

# Sustainability and Corporate Best Practice- 3rd Triannual Survey of Plastics Technology

*Presentation by:*

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# Outline

1. Why is Sustainability important
2. 2011 Survey- background
3. 2018 survey results
4. Key takeaways

# Factors influencing the importance of sustainability...

- Millennials- the largest generation since the Baby Boomers -big economic factor.
  - Want Brands to socialize with them, to make them part of the conversation, to participate in the life of a Brand.
    - *(Brands and the suppliers to the brands are our customers).*
  - Communicate through social media.
    - 90 percent of young adults
    - One third of Millennials -one of their preferred channels for communicating with businesses.

# Why is sustainability important

- Branding has always gone hand in hand with self-expression
  - According to the Boston Consulting Group, almost 60% of Millennials say that the brands they buy reflect their style and personality.
- There are many ways in which Millennials express their personality.
  - Looks - clothes, accessories, makeup, etc. –
  - Social Causes- Express themselves through supporting social causes.

# Why is sustainability important

- A recent Nielsen study found that Millennials continue to be **most willing to pay extra** for sustainable offerings—almost
  - three-out-of-four respondents in the latest findings, up from approximately half in 2014.
- Companies that establish a reputation for environmental stewardship have an opportunity to grow market share and build loyalty.
- ...Don't abandon Baby Boomers in the quest for Millennials.
  - Fifty-one percent of Boomers (50-64) surveyed are willing to pay extra, an increase of seven points in the last few years.

# TOP SUSTAINABILITY PURCHASING DRIVERS

Global Respondents vs. Those Willing To Pay More\*



\*Note: Key sustainability purchasing drivers were categorized as either "very heavy influence" or "heavy influence" by the indicated percentage of respondents

Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2015

# Objective of the First Survey in 2011

- Determine the role of Sustainability in the Plastics industry
  - Conduct a market research project to understand role of sustainability in the plastics industry
  - What strategies are companies implementing to address “sustainability”.
    - Initiated with the membership of the Society of Plastics Engineers (SPE) in 2011.
    - The first study executed by Maggie Baumann (G.H.Associates) Bonnie J. Bachman and Shristy Bashyal, Missouri University of Science and Technology
    - Conducted again in 2014 and 2018

# Methodology

- An online survey with 27 questions including demographics of the respondents
  - created, distributed, and analyzed using Qualtrics, a web based surveying software application
- The survey was distributed to the Society of Plastics Engineers (SPE) membership via an email blast
- Total 230 responses collected in 2014; 97 in 2018

