

CASE STUDY

Office of Waste Reduction Services
State of Michigan • Departments of Commerce and Natural Resources

Hudson's Department Stores in Michigan *Shredding for a different purpose*

Farewell To Peanuts

Paper shredders are generally used for security purposes, but Hudson's department stores recently purchased a shredder as part of an innovative waste reduction program. Before early 1990, most of Michigan's 17 Hudson's stores used expanded polystyrene "peanuts" as a packing material for shipping items to customers. Although plastic packing effectively protects many fragile items during shipping, it is viewed by some customers as environmentally unsound. Two shredded paper products purchased from an outside vendor replaced the "peanuts", but both were costly, and one did not perform adequately.

The Advantages of Reuse

The answer to Hudson's packing dilemma was close at hand. Beginning in 1987, the Briarwood Mall store in Ann Arbor experimented with shredding office paper waste for packing rather than disposing of it. The paper shredder used in this pilot program quickly failed, but the material it produced proved to be effective.

Operations Managers of individual stores meet each month for discussion, so details of the Briarwood pilot program were known throughout the state. After some review, the Operations Managers agreed that shredding Hudson's own paper waste for packing was desirable. Including all 17 Michigan stores in the program justified the purchase of a large, durable shredder.

Hudson's began a central shredding operation for the Michigan stores in the fall of 1990. Packing produced at the Southland Mall store performs as well as any packing

material previously used, including polystyrene "peanuts". Hudson's plans to recover 20% of their annual office paper purchase of 210,000 pounds, selling excess packing to other retailers. Paper collections over shredder capacity are baled for recycling.

- Shredding paper for reuse will reduce Hudson's waste discards by 21 tons each year.

As the following table shows, monthly costs of packing are dramatically lower when internally generated material replaces purchased paper packing.

Monthly Packing Costs

<u>Unit Measured</u>	<u>Before</u>	<u>After</u>
Purchased Packing	\$3,339.92	\$0.00
Equip.& Supplies	\$0.00	\$179.50
Labor Costs	\$0.00	\$1,694.00
Utilities Costs	\$22.62	\$27.36
Total Costs	\$3,362.53	\$1,900.86

- Hudson's saves 43% of purchased packing costs by shredding its own material.
- If excess shredded packing can be sold at a price similar to the purchased material, Hudson's packing operation could yield \$10,900 in revenues annually.

Staying Ahead

The Dayton Hudson Corporation, parent company of Hudson's, is headquartered in Minneapolis, Minnesota. In 1989, the

Minneapolis City Council passed a yet to be implemented ordinance banning the use of any packaging material that is not recyclable. Believing that similar ordinances will be common in the future, and wishing to position themselves ahead of increasingly strict solid waste regulations, the Dayton Hudson Corporation decided to formulate an Environmental Action Policy for the future. As part of this process, Environmental Action Committees were formed at individual stores early in 1990. Environmental Action Committees explore waste reduction ideas suggested by staff and implement feasible proposals.

Prompted by Environmental Action Committee ideas and the company's environmental policy, Hudson's practices the following source reduction strategies:

- Reusable dishware has replaced disposable dishware for meetings and employee gatherings at many Hudson's stores. Some stores have also purchased ceramic mugs for office employees.
- Vendors are urged to reduce the amount of packing and packaging in their shipments.
- Rechargeable rather than disposable batteries are used at some stores. The weight of paper used in reports has been reduced. Reports are copied on both sides to further reduce paper use.

Recycling

Lightweight plastic garment bags are collected from all Michigan stores and baled for recycling at the Southland Mall store. Individual stores also recycle about 75% of old corrugated containers produced by their operations. Mixed paper and beverage containers are also recycled at most locations.

- Hudson's diverts 700 tons of material from landfills each year by recycling corrugated cardboard.
- Plastic recycling reduces Hudson's annual waste generation by 8 tons.

Hudson's contributes to the viability of recycling programs by purchasing items with recycled content. Although not a formal waste reduction method, this helps assure that items collected for recycling will find a market rather than merely being discarded after some delay. Examples are:

- Computer paper, envelopes and statement paper in the credit department, and fine office paper.
- Gift boxes, polyethylene shopping bags, and white paper shopping bags.

Planning for Reduction

The Hudson's process for reusing waste paper can easily be adopted by any retailer requiring packing for customer purchases. Retailers can also practice the following waste reduction methods:

- receive goods in reusable packaging
- sell products with the least packing and packaging
- sell and encourage customers to bring reusable bags for their purchases
- recycle old corrugated containers and as many other materials as possible.

The advantages of reusable shopping bags, packing material made from used office paper, and merchandise offered for sale with minimal packaging can be stressed through advertising, informative inserts, and displays. Retailers can also help create a viable market for recycled material by publicizing their use of items containing postconsumer recycled material.

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For more information and a technical report on waste reduction at Hudson's, contact:
Office of Waste Reduction Services
Michigan Depts. of Commerce and Natural Resources
P.O. Box 30004
Lansing, MI 48909
(517) 335-1178.