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HAZARDOUS WASTE IS EVERY MANAGER'S PROBLEM

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Most executives have read about the Federal Superfund law but few worry about it. There is a general perception in the business community that hazardous waste is a major problem for the chemical and oil industries but has little relevance to most businesses. Nothing could be further from the truth. The problem of disposal of hazardous wastes will face the American economy with onerous costs and difficult decisions for the balance of this decade and beyond. Whether a company is "high tech" or financial, conglomerate or the local dry cleaning store, the impact of the federal Superfund law and its progeny of state imitations cannot be ignored without peril.

A few examples will highlight the far-reaching applicability of laws controlling the disposition and removal of hazardous wastes:

A major savings bank grants a mortgage loan to a developer to build a shopping center. The center is built and operates successfully until one day the owner receives a notice from the state that the center has been built on land on which buried leaky oil tanks are polluting a nearby water source. The owner is ordered to clean up the waste pursuant to the provisions of a state Superfund law. Since the cash flow from the center is insufficient to provide funds to comply with the state order and to pay interest and principal on the mortgage, the developer defaults. A good loan has suddenly become a bad loan.

In 1984, the Ajax Company buys all of the capital stock of the General Company. General is a profitable company with a clean balance

sheet and is not engaged in any business in which hazardous wastes could pose a problem. A few years after the acquisition has been consummated -- during which Ajax continues to carry on the business of General -- a suit is brought by the state against General claiming damages in the millions of dollars for cleanup of wastes allegedly dumped by a former subsidiary of General many years earlier. When the state finds that General has been acquired by Ajax, it sues Ajax. On facts somewhat similar to the above example, the Supreme Court of New Jersey recently held that it was proper to hold a successor corporation liable.

In Kansas City, the federal government is seeking to clean up a five acre dump that was improperly operated and allowed toxic wastes to leach into the areas's groundwater and then into the Missouri River. The Government originally sued the company that operated the site but when it became apparent that the operator could not pay the cleanup costs it sued four companies that had allegedly deposited waste at the dump: Armco, Inc., FMC Corp., Western Electric Co. and IBM. Under the terms of the federal Superfund law, any one of these companies could be required to pay the full costs of the cleanup, even though about 300 companies used the dump. Liability under the Superfund law is "joint and several". Companies with "deep pockets" are likely to be a continuing target of both federal and state government cleanup suits, even though their output of hazardous waste is minimal.

The greatest impact of hazardous waste legislation will obviously fall on companies which are generators of hazardous wastes. However, even these companies have not fully recognized how such laws will

affect such diverse elements of company policy as internal accounting, compensation plans, new product development, and acquisitions. This article explores some of the widespread ramifications which the problem of hazardous waste disposal will have, in the years ahead, on waste generators and so-called "clean" companies.

The Extent of the Problem

About 255 to 275 million metric tons of hazardous waste under Federal and State regulation are generated each year in the United States -- about one ton per capita. Land disposal has been used for as much as 80 percent of regulated hazardous waste. Because the United States has had an abundance of vacant land, American business has relied on land disposal to a much greater extent than companies in other industrialized nations. In Europe, about 50 percent of waste is burned compared to only 15 percent in the United States.

Today, as national policy seeks to restrict use of land disposal for hazardous waste and available disposal sites become increasingly scarce, American business faces a two-fold crisis. First, the country is going to have to decide how to safely dispose of newly generated waste so as not to endanger future generations. Efforts to reduce the amount of waste generated will necessitate new capital equipment, changes in product formulations and methods of production. All of this entails unknown but substantial costs for large segments of American industry. The second aspect of the problem, with which this article is primarily concerned, relates to the cost of cleaning up the waste which

we have accumulated in the past and which now threatens to contaminate our underground water supply. The EPA has estimated that there are probably 30,000-50,000 improper waste dumps in the nation, many of which may be leaking into wells and aquifers.

The problem is that no one knows how serious the problem is, how to rectify it, or how much it will cost. Estimates of the aggregate cleanup cost change from day today. The Office of Technology Assessment has estimated that it might cost $100 billion to clean up about 10,000 disposal sites which OTA believes require cleanup on a priority basis to protect public health. Some dumps are as much as 100 years old. No one knows where all the dumps are, what is in them, or what reactions may have occurred over time among otherwise harmless substances.

