

The 30,000 foot summary

- Customers factor corporate environmental responsibility in their purchasing decisions. Using sustainable packaging creates a positive first impression.
- Switching to sustainable packaging is far less expensive than perceived, and when done correctly, results in top line growth that outweighs the investment.
- There are 5 steps a company should take to understand why, what and how to switch to sustainable packaging, and measure the benefits of doing so.

Delivering the E in ESG

Businesses face a lot of responsibility, some of which we tend to take for granted. They are responsible to provide customers with products and services that exceed expectations, deliver returns to shareholders, and foster an inclusive and rewarding work culture for employees. With increased public awareness of ESG, businesses are now being tasked to meet a whole new set of expectations to society and to our planet. Rather than tackle these with a “what will these cost?” or “what trade-offs will I need to make?” mentality, ESG (or, for the purposes of this article, the E in ESG) should be viewed by businesses as a way to differentiate from their competition and deliver to those they are responsible for. While we don’t proclaim to be able to solve all the environmental concerns of your business, at Mr. Blue Fish, we can assist with a simple 5-step approach to your packaging that will definitely help you make strides in the right direction.

Step 1: Focus on your senses - what do you see, hear and feel?

The genesis of some of our biggest changes are innovation and introspection, and are rightfully where we suggest you start on this journey. Simply saying you want to change is not enough, and typically results in any changes you make unsustainable in the longer term. **Knowing** *what you want to change, why you want to change and how you benefit* from change is essential. Let’s tackle these first, by focusing on your senses.

What do you see?

We start with the age-old adage of seeing is believing. “Sight” for a business is beneficial when it’s foresight rather than hindsight. To develop foresight in sustainable packaging it is

important to understand how packaging is influencing the market segments you operate in. Answering these 3 questions with factual data is essential:

1. *(How) have my competitors innovated in sustainable packaging?*
2. *What packaging alternatives should I evaluate?*
3. *How can these collaborations and innovations impact my business?*

Qualified insight from supplier and competitor intelligence, supplemented with quantifiable performance outcomes, helps build this understanding of where the market is heading, how suppliers are helping facilitate this and where you stand relative to your competitors from a performance perspective. Seeing this information will convince you of the need to change.

What are you hearing?

Once you know where you stand relative to your competition and sustainable packaging options, you should fine tune your approach to meet the needs of your customers. Any investment should be accompanied with commensurate returns, and in the case of a business, returns are driven by the ability to exceed expectations from customers who buy your products, and employees who build and sell them.

Targeted customer satisfaction (CSAT) and employee satisfaction (ESAT) surveys are our recommended approach. To build a survey with purpose, approach it from an outcomes perspective, by thinking of:

1. *What measures should you track to measure success?*
2. *What data do you need to define these measures?*
3. *What questions do you need to ask to obtain this data?*

The results of these surveys helps align the larger ecosystem of what's happening around you with the subset of what people expect from you. It's now time to shift the focus on the catalyst for change - you.

Align your feelings and commitment

It is fairly obvious that strategy, leadership and teamwork are keys to success. Any changes to the strategy, even in an area like packaging, will lead to greater success with the backing of a well aligned team. It is imperative that leadership knows:

1. *What is our new packaging strategy?*
2. *Which packaging solutions are we going to use to prove this concept?*
3. *Who is going to lead this initiative?*
4. *How long could this take?*
5. *How will we know if it's successful?*

Identify a core leadership team. Convene to share ideas, apprehensions and information. Encourage active participation in this process. Emerge with a clear scope, timeline, objectives, budget and definitions of success. Leading teams with a consistent message cascaded through the organization results in better outcomes.

Step 2: Build the baseline

At the end of step 1, you should know which of your current packaging is going to be used as a proof of concept and how you will measure success. To do this measurement, you need to establish a reference point to compare the impact of your changes, or in other words, a baseline.

Let's also be honest here. If your objective is to lower cost, you will probably not succeed. The volume of sustainable packaging produced is dwarfed by less environmentally friendly alternatives, and until that changes (you are helping facilitate that btw), the cost will potentially be higher. However, here are a few important considerations when thinking of how to measure success:

1. Customer sentiment is decidedly moving towards companies who choose to use sustainable packaging - this translates to revenue
2. The difference in cost is also not as high as you might think - organic food is a great analogy. If you're like us, there are probably more occasions now, than a few years ago, where you've been surprised that the cost of the organic food alternative is less than you thought it would be. Sustainable packaging is quite similar in that manner.

A quick tip - align your sustainable packaging objective with a strategic goal. If you are focused on growth, pick a revenue target. If your focus is on margins, pick cost.

Building an accurate baseline is not difficult. You just need the right ingredients:

1. **Pick a long enough time period to measure historical performance.** This eliminates aspects like seasonality of demand when measuring the impact on revenue, or variances in supply when comparing costs.
2. **Access the right information.** You might have more than one supplier of that packaging, incur customs duties or get discounts for volume purchases. Factor those in when calculating cost. Similarly, commissions and discounts should be considered when you think of the price you sold your product.
3. **Ensure continuity of measurement.** You will only know if your changes are working if you measure using the same sources of information. So, even if you change systems or processes, make sure you measure using the same yardstick when it is time to compare.