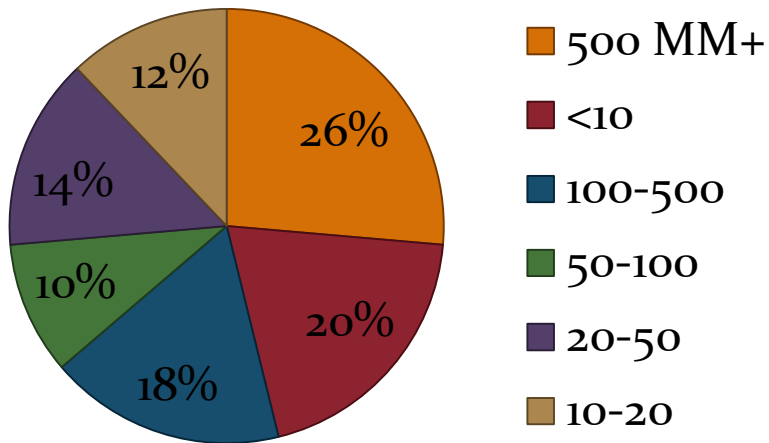


# 2018 survey

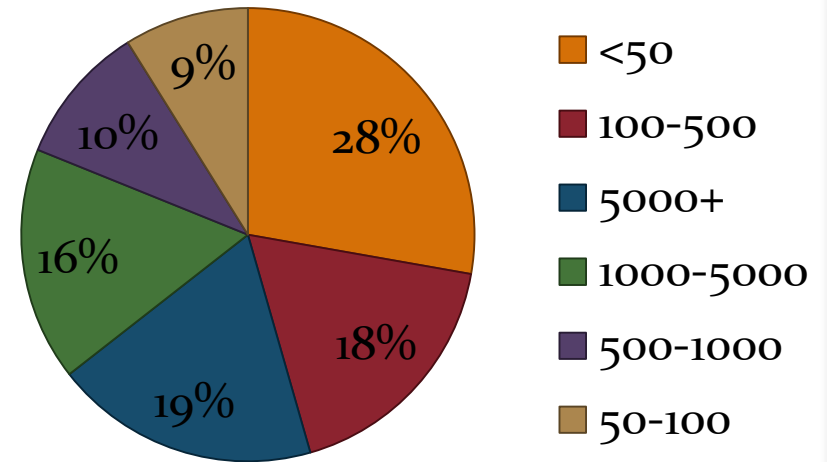
- Similar questions to 2011 and 2014 surveys...
- Objective is to determine trends and demographics

# 2018 -Size of Organization

## Revenues



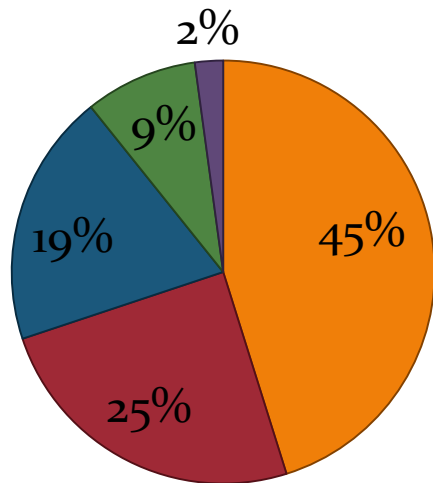
## Number of employees



Key Take-Away: More even distribution than in 2014- 2011 though 2014 larger companies were a bigger piece of the pie

# 2018-Role of Respondent

## Role in Company

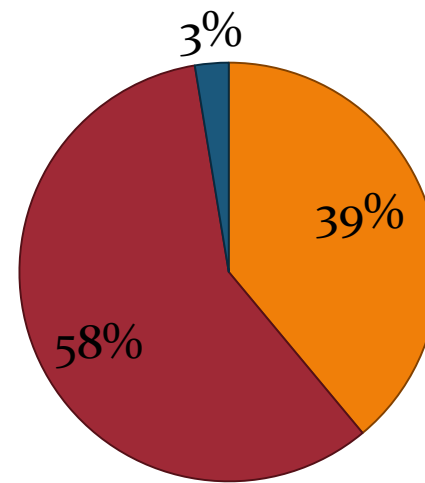


■ Senior managers of a private, public, or government organization  
■ Others

■ C-suite executive of a private, public, or government organization  
■ Academic

Comparable split to 2014

## Level of expertise



■ Somewhat Knowledgeable  
■ Expert  
■ Novice

52% felt expert in 2014

Between 2011 and 2018 the number of respondents who describe themselves as experts has increased from 30% to 58%

# 2018-Area of Responsibility

Area	2018	2014
Accounting/Finance	0	0
Administration	3	4
Education/Training	5	2
Engineering	20	29
Environmental, Health, and Safety	0	2
Human Resources	0	0
Information Technology	0	0
Management	15	23
Marketing/Sales	18	21
Production	2	1
Research, Design and development	29	51
Other	6	8

# 2018-Industry Segment

Industry	2018	2014
Academics	7	2
Manufacturing-Raw Materials	37	47
Manufacturing-Equipment	5	11
Manufacturing-Added Value	24	11
Manufacturing-Processor	13	31
Non Profit	1	0
OEM-Capacity	8	14
OEM-Subcontract	1	2
Public Sector/Government	2	1
Service Provided-Consultant	5	8
Service Provided-Fabricator	4	1
Service Provided-Other	2	3
Other	4	3

# 2018-Market Served

Market Served	2018	2014
Automotive	12	14
Building/Construction	8	8
Consumer Products	8	23
Electrical/Electronics	5	9
Fiber/Textile	4	4
Industrial	14	21
Medical/Healthcare	7	11
Packaging	25	30
Other	12	17

Most industry segments are addressing sustainability-  
beyond Packaging...

