

The W. Howard Chase Award — 1994

Organization Nominated: Baxter International, Inc.

The Issue: Packaging Reduction

1. Description of The Issue:

Baxter's customers spend as much as \$0.08 per pound to dispose of non-regulated waste. Disposing regulated medical waste costs between \$.15 and \$.40 per pound. For many hospitals, this amounts to hundreds of thousands of dollars a year going out the back door to incinerators and other disposal facilities. Complying with upcoming U.S. regulations on medical waste incineration and waste disposal could cost U.S. hospitals more than one billion dollars.

Included in hospitals' waste is product packaging. By instituting a coordinated packaging reduction program with cost containment strategies, Baxter is producing solid results that add customer value as well as helping the environment.

2. Why is The Issue important to the organization?

Customers are turning to Baxter for help. They want to reduce the waste they send for disposal and lower their environmental costs. As an environmental leader, Baxter has environmental knowledge and expertise which customers can tap. Sharing Baxter's environmental expertise and results with customers is another means to strengthen our working partnerships. Reducing packaging waste also saves significant production costs for Baxter, helping it stay competitive in the tough health-care market.

3. At what levels do members of the organization participate in addressing The Issue?

Baxter's strong, worldwide environmental policy says, in part, that Baxter will "select, design and build products and processes in order to minimize the generation and discharge of waste and other impacts on the environment." In keeping with this policy, Baxter initiated a comprehensive packaging reduction program in April 1991. A two-day symposium on environmentally sensitive packaging launched our efforts.

From there, each Baxter division formed actions teams that meet quarterly to search for ways to reduce the environmental impacts of our products. These teams include representatives from all areas of the company, including product design, manufacturing, sales and marketing, quality assurance/regulatory affairs, environmental and purchasing. Each division established its own packaging waste reduction goals and methods of measuring progress.

4. Which constituent groups are affected?

Customers, suppliers, Baxter divisions, and Co for Northeastern Governors (CONEG).

5. How are constituent concerns considered and acted upon?

Between 1991 and 1994, delegates from each division action team, interested customers and selected suppliers met quarterly in a companywide, international environmental

packaging task force. The task force served as a forum for exchange of packaging ideas and the transfer of technology.

The task force developed companywide guidelines for environmental labeling and goals for reducing packaging in response to challenge of the Coalition of Northeastern Governors (CONEG) to reduce packaging. In addition, the task force helped divisions work with their vendors to find ways to alleviate waste problems. A packaging reduction training manual is now being prepared and should be available in 1995.

In 1994, the task force evolved into the Customer Waste Council (CWC). The group is still multi-disciplinary but is focused through five quality working teams. It meets to examine the environmental aspects of Baxter's packaging and products. In addition, the CWC evaluates waste technologies and programs for customers; identifies opportunities to educate customers on waste issues; establishes working relationships with key suppliers and customers; disseminates information on environmental regulatory and legislative developments and trends; enhances and supports division and corporate initiatives; and is working toward establishing goals for our future.

6. The three objectives of Baxter's packaging reduction program are:

1. Reduce customers' waste
2. Reduce Baxter's production costs
3. Make Baxter's packaging and products more environmentally sensitive

Customers worldwide have challenged Baxter to reduce product packaging and waste. In response, Baxter has pledged to reduce the average per-unit weight of its packaging 15 percent by 1995 from 1990 levels. To fulfill this pledge, each Baxter division has set specific goals and established projects aimed at achieving those goals. As of January 1994, Baxter has reduced packaging more than 22 million pounds.

Baxter's packaging reduction program is geared toward reducing the overall environmental impact of Baxter's packages and products. To do this, Baxter is concentrating on the four preferred packaging priorities promoted by CONEG and other environmental groups:

- Eliminate packaging whenever possible;
- Minimize packaging to the greatest extent possible;
- Make packaging reusable; and
- Recycle packaging and produce packaging from recycled materials.

As one of the original 29 companies to voluntarily accept the CONEG challenge to reduce our customers' wastes, Baxter established a company-wide, worldwide working team to address packaging issues. This team is primarily concerned with exchanging technology and sharing information within the company, and with Baxter's customers and suppliers, to help divisions meet stated company goals for reducing packaging. In 1992, the team developed 12 countrywide goals for reducing packaging. They are:

Environmental Packaging Goals

1. Baxter will reduce the average per-unit weight of its packaging 15 percent by 1995, based on 1990 levels of equivalent production.

