

Drivers, benefits and strategies



The Business Case for Packaging Sustainability

Introduction

The Australian Packaging Covenant (APC) promotes packaging sustainability by encouraging signatories to consider the environmental and social impacts of packaging during their design and procurement processes. The APC also contributes to increasing recycling rates for post-consumer packaging through grants for collection infrastructure, reprocessing, market development, and education. Signatories have committed, through their action plans, to take steps to increase recycling of packaging generated through their operations.

Packaging projects can often achieve positive sustainability outcomes while delivering financial and other benefits to the business involved. This APC-funded project explored the business case for packaging sustainability by examining successful projects in eleven signatory companies.

These companies varied in size, product type, and experience with packaging sustainability. Despite these differences, seven common 'strategies for success' were identified in their approaches. Each strategy was used in a number of businesses to engage with internal and external stakeholders and to build support for a project.

The strategies for success provide practical guidance to other businesses that want to create business value through improving the sustainability of their packaging.

The project findings are presented in four parts:

1. Business drivers
2. Business benefits
3. Strategies for success
4. Case studies.

Table 1: Project case studies

Company	Project/s
Bristol-Myers Squibb	Reusable cold chain packaging and packaging medical samples
Bundaberg Brewed Drinks	Lightweight glass bottles and new retail-ready cartons
D&D Technologies	Transitioning from clamshell to pouch-style packaging
Kathmandu	Design of thermal wear packaging, an improved shoebox, and removing swing tags on water bottles
Kellogg Australia	An industry-wide stewardship solution for post-consumer plastics
Kimberly-Clark Australia	Lightweighting packaging for Kleenex Cottonelle branded products
Metcash	Improving packaging review processes and recycling rates across the business
Nestlé Australia	Designing efficient and accessible packaging for Maggi Stir Fry Creations
Nutrimetics	Redesign of plastic jars for skincare products to improve efficiency and recyclability
OfficeMax	Improving internal recycling rates
Super Retail Group	Packaging optimisation and improving recycling in stores



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Business Drivers

Environmental sustainability is often not the primary reason to initiate a packaging or waste management project. However, these case studies demonstrate the benefits of considering environmental and social sustainability during the design and implementation of a packaging or waste management project. The projects were initiated for a range of reasons, as summarised in **Figure 1**. Observed business drivers included:

- Imperatives to reduce packaging costs;
- New customer requirements or consumer expectations;
- Staff suggestions and proposals;
- Corporate sustainability policies, targets, and commitments; and
- Australian Packaging Covenant (APC) commitments.

It was found that:

- One or more of these drivers led to the initiation packaging sustainability project;
- The primary driver(s) varied for different organisations. Reinforcing the need to identify and establish these before any project;
- In many cases addressing a primary driver also led to unexpected benefits as the outcomes led to other business benefits; and
- In many cases the Sustainable Packaging Guidelines (SPG) provided a framework that helped to enhance project outcomes.

Figure 1: Drivers to improve packaging sustainability



Business benefits

Irrespective of the main drivers for a project, improvements in packaging design typically delivered multiple benefits, some of which were unforeseen or surprising (Error! Reference source not found.2).

These benefits helped to motivate and engage stakeholders within businesses, and across the value chain, at different stages of the process. Even relatively simple improvements were demonstrated to have a big impact, particularly where the outcomes were measured and communicated widely across the business.



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Table 2: Summary of business benefits (achieved or anticipated) for the case studies

	Bristol-Myers Squibb	Bundaberg Brewed Drinks	D&D Technologies	OfficeMax	Metcash	Kellogg	Kathmandu	Kimberley-Clark Australia	Nestlé	Nutrimeics	Super Retail Group	
Business benefits (achieved or anticipated) for the case studies	Reduce direct packaging costs	★	★	★	★	★		★	★		★	★
	Improve productivity on the packing line			★				★	★			
	Reduce inventory costs			★								
	Reduce waste management costs				★	★		★				
	Meet customer (retail) requirements	★	★	★					★			
	Meet consumer expectations	★		★			★	★		★	★	
	New market or increase in sales		★					★		★		
	Reduce product damage and waste		★									★
	Reduce transport costs	★							★			★
	Improve relationships with supply chain				★			★				★
	Market recognition or awards	★	★		★	★		★	★	★		
	Deliver on corporate sustainability targets				★		★		★			
	Deliver on APC commitments	★	★	★	★	★	★	★	★	★	★	★



