

4 Hidden Benefits of Complying with Government Regulations in the Supply Chain

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Businesses sometimes see government regulations for manufacturing and inventory management as an obstacle to success. Organizations already have to juggle consumer demands, asset management, supply prices and many other critical enterprise factors. Additional government rules may seem more like limits than guidelines.

There are advantages offered by following government regulations outside of the obvious ability to keep doing business, however. If companies can practice compliance through efficient procedures they may obtain these four benefits:

1. Prevents Altruism from Being Non-Competitive

Government regulations often promise consumers safety. Critics of oversight argue that if a company sells spoiled food products or dangerous electronics it will receive punishment through litigation and loss of consumers, so the market will regulate itself. Outside of the moral implications of waiting until consumers are harmed to

make changes, government involvement also ensures industries adhere to safety regulations designed to benefit the general public.

Strategy+Business explained government regulations are necessary for the public good because they prevent socially conscious companies from losing out to businesses that cut corners. A manufacturer's customers may not care how much pollution operations create during production - although recent trends indicate they do - but the area would eventually suffer if eco-friendly practices aren't enforced in a timely manner.

2. Builds Consumer Trust

Customers want to trust the companies they do business with to provide them with safe products and dependable service. Compliance with government regulations allows an organization to market its quality using certified standards.

Government approved practices also help a business should the public trust ever turn against an organization. The New York Times shared the story of online fantasy football companies accused of misdeeds similar to insider trading. The organizations were forced to defend their practices, but the lack of specific government oversight for the particular industry makes it difficult to prove any wrongdoings took place.

When a company comes under litigation, it can usually depend on a history of government compliance to defend its practices. Unregulated is synonymous with unreliable in the minds of many consumer groups.

3. Provides Businesses with Data

Regulations are not created arbitrarily. Government officials carefully analyze the needs of industries and consumers before passing new laws. The research and debates that go into the legislation formulation is available to businesses. It's another valuable form of data companies can integrate with their own system.

Demand Media said one of the primary functions of the U.S. Environmental Protection Agency is as an information resource. Greener operations usually translate to less waste and better allocation of resources. The EPA can provide a business with industry standards on how to cut down on inefficiency in its daily manufacturing, distribution and warehouse management procedures.

4. Encourages Careful Oversight

As far as consumers are concerned, the more sets of eyes on product creation, the better. If each piece of merchandise has to meet a variety of standards, then it stands a better chance of being of optimal quality when it hits the market.

This is not just good news for customers, it also benefits companies. The RFgen white paper "The Food Traceability Survival Guide" detailed how the cost of recalls usually last longer than most businesses project. Not only is the organization responsible for the price of removing tainted or dangerous products from the supply chain, it also suffers from a blemish to its reputation that is hard to overcome.

Planning operations with the price of regulations in mind early on is often much easier to handle than a crippling blow to operations later. Businesses just need a solution that makes reporting and compliance cost-efficient. Practicing automated data collection procedures on shop floors, inventory warehouses and shipping docks gives managers complete visibility they can use to satisfy oversight agencies and gain complete insight into their own operations.