



INTERVIEW

ZERO WASTE WORLD: THE UNNEGOTIABLE SUSTAINABILITY

GABRIEL IVAN, COUNTRY GENERAL MANAGER, CHEP Romania

1 After 60 years of experience in sustainable logistics there is no doubt that your company has acquired a thorough understanding of markets and trends. Where do you think the global economy is heading right now and what would be the opportunities for your company?

We are facing a period of unprecedented change, and this is based on several global factors—the volatile political and cautious economic environment, the increasing urbanization in Europe, the dramatic change towards comfort and convenience in consumer behavior, a shortage of professional drivers, the growth in automation and a considerable shift toward digitalization.

Industry leaders not only focus on their industry specific trends, but are connected to the main transformations and disruptions that affect their suppliers, clients and related markets.

Retail supply chains are focusing more than ever on efficiency and effectiveness. FMCG companies with global operations also report universal challenges in making their supply chains more

efficient, more flexible and more collaborative.

Increasing the sustainability of supply chains is also a growing trend around the world with the focus especially on finding solutions for the last mile. Especially in Europe there is a lot of focus on saving costs and leaning out the supply chain. That's partly because businesses are aware that the planet's natural resources are under huge pressure, but also because companies have understood the fact that conserving resources and reducing inefficiencies means saving money.

These are challenges and opportunities to build a unique competitive advantage indeed. In Romania, our share and reuse model has been connecting different scale business partners from different sectors to produce higher operational efficiency, cost optimization, better consumer experience in the store, sales increase, more efficient promotions, positive environmental impact.

2 Your business model is based on sustainability, and your company is a pioneer of circular logistics. What does this mean and what are the advantages of your

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business compared to what your competition is offering.

Sustainability is not negotiable. It is at the very heart of everything that we have been doing since 1950. Pooling equipment cuts waste in multiple ways. Our approach is not just to share equipment, but also to share and reuse as much as possible, reducing the impact on the environment significantly. When our platforms reach the end of their lifetime much effort goes into finding ways we can repurpose them.

In contrast to many companies that sell pallets, CHEP rents them to customers and then collects every unit back after use to inspect, repair and send back out into the supply chain again. This enables our clients to optimize their supply chain costs, while significantly reducing their carbon footprint. This is the reason why Brambles, which is operating primarily through CHEP, was recognized among the most sustainable companies in the world in 2019 by Dow Jones and Morgan Stanley.

Consumer goods consumption would rather decrease in value than volumes in an economic crisis scenario. This should not significantly affect logistics businesses in the equipment pooling business.

I think that building a sustainable supply chain—no matter the business size and sector—will be of key importance in any future political, economic or legal context.

Until convergence with the European Union consumption averages will occur, it is expected that the Retail and FMCG will continue to advance, driving steady business growth for CHEP in Romania, even if possibly at a smaller pace than until now.

4 ■ What are your goals for 2020 and what will be the main challenges for the next 3 to 5 years? Do you have any specific plans to address these challenges?

In the short term, we intend to maintain the 30 percent growth rate of the past 2 to 3 years, ensuring that we have the structure to support this growth. In the medium and long term, we are

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In Romania sustainability is becoming more than ever before a common element that drives engagement between industries. I have never seen a shared interest for sustainability of such scale in the FMCG, Retail and supply chain sectors. We are currently working with more than 300 clients with a visionary leadership—a business ecosystem that clearly trends to a sustainable circular business approach.

In Europe, CHEP has developed a strong sustainable network, with more than 50 times more pallets in circulation than any other company and over 315,000 delivery points. With every issued pallet, this massive supply chain becomes more sustainable—with benefits that spread across the economies, communities and the planet.

3 ■ In light of the signs of a slowing economy and the real possibility of an incoming economic crisis, what are, in your opinion, the perspectives for logistics businesses, in general, and CHEP Romania in particular?

paying attention to the rapidly changing environment and trends to ensure we are ready to support our customers into the future with the right products, solutions, and data insights. We want Romanian companies to benefit of the same digitization opportunities that are being used in the other markets in Western Europe.

We will also continue to play a very active role in promoting eco-friendly industrial activities, provide support for the development of the first food bank in Romania and act as a responsible member of the local community.

5 ■ What are the most innovative products that you are offering and what are your plans for the following years (in terms of innovation)? Can you name one which you think will disrupt the logistics industry?

CHEP's strategy is tailored to each business division challenges and to the changes of the economic environment in every market. We will invest in innovation projects running from

disrupting category management with virtual reality and ready-to-sell display units allowing for efficient replenishment and promotions to the incorporation of digital devices into our platforms to engage shoppers at the point of sale through proximity marketing solutions. This type of disruptive technology will add value, reduce waste and lead to new sources of income - and businesses will become more efficient, will spend less with limited impact on the environment.

6 ■ What is the most valuable lesson you, as head of a leading logistics company in Romania, have learned throughout 2019? Based on this, what will be the best advice you can give to people working with you?

Do your best to maintain a clear vision and a strategy for sustainable long-term development, a customer-centric approach and a mindset for innovation.

7 ■ What is the most important thing businesses should pay attention to the most in 2020? What are you doing to address it?

range of reusable supply chain packaging solutions to help firms cut single-use waste.

The second pillar of Zero Waste World is transport, as in Europe 30 percent of freight miles are driven with empty trucks. CHEP already teams up with companies to use their empty fleets to transport pallets, for example, but under Zero Waste World, it plans to take this one step further and team firms up with rival companies to share transport miles. The third pillar is focused on improving traceability in the supply chain. We have a platform which uses internet of things technology to collate and analyze the data from CHEP pallets. With that information, our clients can spot inefficiencies or bottlenecks in their supply chain that leads to issues such as food waste.

Without a doubt, we all need to collaborate to meet the consumers' requirements with the most economical and sustainable solutions, with as little impact as possible on the planet. The best thing companies can do to reach this goal is to work together more.

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Companies must adjust to consumer patterns. In order to deliver to densely populated areas more regularly and more efficiently, manufacturers, retailers and haulers or logistics service providers will need to develop an asset and infrastructure supply chain model that is collaborative. Underutilization, operating a half full truck, needs to become a thing of the past.

A cooperative approach of multiple companies 'booking pallet space' for their products within a shared truck, will soon be a reality, and in some cases, it already is. We have seven transport collaboration projects locally and several hundred across Europe.

What we do as a response to market trends is help our customers in Europe cut waste and improve efficiency in their supply chains by more than equipment pooling. Zero Waste World is a business expansion program whose first pillar is focused on eliminating waste, from single-use packaging to unsaleable products—we're planning to expand the

