Episode Title: Competitive Advantage of Product Stewardship -- A Conversation with Catherine M. Croke, DBA

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Lynn L. Bergeson (LLB): Hello and welcome to All Things Chemical, a podcast produced by Bergeson & Campbell, P.C. (B&C®), a Washington, D.C., law firm focusing on chemical law, litigation, and business matters. I'm Lynn Bergeson.

This week, I was excited to speak with Dr. Catherine Croke, B&C's and our consulting affiliate's, The Acta Group (Acta®), Director of Product Stewardship and Regulatory Affairs, about product stewardship and its role in achieving competitive advantage. There is a direct relationship between the two if you know how to leverage excellent stewardship to achieve competitive advantage. In my conversation with Catherine, we consider the nature of this relationship. We explore how employee and management engagement in product stewardship is essential, how products can be brought to market faster, how fulfilling customer expectations is part of the equation, and how to measure the business success of implementing an effective product stewardship program. Now, here is my conversation with Dr. Catherine Croke.

Good morning, Catherine, and thank you so much for joining us today in the studio. I'm delighted to welcome you to All Things Chemical.

Catherine M. Croke (CMC): Thank you, Lynn. Good morning.

LLB: Catherine, for the benefit of our many listeners, I thought perhaps you could give just a short summary of your super distinguished background in the chemical industry.

CMC: Thank you, Lynn. I come to B&C from industry with more than 30 years of experience in product stewardship teams. Those teams included work in specialty chemicals organizations, where I supported both business efforts and corporate goal setting and metrics. That is a great background to provide our clients with service as my current role of Director of Product Stewardship and Regulatory Affairs.

LLB: That's exactly right. We are thrilled that you are part of the B&C and Acta team. You have an extraordinary breadth of knowledge, Catherine, that our listeners today will just hear a little bit about. Let's start the conversation off by talking about competitive advantage. When you say *competitive advantage*, what do you mean by that in the context of product stewardship?

CMC: The product stewardship organization not only assists in bringing products to market, but we have an overview of business activities worldwide. As such, an effective product stewardship organization can identify trends in activities, such as new substance support and testing, to ensure products and data generated can be used most effectively without having to duplicate efforts. These sorts of activities in the product stewardship team can provide a sort of competitive advantage in terms of the business in helping to bring products to market perhaps more quickly or more efficiently or cost effectively. That's what we think when we talk about competitive advantage.

LLB: I can't tell you how many times we've had this conversation over the years, both at B&C and Acta, where you're registering a new chemical product, you think you've thought through all the ins and outs of product testing globally, recognizing the markets you wish to penetrate, and then lo and behold, you find out that your two-gen[eration] repro study in the United States is going to be inadequate for purposes of some other jurisdiction.

That can be devastating. It can set you back. The competitive advantage part is making sure all of those considerations are sorted out at the front end instead of learning the hard way at the back end, right?

CMC: That's exactly right, Lynn.

LLB: I know a big part of the product stewardship equation is getting everybody on board. What are your thoughts regarding employee engagement? Is everybody kind of on the same page with regard to product stewardship? Do people even know what it really is? What are your thoughts?

CMC: I'm not really sure that people are aware of the critical nature of the product stewardship team's skills in contributing to business success. Of course, today's modern workforce is continually changing, especially after our experiences with COVID and its related challenges. The expectations of our employees have changed as well. As such, we need to optimize the attraction, engagement, and retention of our product stewardship employees. When we look at some general business schools and general business environments, we see, for instance, that the Gallup Poll's State of the American Workplace showed that an engaged workforce resulted in 21 percent more profitability, and they looked at data from more than 195,000 U.S.-based employees. We can think that these sorts of surveys do have a pulse on what employees and their engagement -- what their expectations are. This poll also suggested that companies with highly engaged employees may outperform their competitors as much as 147 percent. That certainly could be a competitive advantage.

LLB: I'll say; 21 percent on the bottom line is huge.

CMC: This poll suggests that a coaching culture and a culture focused on purpose generate the best results for employees.

