

Sustainability As a Driver of Business Success at WDSrx



By: Rachael Stern

Introduction

As society and the world around us evolves, so do businesses, organizations, and other entities. Part of the evolution occurring today is sustainability and how organizations incorporate the ideology of “going green” into their everyday practices and into the workplace.

In the supply chain industry, sustainability has become a hot topic regarding how much waste is produced in the supply chain. As more manufacturers become sustainably aware, they expect their distributors and logistics services providers to follow suit by further decreasing their environmental impact. “Why engage in a sustainability path with a socially responsible mandate?” Although it sounds cliché, “doing good is good business.” As this movement grows, buyers will purchase products and services from like-minded companies. Sustainable practices actually can save a company money and contribute to bottom line profitability.¹ Many companies require their business partners to pass audits for sustainability practices to be considered a preferred vendor. Finally, it feels good to broaden the corporate boardroom topics, adopt widely desired practices, and to minimize damage to our planet.

This analysis examines how sustainability can be utilized as a driver of success at WDSrx focusing on several important issues:

1. The industries and businesses that embrace sustainability;
2. Reasons why sustainability is pertinent in healthcare and for logistics providers;
3. Current perceptions held by society regarding sustainability;
4. Reasons as well as benefits of establishing sustainability initiatives, and;
5. Opportunities and proposals for sustainability initiatives at WDSrx.

Understanding Sustainability

Sustainability has various definitions that encompass many aspects of social responsibility and the idea of working towards a greener world. Generally sustainability is, “meeting our present needs without compromising the ability of future generations to meet their own needs.”² Moreover, sustainability “has three components – environmental conservation, social responsibility, and economic development” which each contribute to positively impacting the environment.³ Many do not correlate the fact that with sustainability comes a multitude of extraneous variables which all contribute to sustainability as a whole. Although sustainability is most often equated to environmental conservation, sustainability emphasizes the importance of world and societal well-being within our communities.

Sustainability as a Topic of Interest and a Priority

Sustainability in recent years has become a widely discussed topic. Often people are curious to know how they can become more involved in sustainable living and eco-friendly practices that help both our environment and our general way of living. Many people wonder about how being more eco-friendly, energy efficient, and sustainably conscious may lead to a more developed workplace. Sustainability is both a social issue and a competitive strategy that is propelled by its benefits. As businesses seek profitability and customers demand corporate responsibility, organizations see sustainability as a way to lower costs and increase marketing awareness.⁴

Corporate Social Responsibility vs. Environment, Social and Government (ESG) Policies

As corporations have begun to recognize the importance of Corporate Social Responsibility (CSR) and sustainable practices on both a stakeholder and consumer level they are now implementing Environmental, Social, and Governance (ESG) practices.⁵ Different from corporate social responsibility (CSR) in which companies integrate social and environmental causes into their operations, ESG is a way for investors to take in factors like social and environmental impacts for the clients to acknowledge while building their investment portfolio.^{6,7} Progressive investors are now leaning towards responsible investing leading to ESG increasingly being integrated into corporate policies. ¹

COVID-19 Effect on Sustainability Strategy

In today's current pandemic many worry about the future of the United States and what life may look like after the effects of COVID-19. As countries around the world remain locked down, the natural environment has shown signs of recovery, taking advantage of the reduction of human impact.

Many companies are increasingly aware of the importance of a sustainability agenda. The implications of COVID-19 on business are likely to be long term as stakeholders move to expand ESG factors including employee benefits, supply chain resiliency, 'green' strategies, collaboration with government and other partners. As companies adapt to new working conditions during the COVID-19 pandemic, many are also realizing that they may be able to alleviate their impact on the environment and further reduce costs, leaving more funds available to retain employees and reinvest into sustainability programs.

The crisis occurring now has given organizations the opportunity to pilot sustainability programs and jumpstart their corporate environmental mandates in addition to acting on their ESG goals. With the occurrence of COVID-19, companies are heeding a wake-up call reassessing supply chain resiliency, business continuity plans, disaster recovery plans and sustainability initiatives to position themselves for success navigating disaster scenarios of low probability. A recent analysis of business and sustainability during COVID-19 recommends companies treat employees fairly, do right by customers and suppliers, help the broader community and view actions based on established sustainability goals, noting that "companies that commit to sustainability during the crisis will come out stronger, with more solid customer and supplier relationships, enhanced corporate reputations, and improved employee loyalty and productivity."⁸

Sustainability At WDSrx

At WDSrx sustainability has been a priority yet has become an increasing topic of interest recently. WDSrx incorporates sustainable approaches and eco-friendly initiatives into their day to day operations. Current programs include:

- Recycling corrugated cardboard – literally tons of packaging materials in the form of corrugated cardboard moves through WDSrx facilities each year and is saved for recycling into post-use cardboard, paperboard and other products.

