

Issues Paper

Business Waste Reduction in California

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BARRIERS TO BUSINESS WASTE REDUCTION

Businesses attempting to reduce waste have encountered various obstacles. Some of the problems can be remedied fairly easily while others require more long-term solutions. Here are the most prevalent concerns among business leaders. Following this section are detailed case studies of how specific businesses overcame waste reduction challenges.

Lack of Demand for Collected Recyclables

Solid waste experts agree that a major obstacle to recycling is creating markets for recyclable materials. Part of the problem is that there is no established infrastructure (plants and equipment) in place to manufacture marketable new products from collected recyclable materials. As a result, there is a glut of material, and much of the overflow has been shipped to Asian countries where markets are stronger.

Ed White of the Association of Bay Area Governments (ABAG) cites cardboard as an example of a recyclable material with a weak market. "The costs of baling it, getting it to a processor, and finding someone to buy it should ideally be covered by the sale of the material," he says.

"Before there can be a major leap forward, there must be a development of markets for the materials," says Deborah Rohr, San Francisco Regional Manager for Norcal Waste Systems. Government is considering establishing market development zones which would provide tax breaks to companies that create products from recycled materials.

Lack of Markets for Products Made of Recycled Materials

Demand for recycled products has not kept pace with the supply of available recyclable materials from which to make them. There are two main reasons for this: products made from recycled materials often cost more to produce than the same products made from virgin materials, and there is a misperception that recycled products are second rate or contaminated.

Many recycling advocates feel that comprehensive measures to create demand, like government mandates to buy recycled products, are needed. Others believe that demand can be increased—and companies can pay less for recycled products—if enough companies get in the habit of buying recycled. Some companies already have. For example, McDonald's, which buys large quantities of various supplies, has required suppliers to provide cardboard packing boxes that contain at least 35% recycled material. It has also helped create demand for recycled products by establishing a substantial budget for supplies made from recycled materials (e.g., napkins, playground equipment, carry-out bags, table tops, lights, and other supplies).

Cost of Recycling

For many businesses, the cost of waste disposal is still relatively low compared to the cost of recycling. The glut of available recyclable materials means that processors pay recyclers less for the materials. The cost of recycling has not been offset by the sale of end products. As a result, the net cost of a company's recycling—all collection costs minus sales of recyclables plus avoided disposal

costs—is not necessarily lower than what the company would pay to dump its trash in a landfill. There are also administrative costs associated with recycling, for example, contracts with haulers must be monitored and periodically updated.

One solution to keeping costs down is cooperative recycling. Businesses get together (for example, stores in a strip mall), and act as one entity, generating enough materials to attract a hauler at a reasonable rate. Another option is working with nonprofit groups. For example, a small company can donate recyclables to the Boy Scouts and let the group keep the proceeds earned when group members transport the materials to a buy-back center. Large companies can also use this approach. One example: Dow Chemical in Pittsburg (California) works with a nonprofit group called Many Hands, Inc. Individuals with various disabilities sort Dow's recyclable materials and keep the proceeds they earn from recycling.

Cost of Buying Recycled Products

Products made from recycled materials typically cost more due to tax breaks associated with the use of virgin materials, lack of infrastructure to collect and process recyclable materials, and the perception that goods made of recycled materials are somehow contaminated. As demand for recycled products increases, the more prices for them will drop—but in the meantime, businesses must often choose between buying more expensive recycled products and staying within budget.

One way companies have reduced the cost of recycled products is to form purchasing coalitions, like Bank of America's Northern California Recycled Paper Coalition (see p. 14 for details).

Inadequate Storage Space for Recyclable Materials

Recently passed California legislation requires new commercial and residential developments to include space for storing recyclables. This is helpful for new companies, but not for the majority of existing business sites. Even companies that would seem to have plenty of space because they store other materials onsite (e.g., Home Depot USA) have problems.

Nevertheless, some companies have solved this problem creatively. For example, at Dow, compact, wall-hugging containers for aluminum cans, glass bottles, polystyrene, and paper have been installed in hallways.

