



## MBA Case Competition Phase 2

*Case*

### **Communicating the Message in a Bottle**

(a continuation of the case entitled “Message in a Bottle” – Phase 1)

**February 2010**

**Case written by: Professor Ananth V. Iyer**

Susan Bulkeley Butler Chair in Operations Management  
DCMME/GSCMI Center Director  
[aiyer@purdue.edu](mailto:aiyer@purdue.edu)

Krannert School of Management  
Purdue University, West Lafayette, IN 47907

This case was written by Professor Ananth Iyer, Susan Bulkeley Butler Chair in Operations Management at the Krannert School of Management, Purdue University. It is meant solely as a vehicle for teaching, learning and class discussion. The data and details provided in the case are completely fictitious.

Hank Bilders had used an innovative approach to get ideas from his team – he had developed a case that summarized choices faced by SGS Glassworks and had permitted teams of employees to suggest solutions that would enable SGS to demonstrate industry leadership. They had all read a recent report by the Carbon Disclosure Project titled CDP Supply Chain Report 2010 (at <https://www.cdproject.net/en-US/Pages/HomePage.aspx>). The report highlighted that “Today, 60% of companies have elected a board committee member or other top-level executive who has overall responsibility for climate change and carbon reduction activities”. The six winning teams from the first round (which had 23 competing teams) faced him now, eager to contribute their ideas towards a final single proposal to the board.

Hank identified a key question that needed to be decided and synchronized with the earlier analysis: A “major retailer” had demanded that all products be identified with a sustainability index. *What could SGS Glassworks do to assist the OEMs (who used glass bottles or other containers) to increase their market share by declaring themselves to be more sustainable than the competition?*

### **The Sustainability Index**

Ever since Walmart announced that they planned to provide a sustainability index for all products sold in their stores, there had been several groups examining this question. The Walmart site identified their goal as follows (see <http://walmartstores.com/Sustainability/9292.aspx>) “As part of Walmart’s ongoing mission to be a more sustainable company, we recently announced a worldwide sustainability index initiative. Increasingly, our customers want products that are more efficient, last longer and perform better. They want to know the product’s entire lifecycle. They want to know the materials in the product are safe, that it is made well and is produced in a responsible way.”

In calculating and declaring specific details of the product, SGS was aware that the Federal Trade Commission had already created guidelines for disclosure – listed as guidelines for environmental marketing claims (<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=db1a1f738b177857feae9c403bb6c056&rgn=div5&view=text&node=16:1.0.1.2.24&idno=16>). A quick read of these guidelines suggested that it was not sufficient to claim that a container was recyclable, there needed to be a reasonable process a customer could follow to actually get the container recycled near the location where it would be consumed. In addition, any claims of a closed loop for specific aspects of the recycling process needed to ensure that the customer clearly understood, within reason, what was specified and how much of the claims were feasible.

## **Educating the Consumer**

A key question that faced the group was whether packaging suppliers such as SGS, who had to communicate to customers about recycling, should also educate customers about the benefit of bottles as a container (over plastics or aluminum or paper cartons). Such an approach would create a dialog directly between a supplier like SGS and the OEMs customers, bypassing traditional serial supply chain flows.

An advertising agency had already prepared a proposal and there were many other groups eager to tackle this issue. But was it money well spent? Would a communication initiative to the customer make sense, given that the bottles had to be purchased by an OEM, sold to a retailer, and then to the customer?

An alternative was to work on retailer councils to influence the sustainability index computation. Should the recyclable nature of glass mean that the effective carbon usage should be spread across the many cycles that the glass could be reasonably used?

Hank wondered if successful recycling of bottles was a precursor to successful justification of the sustainability index improvement provided by glass bottles. If so, how aggressively should SGS Glassworks work to increase recycling rates?

## **The Bottom Line**

Could SGS take steps to change the declining trend of bottle container use among beverage companies, milk, baby food and many other manufacturers who sold product to retail consumers? Was the sustainability index a powerful tool, which if harnessed effectively, could contribute a 2-5 % increase in the market share for glass bottles in the product packaging industry? Or, would these efforts be opening up Pandora's Box as aluminum and paper carton manufacturers attacked bottle manufacturers for breakage, weight, slippage etc? How could bottles be marketed for kid's products (milk, juices, etc.) as safe and sustainable alternatives? In short was there a credible way to make the supply chain the highlight of the product? What Hank needed was a way to translate all of the details of the supply chain into an easy to understand message and an index to highlight its superiority.

Hank looked around the table for answers – the new time line to the teams for returning their solutions – *just 24 hours*.