# 2018-Regions

Region	Percent	%2014
Asia	1	2
Europe	6	4
ROW	4	5
USA	40	46
Three or more regions	40	42



# Sustainability Survey

## Findings/Takeaways



## Sustainability and definition-(2018)- Highest Rated Responses

- *69%* -refers to meeting the needs of current generation without compromising future generations to meet their needs
- *62%* -sustainability refers to addressing issues from a long term perspective
- *60%* indicated that sustainability incorporates climate change, environmental, social, and economic issues
- *55%* refers to other environmental issues
- *54%* maintaining the viability of our business

# Greatest Impact on Organization-2018- in order of # of responses

- 1-Government Legislation in regards to sustainability
- 2-Increasing Consumer concern for sustainability issues
- 3- Air, water or other environmental pollution
- 4- Food supply or safety issues
- 5-Non-renewable resource depletion(e.g. oil)

*Government Legislation moved from #2 to #1*

*Non renewable resource depletion moved from #1 to #5*

# Sustainability Strategies

- Top implemented- In order of rating
  - Building awareness of sustainability in Organization
  - Developing a clearly articulated definition of Sustainability
  - Aligning appropriate external stakeholders
  - Integrating sustainability across organization
  - Establishing targets or metrics for sustainability activities
  - Developing a business case for sustainability in the short term (1-3 years)

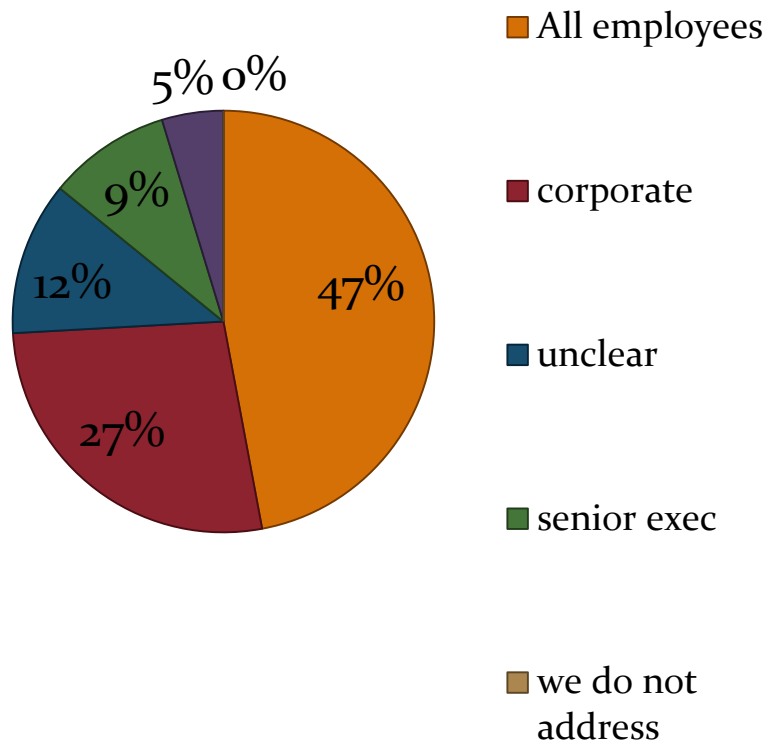
Building awareness of sustainability went from #2 to #1 from 2014 to 2018

# Organization- Actions

- #1 -Improving efficiency by reducing waste
- #2 -Highlighting sustainability in company or product branding
- #3 -Improving efficiency in energy consumption
- #4 -Reducing or eliminating toxicity or harmful chemicals
- #5 -Highlighting or promoting sustainability in supplier and customer relationships
- #6 -Improving efficiency in packaging

