

Packaging Value Chain

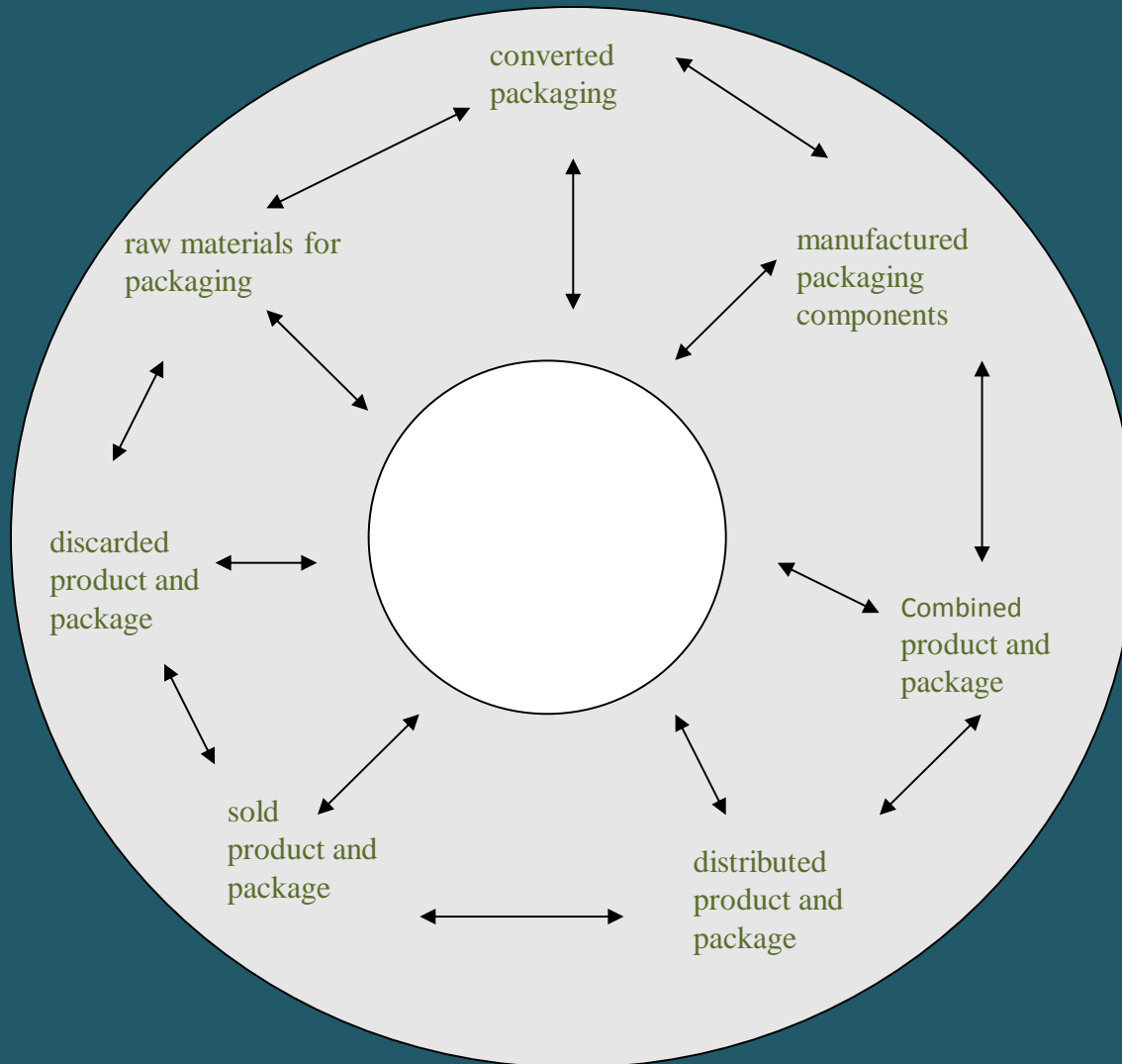
MODULE 7: BUILDING TRUST USING THE PACKAGING VALUE CHAIN

