

Minimize Paper / Packaging Costs While Reducing Your Environmental Footprint!

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Who is BDA?

- 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

- 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

- 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

- 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

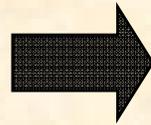
- 1. How is the supply chain changing?**
- 2. How are key technologies evolving?**
- 3. How are industry procurement practices and supply agreements changing?**
- 4. What is your supplier's cost structure and key cost drivers?**
- 5. How do supplier margins compare to the overall industry?**

Benefits of Staying on Top of Industry Issues and Developments

- ❖ **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.**

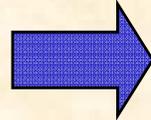
3. Know the Key Sustainability Factors for Paper / Packaging

1. **Fiber & energy management**



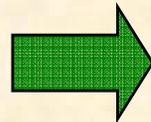
Fiber sourcing and energy policies most critical elements

2. **Over / under packaging**



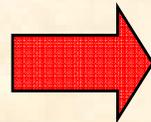
Tremendous opportunities for waste reduction / lower costs!

3. **Industry certifications**



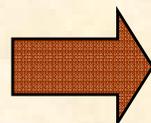
Certifications (FSC, SFI, CF, recycled) are key indicators

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

- 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

- ❖ **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

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

“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