



*Indonesian - German Environmental Program*



ProduksiH Project

S U M M A R Y

# Environment- Oriented Cost Management

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## Goals

Environment-oriented Cost Management enables enterprises to systematically and continuously reduce obvious and hidden costs of Non Product Output (NPO). NPO is a company's entire output, which does not form part of the product.

- The company may
- considerably reduce production costs
- reduce the company's adverse environmental impact and
- promote an internal process of change which increases not only transparency and efficiency during the implementation phase, but also motivation and responsibility of the employees for improvements.

## Target Group

Small, medium and large enterprises in the manufacturing sector

## Main Content

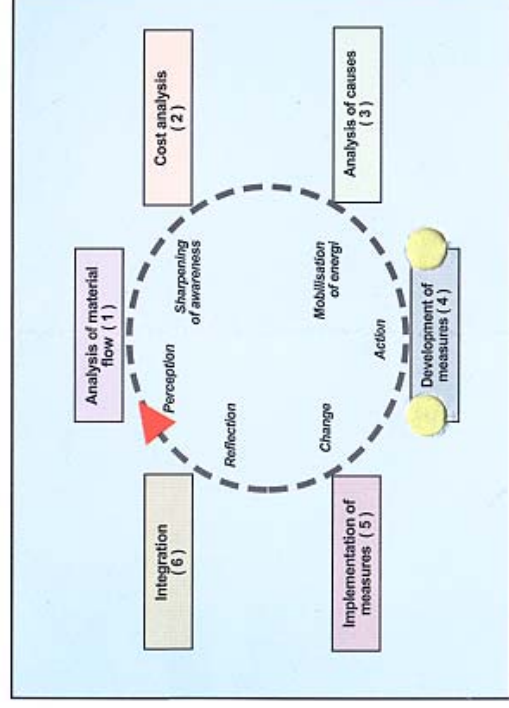
There are 6 steps of EoCM that can be introduced in a company. These steps can be repeated as often as desired.

This cycle is especially successful if the enterprise goes through a complete internal process of change at the same time, involving all employees (in the graph, the inner circle symbolises this process). During the analysis of material flows, low-cost and easy-to-implement (Good Housekeeping) measures are identified. Further measures are systematically developed in the course of the cycle.

These apply not only to the production process, but also to other units, such as purchasing, product design, packaging, storage, marketing and waste treatment. EoCM can be a complement to other environmental management instruments (e.g. life cycle analysis, environmental management systems according to ISO 14001).

## Implementation

- An **innovation team** comprising of various departments of the enterprise (production/accounting/quality and environmental management, maintenance) carries out a material flow analysis and evaluates the respective costs.
- During the following months, measures to reduce the costs are developed.
- Local consultants are trained together with the innovation teams and support the teams with their external perspective.
- **Networking** among the teams of the various enterprises and also the consultants serves to facilitate the implementation process.
- For both, consultants and enterprises the program starts with a **training course**. The training course manual is prepared in English.
- The program also includes training for team building, moderation and presentation techniques, visualisation and coaching.



Reducing production costs with EoCM cycle



Working process within innovation team



Ready to face international competition with EoCM





## WHAT IS PRODUKSIH ?

Indonesia's rapid industrialization is resulting in both increasing discharge of waste and degradation of natural resources.

Meanwhile, industry managers have realized that in order to stay in business they have to integrate environmental considerations into their marketing strategies.

The government of Indonesia has designed its 'Cleaner Production Strategy' to improve competitiveness, foster energy efficiency, reduce industrial waste, and preserve natural resources. In order to support this Cleaner Production Strategy an Indonesian - German project was launched as part of the Environmental Program that is called ProduksiH (Produksi Bersih).

The Indonesian institution responsible for the project is the Environmental Impact Management Agency (BAPEDAL). GTZ/PEM is supporting the project with know-how and expertise.

Current priorities include:

### Textile

- T1 : Gap Analysis Indonesian Government Regulations
- T2 : Gap Analysis German Regulation on Textile Consumer Goods
- T3 : Gap Analysis Management System Regarding Buyer Requirements
- T4 : Gap Analysis Öko-Tex Standard 100
- T5 : Gap Analysis Typical Buyer Requirement (Migros Eco - Label)

### Leather

- L1 : Cost-Benefit-Analysis in Leather Tanning Industry
- L2 : Good Housekeeping for Tanneries

### General

- G1 : Good Housekeeping
- G2 : Environment-oriented Cost Management
- G3 : Chemical Management



## INDONESIAN - GERMAN ENVIRONMENTAL PROGRAM PRODUKSIH PROJECT

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