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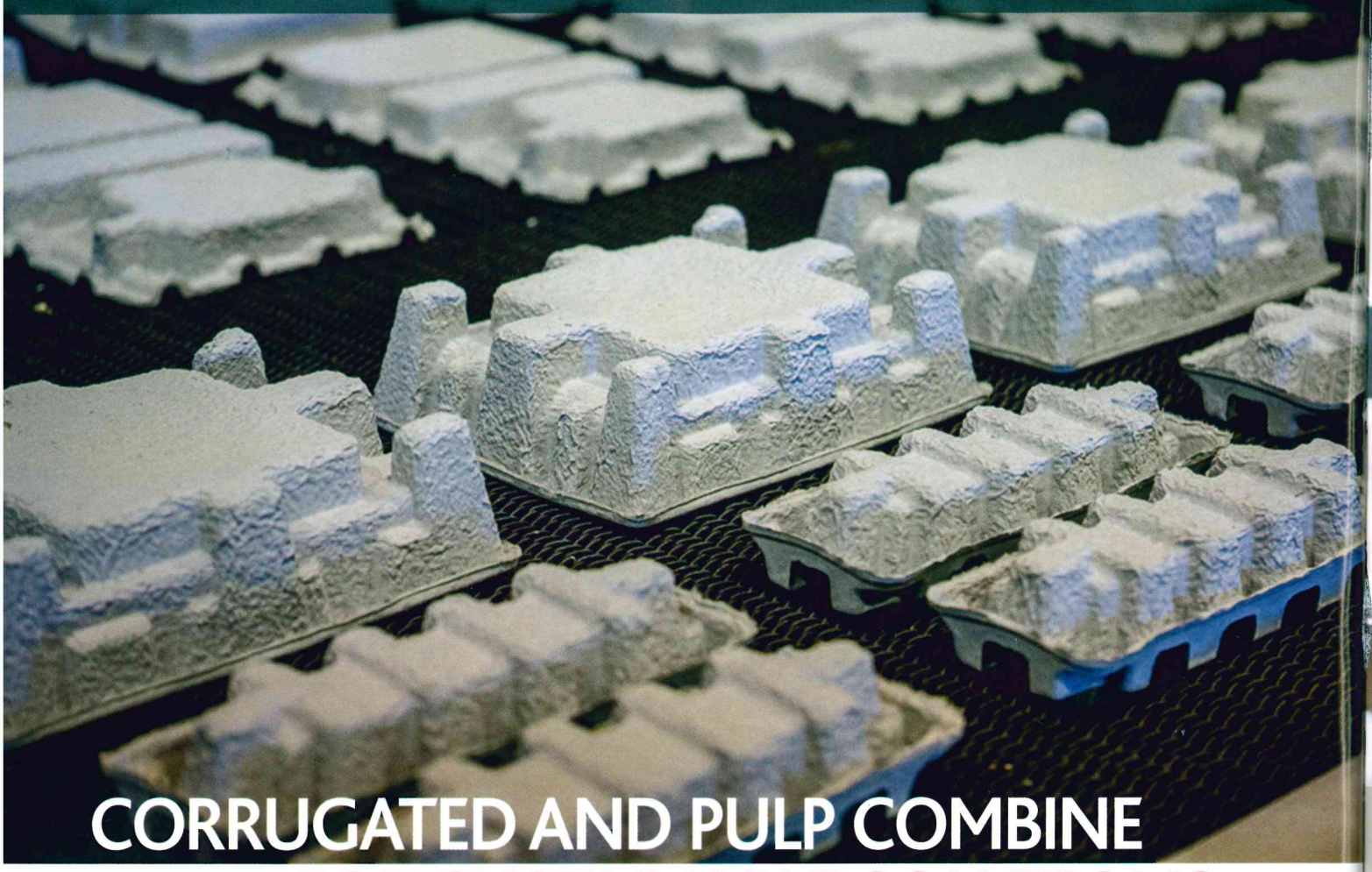
A CASE STUDY OF HOW TWO COMPANIES PARTNERED TO PROVIDE A PACKAGING SOLUTION FOR A TELECOMMUNICATIONS COMPANY AND KEEP THE MANUFACTURING IN THE U.S. BY BRYON CRUMP, ENVIROPAK



CORRUGATED AND PULP COMBINE FOR SUSTAINABLE SOLUTIONS

ABOVE: MOLDED PULP TRAYS INSIDE THE CORRUGATED BOXES PROVIDED THE PERFECT SUSTAINABLE PACKAGING SOLUTION.

The sustainable packaging market is forecast to reach $244 billion by 2018. Consumer and corporate demand for more sustainability is continuing to grow. Furthermore, sustainability in packaging has become as important of a factor that influences consumer buying habits as price. Recent surveys point to the fact that there are a large number of consumers who have a surprisingly high level of willingness to pay more for products with sustainable packaging. According to a recent survey conducted by Dotcom Distribution, the majority of on-line consumers take green packaging and sustainable practices into account when choosing where to shop and what to buy. With more than 500 regular on-line shoppers polled, some of the results leap off the page. Not only do 61% of those surveyed take green packaging into account when deciding where to shop, but additionally, 64% have considered the sustainability of supply chain practices when deciding between brands.

