



INEOS COMPOUNDS



INEOS

Sector: PVC Compounds Industry

THE CHALLENGE

In 2008 Ineos Compounds (formerly Hydro Polymers) engaged the services of RPS to review their overall packaging strategy with a view to measurably reduce cost, rationalise the number of pack types and demonstrably improve recovery performance.

The Compounds business managed an extensive and diverse number of pack types including pallets, Octoboxes, corrugated octabins and polysacks.

At the time, pallet recovery was performed by more than one service provider. RPS was asked to identify innovative packaging solutions with the spotlight on pallets. RPS was also tasked to reduce the cost of packaging waste compliance.

PROJECT OVERVIEW

- Ineos is a leading European pvc compounder
- Turnover circa £85M
- Commitment to a 'recover for re-use' philosophy
- Cost reduction targets
- Challenging and meaningful KPI's
- Sustainability part of packaging ethos
- Successes shared with other Ineos businesses
- Measure and publish results

THE BRIEF

- Identify Business Champion and team
- Define packaging scope and objectives
- Review spend maps
- Reduce total packaging spend
- Enhance environmental credentials
- Review of existing recovery performance
- Verify cost of Packaging Waste Compliance
- Challenge existing thinking
- Implementation plan of new ideas

THE SOLUTION

As with any RPS project, our support proposition began by gaining an understanding of how the Business functioned in terms of spend maps and dispatch data for finished product. The spend maps provided supplier, specification and cost details with the dispatch data providing the destination points and the number of pallets delivered to customers.

Using RPS knowledge and expertise a complete review all packaging specifications was undertaken with a particular focus on pallets. Using a fresh pair of eyes the need for such a diversity of pallets was challenged. After digging behind the reasons it became evident that the number of pallets handled could be rationalised from seven to two specifications both of which required an element of change to the construction. Fewer pallet numbers improved purchase leverage, eased stock management and helped simplify recovery communication with customers. RPS also introduced their unique style of pro-active pallet recovery which involved the engagement of the Sales team and making site visits to all key collection points. This joint approach helped the Ineos business move from modest returns to over 50% within a relatively short period and eventually to a figure of 65% in 2011.

However, RPS did not sit back and admire the recovery growth but continued to challenge how best to reduce pallet costs further. A strategy of new pallet replacement was successfully adopted by filtering similar re-conditioned pallets through our in-house inspection process to ensure the Ineos business continually received a quality replacement. This approach markedly brought down the average price of purchased pallets which in combination with a strong recovery performance significantly reduced packaging waste compliance costs. Today the number of new pallets purchased only represents some 20% of all pallets handled. Perhaps as expected the intention is to further reduce the reliance on new units through growth of replacement and/or greater recovery.

RESULTS

- Through replacement and recovery the Business reduced total pallet and IBC's by 22%
- Improved environmental performance through the recovery for re-use programme
- Fewer package specifications to help with purchase leverage and stock management
- Distinctive reduction in packaging waste compliance costs
- Increased competition through new pallet management approach
- Comprehensive and auditable recovery analysis
- Effective pallet strategy to outperform the competition
- Corporate packaging strategy available for roll out across other members of the Ineos Group

To find out more please visit www.rpsltd.com

"RPS has worked in partnership with the Compounds business since 2008. We enjoy an open, honest and productive relationship with them. Over recent years we've collectively re-appraised, developed and improved our packaging strategy to reduce our costs and enhance our environmental credentials. We can honestly say that we've been delighted with their innovative approach and commitment to succeed."

David Barnfather - Senior Buyer, INEOS Compounds



**ANNUAL PACKAGING SPEND
REDUCED BY £169K**



**REDUCED WOOD WASTE BY
937 tonnes PER ANNUM**

Reduce . Reuse . Recycle

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