The primary generators of hazardous waste are producers of primary metals, organic chemicals including pesticides and explosives, petroleum refining, electro-plating, textile dyeing and finishing, leather tanning and finishing, batteries, and inorganic chemicals. High-tech industry -- once welcomed as a clean business -- is now recognized as a major polluter. As will be pointed out in the next section, generators of hazardous waste may face enormous contingent liabilities for cleanup costs under state and federal legislation, even though they disposed of their waste in accordance with all governmental regulations in effect at the time of disposal. But buried waste is so endemic in our economy that its presence and possible dangers impact the business and decisions of companies that have no relationship to waste generation.

The Legislative Background

A number of federal statutes impose restrictions on the disposal of hazardous waste: the Resource Conservation and Recovery Act (RCRA); the Comprehensive Environmental Response, Compensation and Liability Act(CERCLA); the Clean Water Act; and the Toxic Substance Control Act. The first two statutes are of immediate concern to the subject of this article.

Resource Conservation and Recovery Act of 1976

This Act provides a comprehensive program for the management and regulation of solid waste. No person covered by the Act may treat, store, or dispose of hazardous waste without a permit. The EPA has defined hazardous waste as any solid waste that has any of the following characteristics: ignitability, corrosivity, reactivity, E.P. toxicity, or is on EPA's list of hazardous wastes. As of August 5, 1985, the coverage of the Act was extended to small businesses. Even the local dry cleaning establishment must now keep records and obtain necessary permits as long as it falls within the threshold coverage of the Act -- generation of a minimum of 220 pounds of hazardous waste per month, the equivalent of about half of a 55 gallon drum. RCRA imposes hefty civil and criminal penalties for violations of the Act.

The 1984 amendments to RCRA made a number of changes in the Act. Perhaps most significant was a statement contained in the amendments enunciating a fundamental change in national policy toward waste disposal.When RCRA was passed in 1976, it was thought in principle to be safe to dispose of hazardous waste on land. The amendments indicate

that Congress now considers that certain classes of land disposal involve an unaccaptable risk to human health and environment and should be sharply restricted.

Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) -- The Superfund Act

This Act does not establish standards or permits to regulate. Instead, it gives EPA broad authority for achieving cleanup by persons deemed responsible under the Act. The Act, as originally passed, established a $1.6 billion fund ("Superfund") financed jointly by industry and the federal government. The EPA can take removal or remedial action and charge the cost to the Superfund or it can take requisite action and bring a cost recovery suit against responsible parties. EPA also has authority to issue orders requiring responsible parties to undertake necessary removal measures. At this writing Congress is debating the extension of the Act and it is likely that the clean-up fund will be substantially augmented.

Four categories of persons may be held liable for costs for removal and response costs under the Act: a) owners and operators of a facility from which a release or threat of release emanates; b) owners and operators of a facility when hazardous wastes were disposed of; c) any person who arranged for the disposal or treatment of hazardous substances or arranged with a transporter for transport or disposal or treatment of hazardous waste: d) a transporter of hazardous substances to the site at which the release occurred.

There is considerable ambiguity in the language of the act with respect to the manner in which it imposes liability, and it will be

some time before the courts clarify Congressional intent. However, as administered by the EPA the following three principles apply:

1) There is strict liability. An owner of land from which there is a release or threat of release of hazardous substances is liable even though he had nothing to do with disposal of waste on the site. A company which delivered waste to a reputable contractor for transport to a licensed landfill may be liable under CERCLA if the landfill leaks.

2) Liability is joint and several. This means that a company which was responsible for only a small portion of the quantity of waste placed in a landfill may be held liable for the cost of removing all of the waste.

3) The act is retroactive, apparently without limit. If a company can be proved to have disposed of hazardous waste in the past which creates a problem today, it can be held liable for its removal now as long as suit is brought against it within three years of discovery of the loss. It is this provision, more than any other, which casts a contingent liability on the balance sheets of much of American industry.

Like RCRA, this Act also provides civil and criminal penalties. The government can seek reimbursement for all costs of removal or remedial action and damages for injury to or loss of natural resources. Willful violation of an administrative order to clean up may result in penalties of $5000 per day. Punitive damages of three times the response costs may be levied where a person fails without sufficient cause to provide removal or remedial action when ordered.

State Legislation

The slow pace of cleanup by EPA under CERCLA has led some 33 states to pass their own laws permitting them to clean up unsafe dump sites and recover damages from parties responsible. Most of these Acts are similar to CERCLA, but some are more stringent. Like the federal laws, most state laws do not provide compensation for personal injuries suffered by individuals as a result of leakage from a hazardous waste site.

