

NATIVE GREEN®

Native Green Advantage: Impacting Life Cycle Costs

When purchasing, initial cost remains a practical consideration, but the amount of money spent over the entire expected life of the product is a more accurate picture of the true cost. Post delivery expenditures for logistics, storage, and disposal are key components of true cost and, increasingly, so are the associated costs of employee health and lost productivity.

SUPPLY CHAIN COSTS

In absolute terms, supply chain costs are on the rise. Although costs as a percentage of sales have been cut dramatically in the past 30 years as a result of improved processes and trading partner collaboration, rising fuel prices and regulatory constraints are placing significant pressure upon suppliers and retailers, particularly those offering lower margin products. Clearly, continued management support of infrastructure optimization and the deployment of contemporary supply chain technology and systems will help to mitigate the pressure. However, enhanced management systems alone are not a silver bullet. The Native Green product line tackles the core cost issue head-on by reducing product dimensions and weight while reducing the environmental impact.

Supply Chain Factors - Native Green Concentrated Cleaners and Traditional (1 Quart Bottles) Cleaners:

	<u>Native Green</u>	<u>Traditional</u>
Quarts (or equivalent) of Product Per Case	24	12
Case Weight	1.3 lbs.	30 lbs.
Cases Per Pallet	704	33
Weight Per Pallet	960 lbs.	1035 lbs.
Quarts (or equivalent) of Product Per Pallet	16,896	396

Summary Comparison 1 Pallet - Example 600 Miles Transportation

Total Cubic Feet	35.90 cu. ft.	32.35 cu.ft.
Total Supply Chain Cost (total shipping, receiving, stocking)	\$480	\$262
Supply Chain Cost Per Quart	<u>\$.0285</u>	<u>\$.662</u>

Native Green Cost Savings Impact on Supply Chain

- Inbound Freight Costs – 43 to 1 savings ratio, commercial freight, \$100-\$300 per pallet
- Warehousing Labor Costs – 35 to 1 savings ratio, pallet receiving, cross docking, pallet picking, case picking, \$14.28 loaded labor rate
- Short Haul LTL Delivery Costs – 64 to 1 savings ratio, commercial LTL freight, \$35-\$50 per pallet
- Local (End Point) Handling Costs – 33 to 1 savings ratio, full pallet receiving/storage, case receiving/storage, case shelf stocking, \$14.28 loaded labor rate
- Pallet Costs - 43 to 1 savings ratio, average pallet cost \$15
- Dunnage – 43 to 1 savings ratio, removal and disposition of corrugated materials and pallets, time to stage for removal, cost of removal, \$14.28 loaded labor rate
- Shipping and Handling Damage – 43 to 1 ratio, time to handle claim, time for inspection, 14.28 loaded labor rate

Native Green Impact on Risk Management Costs

Reduces Health and Safety Costs

Native Green products reduce the need for personal protective equipment, safety training, handling and storage, spill clean-up, and incident reporting with the associated costs of worker compensation claims and the lost labor time resulting from accidents. Accidents can also increase an organization's worker compensation premiums and may result in legal expenses.

- Data from the State of Washington showed that each worker's compensation incident related to cleaning products that required medical attention took the worker off the job for an average of 18 hours. Medical costs (not including the cost of lost productivity) averaged \$375 USD per claim (GDOI, 2006). When lost work time is included, the cost of each claim rises to \$725 USD. Six out of every 100 janitors are injured on the job using harmful chemical cleaners (CNAD, 2006).
- U.S. Consumer Product Safety Commission (CPSC) report from July 2007, estimates health costs associated with accidents involving cleaners in the U.S. as follows:

Table 2: Product Summary Table – Injury, Death, and Cost Estimates

Product	ER Injuries† 2004	All Medically Treated Injuries† 2004	Hosp. % 2004	Med. Trtd. Injury Costs (millions)	Total Known Costs (millions)
Cleaners	62,000	154,500	2.9%	\$1,629.0	\$1,694.0
Deodorizers	2,100	5,300	**	\$51.5	\$66.5