Management Participation

Successful commercial waste reduction programs need enthusiastic management support to succeed. At McDonald's, Coca-Cola USA and many other companies, endorsement comes from the very highest levels, spurring top and mid-management support throughout company operations. However, in some companies, management is actually resistant to recycling. Bob Langert, Director of Environmental Affairs for McDonald's, theorizes this is because change isn't always easy for managers. "A lot of people are still [conducting business] based on the way it was 10-15 years ago, when the environment wasn't considered such an important issue," he says.

Employee Participation in Recycling

Some managers feel that it takes some extra work to get employees to recycle. Employees may be resistant to sorting materials or doing other forms of waste reduction because they think it's inconvenient.

One way to increase employee participation, besides invoking owner or top management support, is to give workers incentives and rewards for reducing waste. For example, Nordstrom has a "Lean and Green" award, and Dow has "Waste Reduction Always Pays" (WRAP) awards. Companies can also encourage employees to reduce waste through memos about the recycling program's success, articles in the employee newsletter, and by adopting simple training instructions during new employee orientation.

Employee Involvement with Source Reduction Efforts

In what became known as the "disposable society," people grew accustomed to simply tossing everything into the trash. At some companies, employees still find it more convenient to do that instead of practicing seemingly annoying and time-consuming source reduction techniques. For example, if a restaurant switches from disposable to reusable storage containers, the reusable ones have to be washed. "The hardest part is convincing employees that it's worthwhile to spend the time and energy making the extra effort," says Allen Perry, who has helped develop reusable packaging for IBM's electronics products.

Employees can be encouraged to reduce waste at the source. Northrop posts signs above copy machines reminding people to make double-sided copies and ask themselves, "Is this copy really necessary?" Over a five-year period, this tactic helped the company reduce copy paper consumption even though the company was growing. Northrop also formed employee teams to analyze the waste generation processes within their own divisions and suggest ways to reduce waste.

One other way to get employees involved is to offer incentives (i.e., cash rewards) to those who come up with new ways to reduce waste at the source.

Generating Enough Materials to Attract a Hauler

According to a recent survey by Keep California Beautiful, a major barrier to business recycling is getting a hauler to pick up recyclable materials. This is especially true for small companies. Some recyclers won't collect materials unless the company can generate a set minimum amount. Some small companies (e.g., Emil Villa's Hick'ry Pits) can't even get recyclers to pick up aluminum cans, although aluminum is widely regarded as one of the few recyclable commodities that pays for itself. Large companies have also had problems in this area. For example, construction materials giant Home Depot has had trouble attracting a hauler for its wood and metal scrap.

The best way for a business to make it worthwhile for a hauler to collect materials is to band together with other companies so more materials are generated. Mailboxes Etc. franchises provide a community service by acting as a central collection point for cardboard and polystyrene peanuts for customers and nearby businesses. McDonald's restaurants in rural areas have teamed up with nearby businesses to collectively generate a larger amount of recyclables; haulers are given a route so they can pick up at several locations in one day.

Pre-Existing Franchises with Waste Haulers

Pre-existing contracts with garbage collection companies can be a factor in a company's efforts to recycle. Garbage companies' ability and willingness to pick up recyclables varies. A company may not be equipped to pick up recyclables but may insist on retaining that right if it has a contract that covers all waste (and it may charge more for the extra work). In addition, some garbage haulers base their revenues on how much waste they pick up and may not offset collection costs by the value of recyclables.

However, according to Bruce Lee, Executive Director of the California Refuse Removal Council, many independent waste collection companies have handled recycling for years. And other haulers are working hard to accommodate their customers' recycling needs, especially if they are based in the community. "Being locally based, they have a vested interest in being responsive to the local governments and communities which they serve," he says.

Lack of Incentives for Small Companies

In addition to the fact that small companies tend to generate less recyclable material, they have a harder time justifying costs of recycling, like pickup by a hauler and cardboard balers. With the exception of rapidly escalating disposal fees in some areas, there are very few economic incentives to help small companies reduce waste without impacting their bottom line.

Currently, a small company's best strategy is to coordinate collection of recyclables and the purchase of products made of recycled materials with other nearby companies in a cooperative effort to keep collection rates and other expenses down and maximize cost savings.