Proposed Federal Legislation with Respect to Toxic Torts

Under present federal and state laws it is difficult for a person who has allegedly sustained personal injuries as a result of a release of hazardous substances from a landfill to win a court case for damages. It is difficult to determine who is the defendant; proof of causation is complicated by the fact that cancer and other diseases can be caused by factors other than exposure to hazardous waste; and the long latency period of disease resulting from such exposure may result in claims being filed after the expiration of the applicable statute of limitations.

A number of bills relating to this problem have been introduced in the House and Senate, but enactment is unlikely at this time. While most Congressmen recognize that there is a need to provide some remedy for innocent persons who have been injured by releases from hazardous waste sites, they are constrained by the knowledge that an effective remedy might open the gates to a flood of claims which could dwarf the current asbestos litigation and lead to the possible bankruptcy of many major industrial corporations.

Strategic Implications of Hazardous Waste Regulations

Corporate long range strategic plans should consider the possibility that the hazardous waste problem will become more serious with each passing year. There will be more love Canals, more ghost towns like Times Beach, Missouri, new evidence of contamination of important water supplies, and increasingly stringent regulatory measures as public concern grows. The costs imposed by the regulatory process and the restriction of landfills will affect the price of consumer goods, the profits of major companies, the structure of particular industries, and the kinds of products available in the marketplace. Hazardous waste disposal laws may ultimately prove to be the most inflationary of all environmental regulatory acts. Companies which generate hazardous waste will have to absorb three classes of costs:

1) the costs of proper disposal or reduction of hazardous waste. Landfill remains the least expensive method of disposal; by contrast incineration is estimated to be about eight times more expensive on the average.However,landfill will become increasingly expensive because of the need to transport waste to distant sites.

2) remedial costs of removal and cleanup. Cleanup costs can be huge. The cleanup cost of the notorious landfill in Tyngsborough, Massachusetts, is estimated at about $1.6 billion.

3) transaction costs, including taxes to Superfund and various state funds, administrative controls, clerical, and other costs. Legal costs have escalated under CERCLA as companies that have been held primarily responsible seek contribution from others who have used the site. Total litigation costs are estimated to amount to one-third of direct clean-up costs.

The aggregate costs of complying with federal and state requirements are unknown, but the EPA has estimated that compliance with only one statute--the 1984 amendments to RCRA-- will cost regulated companies at least $10-20 billion per year. The inflation in costs resulting from this and other hazardous waste laws will raise costs not only for waste generators but also for companies which rely on these companies for constituents for their own products.

The burden of regulation will not fall evenly on all industries. Most disadvantaged will be older companies in the "smoke-stack" industries. Many of these mature industries are already facing severe competition from abroad. If U.S. regulations are more stringent than those abroad, the flow of imports will be further accelerated. But even if this does not occur, such industries may have difficulty obtaining the large amounts of capital required to change production methods; for hanging over all generators is the threat of unknown liabilities for cleanup arising out of incidents in the distant past. The older a company is, the more likely it is to be subject to such cleanup liabilities. Monsanto Chemical Co. has recently agreed to contribute part of the $13 million cleanup cost of a site in which it deposited industrial acids more than fifty years ago! Smaller companies in basic

industries may find it difficult to survive because of the financial burden of cleanup costs, the need to purchase new equipment, and the inability to obtain insurance or to effectively self-insure.

Companies which have relied on other companies for essential components of their products may find that hazardous waste regulations will dry up supplies. One company reported to the writer that it had relied in the past on a company that produced certain chemicals as by-products of its basic output and the supplier had now determined that the risks associated with its sale no longer warranted its marketing the by-product. Hazardous waste laws and the threat of litigation may deter the development of certain new products in much the same way that new product development has been impacted by product liability suits.

Accounting Problems

The problem of properly allocating current costs resulting from past disposal of hazardous waste promises to become of major concern in corporate internal accounting procedures. Almost every major industrial company -- whether it be high tech, smoke stack, oil company or chemical company -- has at some time in its past history unavoidably incurred a spill or an inadequate disposal (by today's standards) of a hazardous substance. These incidents--dating back as much as 50 years--are now surfacing to create a current charge to earnings. Where in the corporate hierarchy should such costs be charged?

