

# Retail therapy in the supply chain reduces waste

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Returnable packaging, paper shredding for animal bedding and fork dispensers at Old Trafford have produced millions of pounds of savings for some of the UK's retailers. This has been achieved by working with Envirowise to implement environmentally sustainable practices with their suppliers. **Dr Marion Croy**, Director of Enviromentor Ltd, describes the supply chain partnership approach and explains why it is an excellent idea with very tangible results. She offers some advice on how to set up and run a partnership.

## **Introduction**

In 2001, Envirowise launched a pilot retail supply chain forum, working with retailers and their supply chains to identify areas where they could improve their environmental efficiency and maximise profit margins. The results were impressive - potential savings exceeding £1.9 million were identified in just a few months and by December 2003, savings of £1.86 million had actually been achieved.

By popular demand, Envirowise re-launched the scheme in 2003 in partnership with the British Retail Consortium - the aim being to repeat the outstanding achievements of the pilot forum, extending the benefits and savings to other retailers and their suppliers. The Right Honourable Margaret Beckett MP formally launched 'Retail Therapy' in February 2003 at London's Haberdashers' Hall, commenting that "significant environmental and cost savings can be made by companies working in partnership with their supply chains. I commend this approach to other companies."

Participants in the re-launched scheme include Manchester United, Boots, W H Smith, Safeway, The Body Shop, Halfords and Center Parcs. To-date, the seven major retailers and their 87 suppliers have identified potential savings exceeding £2.1 million per year. Many of the companies involved are now successfully working towards integrating resource efficiency and waste minimisation into their corporate social responsibility and business strategies.

Envirowise plans to launch another retail partnership in 2004 and will also be considering similar projects for other business sectors such as engineering.

## **How does the supply chain partnership work?**

The principles behind the approach are simple. Envirowise works with host companies, who invite their key suppliers to join them. All participating companies are offered a free visit or site survey. Independent experts provide free, confidential on-site advice to help businesses identify ways to maximise resource use, minimise waste and make cost savings. Companies can also attend up to three workshops delivered by specialist trainers. These workshops cover

the main environmental and cost issues facing industry - waste and water minimisation, packaging, cleaner design, energy and green purchasing. In addition, Action Energy provides support and advice on energy-related issues.

Three factors contribute to the success of the partnership approach: These are:

- Envirowise provides an independent forum for companies to partner with their suppliers, and gives them the tools and the knowledge to take action.
- The Forum encourages and equips companies to work together to find solutions to problems, such as improved packaging design, reuse of packaging, recovery and re-use of raw materials, and more efficient use of utilities.
- Envirowise involvement provides a focus for the partnership and helps keep the momentum going.

### **Why are environmental issues relevant in the supply chain?**

Environmental issues are not only relevant to retailers and the supply chain, but addressing them also makes sound business sense. The Forum helped participants understand the importance of:

- compliance with legislation - besides the possibility of litigation, there is a risk of adverse publicity from pollution incidents and poor practices;
- security of supply - good relationships minimise the risk of a break in the supply chain;
- market opportunities - suppliers responding to consumer pressures gain competitive advantage; and
- benefit versus cost - improvements to quality, delivery, design and environmental performance can bring substantial long-term gains in competitiveness and profitability.

### **Cost savings**

The UK retail sector produces an estimated 12 million tonnes of waste each year at an annual cost to business of over £360 million. The savings identified through the forum are substantial. Since the project began in February 2003, savings of over £2 million per year have been identified (see Table 1), with over 60% attributable to improving raw material use. Table 1 highlights the merits of giving priority to waste prevention, reduction and re-use of materials. Over two-thirds of the cost saving initiatives required zero or minimal investment (i.e. less than £2,000) and 84% of initiatives recouped investment within a year. The average payback was just two months.

### **Environmental benefits**

Although cost savings are an important measure of the success of the partnership approach, participants have also improved their environmental and other business performance criteria. Key benefits include:

- reductions in raw materials use, water use, effluent volume, energy consumption, reduced packaging and solid waste;

- improvements in process control, workplace environment and waste segregation and recycling;
- the development of an environmental policy and increased environmental awareness.

### **Example 1: Boots extends new partnership links**

Boots the Chemist is one of the best-known retail names in the UK, providing health and beauty products. As well as being a major retailer, Boots has international sales and marketing operations and also manufactures its own products. Caring for the environment is an integral part of the Boots heritage and the company is convinced that this necessitates engaging with its suppliers. Boots was one of the first hosts to sign up to the pilot Forum in 2002, and this year Boots has continued to mentor 11 new suppliers under Retail Therapy 2003.