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Strategies for success

While the types of projects, the business drivers, and the characteristics of the businesses involved in these case studies varied, there are a number of common strategies that packaging sustainability practitioners have applied to initiate, progress and deliver packaging projects (Figure 1).

Figure 1: Seven strategies for a successful project



These 'strategies for success' are described below with reference to the case studies that best illustrate them.

1. Involve staff from across the business

Projects that involve staff from across the business can create a positive 'ripple effect' for a project. In addition, staff with different perspectives can identify new opportunities, and help to ensure that a project delivers multiple business benefits.

If packaging environmental impact initiatives are examined in isolation, then implementation may be difficult and the full range of benefits are unlikely to be recognized or achieved. In each of the case study projects, there was an emphasis on working across business divisions and avoiding 'silos' to engage staff from across the business. Staff who were involved included sales and marketing representatives, operational teams, environment / sustainability managers, procurement teams, and retail service staff in those business with a retail presence.

Practitioners highlighted the importance of involving a broad range of staff right from the start of a project, starting with developing and scoping new ideas, right through project development, trials and reporting on outcomes.

The case study businesses used a variety of mechanisms to engage staff. Strategies that may be relevant to other practitioners include:

- Establish or re-establish a cross functional team:
 - OfficeMax reinvigorated their packaging sustainability team by bringing in staff from the supply chain, warehouse, pricing, product administration, bid writing, and merchandising departments.



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- Engage staff informally at the start of the process:
 - Kathmandu conducts informal meetings with personnel from different divisions at the start of all projects. These meetings are used to understand the potential impacts that a packaging redesign project might have on other business divisions as well as the potential benefits.
- Use data on customer perception to challenge staff to 'do things differently':
 - Nestlé conducts consumer research for any new product. Consumer feedback on over-packaging was used to challenge cross functional teams to work together to create new and innovative solutions.
- Communicate the benefits of the project in language that is meaningful to each stakeholder:
 - At Super Retail Group the Sustainability Manager promotes in-store recycling by explaining the financial benefit, that is, from fewer pick-ups for waste disposal and a rebate for recyclable materials. The cost savings are also presented as the number of equivalent sales.
- Leverage the efforts of business or sustainability 'champions':
 - Metcash uses sustainability champions to identify, progress, and promote internal recycling and reuse waste initiatives.

2. Build partnerships with external stakeholders

External stakeholders such as packaging suppliers, waste management companies, and customers can play a critical role in ensuring that solutions are effective and deliver business benefits to all of the parties involved. Constructive supply chain partnerships throughout the design and implementation of a project can encourage new ideas and successful deployment of solutions.

Practitioners in each of the case studies highlighted the importance of building productive and trusting relationships with stakeholders. Open and constructive communication is essential and encourages businesses to challenge each other in ways that lead to mutually beneficial solutions. The following strategies have been successful:

- Develop co-beneficial relationships with packaging suppliers
 - When Kathmandu sought FSC certification for packaging of its thermal underwear range, it worked in a collaborative way with a key supplier rather than changing to a supplier that had already achieved certification.
- Work closely with customers
 - Nutrimerics surveyed customers to better understand their perspectives on waste and recycling of their packaging. This consumer feedback helped them to 'sell' the business case for a packaging change to internal stakeholders.
- Involve waste management contractors in a continuous improvement process
 - At OfficeMax the waste contractor conducts audits, attends quarterly packaging sustainability team meetings, and provides data on progress towards recycling targets.
- Support industry-wide innovation
 - Kellogg and Kimberley-Clark Australia support the REDcycle recycling program for post-consumer flexible plastics.