Since this is a new and emerging problem, most companies have not given much thought to the proper handling of such costs and those that have exhibit no uniformity in procedure. Some companies have concluded

that it would be unfair to charge current managers with costs resulting from past corporate acts. They therefore have set up an overhead account to which such costs are allocated. This means that all divisions of a corporation would share in the burden though some may have nothing to do with hazardous waste. The rationalization for this mode of allocation is that requiring a division head to assume current costs arising from past incidents in his division's operations would constitute a blow to morale and erode the effectiveness of incentive pay plans.

There is also an opposing view. Some chief executives maintain that the charge must be made in toto to the division that produces the product in question. An economist might well agree with this conclusion. Charging the cleanup costs to the division in question will assure that prices for the product will be adjusted to be more in line with the true social costs of production.

The latter policy may be feasible where the cleanup costs are not too substantial relative to the revenues and profits of the division. However, it would pose a difficult problem where the effect of the allocation would be to turn a profitable division into a loser. The impact on morale and incentive may be too high a price to pay for concurrence with economic theory!

A second problem created by strict hazardous waste legislation relates to the cost of closing down a plant. What do you do with a plant that has been producing a toxic substance over a long period of years and has contaminated both the plant and the land around it? Some plants which have produced various kinds of pesticides, chemicals, and

the like may have to be decontaminated when they are shut down. Instead of salvage value, there may be huge costs associated with a shutdown. This is the situation facing the manufacturers of tetraethyl lead who are effectively being put out of business by EPA regulations. An executive in this industry stated that in some cases the contamination is so extensive that even the steel girders in the building can not be reused. Should companies which may face this kind of problem in the near future set up a reserve for shutdown and fund it through a charge to current operations? Although there is merit in such a suggestion, it is difficult for any one company to thus inflate its costs in a competitive industry. However, there is an interesting precedent in a regulated industry. Boston Edison has received permission from the Massachusetts Department of Public Utilities to make a small current charge to customers in order to fund the eventual cost of shutting down its Pilgrim Nuclear Facility.

A third accounting issue relates to the need to alert investors and creditors to contingent liabilities that may significantly affect the earnings and solvency of public companies. Suppose that state or federal legislation makes it easier to bring to the jury cases involving alleged personal injuries from hazardous waste disposal. Suppose further that hundreds of cases are now filed against a chemical company alleging personal injuries from contamination around a landfill. What are the company's obligations of disclosure of possible liability in its financial statements? The technical accounting answer is that there is no such obligation because until a judgment is obtained there is no proof that any liability will result. Yet our

experience with asbestos claims, the Dalkon Shield contraceptive device, DES, and many other cases should make it evident that such a standard may conceal from investors the true financial condition of a company. No company wants to admit liability for as yet unproved claims; nevertheless in an era of mushrooming litigation and claims in the billions, the Financial Accounting Standards Board as well as the SEC may have to reconsider existing accounting standards for public companies.

The Insurance Crisis

When a manager is faced by the prospect of large and unpredictable losses, his first reaction is to call his insurance agent. Unfortunately he is likely to get a decidedly negative response when he seeks to protect his company from pollution liability. Two types of coverage exist, although their availability is sharply restricted. Comprehensive General Liability: These contracts (GCL) normally apply only to sudden and accidental losses and therefore were not intended to apply to gradual and long duration contamination resulting from seepage from landfills and the like. Despite explicit language in such contracts limiting the contract to sudden incidents of pollution, courts have held insurers liable for nonsudden and gradual cases of pollution. A recent study by the insurance industry shows that the number of pollution claims filed against GCL contracts has grown 600 percent in the past three years. As a result, premiums for GCL coverage are skyrocketing in cost.

Environmental Impairment Liability Insurance: These contracts (EIL) are specifically designed to deal with nonsudden, continuous or gradual

contamination. From the conceptual point of view, the underwriting of such risks has met with insurmountable problems because of the nature of the federal Superfund Law -- unrestricted retroactivity and joint and several liability. It is not surprising therefore that from 1983 to 1985 the number of companies writing EIL insurance has dropped from 12 to one and the remaining company in effect offers insurance which amounts to a variation of a self-insurance plan.