Dr. Claire Sand

Adjunct Professor, Michigan State University's School of
Packaging

Owner, Packaging Technology and Research

Packaging Value Chain



Overview

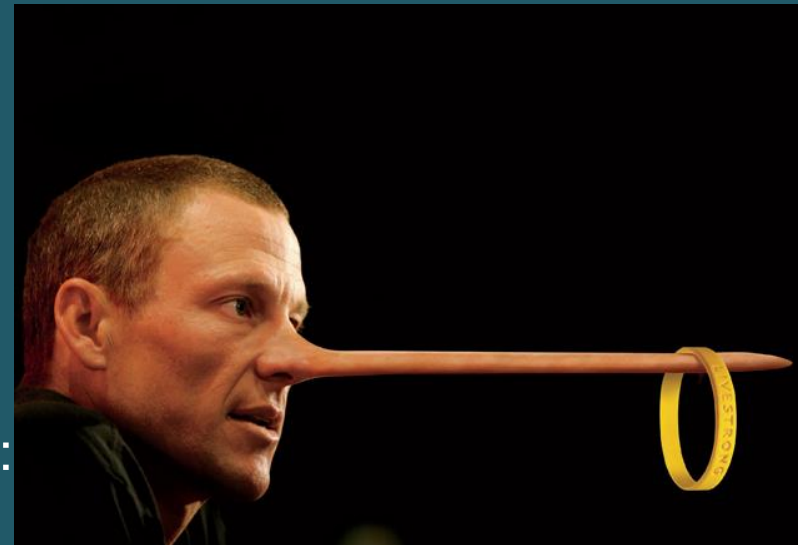
- Need for Trust
- Trust has Eroded
- Using PVC to create Trust
 - Build relationship
 - Seek cultural alignment
 - Orchestrate Communication
 - Refine Functional relationships
- Role of the Value Chain

Need for Trust

- In the supply chain, tangible business activities on trust external to the organization
 - Food manufacturers trust TetraPak to ensure that their products are aseptically packaged properly
 - PET bottle producers trust that material is the defined recycled content

Trust has Eroded

- As Packaging professionals, business integrity and integrity in general is in question
- Confidence in manufacturers, retailers by consumers is low due to:
 - Confusing messages (e.g., sustainability)
 - Profits before CSV is apparent
- Manufacturer confidence in suppliers is low:
 - Pricing structures vary
 - Speed is an issue
 - Agility is often encumbered
 - Open innovation is contained or variable
- Suppliers confidence in raw materials is low:
 - Lack of COC
 - Supply issues
- Research is suspect due to decreased funding agencies and fraud



Using PVC to create Trust: Build Relationships

- Relationships can be stronger in packaging as trust is increased
- Then, packaging efforts can go beyond the day to day monitoring (specifications, QC and the like) into:
 - The realm of true innovation
 - Delivering what consumers want and need
 - Rethinking value propositions
- Relationship studies show that sound relationships are profitable for companies since:
 - Tacit knowledge is established and rapidly gained
 - Goals are more readily defined
 - Projects are focused and accomplished
 - Outside knowledge sources increase

Using PVC to create Trust: Build Relationships

- Using the value chain we can:
 - Create systems for communication between companies within the Value Chain
 - Create informal communication at all levels between companies for problem solving and idea generation
 - Gain tacit knowledge to understand decisions within the value chain

Using PVC to create Trust: Seek Cultural Alignment

- Company cultures vary
- Driven to _____ ?
- Align to benefit companies and what is important and relevant to both companies
 - Profits
 - Sales
 - New business

Using PVC to create Trust: Seek Cultural Alignment

- Align company where issues can be resolved
 - Specification not being followed - align QC in both companies
 - Packaging failing in distribution - align distributors with packaging supplier via incentives, tactic knowledge of how package and/or DC can be redesigned