Robert Brown of Boots Group comments, "We were really pleased with our suppliers' performance in the pilot project. This year they have done even better, identifying savings of almost £350,000 - and that's fantastic."

[Table 1 Costs, savings and payback for the Forum](#) Lainebridge Industries Ltd (formerly LaineCraft), based in Gloucester, is a supplier to Boots and specialises in providing home fragrance products, such as candles, pot pourri and room sprays. The company estimates that it could save £10,000 per year by making simple and effective changes to its operations. Key actions include measuring water and energy use on a monthly basis, returning any goods damaged in transit to suppliers for reprocessing and segregating the site's cardboard waste for recycling.

Lee Tickle of Lainebridge Industries Ltd comments, "Being involved in the Forum allowed me to allocate some specific time and effort to areas of environmental concern. We have proved that real monetary savings can be made through low-cost and no-cost changes."

### **Example 2: Manchester United champions partnership approach**

Manchester United is the company behind one of the world's most famous football clubs. The club is proud to be working towards environmental sustainability, developing positive partnerships with stakeholders, including suppliers, and upholding and supporting universal human rights. Eager to join this year's Forum, Manchester United is an enthusiastic supporter of the 20 suppliers it recruited to the programme.

Nick Humby of Manchester United comments, "Manchester United takes their corporate social responsibilities seriously and see this project as an integral part of building a successful, sustainable business. The savings figures announced today prove this project really works. We are proud to have been a part of it and would urge other companies to do the same."

Deva Disposable Products Ltd, based in Chester, supplies catering products, such as serviettes, plastic forks and refuse sacks for 25 food kiosks at the Old Trafford stadium. Working in partnership with Manchester United, the company has equipped each food kiosk with a fork dispenser and serviette dispenser, thereby eliminating single-item packaging and

reducing the number of items used overall. As a result, the total amount of catering waste has been reduced, which has clear benefits for the stadium too.

Managing Director, Julian Speed comments that "Deva Disposable Products Ltd is much more focused and aware of the products we buy and how we promote these to our customers we now realise product packaging adds a cost to our business and we are taking steps to reduce it."

### **Example 3: Center Parcs forges new partnership links**

Concern for the environment is fundamental to the company's whole philosophy and plays a major role even before a site is selected for a Center Parcs village. It doesn't stop when the village construction is complete either. Center Parcs scrutinises the impact it has on the environment, as well any impacts its suppliers may have when carrying out any business activities on its behalf. Center Parcs was one of the first hosts to sign up to the pilot Forum in 2002, and this year has continued to mentor new suppliers.

Simon Drury, UK Environment Manager of Center Parcs comments that, "through this initiative we can support and mentor our suppliers to work towards the concept that Center Parcs is a sustainable business within a sustainable environment, and we are looking to our suppliers to do the same."

As a supplier to Center Parcs, Somerset Entertainment was quick to see the potential to reduce transit packaging waste and save money. Re-labelling outer cases rather than repacking CDs and tapes into new boxes proved a simple and agreeable solution for most customers, and is now standard practice for the company. In addition, by ensuring that third-party distributors back-haul empty cases, the company can re-use this packaging for outgoing orders. The company no longer purchases new packaging cases for a range of its music products and could save as much as £5,000 per year.

Terry Corti of Somerset entertainment comments, "This is an excellent thought-provoking initiative. We have made savings on packaging costs, but in the longer term, the Forum has started a new thought process in our organisation."

### **Take the next step**

Envirowise is a Government programme that offers free, independent and practical environmental advice. It is ready to help your business, take action now and call the Environment and Energy Helpline on tel: 0800 585 794 or visit <http://www.envirowise.gov.uk/>

Enviromentor is managing agent for the Envirowise retail supply chain partnership forums.

'Retail Therapy 2003: reducing waste through supply chain partnerships' (EN442) is free and available at <http://www.envirowise.gov.uk/> or via tel: 0800 585 794, the Environment and Energy Helpline.

Set up your own supply chain partnership forum. Simply order Good Practice Guide (GG362) 'Practical tools to help retailers manage a supply chain partnership'. It contains practical

advice and information, as well as a tool kit on CD-ROM, providing presentation slides, speaker's notes and handouts - all that you need to launch your own forum.

Participate as host companies: Envirowise is currently looking for more retailers to act as host companies in this year's Supply Chain Partnership programme. To find out more visit <http://www.envirowise.gov.uk/> or call the Environment and Energy Helpline on tel: 0800 585 794.

## **Contributor**

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