

# Minimize Paper / Packaging Costs While Reducing Your Environmental Footprint!

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# Who is BDA?

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- Atlanta – based consulting firm with a focus on paper and packaging markets
- Help companies identify and implement successful growth initiatives
- Help packaging buyers optimize paper / packaging procurement programs
- Proven implementation process and approach

# **Presentation Overview – Key Points to Take Away**

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- 1. Thoroughly qualify your suppliers**
- 2. Understand industry trends and dynamics**
- 3. Know the key sustainability factors**
- 4. Develop performance –based supply agreements**
- 5. Monitor supplier progress**

# 1. Thoroughly Qualify Your Suppliers

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- 1. How cost competitive?**
- 2. How well are your needs aligned?**
- 3. Competitor options?**
- 4. How many suppliers do I need?**
- 5. What are your supplier's key technologies and competitive advantages?**
- 6. Is pricing process rational?**
- 7. How sustainable / efficient is their business?**

# Signs That Indicate A Supplier Change May be Necessary

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- 1. Competitors have superior paper / packaging solutions**
- 2. The supplier rarely recommends new materials, designs, or processes**
- 3. Limited progress on environmental / sustainability initiatives**
- 4. Your purchasing department is too involved managing the supply chain**

## **2. Understand Industry Trends and Dynamics**

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- 1. How is the supply chain changing?**
- 2. How are key technologies evolving?**
- 3. How are industry procurement practices and supply agreements changing?**
- 4. What is your supplier's cost structure and key cost drivers?**
- 5. How do supplier margins compare to the overall industry?**

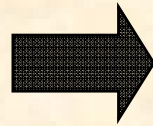
# Benefits of Staying on Top of Industry Issues and Developments

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- ❖ **Identifies cost reduction opportunities**
- ❖ **Identifies new technologies and environmental opportunities**
- ❖ **Facilitates a fast response to changing conditions**
- ❖ **Ensures a competitive supply agreement and terms**
- ❖ **Ensures you remain a strategic customer for your supplier.**

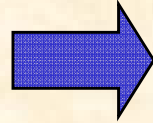
# 3. Know the Key Sustainability Factors for Paper / Packaging

1. **Fiber & energy management**



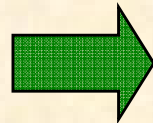
**Fiber sourcing and energy policies most critical elements**

2. **Over / under packaging**



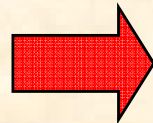
**Tremendous opportunities for waste reduction / lower costs!**

3. **Industry certifications**



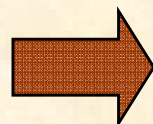
**Certifications (FSC, SFI, CF, recycled) are key indicators**

4. **Product life cycle and cradle to grave focus**



**New opportunities to reduce waste and increase efficiency**

5. **Waste - the true culprit!**



**Inefficient systems drive waste and high environmental costs**



# Examples ---- Sustainability Initiatives Within Industry



# How Do You Know if the Paper You Buy Reduces Your Footprint?

Certifications, scorecards, and observed performance provide the best indicators

## Eco Labels / Certifications

- Nordic Swan
- EU Flower
- Environmental Choice (Canada)
- Green Seal
- Green-e-label (energy)
- FSC (Forest Stewardship Council)
- SFI (Strategic Forestry Institute)
- Rainforest Alliance
- Chlorine Free
- ISO 14001:2004 EMS certification
- US EPA Comprehensive Procurement Guidelines
- Eco-Rating International

## Environmental Scorecards

- Wal\*mart Scorecard
- Paper Profile
- Environmental Profile (Terrachoice)
- Environmental Paper Assessment (EPAT.org)

# Things to Look For in Your Paper / Packaging Supplier

## Products

- Eco labels on products
- FSC or SFI certified
- No excessive packaging
- Adequate product protection (low waste)
- Product not over / under engineered
- Product evaluation system

## Processes

- Continuous improvement processes
- Efficient waste mgnt program
- Efficient billing / order management processes
- Good cost / process controls

## Operations

- Clean / organized plant
- Low waste levels
- Certified / quality - oriented suppliers
- Cradle to grave program
- Sound fiber / energy resource management

# Most Significant / Emerging Green Practices

- ❖ Alternative energy sources (wind, solar, waste wood)
- ❖ On – site co generation facilities
- ❖ Alternative fiber sources (sawdust, eucalyptus / acacia, non wood fibers such as rice, straw, bagasse, and kenaf)
- ❖ Advanced deinking / recycling processes
- ❖ Chlorine free pulping
- ❖ Cradle to grave / closed loop programs
- ❖ Lower air / wastewater discharge levels

# **4. Develop Performance – Based Supply Agreements**

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- 1. Incentives to eliminate waste**
- 2. Change focus to total system cost**
- 3. Develop metrics for sustainability and environmental impact**
- 4. Change behaviors through gain and loss sharing**

# Performance – Based Supply Agreements Critical for Success

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- ❖ **Lower packaging costs should lead to less environmental impact**
- ❖ **Focuses customers and suppliers on the most important issues**
- ❖ **Ensures continuous improvement**
- ❖ **Promotes innovation**
- ❖ **Appeals to the best suppliers**

# 5. Monitor Supplier Progress and Sustainability Performance

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1. Is my supplier's competitiveness improving?
2. What new initiatives have been implemented?
3. What is this supplier doing to improve sustainability and reduce waste?
4. Is paper / packaging a competitive advantage in my business?

# Regular Supplier Reviews Reduce Costs and Your Environmental Footprint

Our experience shows that a packaging optimization program typically generates system savings of 5-18% through improvements in:

- ❖ **Package appearance / graphics**
- ❖ **Performance specifications**
- ❖ **Product / case / pallet load dimensions**
- ❖ **Product / package design**
- ❖ **Packaging / support materials**
- ❖ **Packaging system design**
- ❖ **Shipping materials and product handling**
- ❖ **Improved distribution strategies**
- ❖ **Outsourcing & headcount reduction**



# Summary Thought

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“We are seeing the birth of a new perspective of the world.....

....where ecology and economics are two sides of the same coin”.

Leif Johansson, economist