



Monetizing Operational Efficiencies

The Company: Americanauto is a growing automotive manufacturer, with current revenues of approximately \$20 Billion. Its primary manufacturing sites are in California, Ohio and South Carolina, and across these three facilities, they are producing approximately 1 million vehicles annually, with historic growth rates in production of about 5%.

The Situation: Though the company has taken some steps in its waste management efforts, the large majority of that effort has been focused on the recycling of its recovered manufacturing waste, currently recovering and reselling nearly 20% of its manufacturing scrap.

From the CEO's corner office, you have observed other automotive manufacturers making significant commitments to waste management and reduction, and seen your competitors grow significant financial value from those programs. In an effort to spur innovation and reduce manufacturing costs in the short and for the long-term, you would like to launch a more robust waste management program that includes the following components:

- 1) Increased recycling of recovered manufacturing scrap,
- 2) The incorporation of recovered and treated manufacturing scrap into manufacturing,
- 3) In anticipation of future regulatory action mandating product take-back, a proactive program to recover end-of-life product from the consumer for the purposes of:
 - a. Incorporating recovered end-of-life product into manufacturing, and
 - b. Recycling recovered material

The Exercise: In small groups of 4-5 people, please consider the following questions:

- 1) What are the categories of benefits that you think Americanauto could accrue through this more robust waste management program?
- 2) What are the key value indicators you might need to track in order to quantify progress in your waste management program and monetize the impact your waste management program has for the company's bottom line?
- 3) In addition to the key value indicators, what might other important data points you would need in order to translate your company's waste management performance to money?
- 4) What approach to monetization would you recommend to your team in order to value the impact of your waste management program to the company's bottom line?
- 5) What is the value of the tangible and intangible benefits that Americanauto could accrue as a result of its investment in more sustainable waste management?