

# Case Study

## Chemical Outplant Distressed Product Program

### Overview

The Chemical Warehouse Distressed Product program was initiated to provide a consistent work process for the handling of Distressed Products (i.e. slow moving inventory, off spec, expired, damaged, partial and flushes, etc.) from nearly 150 outplant facilities that utilized these warehouse locations to store and move prime chemicals across North America.



### Background

Product disposal was handled differently at A warehouses, and B warehouses and terminals.

One network of warehouses (A warehouses) utilized a 3rd party management company to manage product disposal. They provided a “turn-key” service which covers product disposal, site assessment, training, and regulatory compliance reporting. The 3rd party company was expensive. In 2011, this warehouse network spent \$1.68MM to dispose of 1.47MM lbs of product (\$1.14/lb.)

For the sister warehouse network (B warehouses) internal manufacturing resources were used and/or the outplant resources to manage product disposal. The process for the B warehouse network was not well defined. A need was identified for a single and consistent process for all outplants in North America.



## Challenge

- Lack of standardized process for product disposal at the 3rd party outplants.
- How to reduce the Customer's cost through contract leveraging, recycle, reuse and resell outlets
- The process for handling waste at the B warehouses was not well defined when compared to the structured, yet costly service provided by the 3rd party management company for the A warehouses.
- How should we recreate the services the management company provided or should we follow a different path to merge the work process across the board?
- How should we reduce the use of non-approved disposal sites? Not all disposal contractors and sites used for B warehouse product disposal in the past have been audited or approved by Customer's Corporate group.

## Approach

We decided to follow the 3rd Party companies lead and use an online form submission/database tool to capture and store Distressed Products. This allowed us to be upfront and highly visible during our vetting process from cradle to grave with the businesses materials. We also adapted the forms to be used for some of the sites weekly inspection forms.

We rolled the program individually to the highest volume outplants first and then down the line to the smallest. We also rolled it out to the separate groups (zone outplant specialists (ZOS) and business planners) that had vested interest in what happened to distressed materials. We have monthly, semi-annual and annual follow up meetings to make sure that the sites, ZOS's and planners are all satisfied and following through on the process.

## Results

We were able to reduce their pre-existing volume by 3.15MM lbs, we were able to add an additional \$344M in additional revenue which avoided disposal costs of \$1.17MM. Total value delivered was \$1.51MM in 2014 that would not have existed without our program.