LLB: That's an interesting couple of sets of statistics there. Are there any data to show that generationally, product stewardship is more relevant, more relatable, and more important to the younger generation, people entering the workforce, wanting to ensure that the products that their employer produces are safe when used as intended and not hurting the environment in its production? Is there -- I don't really know if there are any data relating to that, but generationally, I would think that it might be more relatable now than perhaps when I was in law school and coming into my own as a young practitioner. What do you think?

CMC: There are quite a lot of data focused around the workforce, especially what we call Gen X and Gen Y in terms of, not only their expectations and their retention in a workplace, but as well focused on their relationship between themselves and the company. How they feel about the company's purpose and culture has a great effect on their attraction and retention to a workforce and to a specific employer.

LLB: Interesting. I would have thought that, but it's kind of comforting to know that there are actual data supporting that supposition.

What about employer engagement? I remember when I was president of the Product Stewardship Society (PSS) and preparing for one of our annual meetings, we actually sponsored role-playing exercises with our members with the goal of helping them prepare a pitch to their employer to sell product stewardship as part of the core business offerings in the companies in which they were working. In other words, using the statistics, Catherine, that you just provided, we entered into role-playing exercises where the member would confront those of us on the Board and ask them to sell product stewardship to us.

It was always a little discomfiting to me that we thought it important to provide those selling skills to our members. It was based on the thought, the theory, and I think the fact that employer engagement is essential to implementing an effective product stewardship program. What are your thoughts on employer engagement?

CMC: I agree, Lynn, and I do believe that there is a learning curve in any organization to address these issues. Initially, involvement in interactive sessions, as you mentioned, and other initiatives can begin, but learning curves are going to vary among cultures and companies. Many examples that are in place may be promoting employee cross-function engagements routinely, identifying and promoting employees by providing training opportunities, and of course, a sincere focus on diversity and inclusion, in addition to, as we discussed, having transparency with published corporate social responsibility programs.

Employee needs and experiences change over time, so it's imperative to stay engaged and continue to monitor for more than a single point in time. But how do we do that? The employer engagement is critical to the success of any program, and especially a product stewardship program. As you mentioned, as we look to learn and improve product stewardship programs and engagements, there are some factors to consider.

Engagement's more than just birthday celebrations. *Forbes* noted in a recent article from 2021 that accelerated revenue growth comes most appreciably and begins at the top of the organization. They note that the decision makers, or the key management officials in a company, can be an impediment to the success of company culture overall if they do not support, and share, and benchmark in industry those activities they want to integrate into their engagement programs for their employees. Not only the practice sessions and the discussions among the employees, but also engaging management and ensuring that the goals and benchmarks that are set and communicated really close that loop is incredibly important.

LLB: We spoke a minute ago about bringing products to market faster because the sooner you get a new, effective, wildly successful product on the market, you can increase your revenue, or at least that's the theory. But can you provide some examples of bringing products to market faster or more efficiently than your competitor?

CMC: Yes. In product stewardship, we know that there are regulatory hurdles that are time sensitive and oftentimes cannot be controlled. However, we do know what those hurdles are, and meeting those compliance deadlines and having the resources to be able to ensure compliance with those deadlines is certainly one where we can anticipate our level of preparedness and provide data to support that compliance.

But sometimes, as you mentioned earlier, Lynn, when you're evaluating a market and engaging the product stewardship team, we need to know what's happening and when that idea emerges. Having adequate time to prepare a full plan to include consideration of regulatory and supply chain factors is really key. Often a product, as you mentioned, could be desired in more than just one market, so limiting one's focus to a single market may limit future growth in other markets. Compliance with a forward-looking approach is really helpful.

Can testing be done to include future needs and be inclusive of any anticipated regulatory questions? While generating more data at the start is certainly more costly, anticipating requests from legislative functions and having results in hand does save time and is an economy of scale in the long run.

LLB: That brings up a really important point, I think, also as points to consider in pitching product stewardship in the event that your current work environment is lacking that element. There are metrics, ascertainable standards, by which to gauge the success of product stewardship practices. Enhanced revenue is clearly one of them, but are there other metrics by which to gauge the success of those efforts?