That's it. You know your starting point, it's now time to change.

Step 3: Create and test hypotheses

Leonardo Da Vinci, probably the greatest inventor of all time, produced over 500 design sketches and wrote over 35,000 words on how an aeroplane would fly, and ultimately didn't succeed in building a single one that worked. You will succeed, with far less consternation, but don't expect to be right the first time either. Ideate, iterate, team and test is the key to step 3.

Imagine a large funnel. Along the length of this funnel there are a few filters, strategically sized to only allow smaller particles to flow from one filter to the next, preventing the larger ones from proceeding, with the final filter being very, very selective. Build this funnel correctly and you'll arrive at the right solution. Here's a handy way to think about it:

1. **Understand your options** - start by developing a detailed understanding of available substitutions, think out of the box, not just like-for-like alternatives. Agree on a suitable set of alternatives and feed them into your funnel.
2. **Prioritize your filter criteria** - your most important filter should be placed first. Here's where your diligence in Steps 1 and 2 come into play. If your objective is:
 - a. Revenue: create filter criteria based on your customer and competitive intelligence from Step 1. Involve Sales and Marketing for a pulse of the customer and establish criteria that move the needle (e.g. aesthetic, functionality, level of sustainability etc.)

- b. Cost: create filter criteria based on your knowledge of the cost baseline. (e.g. what percentage of the product cost are you willing to spend on the alternative?). Involve sourcing and pricing for input.

Irrespective of the order of your filters, you should allow all ideas to reach the filter they are headed towards and include both cost and revenue (start with what's more important). Also, let filters serve their purpose - overriding someone's idea can prevent another good idea from the same person from germinating, so let filters do that job for you. As we established in Step 1, this is a team effort.

3. Eliminate dispassionately - while there may be no bad ideas at the start, there should only be great ideas at the end. Your final filter should be the "so what" filter - what does this mean for our top and bottom line - the business case for change.

Arriving out of the final filter should be your consensus winners of this step. If you have collaboratively set filter criteria that are exclusive to one another and exhaustive in their evaluation you're well placed for success.

Step 4: Design the path forward

Focus on answering two questions in this step:

1. *What am I going to change?*
2. *How will I implement these changes?*

The "what" is where our inner creative peeks out from its hiding place like a squirrel trying to see if winter has given way to spring. Our suggestion? Hire a professional, but make the final call yourself. There are several qualified product and functional designers who can create inexpensive mock-ups and prototypes of your selected packaging to ensure you have the right aesthetic and functional design for your product. Rely on them (working closely with your marketing and sales teams) to build the right options for your core team to select from. You know these options have met your revenue and cost filters, so it's now time for you to push your chips in, in the direction of the design you feel works best for you.

The "how" is mainly operational. Getting your new packaging to market is typically not a simple flip of the switch. You need to be cognizant of several operational factors to ensure this is a smooth and successful transition. Understand:

1. What stock (of packaging) you have in inventory
2. What is the lead time to deliver for your new stock?
3. What are the minimum order quantities you need to place?
4. Who are the suppliers you can rely on to ensure a resilient supply chain?
5. Do marketing and sales campaigns need to be developed to support this?

With these (and other criteria) in hand, construct a plan to move to the alternative. Develop a set of dependencies and actions for each element of the plan. Assign ownership and accountability to the right people and follow up on their progress periodically. Meet as a team to discuss progress and brainstorm solutions.

That is it. You are now ready.

Step 5: Implement the solution

Unlike the previous steps which were more linear in thought and execution, implementation follows a circular path of continuous improvement. Deploy. React. Measure. The more efficient you are at these three things, the sooner you'll get where you want to be. The previous steps have armed you with the tools you need to succeed, so approach this step fearlessly.

1. **Deploy** - launch your new packing solutions and let people know about it. The effort you put in designing the products and campaigns should now be placed in the hands of your consumers to react to it.
2. **React** - poll your customers to understand what they think about your new packaging. Have their perceptions of your product and company changed as a result of this? Is there any feedback you can benefit from? Reuse the surveys you developed in Step 1 to see how perception has changed. Most importantly, understand what adjustments you need to make to become even better and react to those as soon as you can.
3. **Measure** - the baseline from Step 2 now comes into play. Measure the impact of your packaging on your top and bottom line. Quantify the improvement that has been qualified in your customers' reactions. Understand the gaps that still exist and ideate (use the funnel if you have to) to see how best to plug these.

Rinse and repeat till the measures achieve their impact.

Ensuring a smooth landing

- Understanding the connectivity between steps is essential, draw on the work you have done earlier in the process to drive success in executing it.
- Manage the process with a committed team that feels responsible to your customers and proud of the changes you are making.
- We acknowledge that you'll have questions and that written words are easier than tangible actions. We are committed to change, and help others in their journeys, so don't hesitate to reach out to us at any step of the way.