

Portland helped a leading beverage company factor recycling and carbon costs into the strategic sourcing of a core packaging category

Procurement Project Scope

Procurement Diagnostic	Procurement Strategy
Strategic Sourcing	Category Management
Low Cost Country Sourcing / International Purchasing	
Organisation and Skills	Policies and Systems

Industry Segments

Industrial	Construction
Mining	Utilities
Consumer Goods	Food & Beverage
Retail	Services
Financial	Transport
Healthcare	Government

Business Challenge

- The client operates in a sector exposed to the threat of regulation should national packaging recycling targets not be achieved
- There was evidence to suggest that the impacts of a strategic sourcing decision might impact upon progress against targets
- The energy intensive nature of supply also suggested that a carbon price might impact packaging costs in the future
- There was a need to understand how a strategic sourcing decision might impact upon national targets, what steps could be taken to mitigate adverse impacts, and how a carbon price might impact the future economics of supply

Our Solution

- Portland undertook a number of analyses in order to help the client build recycling and carbon considerations into their sourcing decision, including:
 - Reviewing the recycling market to identify the impacts of the proposed sourcing decision on national targets, and quantifying the impacts of regulatory intervention
 - Using a detailed cost model to evaluate existing supplier economics, and identify the recycling subsidies potentially required to ensure targets are met
 - Quantifying the carbon risk associated with supply including processing emissions and impacts on input prices, using carbon footprint calculations and regulatory assessment
 - Assessing the materiality of environmental trade-offs associated with sourcing options, and developing mitigation actions

Outcomes

- By identifying the materiality of sustainability risks, Portland was able to provide the client with a fact-base upon which to factor recycling and carbon costs into their sourcing decision, as well as actionable mitigation recommendations