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3. Use established business processes wherever possible

A project is more likely to succeed if it can be implemented through an existing business process. One of the benefits of this approach is that stakeholders are familiar with and have confidence in the process. The following strategies have been successful:

- Procurement strategies
 - Super Retail Group have integrated the APC's Sustainable Packaging Guidelines (SPG) into their Ethical Sourcing Policy (2009) and Sustainable Procurement Policy (2011). These apply to all team members, suppliers and contractors. All new products are now assessed against the SPG as part of the procurement process.
 - Bundaberg Brewed Drinks run an annual 'blue sky' innovation workshop with suppliers. An idea that was raised at this meeting initiated a bottle lightweighting project.
- Using an existing product development process
 - D&D Technologies used their product development process to review and improve packaging for their safety locks.
 - Kimberly-Clark Australia have an established packaging design process that they have been using for over a decade and used in their project.

4. Focus on multiple benefits

A focus on multiple benefits can inform the design of a project, leading to additional benefits; help to motivate internal staff and supply chain stakeholders to get involved; and inform the evaluation of projects, ensuring that all benefits are identified and promoted. This can help justify future investment in projects. A focus on multiple benefits was applied in the case study businesses in a number of practical ways:

- At the start of a project
 - At D&D a packaging review was initiated to find ways to reduce costs, but consultation with internal and external stakeholders identified additional opportunities for improvement. These reinforced the business case for a major redesign.
- Throughout the process
 - At Super Retail Group the Sustainability Manager promotes in-store recycling by explaining the financial benefits, that is, from fewer pick-ups for waste disposal and a rebate for recyclable materials. The cost savings are also linked to the number of equivalent sales.
- As the end of a project
 - Nestlé promoted the accessibility benefits of the new packaging for Maggi Stir Fry Creations. The pack won the Packaging Council of Australia's packaging award for accessibility, as well as the gold award for excellence in its category.

5. Find and report easy wins

Some projects provide 'easy wins' in that they provide a clear benefit with minimal associated risk. An early success on an achievable project can provide the evidence needed to justify investment in more ambitious and complex packaging redesign projects.



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Examples from the case studies included:

- Kathmandu prioritised packaging sustainability projects by identifying those that could produce early wins relatively easily, but which had a high impact, such as reducing swing tags on water bottles.
- Kellogg supported the REDcycle plastics recycling program because it provided a clear solution to a problem that Kellogg had not been able to solve on its own. The existing pilot project showed that the project would work and that costs would be shared across the industry.

6. Use other business developments to progress packaging sustainability

Practitioners have successfully implemented packaging sustainability projects by leveraging another business improvement process or structural change. These included:

- A greenfield site development
 - Improved systems for resource recovery were considered during the design of OfficeMax's new distribution centres.
- A product rebranding
 - When Kathmandu rebranded its products, this created an opportunity to improve packaging from both sustainability and marketing perspectives.
- Changes in business structure
 - When Metcash acquired the Mitre 10 wholesaling business, the sustainability manager set up a process in which the teams from Mitre 10 and Metcash shared their experiences, built staff awareness and ownership of packaging improvements, and helped to refine packaging review processes.

7. Recognise achievements

Practitioners noted that it is important to measure and report on successful outcomes. This has helped to justify future investment in packaging sustainability projects and motivate and create positive morale among involved staff.

In addition, recognising achievements through positive feedback or awards can provide internal or external stakeholders with the motivation to continue to build on the ways they do things. This supports a culture of innovation and continuous improvement.

- OfficeMax invited all of the team along to their recent APC award ceremony. This helped to acknowledge personal achievements, and was used to promote achievements internally.
- Super Retail has introduced a Trade Partner Recognition program. Their International Operations team identified an opportunity to better engage with trade partners and encourage continuous improvement by rewarding them based on their performance. One of the performance criteria is compliance with the APC, and trade partners with the highest scores are invited to attend their Awards ceremony in China, where they receive a recognition certificate from the CEO.