Using PVC to create Trust: Seek Cultural Alignment

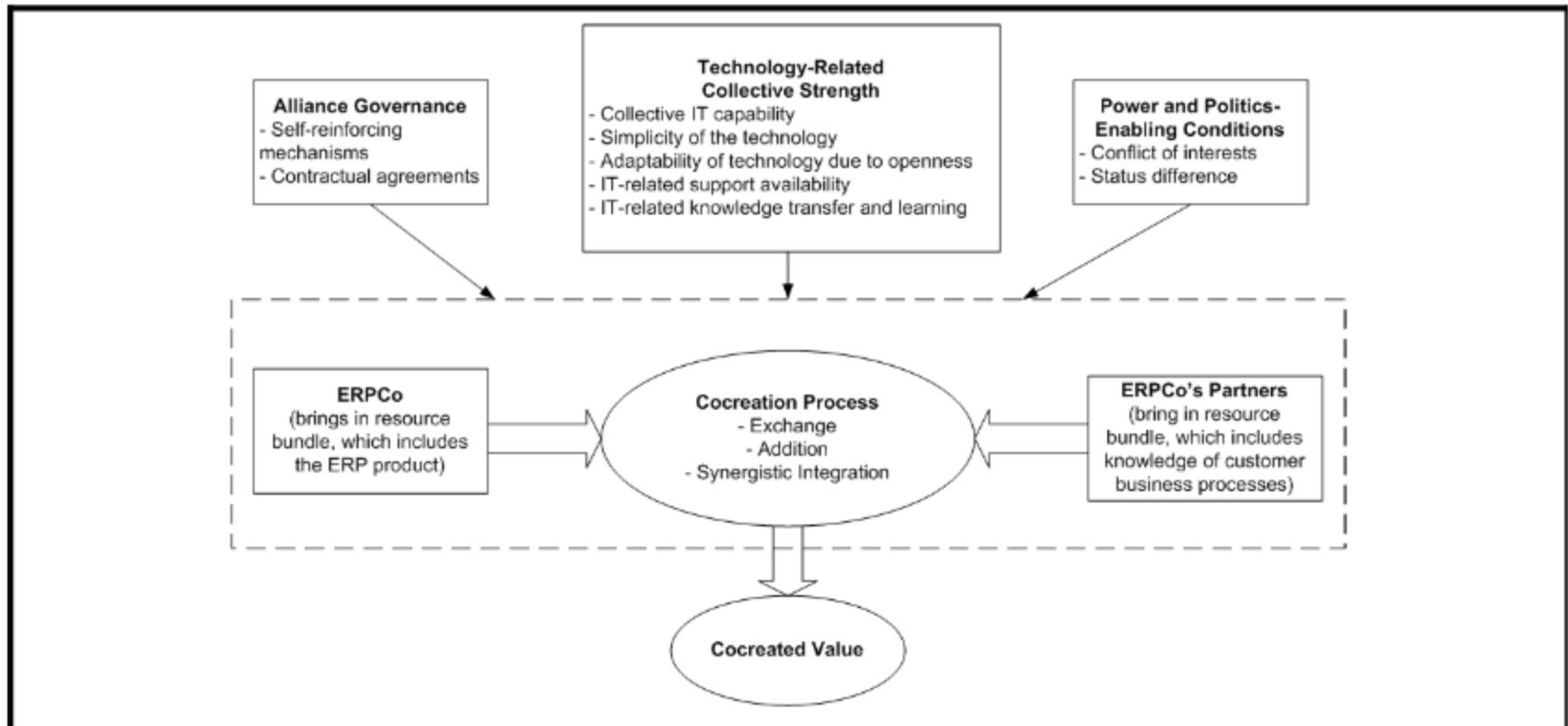


Figure 4. Revised Theoretical Model

Using PVC to create Trust: Orchestrate Communication

- Stress tests define flows of information and communication needed
- By asking value chain members what would happen if -----
- We can best assess weaknesses in the value chain
- We can define new communication processes needed for each situation

Using PVC to create Trust: Orchestrate Communication

Stress test situations to assess what will happen...



When people get hurt by
packageing(phthalates, glass, BPA, etc.)



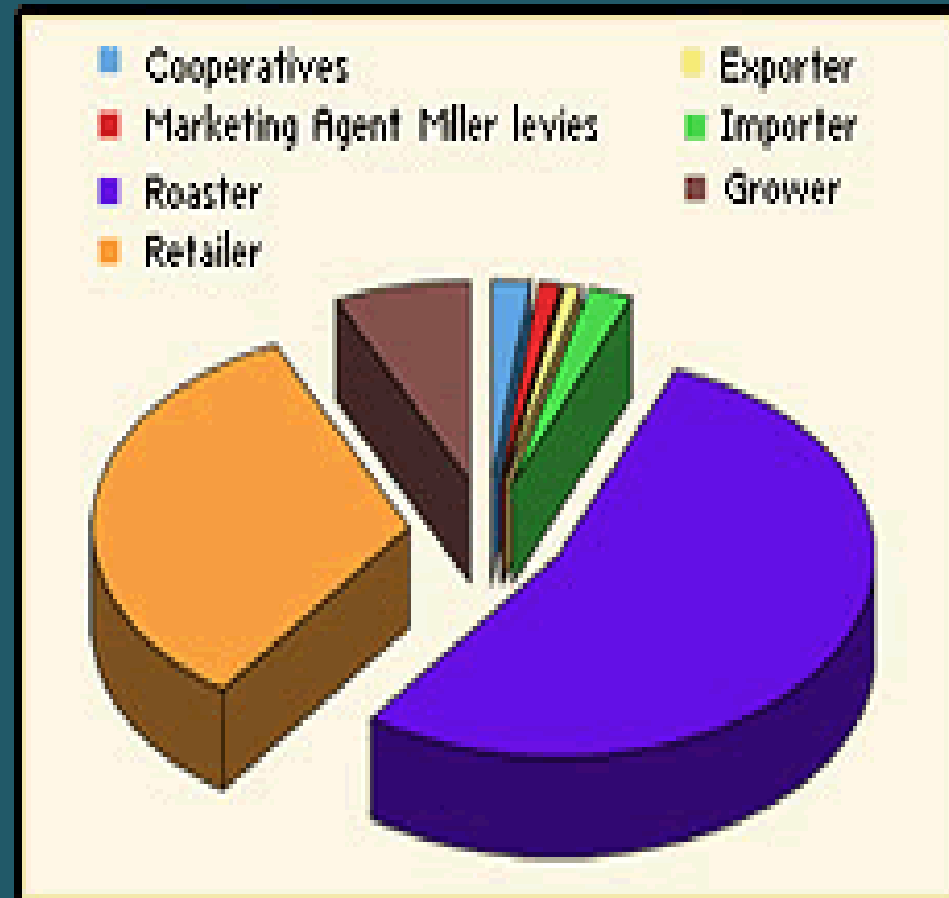
Power Outages
In 2012, 670 million in India