CMC: There are lots of metrics that we can use, but metrics aren't always unique to product stewardship practices. Sometimes they're just good business. A product stewardship team, as an extension of the business, can look to those sorts of metrics. Implementing sustainable business practices and providing good customer support attracts and retains customers. Brand loyalty for a business is maintained by good technical support. Product steward teams that keep abreast of upcoming legislation and awareness of rules and restrictions in current markets are good examples of technical support.

Finally, knowing the market and the available optional certifications can be a good metric. Does the customer desire a certain label, such as a certified organic food, a GMO-free, or a certain "green" certificate? Do they have questions about the labor used in generating the product and the country from which it is sourced? All of these metrics support the life cycle and the customer in business operations and are considerations that could be used to gauge the success of product stewardship practices.

LLB: We talked a little bit about customer expectations. If you're in this business -- and we're all in the chemical business, either supporting chemical innovators or chemical manufacturers that are supplying formulators and brand owners -- how do you suggest both seeking and fulfilling your customers' expectations? Of course, the question assumes that that is a desirable goal in any business transaction, as I believe that it is. What are your thoughts, Catherine?

CMC: Understanding and fulfilling the customer expectations is certainly desirable, because if the customer does not have their expectation met, they may look elsewhere for another product. Of course, as we know in the chemical industry, especially in the case of commodity chemicals, when every manufacturer may be making a similar chemical, the competitive advantage may, of course, be the service or the support, in addition to price and supply chain considerations.

How do we meet these goals, and what do we do to support these goals? As you mentioned, supporting research and development (R&D) opportunities is one way, and that's bringing maybe new products to market. But how do we support being resilient and being proactive in meeting customer needs and expectations? How do we interact with our technical support teams? Do we understand the customer challenges and address them proactively?

One way to engage that line of thinking, of course, is to have these cross-functional teams in interactions that we discussed. Sales and marketing is often the most direct line to the customer and their concerns. As we discussed, these cross-function routine engagements are critical to product stewardship success because they are the pipeline where we're funneling these concerns, and these questions, and these expectations from the customer into the product steward's hands.

How have we considered a tool to gather and evaluate these customer concerns? Of course, this is more than a simple complaint program. Complaint programs may focus on damaged packaging, or late shipments, or perhaps a price discrepancy. But beyond a simple complaint program, what is the activity that seeks to gather data? How could the product perform better? What other concerns may the customer have? Gathering these questions and working internally in teams is one way of generating and fulfilling these customer expectations and setting business goals. Working within those teams, and then following that up with adequate resources and tools to be able to not only gather that information but have a pathway to fulfill those expectations is incredibly important.

LLB: All of that makes extraordinarily good sense. I'm struggling a little bit with seeing it operate in practice. Is the product stewardship component kind of diffused throughout all of the different offices of the organization, for example? Sales and marketing is typically, in my many years of practice, has always been an exceedingly important function for a company, because it's the sales and marketing team that is the outward-facing entity, the group that communicates most directly with customers. So do you suggest having a product stewardship embedded in that team, or training the sales and marketing team, through the product stewardship functionality, to ensure that all of the points that you just alluded to, Catherine, are checked? Or are there multiple ways of achieving this?

CMC: Of course there are multiple ways of achieving this. I mentioned sales and marketing because they are really the most direct line to the customer. But as product stewards look at the existing product and the market within the supply chain, how can we provide the most efficient service? This involvement is more than just a single point of contact within the organization. We need to be involved and engaged at multiple points. We would like to be involved in any new product development to look at strategy and sustainability. We would like to be involved in supply chain processes, to understand challenges, to understand countries where a product needs to enter or exit, and to understand if a critical material comes from a single source or multiple sources.

We support manufacturing and changes in the manufacturing process to ensure that they don't have any effect on our current regulatory obligations. As we mentioned, we interface with R&D to look at changes or new products. We, of course, would interact with sales and marketing as the direct line to the customer, but we also may be involved in supply and demand and planning, and also interacting with regulatory agencies. Our voice as a manufacturer can be incredibly important, and when regulations are proposed, keeping an eye on those regulations and letting regulators know the true business impact may be overlooked, but it can have an effect on the regulatory decisions. Opportunities to provide comments and provide data to regulatory agencies are all examples of product stewardship engagement where we can bring light to these challenges and perhaps provide opportunities to our businesses.