2. Baxter will use the maximum feasible amount of recycled fiber in its corrugated shipping containers.
3. Baxter will assure that no heavy metals are intentionally added to inks, dyes, adhesives or other packaging components.
4. Baxter will use no foam packaging made from chlorofluorocarbons.
5. Baxter will minimize the use of chlorine-bleached paper and paperboard in its packaging.
6. Baxter will facilitate recycling of its packaging by a) applying the American Paper Institute (API) recycled/recyclable symbols to all appropriate packaging; and b) by applying the Society of Plastics Industry (SPI) identification codes to all rigid plastic containers of capacity greater than eight ounces and to plastic components where it is technically feasible in present manufacturing processes, except containers and components that come in contact with blood or other potentially infectious substances.
7. Baxter will encourage the reduction of packaging waste by promoting the sale of single-package, multi-product medical kits and the use of reusable shipping containers and pallets.
8. Baxter will evaluate recycling of intravenous containers through pilot programs in hospitals in 1992.
9. Baxter will use the Preferred Packaging Guidelines of the Coalition of Northeastern Governors (CONEG) in the design of new packaging.
10. Baxter will initiate educational programs with its customers and suppliers to expedite packaging source reduction and recycling.
11. Baxter will encourage its suppliers and vendors to follow the above practices.
12. Each Baxter division will develop plans and goals specific to its type of products, packages, and distribution systems to reduce environmental impacts.

7. Does issue management make a direct contribution to the organization's profitability? If so, how?

To date, Baxter has cut 22.6 million pounds of packaging from its products and processes, saving our customers thousands in disposal costs, material savings, reduced liability and cost avoidance. In addition, these efforts have saved Baxter \$15.2 million in 1993 from projects completed between 1990 and 1993. Cumulatively, the program has saved the company \$25 million.

8. What are the results?

Since 1991, 24 division environmental action teams have identified 409 total projects to reduce packaging waste, including 184 source reduction projects. Included in these numbers are initiatives to:

- Increase the amount of recycled material used in producing packaging containers
- Reduce the amount of corrugated materials used in making shipping boxes
- Eliminate inner liners and boxes
- Reduce primary, secondary and tertiary packaging where possible
- Eliminate packaging completely by shipping products in bulk quantities or reusable shipping containers

In addition, the team works with suppliers as well as customers to understand packaging requirements and to identify opportunities to improve performance. The team is developing

a series of abstracts that will be published in 1995. These abstracts highlight various accomplishments achieved by Baxter facilities and divisions that eliminate, reduce and recycle millions of pounds of packaging per year. By sharing these ideas and evaluating their usefulness across many Baxter sites, even more waste can be eliminated. The group has also authored position papers outlining Baxter's stance on proposed packaging regulations, medical waste and use of polyvinyl (PVC) plastic in medical devices.

Recognizing the need to spur demand for recycled products to close the recycling loop, Baxter revised its graphics standards to require use of recycled paper in business cards, stationary and envelopes. Packaging has also been changed from bright white to dull white or brown to eliminate chlorine bleaching.

In addition, Baxter offers its customers services designed, in part, to reduce packaging. Among them are the ValueLink® Program, Customer Sterile Kits and Interwoven®.

ValueLink

This stockless/just-in-time products-distribution service delivers specified items in needed quantities to hospitals' patient-care areas every day. This service is available in both the United States and Canada. Baxter's ValueLink centers order bulk product from various suppliers, repack the supplies according to customers' needs, and deliver them to patient floors using reusable totes. By eliminating the need for customers to sort product, hospitals can decrease inventory expenditures. In addition, this service allows Baxter to efficiently recycle packaging and eliminate it from customers' waste streams.

Custom Sterile Kits

As part of Baxter's Surgical Group, the Convertors/Custom Sterile (C/CS) Division offers customers individualized packs of material based on procedure needs. In this way, Baxter repackages bulk items, combining them based on customers guidelines. One top procedure for C/CS is Arthroscopy. Each Arthroscopy pack eliminates more than two pounds of packaging material as compared to individually packaged items. Considering the division's yearly volume, this one procedure eliminates over 330,000 pounds of waste per year from customers' waste streams.

Interwoven

For certain medical products, cost, clinical performance and environmental concerns lead customers to purchase reusable items instead of disposables. Baxter's Surgical Group offers a reprocessing program to U.S. -based hospitals to collect, clean and deliver daily reusable supplies. This service, called Interwoven, reprocesses surgical gowns, drapes and towels daily.

Nomination completed by:
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Solicited by request of the IMC Board of Directors