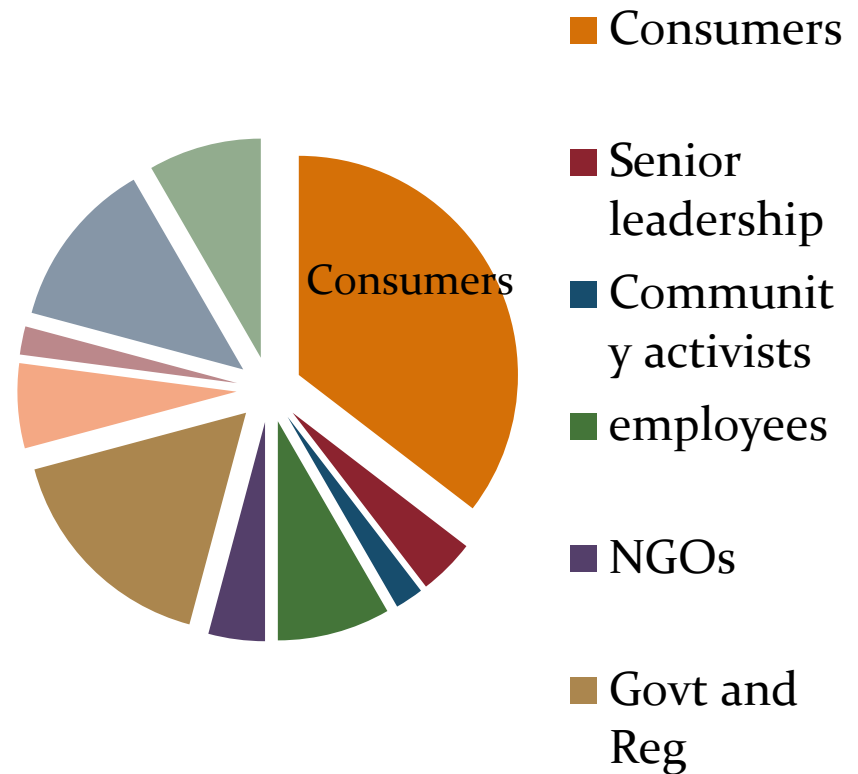
# 2018- Responsibility in Organization

Who is responsible in organization



Trend toward enterprise wide

Stakeholder's Drive



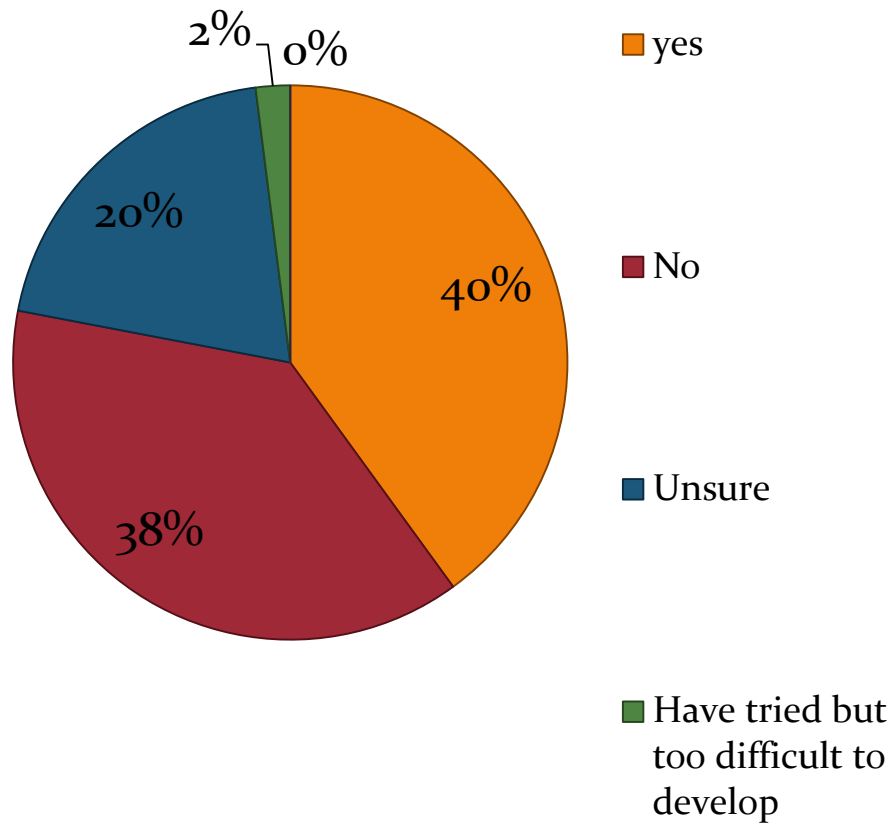
Consumers remain largest segment

# RoadBlock- Internal Challenges

- **Internal Challenges** that represent most significant roadblock to addressing sustainability
  - Not persuaded of business case or value proposition
  - Don't know most effective ways to take action
  - Initiative stalled by recessionary conditions
  - Inability to assess tradeoffs between short term and long term
  - Not enough resources to address these issues
  - Outdated thinking and perspectives on sustainability issues
  - Not persuaded of business case or value proposition