LLB: I know one of the services that you perform here at the firm and at Acta is to kind of eyeball current product stewardship organizational structures to see if there might be ways of improving that functionality and how it's structured within a particular corporate enterprise, whether it's a big company, like the one that you came from, or even start-ups, to make sure that they're doing it right from the get-go, right?

CMC: Sure. Because these sorts of interactions allow for access to specific resources. Those resources can be people, they can be consultants, they can be IT [information technology] tools, they can be data providers. But these specific resources are needed to support common goals, whether they're in a small or a large organization, because these considerations covering a product or a process life cycle are what allows us to continue to evolve as a product stewardship team and remain our most effective team.

LLB: Let's talk about my favorite topic, legal obligations. We here at B&C have been preaching the gospel of product stewardship for well over two decades, and that was one of the reasons why I became so actively engaged in PSS. I believe in product stewardship, not just because it's the right thing to do, which of course is a goal in and of itself, but if you want to avoid breaking the law and just get ahead of the game and just do things in a way that are sensible and legally compliant, a solid product stewardship component in an organization is a really good way of getting there. What are your thoughts in that regard, Catherine? You have more hands-on experience than I do in terms of deploying product stewardship skills in a way that makes people like me irrelevant for companies, at least when it comes to compliance obligations, right?

CMC: We always like to think that we're well aware of all of our legal obligations, but as today's regulations change and as regulations become more group-specific rather than chemical substance-specific as it was in the past, these challenges are incredibly difficult. We need to continue to stay abreast of regulations, but our interaction and our oversight of this compliance extends beyond what we would consider to be traditional checks just for inventory listing and classification and labeling.

As I mentioned, we see this with the [per- and polyfluoroalkyl substance] (PFAS) legislation and with other things as well, where these regulations now can cover tens of thousands of chemical substances. How do we ensure that those legal obligations are being met and how we as product stewards are involved? As you mentioned, we can be great technical experts, and we can know legal obligations; we can have the best oversight of this, but involvement is more than just approval of purchasing. I think where we see pitfalls and some perhaps challenges with legal obligations is where the product stewardship team is not as involved in the planning prior to having something enter a market.

We always look at avoidance of fines, or demurrage, or quarantine time in transit and a path to entry in multiple markets as part of compliance, but have we also maybe considered the unexpected? Even the best plan sometimes has something go wrong or something that's overlooked, so being resilient and having emergency plans are also part of our legal obligations. The changing legal environment with regulations means that we have to take care to diminish any brand damage and associated reputational injury, which could result in lost customers. In those cases of the unexpected, that's where the services of an attorney like you, Lynn, and our firm become important, because we can help to diminish that brand damage and reputational injury and perhaps help clients plan for the unexpected and have a path to compliance internally with those legal obligations.

LLB: Great answer. I agree with you completely. You began your response to the last question, Catherine, with how complex the world is today, because you have regulatory compliance, which of course is *de rigueur*, right? You *have* to comply with the law. The consequences of not complying now are immeasurably more challenging than they were in years past, in large part because of brand damage, and falling stock values, and the implications of a serious instance of noncompliance, not just measured by diminished business and fines, but also by -- once you have a diminished brand -- recovering from that takes a long time, to regain the customers and your loyal followers' trust and confidence.

Given the complexity of the market, how integrated the world is today, how if something happens in the European Union, invariably we know about it instantly, and there's a repercussion here. What do you see as a really good way of trying to just manage the trends toward restrictions in chemicals? There are so many sources of information, there are so many developments coming out with regard to emerging contaminants. How do you go about just managing information and sharing it with the members of your team in product stewardship organizations?