- Painting the WDSrx headquarters facility roof white to reduce air conditioning usage – regularly scheduled maintenance replacing the roof at the WDSrx headquarters facility included adding a white reflective seal across the 70,000 square foot area designed to reflect heat from the roof, thereby trapping less heat inside the building and reducing air conditioning usage.
- Switching to reusable lab coats opposed to single use – The WDSrx production team consists of employees responsible for packaging and labeling of pharmaceutical drug products and dietary supplements. Single-use paper production jackets were replaced in 2020 with reusable cloth apparel laundered with green detergents in an environment-conscious facility.
- Disposition of unused and expired medications at Waste-to-Energy Processing facilities – The WDSrx Reverse Logistics department in 2019 was responsible for regulatory compliant destruction for clients resulting in sufficient energy produced to power 17 homes for an entire year.
- Ongoing replacement of conventional bulbs to LED lighting within warehouses.

According to WDSrx President Adam Runsdorf, “These sustainable solutions are important for WDSrx as a progressive pharmaceutical logistics services provider to address our rapidly changing environmental needs, express our desire to improve workplace operations and to set an example for other pharmaceutical logistics services providers to follow suit.”

What Types of Businesses Embrace Sustainability

Many industry leaders embrace many, if not, all aspects of sustainability. Specifically, sustainability’s benefit of an increased market value and improved retention has encouraged most businesses and major corporations, such as Amazon and Johnson & Johnson, to “go green.”^{9,10} In fact, “recent studies show that companies investing in sustainable workplaces perform better than companies that don’t.”¹¹ Interestingly the report, *Doing Good: Business and the Sustainability Challenge* “found a positive correlation between stock performance and corporate social responsibility (CSR) performance.”¹² Therefore, companies that have a CSR (including sustainability mandates) mandate are more likely to have a higher stock performance. This is due to the nature that consumers want to invest in companies who believe in what they believe. In turn, companies who do not have CSR and sustainability policy may be considered to have “undesirable business practices” and are in turn less desirable companies for consumers to invest in.¹³

Reinforcing the corporate adoption of sustainability as business opportunity, a group of nearly 200 of the world’s largest leaders, headed by Jamie Dimon, CEO of J.P. Morgan, Chase & Co have made a commitment to no longer put shareholder interests first while social issues such as high healthcare costs continue to rise.¹⁴ The Business Roundtable states that “the purpose of a corporation is to serve all of its constituents, including employees, customers, investors and society at large.”¹⁵

Employee Engagement and Sustainability Practices

Stakeholders have since pushed for corporations to make a stance on social issues as they have seen the government making little headway to the Business Roundtable’s overall goal.¹⁶ Therefore, sustainability,

CSR, and ESG, have become business imperatives in order for these large companies to generate a positive impact. Chief executives of prominent companies now regularly make public statements on public-policy issues, because without their assistance making progress on all of these problems may be more difficult.

Millennials will make up 75% of the global workforce by 2025. 17 Companies are always looking for the best employees for their organization and often do whatever they can to attract new talent. Soon companies will need to adapt in order to encourage more people to apply. Many millennials are looking for work that will allow them to make an impact in the work that they do and where they live. 18 In fact it was found that “nearly 40% of millennials have chosen a job because of company sustainability” and “nearly half of all respondents and three-quarters of millennial workers said the same thing; more than 10% of workers said they’d be willing to go as far as to take a \$5,000-\$10,000 pay cut”. 19

Therefore, if companies can shift and adapt to incorporating social initiatives into the workplace, new hires will likely continue to believe in the company’s mission and stay longer at the company. Interestingly, a 2016 survey found that “nearly 70% of respondents said that if a company had a strong sustainability plan, it would affect their decision to stay with that company long term” in turn meaning that a more sustainable work environment translates to even further savings when in the organization. 20

The Healthcare Sector and Sustainability



WDSrx employees wear new reusable lab coats, dramatically cutting waste and unnecessary cost.

