Increased Regulatory Scrutiny in Consumer Products

Four reasons why industry leaders aren't losing sleep

Over the last several years, consumer product safety crises - from peanut butter to spinach to toys - and their subsequent large-scale recalls have damaged public opinion. Heavily scrutinized and publicized in the media, these events have not only hurt consumer trust in household brands but have affected all consumer goods companies by ricochet. Incidentally, these major recalls have also created momentum for governments to act, catalyzing and accelerating regulatory scrutiny of industries across the globe.

However, best-in-class consumer goods companies are not losing sleep over the likely increase of regulations promised by governments and called for by non-governmental organizations and consumer associations alike. Here are four best practices.

Don’t Let Changing Winds Guide Strategy

Consumer goods industry leaders follow an informed vision. Regulations may be going in one direction today and in another direction a couple of years from now, so it doesn’t make sense to base a long-term strategy on upcoming regulations. Companies need to make million-dollar bets on strategies that fit their vision while allowing some flexibility. Adaptation, rather than reaction, is the most efficient method to handle changes to the business environment. Companies that react to their environment aren’t typically those leading the pack; leaders follow a vision that always puts them one step ahead. This allows them to adapt to their environment, and sometimes even influence it.

Don’t Treat Product Quality, Safety and Compliance as Legal Matters

Regulations must not be approached as issues coming from the legal arena but as important components of the business environment with real implications to corporate and innovation strategies. Their impact is broad and cross-functional, often the consequence of a changing consumer/customer mindset. Best-in-class companies have understood that owning and effectively managing product data for their complete product portfolio – in market and in development – benefits not only their consumers and customers, but also themselves. By integrating product and manufacturing records, companies can reduce costs of procurement, compliance, quality, and product safety while significantly improving their innovation track record.

Look Back in History and Beyond the US

Sure, regulations may soon be changing in the US, but many governing bodies – including Japan, South Korea and the European Union – embarked on the path of tightening policies decades ago. This has not prevented best-in-class companies from gaining share and growing profits in these markets. The key to survival is to learn from the past in order to anticipate the future. The best companies have learned to integrate past learnings to better prepare themselves for more transparency and regulatory scrutiny.

Manage Regulations and Product Data with Product Lifecycle Management

Regulations reflect – fairly or not – the current trade environment; their objective is to protect the parties involved in a commercial transaction. By understanding how to create value for consumers and customers and placing them at the center of strategic decisions, consumer product companies can anticipate future regulations and therefore limit their impact on the business and maximize the value of investments. Integrated product lifecycle management (PLM) systems and processes enable companies to manage their existing and future product data and act efficiently to adapt to regulations. Smart investments such as these enable best-in-class companies to keep their house in order and prepare for future transformations of their environments.

Companies don’t win by waiting for the rules to change to define the game plan; they win with vision and excel at managing change.

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