CMC: Yes, this is a really, really difficult area to just have a simple answer. As product stewards, we routinely conduct searches and try to remain current on legislative proposals and changes, but our searches are only as good as our data. I think everything that we've mentioned previously, Lynn, about being integrated into the organization, understanding when something changes, being tied into the supply chain and the manufacturing organizations, our overview of regulations, and our tools are only as good as our data. So having access and having current information on the chemical substances that are within each particular company's portfolio is really the crucial building block that we're building this house of compliance on. If those data and those bricks are not strong, then our house of compliance is in jeopardy. An overview of existing and pending regulations is a powerful tool to enhance marketability and remain forward-thinking for business strategy. Assuming that we have those great building blocks and we do have those basic data on the materials and substances that we use for our business, we need to have trusted sources of relevant information.

Unfortunately, today in the news media, and in other areas where the public and our customers have access, we may see that advertising and data may not be scientifically based. As a product steward, a redirection to trusted sources of peer-reviewed and valid scientific data is really incredibly important and a way to ensure that disinformation is not distributed. Effectively and in a safe environment, without being in any way -- adversely affecting the business -- we can also benchmark against other organizations.

As you mentioned, Lynn, PSS is a great source for professionals. They do have a number of tools, and meet-ups and all sorts of things where professionals, without disclosing confidential information for a company, can benchmark against each other and maybe spitball a solution or come up with some consensus thinking for these sorts of situations, especially for trends and restrictions.

Forecasting, knowing about expected commercial challenges and regulatory impediments before they become enforceable obligations, is another area where we discussed being involved. If we know that one of our chemical substances or one of our materials is the subject of an upcoming enforcement activity, becoming aware of that, and providing comments to regulatory bodies, and providing a market analysis may help frame and soften the impact of that obligation.

Finally, being able to manage information most efficiently, as we mentioned, by knowing the supply chain and also knowing any reasonable replacements that may be available. Oftentimes a chemical may be restricted, but working with our internal teams, either in technical service or R&D or manufacturing, perhaps there's not a same replacement, but maybe there's a reasonable replacement that may be available. Helping the business to implement such replacements results in not losing a business entirely, but perhaps pivoting, and reevaluating, and repositioning within a business with a replacement that is not restricted may be a path forward for some businesses.

LLB: Yes. Those are great suggestions, Catherine, and I wanted to drill down on one of them with regard to monitoring the commercial supply chain trends, which is, I think, easier said than done. You touched upon this in the webinar that we put on August 1: Product Stewardship Practices for Effective Supply Chain Interaction. It was a terrific webinar. You, and Michael Ford, and Lee Bowers did just an excellent job of providing some really hands-on information in managing supply chain interactions in a way to achieve product stewardship excellence, and avoiding some of the concerns that we've been talking about here.

I'm going to urge all of our listeners to look at our website, and that was posted recently, the video, the content, the [question and answer] (Q&A), and the supplemental materials that went along with that very, very excellent webinar. But circling back to my question, monitoring the supply chain trends, how do you do that? There's just a lot of real estate to cover. Do you have any thoughts in that regard?

CMC: It is incredibly challenging, and I would direct our listeners to that webinar because our speakers who joined us looked at considerations in business today and provided some advice for how these sorts of things are handled in actual business workings and in the current environment. This takes into consideration current and future allowances, restrictions, reporting, and recordkeeping. These considerations, of course, can be chemical substance-specific; they could be customer- or country-specific, or they could be all three. Our speakers provided examples of product stewardship involvement to increase that resilience, to look at how product stewardship professionals predict risk, can be frequent and trusted communicators, and how we can provide specific expertise to minimize exposure to non-compliant processes by our knowledge of open, restricted, and banned trade markets.

LLB: Excellent. You have provided a wealth of information, Catherine. You're so good at what you do. We have much more information on our website on product stewardship. I would urge all of our listeners to engage with PSS, an organization that we have a lot of faith in. Catherine, thank you so much for sharing your insights today. We really appreciate it.

CMC: Thank you, Lynn. I appreciate being here, and I look forward to continuing to provide comments and answer questions for any of our clients.

LLB: Great. Thank you so much, Catherine.

CMC: Thank you, Lynn. Bye-bye.

LLB: Thanks again to Dr. Croke for speaking with me today about sharing her insights in leveraging product stewardship to achieve competitive advantage.

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