Pharmaceutical Companies Embrace Sustainability

The healthcare sector and sustainability have recently become interlinked as more professionals in the

healthcare industry have acknowledged the benefits of sustainability. Biopharma companies including Biogen and Novo Nordisk have created goals to become energy efficient and reduce their waste production.²¹ These industry leaders continue to build their ESG programs by putting an emphasis on social impact and partnering on initiatives that focus on health and safety.²²

Moreover, the healthcare company Roche was also ranked in 2019 as one of the most sustainable healthcare companies in the Dow Jones Sustainability Indices for the eleventh year running and has continued to be recognized as one of the most sustainable companies in the Pharmaceuticals index of the Dow Jones Sustainability Indices.²⁵ Many organizations in the healthcare sector have become environmentally aware and oftentimes their employees expect employers to adopt sustainable practices. Pharmaceutical companies such as Chiesi Farmaceutici S.p.A. have even been so inclined to become B-Corporation certified, one of the highest standards a for-profit company can be held to in regards to social responsibility, governance, and sustainability.²³ Cardinal Health also incorporates sustainability initiatives into their organizational practices by setting a public greenhouse gas emissions reduction goal for their pharmaceutical distribution business by 2021.²⁴

Current Perceptions About Sustainability

Current perceptions of sustainability among corporations and organizations often differ from societies and communities. Some employees feel that sustainability may be too hard to implement in their workplace, adopting a “Why should I” mentality, believing environmentally friendly practices are too time consuming, not enough people care about the environment and switching to sustainable practices is too costly of a decision to make.

Reasons and Benefits to Incorporating a Sustainability Program/Initiative

At WDSrx sustainability is a widely discussed topic, in fact more often than one would expect at a pharmaceutical logistics service provider. Sustainability at WDSrx is an extremely important aspect of how the company disposes of their recyclables and destroys unused medications. As sustainability has been introduced into WDSrx operations, many employees are excited to see the pharmaceutical logistics services provider dive deeper into sustainability goals. WDSrx Human Resources Manager Melissa Gallagher noted that she feels passionately about incorporating more environmentally friendly practices at WDSrx and reducing our plastic use on site. “We want to create a positive work environment for all WDSrx employees. Sustainability initiatives benefit all internal and external WDSrx relationships similar to our emphasis on diversity and inclusion policies,” states Gallagher. Director of Operations Eric Nestler is hopeful that WDSrx will be able to dramatically reduce plastic use and incorporate more sustainability initiatives in the future, such as the reduction of paper use. “As Director of Operations, I analyze current procedures and determine methods to increase efficiency while reducing cost. Sustainability programs that meet these requirements

help realize overall business objectives and have additional societal benefits.”



Construction workers at the WDSrx Boca Raton, FL location apply a reflective coating during roof replacement to reduce air conditioning requirements inside the building.

Incorporating a sustainability initiatives and programs into an organization requires a motivated team dedicated to the goal. Recently, sustainability and corporate social responsibility (CSR) have become highly regarded at many large companies.²⁶ Sustainability programs and initiatives are created and implemented because companies recognize that they are held responsible for everything they produce, create, promote and advertise. Organizations realize the opportunity to add value to their companies by adopting a sustainable approach.²⁷

Companies implement environmental, social, and governance (ESG) goals into their organization for a multitude of reasons. Essentially, benefits relate to the fact that the “long-term value of environmental and social programs now rivals or exceeds the value attributed to governance programs.”²⁸ As the process and impact of ESG is measured, stakeholder value can be drastically increased when they feel part of a larger initiative to improve a situation that reflects their concerns.²⁹

ESG is now being prioritized by companies because of its beneficial impact and positive response from shareholders, employees and customers.³⁰ ESG goals can be implemented in phases, similar to what WDSrx is doing by tackling sustainability initiatives first. Therefore, simply by treating our planet with a little more caution, organizations such as WDSrx can make a positive impact on our environment. It is as simple as using a reusable water bottle and saying no thanks to a one-time use plastic water bottle.

Sustainability Programs at WDSrx



WDSrx is recognized with the Sustainable Future Award working to implement sustainable solutions for regulatory compliant destruction of pharmaceutical drug products.

WDSrx has uniquely positioned themselves towards a more sustainable future. Thus far, WDSrx has been able to incorporate and work towards a number of sustainable initiatives, increasing their consideration and implementation of ESG mandates.