Understandably, it's more important now than ever for companies to make smart buying decisions when deciding on material for their packaging. Two sustainable materials that are near the top of the list on the sustainability scale are corrugated and molded pulp. Unlike EPS, aka Styrofoam for example, both corrugated and molded pulp can be easily recycled by the end-user. Some plastics require additional effort on the consumer's part to make sure the material

UNLIKE EPS, AKA STYROFOAM FOR EXAMPLE, MOLDED PULP CAN BE EASILY RECYCLED BY THE END-USER.

doesn't end up in a landfill, but with molded pulp and corrugated, consumers can simply recycle their packaging in a basic curbside pickup recycling program. Due to the sustainable advantages that both corrugated and molded pulp offer, for years, the two materials have been considered competitive. Both have unique advantages when it comes to what best meets a specific packaging need. However, as companies are continually finding unique packaging solutions for their products, sometimes combining the two materials is the perfect complementary solution.

Domestic Partnership

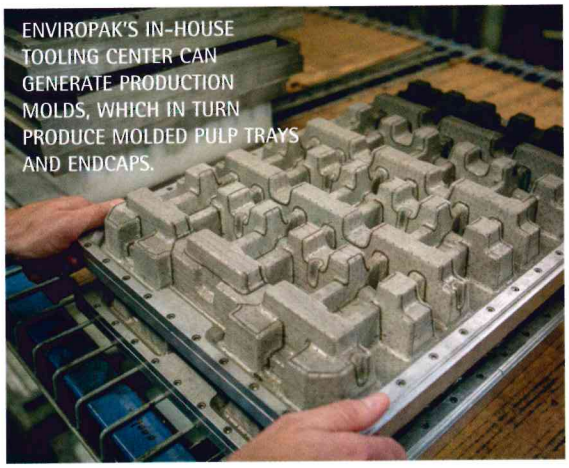
A corrugated packaging supplier was closing a deal with a high-profile telecommunications company to provide boxes for a line of their products. The corrugated manufacturer was able to provide the box the company needed for their product lines, but there was a requirement for a molded pulp tray. Swapping out the molded pulp tray with a corrugated replacement would have created a very complicated assembly for such a large order. It was clear that molded pulp was, in fact, the optimal solution. However, the telecommunications company was purchasing its molded pulp trays from a Chinese manufacturer. Initially a decision based on cost, it was one that had not been reevaluated recently. The old moniker of "Everything's cheaper in China," didn't necessarily apply anymore.

As industry experts have seen over the past couple of years, there has been a "re-shoring" of manufacturing to the United States. With the problems at some of the ports, particularly Long Beach, the corrugated manufacturer thought it would be more efficient to have the molded pulp trays that were required to be manufactured a little closer to home. Re-shoring is a growing trend in the U.S. According to an annual survey released last fall by The Boston Consulting Group, compared to a year ago, 24% more senior manufacturing executives at companies with sales of $1 billion or more would consider returning production to the U.S. in the near future. Those who participated in the survey forecasted that the U.S. would account for an average of 47% of their total manufacturing activities in five years. This is a 7% increase over the previous year's response. Executives also shared that 11% of production capacity would remain in China by that time, a 21% decline from the previous year.

The corrugated manufacturer asked the telecommunications company if it could manage the buy on the molded pulp. The company agreed and the corrugated company set off to find a molded pulp manufacturer that could meet all of their price, sustainability and logistical requirements. It turned to EnviroPAK.

Speed To Market

EnviroPAK executives and those at the corrugated company met and worked out what would become a mutually beneficial relationship to provide molded pulp trays inside the corrugated boxes in order to deliver the perfect sustainable packaging solution. Located in Saint Louis, Mo., EnviroPAK is centrally located and can service 70% of the U.S. population in 48 hours. By switching from a Chinese manufacturer to one that is in the middle of the continental United States, the



ENVIROPAK'S IN-HOUSE TOOLING CENTER CAN GENERATE PRODUCTION MOLDS, WHICH IN TURN PRODUCE MOLDED PULP TRAYS AND ENDCAPS.

corrugated provider was able to significantly shorten the supply chain.

EnviroPAK's in-house tooling center is staffed by design engineers who can generate production molds (tools), which in turn produce molded pulp trays and endcaps. Utilizing SolidWorks 3D software and CNC technology supported by SolidCAM, EnviroPAK's design team was able to generate a tool for the molded pulp tray that specifically met the needs of the corrugated provider. The design team first produced a prototype of what was required using a temporary or degradable mold that ran on their production line in order to determine how the part would behave in use. The prototype was then used in shock and vibration testing to verify the integrity of the design by the telecommunications company, which determined the molded pulp tray performed equal or better to the Chinese tray. Additionally, the design team offers a "tool for life" guarantee, which saves buyers thousands of dollars over the course of the business relationship.

The results were overwhelmingly successful. The corrugated supplier and EnviroPAK were able to collaborate on a sustainable packaging solution that saved time and money for the end-user. It was an example of how two suppliers, who at one point were only thought of as competitors, were able to work together for a sustainable solution.

"In the competitive packaging market that we currently find ourselves in, it's important to operate in a way that makes economic sense," says Chris Miget, President, EnviroPAK. "Collaborating more with other material suppliers, mainly corrugated companies, has become an effective business strategy for us. There are times when corrugated companies need to collaborate with a molded pulp supplier in order to satisfy the needs of their customers. And instead of buying overseas, we're seeing these corrugated companies often turn to a business partner closer to home. I think that we'll be seeing more of this collaboration strategy as the market continues to become more competitive and re-shoring of manufacturing jobs to the United States continues to trend upward." ■

Bryon Crump is the Vice President of EnviroPAK. Founded in 1995, the company produces protective molded pulp packaging for electronics, computer, beverage, medical and telecommunication markets. For more information, visit www.enviropak.com