



Most retailers miss this opportunity because they rarely measure the amount of waste they produce, or where it comes from, in a formal and comprehensive way. Without real data on waste, companies are unable to create green policies that go beyond goodwill, to real improvements for their business. And the possible playing field in green retail issues is huge. Energy utilization, carbon emissions, bag usage—in every one of these areas, companies ought

#### 40% CARDBOARD AND PLASTIC RECYCLING IMPROVEMENT

**Increasing recycling** is not only an effective way for retailers to positively impact the environment, it can be a significant source of revenue as well. In one example, a large US retailer found its store-level cardboard and plastic recycling programs were lacking, resulting in millions of pounds of excessive waste. SSA & Company worked with the retailer and identified that 10% of cardboard and 75% of plastic was being thrown into landfills. In addition, analysis showed that stores often left pallets of recyclable material in exposed areas, resulting in theft. To address these issues, the company implemented a robust recycling program that included associate training, visual controls, and regular reporting of recycling metrics. As a result, the company reduced its cardboard and plastic waste by more than 4 million pounds per year, and increased its recycling revenue by more than \$2.4 million annually.



to have metrics that enable visibility and insight into the type and amount of waste being created so the right focus can be applied to the problem.

#### Digging for Data In Trash

In 2007, we worked with a major US grocery retailer to investigate the amount and type of products in their trash compactors to better understand the sources of waste in their business. Focusing on a group of 150 stores, the project examined the detailed contents of the compactors and discovered excessive and improper disposal of both sellable and non-sellable products, despite the existence of a recycling program and an ongoing initiative focused on reducing shrink. The data collected showed that out-of-code perishables accounted for 67% of all weight.

Potential recyclables, including cardboard and plastics, accounted for a full 23% of all weight. This offered an enormous opportunity to cut costs, increase profitability, and reduce the company's impact on the environment.

With this data in hand, the company could identify those products that were most often found in the waste stream. It immediately implemented ordering and production practices to reduce the total amount of discarded product. The company also established recycling performance expectations based on the amount of cardboard and plastic received by the store. It additionally created an associate training and awareness program to ensure ongoing compliance. The results were impressive – and surprising to managers. Compactor waste was reduced by more than 10 million pounds annually. At the same time, the company's stores increased their cardboard recycling by approximately 2 million pounds, and their food donations by 4 million pounds. The improvements yielded more than \$2 million in benefits to the business, while significantly improving the company's impact on the environment. This experience highlights not only the magnitude of the opportunities that exist in retail, but the significant business impact that can be made through robust data collection and rigorous process management.

## Addressing the Problem

Once a company has the data to understand its most significant environmental opportunities, the next step is addressing them through strong process management. Oftentimes, retailers assume that if they identify the right solution, an improved level of performance will naturally follow. Our experience on hundreds of projects in the retail industry, however, has shown that this is not the case. To institute and ingrain environmentally friendly processes, companies must have detailed procedures, defined accountabilities, and comprehensive metrics. Without these tools, retailers will likely find that no real progress can be made in lessening their carbon footprint, and that the promise of improving the environment remains as empty as their recycling bins. Without data-backed insights, a company also misses the chance to turn green policies into contributions to the bottom line.

In 2008, we led a project to reduce plastic bag consumption at one of the largest US retail companies. Data collection showed significantly higher plastic bag usage in specific geographies, and company leadership generally assumed the cause to be one of two things: 1) higher sales volume in those stores with higher usage; or 2) higher use of reusable and/or paper bags in those stores with lower plastic bag usage. Upon further analysis, however, it was



### Do You Have a Handle on Your Green Agenda?

1. Can you name your company's most significant sources of environmental waste?
2. Do you have the data to measure your company's environmental impact?
3. Have you quantified the mass of your company's waste?
4. Can you measure the financial benefit to your company of reducing waste?
5. Have you measured the financial benefit to your company of reducing waste?
6. Have you compared your company's waste data against industry benchmarks?
7. Have you defined a plan for how to lessen your company's environmental impact?