The fact that the insurance industry is in fact shutting down on the pollution issue is an ominous indication of the magnitude of the problem facing American business. The advantage of insurance is that it provides an orderly method of dealing with unpredictable risks. Without it, there will be sudden and often huge liabilities imposed upon business and communities without adequate assets to deal with such loss. One such hazard exists in every community. The EPA has estimated that 75,000-100,000 gasoline tanks are leaking about 11 million gallons of gasoline annually, some of it into underground water sources. Despite this danger of contamination most independent gasoline stations in the United States cannot get pollution liability insurance. What happens if an over-age underground gasoline tank leaks and contaminates the water supply of a community? Will the town or city have to raise taxes to obtain the necessary funds to deal with such a catastrophe?

Acquisitions and Mergers

Because state and federal statutes impose retroactive liability, all companies which have at any time in the past disposed of hazardous wastes in landfills have a potential contingent liability which does not appear on their balance sheets. In the past, lawyers have usually

inserted language in any acquisition agreement to the effect that management of the selling company certifies that there are no pending suits and management is unaware of any suits likely to be brought. However, such language provides little protection against suits which can be brought 5 or 10 years after the acquisition.

If a company is interested in acquiring a firm which has been in a business which disposed of hazardous waste as part of its ongoing operations, it will be likely to attempt to structure the deal in such a way as to avoid such liability should it arise in the future. One possible approach which suggests itself is an asset purchase, rather than a stock acquisition, plus an agreement that the selling company will assume all liabilities, past, present, and future. However, this tactic may be no assurance of protection to the acquiring company against future liability, if the acquiring company continues the business of the selling company and the latter liquidates. There is already a precedent in product liability law which holds that a company which acquires a manufacturing business and continues the output of its line of products assumes strict tort liability for defects in units of the same product line previously manufactured and distributed by the selling company. A similar doctrine may evolve with respect to hazardous waste.Acquiring companies faced with this problem have in some cases required indemnity bonds, escrow of funds for a stated period, or a reduction in selling price, but no one of these devices is wholly adequate.

The problem becomes even more complex when the company to be acquired in a stock transaction is not itself engaged in any business

which would seem likely to create any risk of hazardous waste contamination. Can management of the acquiring company therefore proceed with confidence that there is no hidden contingent liability in the transaction? The answer is: no. The problem is that the selling company, or a former subsidiary long since liquidated (and likely forgotten), may have disposed of hazardous waste 20 years or more ago. As was pointed out at the beginning of this article, a successor corporation in a stock purchase or merger transaction may find itself saddled with liabilities arising out of activities of the selling company many years earlier.

The risk imposed by retroactive liability under hazardous waste laws means that it is no longer sufficient to examine a five-year series of balance sheets and operating statements for the target company. What is needed is a genealogy of its past! Buying companies in a world of hazardous waste legislation may become as complex as purchasing real estate with lawyers and "search" companies making a specialty of corporate histories with rigorous attention to possible hidden problems which may harbor the potential of liability under hazardous waste legislation or toxic tort suits.

The Cloud Over Real Estate

Soil and water contamination have an obvious relationship to real estate, but the implications of stringent governmental controls are just beginning to be recognized by developers, owners, and lending institutions.The EPA has repeatedly stated that in its cleanup efforts it will proceed first against landowners and facility operators.In a number of states, banks and other mortgage institutions will not grant

a mortgage on commercial property without careful professional examination of the site to determine whether there is evidence of contamination.

This concern stems from the scope of both federal and state statutes which impose an obligation to clean up a contaminated site on owners of land, whether or not they contributed to the problem. A bank must consider the eventuality that it might have to foreclose on the property and then would be faced by all the obligations of the landowner with respect to site cleanup. Any business or individual purchasing land today is faced with a similar problem. Buyers have always demanded a "good and clear record title". Now they are also requiring a "clean" title as well.

No landowner is immune from the threat of soil or underground water contamination. Recently the writer signed an agreement to sell a parcel of land which had formerly been occupied by a discount department store. An environmental examination revealed that over some period of time persons had been dumping their used motor oil down a sewer drain in the rear of the store. Some of this oil had flowed into the surrounding land and had to be cleaned up at a substantial cost. Incidents such as this bring home the recognition that some of the worst polluters are not chemical companies but respectable citizens who think nothing of dumping old paint cans, pesticides, and used oil in empty lots. A survey undertaken for the Massachusetts Department of Environmental Quality Engineering estimates that residents of that state dispose of about 8.7 million quarts of used motor oil each year. Only 43 percent of it comes back to reclamation centers and gasoline

stations while 57 percent ends up in landfills, sewers, or empty lots. In the not too distant future, stores selling motor oil may find that they cannot sell this product without providing facilities for return and reclamation of this product at considerable extra cost.

