Improving the Bottom Line with Sustainability

Presented to:

APICS | The Association for Operations Management
Advancing Productivity, Innovation, and Competitive Success

EcoStrategies

Commercial Waste Consultants
About Andrea Nocito

JOB: Ecostrategist for EcoStrategies, a sustainability planning and implementation service

SUBJECTS: I adore traveling, trying new foods, the History Channel (and Bravo, too!)

MUSTS: I’m passionate about serving as a resource to everyone I know, environmental and socially-focused decision-making is the ONLY way to thrive!


For a complete bio, visit www.ecostrategies.biz
About Sean Clark

Sean Clark, MBA, CPIM, is Director of Business Development for Commercial Waste Consultants (CWC). CWC helps businesses optimize their solid waste and recycling operations, substantially reducing costs while minimizing their environmental footprint.

Sean has over ten years of experience in operations and supply chain management, leading large teams and driving Lean change initiatives. He is also an instructor for APICS CPIM education and is on the Board of Directors for APICS South Central Texas as Vice President of Marketing.

For more information, visit commercialwasteconsultants.com
Agenda

• The Case for Sustainability
• Goal
• Strategies to reduce consumption within your company
  • Energy
  • Water
  • Waste
  • Purchasing and Distribution
• Q&A
The Case for Sustainability

“The energy saved from recycling aluminum in 1993 alone was enough to light a city the size of Pittsburgh for six years.”
Sustainability Defined

“Activities that provide present benefit without compromising the need of future generations.”

-APICS Dictionary
Sustainability as a Strategic Priority

- 96% of CEOs believe that sustainability issues should be fully integrated into the strategy and operations of a company (up from 72% in 2007).
- A significant performance gap between those CEOs who agree that sustainability should be embedded throughout their subsidiaries (91 percent) and supply chain (88 percent), and those who report their company is already doing so (59 percent and 54 percent, respectively).

Source: UN-Accenture 2010 CEO Study
Sustainability Isn’t Optional….

**Customer Demand:** many of your customers have corporate social responsibility (CSR) goals for their supply base; you must show measurable progress.

**Scarcity of Resources:** limited access to water and the filling of landfills will require better resource management.

**Government Mandate:** many municipalities are enacting legislation that requires waste diversion or energy usage reduction, and reporting on your progress.
“Green” Makes Financial Sense

- Utility costs account for up to 50% of total operating expenses for small manufacturers
- A study of 19,000 sites showed that waste expenses can be reduced 20-50%
- Up to 94% of materials are disposed prior to finished good production
What’s Our Goal?

Inputs:
- Concept
- Design
- Raw Material Extract
- Transport
- Manufacture
- Transport
- Consume
- Transport
- Disposal

Outputs:
- Product
- Waste
- Profit

Minimize “bad” inputs & outputs
Maximize “good” outputs

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Strategies for Reclaiming Profits Through Sustainability

“One ton of paper made completely from recycled scrap saves 7,000 gallons of water, 4,100 kilowatt-hours of energy, three cubic yards of landfill space, and 17 trees.”
Before You Begin...

Understand your baseline energy and water usage, and waste generation, to be able to measure progress.

- See the handout for suggested resources to help you with performing energy, water, and waste audits.
Before You Begin.... (continued)

- Create a green team
  - Inner Office:
    - Decision Makers
    - Financial Dept.
    - Line manager
    - At least 2 line workers
  - Outside
    - Vendor/Supplier
    - Customer
    - Sustainability Professional
Save Energy

- Conduct a lighting assessment
  - How many
  - What kinds

- Find opportunities for de-lamping and bulb replacement

- Conduct an equipment assessment
  - How many
  - What kinds
  - Are they energy efficient?

- Cycle time reduction (think Lean)

- Predictive/preventive maintenance

Success Stories
Food processing (South Texas)
Fabric manufacturer (North Texas)
Reduce Water Usage

- Collect rainwater for
  - Process water
  - Landscaping
- Recycled supplies
  - Air conditioning/ equipment condensate
  - Utility water cycled twice/three times before release

Success Stories
- Hotel (San Antonio)
- Packaging manufacturer (California)
Reduce Waste

- Composition/Utilization
  - In-Process
  - Post-Process
- Optimize Waste Processes
  - Divert/Re-Use
  - Re-Balance
  - Review Contract
- Use Six Sigma and TQM to reduce process material waste

Success Stories
- Goodwill Industries (Austin)
- Fresh from Texas (San Antonio)
- Coleman (New Braunfels)
Sustainable Purchasing

- Understand your organization’s readiness
- Assess your current contracts and review policies
- Ensure full control of your supply chain
- Build teams, get leadership support, and assign resources
- Work with suppliers to make the case
- Use lifecycle costing analysis
- Set targets and goals, and track/measure and report
- Train, educate, and celebrate
Case Study – NYC Housing Authority

- Supply Chain group led effort to implement sustainable purchasing plan, adopting a “no excuses” approach
- The results have been astounding
  - 231% increase in environmentally friendly products purchased
  - Over $4.4 million in annual cost reductions due to sustainable purchasing practices
  - Increased operational efficiency due to supplier pickup programs and cross-docking efforts
Only 11 trading links; a 54% reduction

SC Johnson Reduced:
- 1,882 tons CO2 emissions
- 2,098 trucks on the road
- 168,000 gallons of fuel
- $276,936 in fuel costs
Conclusion

“‘Tin’ cans (like those used for tuna and soup) are actually 99% steel. Americans throw away enough steel every year to build all the new cars made in America.”
Making the Business Case

• Speak the language
  • Identify business drivers and leverage

• Remember: “Cash is king.”
  • Focus on sustainable projects, products, and processes that reduce cost or improve profit

• Reduce risk by first developing a pilot program
• Document and publicize results internally and externally
• Always look to improve
Next Steps

• Use handout resources as a guide to get you started
• Call in sustainability experts to strategize/cost out future projects like transportation savings and/or future environmental regulations
• Measure and publicize your progress
• Market your sustainability initiatives to current and potential customers
Questions?

Thank You!

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