

Chem One, Ltd.

Innovators in Chemical Distribution

BY MICHAEL LANG, DIRECTOR, RESPONSIBLE DISTRIBUTION PROCESSSM

In late July, I had the opportunity to observe my first Responsible Distribution ProcessSM (RDP) Verification (RDPV) at Chem One, Ltd. in Houston. This visit afforded me a wonderful opportunity to learn several aspects of the chemical distribution process from a company that has been an NACD member since 1995.

Chem One was founded in 1993 by Clare Welker (Chairman of the Responsible Distribution ProcessSM Committee for 2000-2002 and recipient of the 2003 Distributor of the Year Award), wife Abby, and Jerry and Rowena Mohn, as a chemical forwarder of a variety of dry chemical compounds used in almost every industry as raw materials to produce other compound or finished products. Chem One imports these products in large volumes from various countries, stocks them in their own 78,000+ square foot facility, and sells them to chemical distributors, compounders, and agricultural dealers.

Chem One's Chief Executive Officer & President Terry Podlogar, Controller & Operations Officer Melanie Koch, and Operations Manager Charlie Ross, met with Chuck McHugh, RDPV Administrator; myself; and David Lemoine and Michael Loolara from RDP third-party verification company Compliance Solutions Group (CSG). During the early morning meeting, Podlogar stated that he takes pride in Chem One's commitment to regulatory compliance and that the effort is evident throughout the organization. Koch added, "We're very proud of what we do here. Adherence to regulations, safety, and responsibility are a part of everything that we do, so ask any questions."

Koch continued that Chem One combined the ISO philosophy and the guiding principles of RDP along with its own policies to create a comprehensive management system. She noted that Chem One completed their first paperless ISO surveillance audit in May with zero non-conformances and no observations.

Loolara and Lemoine explained the steps involved for the verification process as follows:

- 1) After the morning meeting, the verifiers would walk through the Chem One facility to observe the operations, and conduct informal interviews with personnel and watch their actions at work.

However, if anything during the day was amiss, Loolara and Lemoine indicated that they would inform Chem One at the conclusion of the full-day verification. CSG would populate the report back at their office.

- 2) CSG would have up to 21 days after the end of this verification cycle quarter to file the report.
- 3) If any corrective actions were noted, they would be added to the report and Chem One would have 90 days to provide supporting information or documentation to address those corrective actions.
- 4) Once the report is issued, and if the company received a "pass," a certificate would be awarded to the company.

Loolara clarified what would constitute a "failed" verification. "If the company has not formally adopted the procedures of RDP, that demonstrates the lack of commitment from management." Lack of implementation of these procedures would mean that re-verification would be needed within a year's time. Loolara summarized by saying, "We're here for continuous improvement."

Podlogar commented on the success of Chem One and explained its growth in many key areas over the past five years, making it the \$35 million dollar company it is now. "Over the past five years we have implemented systems that have increased productivity, assisted in regulatory compliance, and aided both warehouse and administrative efficiencies. In addition, we expanded the warehouse by 25,000 square feet which gave us the ability to increase capacity and, at the same time, streamline our processes." In 2004, Koch sat down with employees to observe their various workday activities. This assisted in the design and development of a customized software program that allows the monitoring, tracking, and reporting of all company activities from accounting, inventory, and quality management to customer contact. "All of this is instrumental in conducting our everyday business all the way through to achieving our business plan goals," said Podlogar. The success is evident. The number of employees during this growth period has remained about the same at 22 people.

Darryl Frederick was interviewed during the RDPV on safety and security practices at Chem One

Chem One specializes in the importation and distribution of chemicals, and are committed to regulatory compliance and extensive product/supplier qualification processes and partnerships. "We quarantine the bags, inspect them, and repackage if needed. In short, we 'correct the bags' before they are released," Podlogar said. "We buy only dry goods and we maintain a clean, safe facility. If there is a spill, we clean it up immediately using chemical specific equipment to minimize contamination." Their commitment to a clean and safe facility is indicated by the wall of colored dust pans with the names of chemicals written on them. In case of a spill, the Chem One employee will sweep the spill into the appropriately named dust pan. This attention to detail eliminates the chance of possible reactions with incompatible chemicals.

Augmenting its own monitoring processes for regulatory changes, Chem One finds the regulatory information contained in the NACD News Briefs extremely helpful in keeping compliant. The RDP verification is also important since it helps them stay informed and at their best. Some of this information is contained in Chem One's monthly newsletter for customers and employees, which includes company, regulatory, and safety updates. All employees are engaged in Chem One's operations with access to the company's Intranet site.

A constant beeping of horns and flashing lights of the Chem One's three forklifts greeted us in the warehouse. Amidst the warehouse's busy activity, Loolara walked over and interviewed Darryl Frederick,



who was driving a forklift. Loolara asked Frederick about several cases of safety and security, and Frederick, who is trained in CPR and first aid, explained about spills, respiratory training, PPE, and more. Podlogar spoke highly of Frederick afterwards, explaining that he has been employed with Chem One since the age of 18 and has taken great pride in his work for the past 8 years.

Charlie Ross later added to the safety discussion the topic of near-misses, which are precursors to incidents of physical damage or personal injury. An example would be a forklift operator almost hitting another forklift. Ross said that at safety meetings, near-misses are discussed, not as punishment but as a tool for educational purposes.

Chem One's emergency plans include a comprehensive contingency plan that was a business initiative stemming from the 2005 hurricane season that devastated the Gulf Coast. It has been a long-term project that started with a risk assessment analysis and a continuation software purchase. The now comprehensive working document includes flood, fire, natural disasters, and flu epidemic planning. Chem One's emergency plans include unannounced fire, weather, and security drills.

Our hosts at Chem One treated us with Texas-sized hospitality. My indoctrination into the RDP verification of an NACD chemical distributor was a rewarding experience and will serve as a great foundation for building on my industry knowledge. ☞

◀ Chem One's Controller & Operations Officer Melanie Koch and Chief Executive Officer & President Terry Podlogar