# Results- 2018

Clear business case or Proven Value proposition



No clear trend

# 2018- Greatest benefits to organization

- **Competitive advantage**
- **Product, market or service innovation**
- **Improved company brand image or brand equity**
- **Cost savings**
- **Business model or process innovation**
- **Employee satisfaction, morale, retention**

(same in 2014)



# External Threats

- Risk of economic incentives being reduced or eliminated
- Absence of Clear industry standards
- Lack of Shareholder support
- Insufficient customer demand or need

# Stakeholder groups-drive sustainability

- Environmental Organizations- NGOs
- Community Activists
- Consumers
- Senior Leadership

# Improved sustainability communication

- Consumers
- Government and Regulators
- Investors, shareholders, capital providers
- Other businesses in the supply chain
- Senior leadership/employees

# Stakeholder groups-Challenges to improved communication

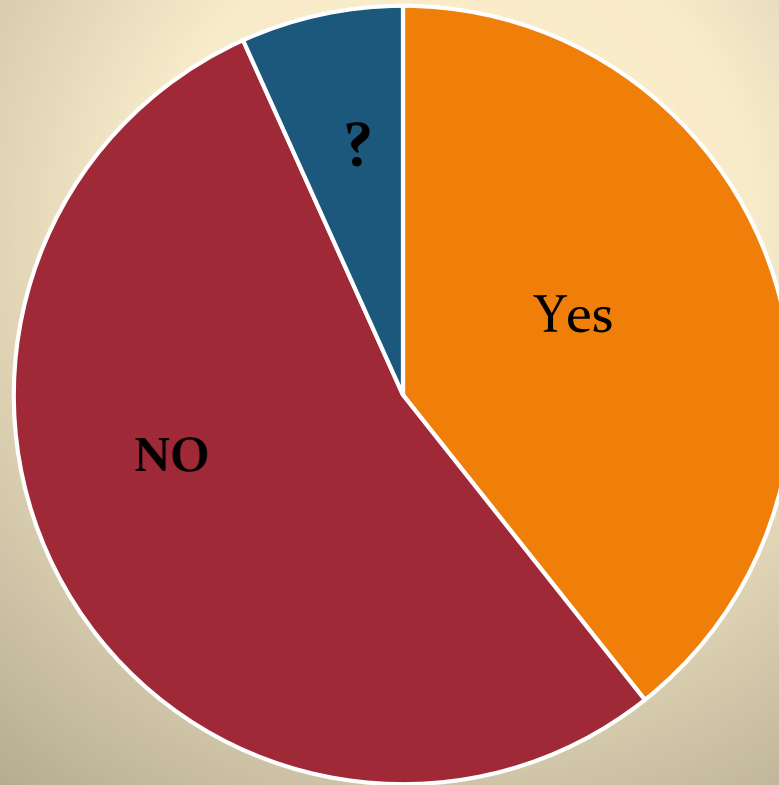
- Cannot sufficiently communicate financial value
- Insufficient organizational commitment
- Unclear role of sustainability as part of strategy

# Suppliers- how to engage re: sustainability

- Limited engagement- organization lacks capability
- Encourage suppliers to participate
- Many do not engage suppliers at all

# Success in developing a product or process- designed to improve sustainability profile

Improved Sustainability



# Organizational Capabilities for success

- Vision and Leadership commitment to sustainability
- Innovation in Product, service or market
- Innovation in Business model or process
- Adapting Dynamically to changing business environment

# Tools to improve sustainability performance

- Sustainability scorecard with clear, measurable metrics
- New strategic framework and approaches
- Financial tools to evaluate sustainability



# Examples

- Link to examples of sustainable product successes—  
(handout)

# Conclusion

- Sustainability is continuing to grow in importance driven by customers and stakeholders
  - Part of corporate strategy
  - Consumer product companies and suppliers in the forefront
    - But other industries close behind
  - Customer demand is growing but not at a substantial \$ premium
- Responsibility for Sustainable initiatives vary from company to company
  - In 2018 more companies have a person or team responsible either corporate wide or by business unit.

## Conclusion (cont)

- All employees are responsible for sustainability

# 2018 Survey

- Samples of the survey are available.
- The link to the 2018 Sustainability Survey:  
[https://mst.qualtrics.com/jfe/form/SV\\_bwrxlZoE274QX1X](https://mst.qualtrics.com/jfe/form/SV_bwrxlZoE274QX1X)