstrate CPSIA compliance.

By providing a single location for manufactures and retailers to exchange of information, the CEN helps organizations boost efficiency and effectiveness of compliance efforts, reduce risks, and minimize costs.

Currently, more than 40 global manufacturers and retailers, representing over \$150 billion in chain drug sales, have joined the CEN. Quickly, making it the defacto online network for the secure exchange of GCCs. For most companies, the CEN can mean the difference between knowing where the most current certificates are located and not. Ultimately, this means both manufactures and retailers can avoid costly governmental fines and brand risk with just the click of the mouse.

Source URL (retrieved on 12/19/2014 - 7:42am):

http://www.impomag.com/articles/2010/11/helping-manufacturers-navigate-cpsia-compliance?qt-digital_editions=0