

Banking on recycling: Consumer demand fuels companies that repurpose, reuse and recycle waste

Companies that make a business of recycling are finding that consumers put their money where their mouth is when it comes to the environment



There is perhaps no more iconic career advice than that offered by protagonist Benjamin in *The Graduate*: plastics. Due to its environmental challenges, the material has lost its sheen but the Plastic Bank may help change that. It is among a new crop of innovative social entrepreneurial ventures proving that, with consumer demand on your side, waste can be re-born as a valuable commodity.

“My place is where the sea meets the shore,” David Katz, chief executive and founder of Vancouver-based Plastic Bank said. “Wherever I travel, that’s where I end up.” So, after witnessing plastic bottles and paraphernalia degrade “his place” Mr. Katz grew disheartened. And then emboldened. “I wanted to solve that. At least I wanted to begin figuring out a way to solve it.”

In the 18 months since, Mr. Katz launched The Plastic Bank, sold the technology company he founded and invested more than \$500,000 with an ambitious dual mission: clean up the environment and create opportunities for the marginalized. At the heart of the venture is the trademarked Social Plastic, the recycled material the company generates.

For many in Latin America and the Caribbean whose livelihoods depend on the recovery of recyclable materials, waste management is not always a profitable endeavour. Plastic Bank partners with organizations with a track record of recycling and offers additional motivation. “Instead of competing directly against them, we work to ensure the collectors receive an above market rate,” said Shaun Frankson, Plastic Bank’s co-founder and vice-president.

By ensuring waste collectors receive fair value for the collected plastic — removing price inconsistency and the volatility of its international commodity price — Plastic Bank is hoping to provide renewed reason to recycle. In December, it launched its first collection centre in Lima, Peru, where plastics are sorted, recycled or shipped out to be shredded and reformed into pellets for reuse. Haiti is next on the list.

On the other side of the equation, LUSH Cosmetics, the company’s first buyer, uses the plastic in its Sea Spray bottle. And a global who’s who of corporate brands have demonstrated interest, with one in final talks, Mr. Frankson said, Plastic Bank plans to be operating globally by 2016. Mr. Katz said the company is moving cautiously to ensure only the right partners are chosen — those who see value in paying a bit more to support the cause.

Still in its infancy, Plastic Bank has already received accolades, including Entrepreneur Organization’s Global Citizen of the Year Award for Mr. Katz. It has also witnessed a rapid response on social media — more than 500,000 Facebook “friends” in six months have “liked” its “I demand corporations use recycled social plastic” campaign.

Whether those numbers translate into a profitable business is yet to be seen. But the founders are banking on the persuasive influence of consumers, hopeful that with increasing demand for companies to support Social Plastic, its value will rise.

Finding value in waste wasn’t difficult for Stephanie McLarty, chief executive of Hamilton, Ont.-based REfficient, an online B2B marketplace for companies mainly in Canada — and in 12 countries worldwide — looking to buy Telecom, A/V and IT equipment from sustainable sources at significant discounts.

“We’re the eHarmony for technology,” joked Ms. McCarty, who developed a software platform that matches those searching with those purging and calculates sustainability statistics.

Each month, REfficient processes thousands of cable and PVR boxes, usually from large service providers that have upgraded. Smaller companies save 20% to 70% off the retail

price. and the environment benefits. In 2014 alone, the company resold more than 70,000 products, an increase of nearly 120% from a year earlier.

With a dual-streamed business model – the company purchases equipment from businesses or works on consignment — REfficient is profitable, having grown at least 50% year over year since its launch more than four years ago. Ms. McLarty bootstrapped the venture, growing largely through cash flow.

The success of REfficient comes as no surprise to Raymond Paquin, associate professor of strategy and sustainability at Concordia University’s John Molson School of Business. Citing a study he recently published on industrial symbiosis (resource exchange whereby one company’s waste is another’s treasure), Mr. Paquin says the practice fills an important gap in policy.

“Governments are not properly building in the cost of our material extraction and use into the actual cost of the product,” he said. “If we were paying the true costs of products, I’m certain we’d be more thoughtful on how we dealt with them once we’re done with them.”

Companies that view waste as a valuable resource can reduce disposal costs and increase revenues through reuse, Mr. Paquin said. They’re enhancing company profits, and creating new jobs while minimizing waste in landfills.

“If there wasn’t an environmental or social element, some higher purpose, I don’t think I would have stuck with it,” said Ms. McLarty, who recently launched Evereone, a related business that takes waste from REfficient — typically shipping pallets — and upcycles it into products such as side tables and beer caddies.

It’s an area veteran upcycler Tom Szaky knows well. The Toronto native launched TerraCycle in 2001 to transform waste into consumer goods. Its first product, organic fertilizer made from worm poop, was worth \$3.3 million by year three. TerraCycle is an award-winning company with a reputation for taking difficult-to-recycle packaging and products and re-purposing them into affordable, innovative products. More than 100 major brands in 21 countries turn to TerraCycle to help keep products out of landfills. The recycled products are sold online and through major retailers.



While Mr. Szaky admitted reuse is the optimum approach, followed by upcycling, then recycling, the company's efforts are focused 95%, 4% and a few percentage points on each, respectively.

"We collect tens of millions of juice pouches every month. Can we turn every one into a backpack [or pencil case]? Yes, but does everyone want one," he said. He estimates less than 10% of all objects are truly recyclable. "It's not because it technically can't be done but because it costs more to collect and process the stuff than the result is worth," he said.

There's no sense going into business to lose money, Mr. Szaky said. In its 11th year of straight growth, with nearly \$19 million in sales, losing money is clearly not on the agenda for TerraCycle.

Its success is largely a result of diverse stakeholders and those intangibles of demand and perceived value. Consumer product brand Maple Leaf, for example, works with TerraCycle to make Lunchmate packaging recyclable. (Consumers download a shipping label and send the waste free of charge to TerraCycle).

Vancouver was the first city in the world to fund cigarette recycling, a program led by TerraCycle, that is now in 20 cities worldwide.

Consumers are on-board, too. Grand & Toy Canada was the first to sell Zero Waste boxes alongside products to willing customers who ship them to TerraCycle for recycling. "We launched the pilot program based on feedback from our associates, suppliers and

customers who identified waste and recycling as our most important sustainability issue,” said Serguei Tchertok, Grand & Toy’s sustainability manager. The company recently rolled out the program for coffee capsules, computer accessories and office supplies, while Staples Canada just launched them for its products.

If a million dollars in sales since the boxes’ roll out last year is any indication, consumers are willing to put their money where their mouth is when it comes to the environment.



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