When minerals relied upon are
inaccessible due to fighting

Using PVC to create Trust: Refine Functional Relationships

- Functional relationships within the developing world can be reflective of what the industrial world needs as well.
- Example: Coffee in Kenya
 - Profits go to roaster after value added consumer packaging used by roaster
 - Role of packaging value chain is critical



Using PVC to create Trust: Refine Functional Relationships

- In the reading/reference:

“Green” supply chain management: The role of trust and top management in B2B and B2C markets

Stefan Hoejmose ^{*}, Stephen Brammer ¹, Andrew Millington ²

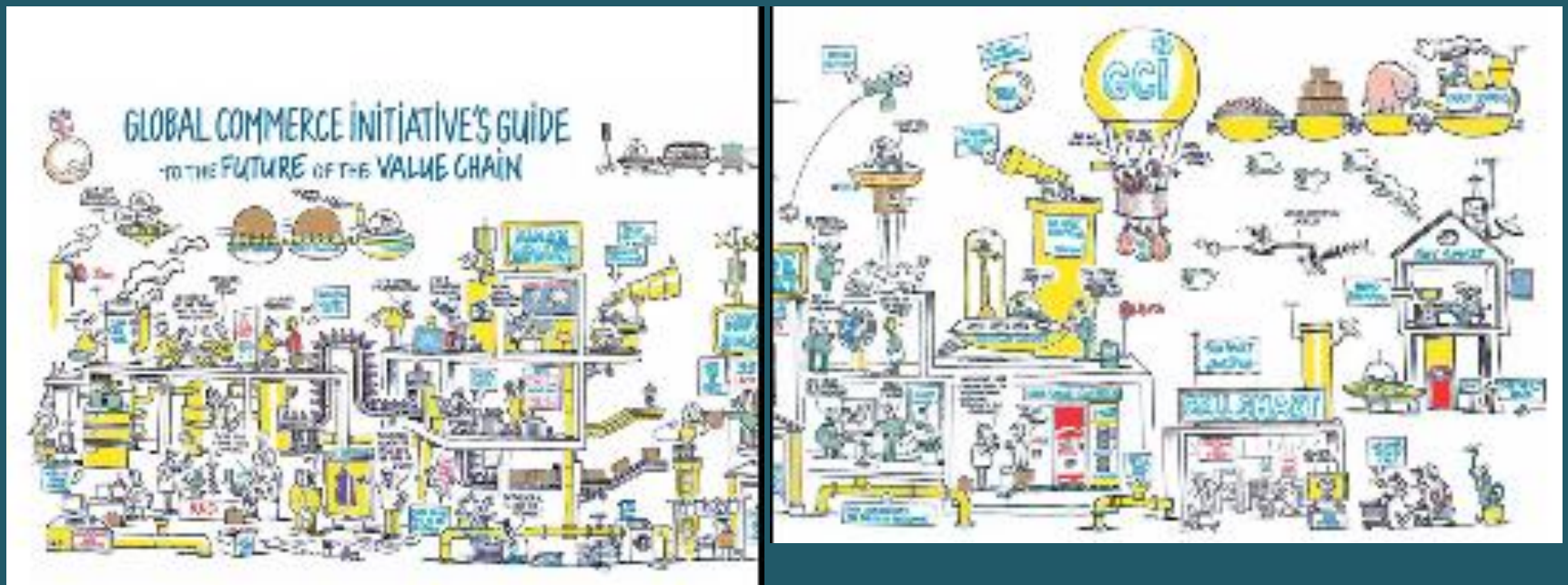
Centre for Business Organisations and Society, School of Management, University of Bath, Claverton Down, Bath, BA2 7AY, UK

- Current B2B sustainability practices lag behind the B2C
 - Presumably due to the length of the value chain between suppliers and consumers
- Has an interesting conclusions in that there is an opportunity in B2B to be a more sustainable supplier.

Role of the Value Chain

- Packaging value chain as a competitive advantage if trust exists throughout the chain
 - Essentially a circle that builds trust
 - Reequalitize relationships
 - Prepared for stresses in markets, world, relationships
 - Puts value in relationship enablers

Role of the Value Chain



Overview

- Need for Trust
- Trust has Eroded
- Using PVC to create Trust
 - Build relationship
 - Seek cultural alignment
 - Orchestrate Communication
 - Refine Functional relationships
- Role of the Value Chain