The Threat of Personal Liability to Officers and Directors

There is a growing body of law holding that under CERCLA both a corporation and its officers can be held liable for violations of the Act. In one recent case a developer set up a corporation of which he was the sole stockholder for the purpose of acquiring a parcel of land for condominium development. The land was polluted with hazardous waste. As was pointed out above, a person owning such a facility is liable for cleanup costs and the court in this case held personally liable the president and sole stockholder on the grounds that the term "person", as used in the Act, includes an individual as well as a corporation . In another case, a federal district court held personally liable the president and vice president of a corporation on the grounds they were owners and operators of a facility from which hazardous wastes were being released.

In this and in the former case, the corporate officers were also substantial stockholders. The cases suggest that where a corporation is found to be in violation of the Act and its officers and/or directors are substantial stockholders and actively involved in management, there is a substantial risk of personal liability under CERCLA. This poses a particular problem to small founder managed corporations in industries in which hazardous waste is generated.

Recommendations for Managers

The problems associated with disposal of hazardous wastes may well be the single most important problem facing managers in the next decade. One thing is certain: the problem will become increasingly serious because production of hazardous waste will probably continue at a rate greater than our ability to safely contain it. With every passing year, contamination of a major water supply becomes a realistic possibility. In view of these facts, managers need to sensitize their organizations to the potential liabilities posed by hazardous waste and to make sure that their companies are acting responsibly in dealing with the problem. The following checklist should be monitored by every manager whether or not the company presently produces or disposes of hazardous waste:

1) Know your company's history.

In an era in which acquisitions and divestitures have proliferated, few managers are familiar with what their company or its subsidiaries produced 20 years ago. Since the Federal Superfund Act and various state laws impose liability retroactively without limit, companies should make an effort to review their past history to determine whether or not they face the risk of contingent liability for cleanup or personal injuries from hazardous waste disposal in activities discontinued many years ago.

2) Give your information system environmental eyes.

Most management information systems have been market-oriented. In view of the magnitude of the hazardous waste problem, it is important that such systems also be environmentally oriented. The company information system should be so constituted that the manager can

recognize danger signals which may pose liability -- has an over-zealous shipping department employee found a cheaper way to dispose of hazardous waste? What the manager doesn't know can hurt him. Hazardous waste statutes impose criminal liability upon the corporation and employees if there is evidence that they knew or should have known that the applicable laws were being violated. Since many CEO's are unfamiliar with the potential hazards in their operations, the environmental affairs officer may play an increasingly important role in corporate planning and decision-making.

3) Incorporate environmental concerns in strategic planning

Hazardous waste legislation will affect the policies and profits of many companies whether or not they are waste generators. Banks, pension funds, insurance companies and real estate developers will have to exercise great caution in new investment decisions involving land acquisition and utilization. Consumer goods companies will have to take account of the fact that the growing shortage of landfill sites will have a major effect on packaging materials and the manner of sale and distribution of many consumer products. The rising cost of certain constituents may require significant changes in product formulations. Managers in all types of companies need to review marketing, production, distribution, and investment decisions to take account of this new environmental concern.

4) Develop contingency plans to deal with environmental disasters.

The Bhopal tragedy has taught industry the need to think about the unthinkable. Managers need to prepare for situations which may threaten the profitability and even the continued existence of the business. How

do you handle cleanup costs if they exceed the assets of a division? Do you have a public relations plan to deal with a situation in which key employees or executives are indicted for violation of hazardous waste laws? How adequate are your existing insurance programs with respect to various aspects of the hazardous waste problem? Are officers and directors covered by policies which provide reimbursement of costs incurred in suits brought against them personally by state or federal authorities for alleged violation of statutes dealing with hazardous waste disposal?

5) Adopt a long run view with respect to waste disposal methods.

Strict government regulation, community pressures, scarcity of landfill sites and the potential threat of law suits will ultimately foreclose landfill as a viable means of disposal. Companies need to move rapidly to develop recycling, incineration, and other means of disposal with the ultimate goal of zero dumping. Implementation of such a program will require development of a strong public relations program with communities in which plants are located because most communities do not want incineration even though it may be better than dumping from an environmental point of view. Innovative managers will also recognize that the end of the era of cheap landfills creates a unique opportunity for the development and profitable sale of new techniques, processes and products which meet this challenge.