WDSrx continues to pivot themselves towards unique ways in their efforts to assist in lowering their impact on the environment;

1. During recent roof replacement at the WDSrx headquarters location warehouse in Boca Raton, Florida, the 72,000 square foot area was sealed with a white reflective coating to reduce impact on the environment by lowering their energy usage that would normally be used by the facility's air conditioning system. The new white roof on the Boca Raton facility will allow for a cooler warehouse, reduced emissions, and a lowered carbon footprint.
2. Unlike conventional Third Party Logistics (3PL) companies, WDSrx provides multiple service options including an on-site packaging and labeling department with approximately 20 employees. A cost study determined that switching to a reusable fabric lab coat from the traditionally used paper-based lab coat would be more cost-effective. The paper coat is thrown away after one use. New lab coats are worn multiple times depending on the project prior to cleaning for reuse. Unifirst is the vendor partner selected for this program in part due to their comprehensive sustainability policies. UniFirst is a member of the Laundry Environment Stewardship Program (LaundryESP), a voluntary pollution prevention and resource conservation program. For example, laundry detergents are 100% green and biodegradable. By-products from the cleaning process are non-polluting and safe for the environment. The new lab coats reduce cost and allow for WDSrx to further reduce their waste.
3. WDSrx utilizes LED lights that allow for energy to be converted into light, while decreasing the amount of heat traditionally used for a light bulb. Some facilities at WDSrx have energy efficient sensors that turn lights on and off according to movement registered within a certain area. Light sensors are a great way to reduce costs, are easy to install, and allow for even greater energy use reductions.

4. The majority of the waste produced by WDSrx is cardboard and paper. After the waste is directed from within the warehouse to dedicated waste receptacles at each location it is hauled away and turned into corrugated material for recycling into other packaging products.
5. In addition to turning their waste into recycled goods, WDSrx also converts their pharmaceutical waste into energy. The Reverse Logistics department at WDSrx manages the destruction of expired medications and removal of drugs recalled or withdrawn from the commercial market by government regulatory authorities. Items set for destruction are accompanied to a special facility run by Covanta Environmental Solutions that is authorized by the U.S. Drug Enforcement Agency (DEA) to properly dispose of pharmaceutical drug products and Controlled Substances. Covanta “Waste to Energy” facilities transformed 397 tons of pharmaceutical waste from WDSrx clients in 2019 into sufficient renewable energy to power 17 homes for an entire year.

Proposed Sustainability Initiative for WDSrx

In 2019, a budget of \$3,100 was spent on plastic water bottles at the WDSrx headquarters location. As an alternative, option purchase of two (2) water stations for \$900 each will cost of roughly \$1,800. 31 Several styles of reusable water bottles were reviewed and the selected unit is \$2,550 for 150 bottles (minimum order) including the WDSrx logo. This quantity discount anticipates that additional water bottles will be distributed to other facilities so that they too can implement the water bottle waste reduction initiative. This plan also budgets \$500 for the purchase of single-use water bottles annually for emergency and guest use. An opportunity exists for WDSrx to expand sustainability initiatives by reducing consumption of single-use plastic water bottles and replacing them with permanent water stations and issuing personal reusable bottles to employees. This sustainability initiative will be piloted at the WDSrx Boca Raton, Florida headquarters location. The program will increase convenience for employees, drastically reduce plastic and energy usage and reduce costs compared with the current practice of purchasing bottled water.

Long Term Sustainability Goals/Initiatives

WDSrx plans to grow their sustainability goals further in the future.

To reduce paper usage, another opportunity exists to eliminate the use of Z-fold paper towels in the bathrooms by installation of energy-efficient hand-dryers. This will allow for WDSrx to reduce paper waste, encourage use of an environmentally friendly, energy-efficient and hygienic alternative and positively impact the environment.

As a Third Party Logistics company, WDSrx maintains sharp focus on continuous improvement in all aspects of business efficiency including sustainability and waste reduction. The company strives to offset the waste they produce and strategize numerous ways to continue to develop more sustainability initiatives.

Conclusion



Tons of corrugated cardboard is funneled to pick-up areas at all WDSrx locations and recycled into paperboard product and packaging materials.

Businesses are changing their perceptions about sustainability and environmental protection to recognize the benefits that ‘green’ programs generate for employees, clients, prospects, vendors and other partners. Properly conceived and executed, ESG programming can reduce cost, increase productivity, empower employees, attract prospective clients, create positive awareness and increase loyalty. Continued sustainability efforts at WDSrx will be able to avoid unnecessary expenses, reduce impact on the environment and exceed stakeholder expectations by implementing initiatives that appeal to existing and potential clients. For example, the pending one-time use plastic reduction initiative will reduce waste from single-use plastic water bottles. This program will increase efficiency while reducing expenses. Sustainable practices at WDSrx are beneficial to the environment and support cost reduction.

WDSrx continues to work towards their vision of a socially responsible organization that prioritizes efficiency, effectiveness and excellent client satisfaction. An active effort to implement sustainable business practices will lead to beneficial returns to the bottom line and future success at WDSrx.

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