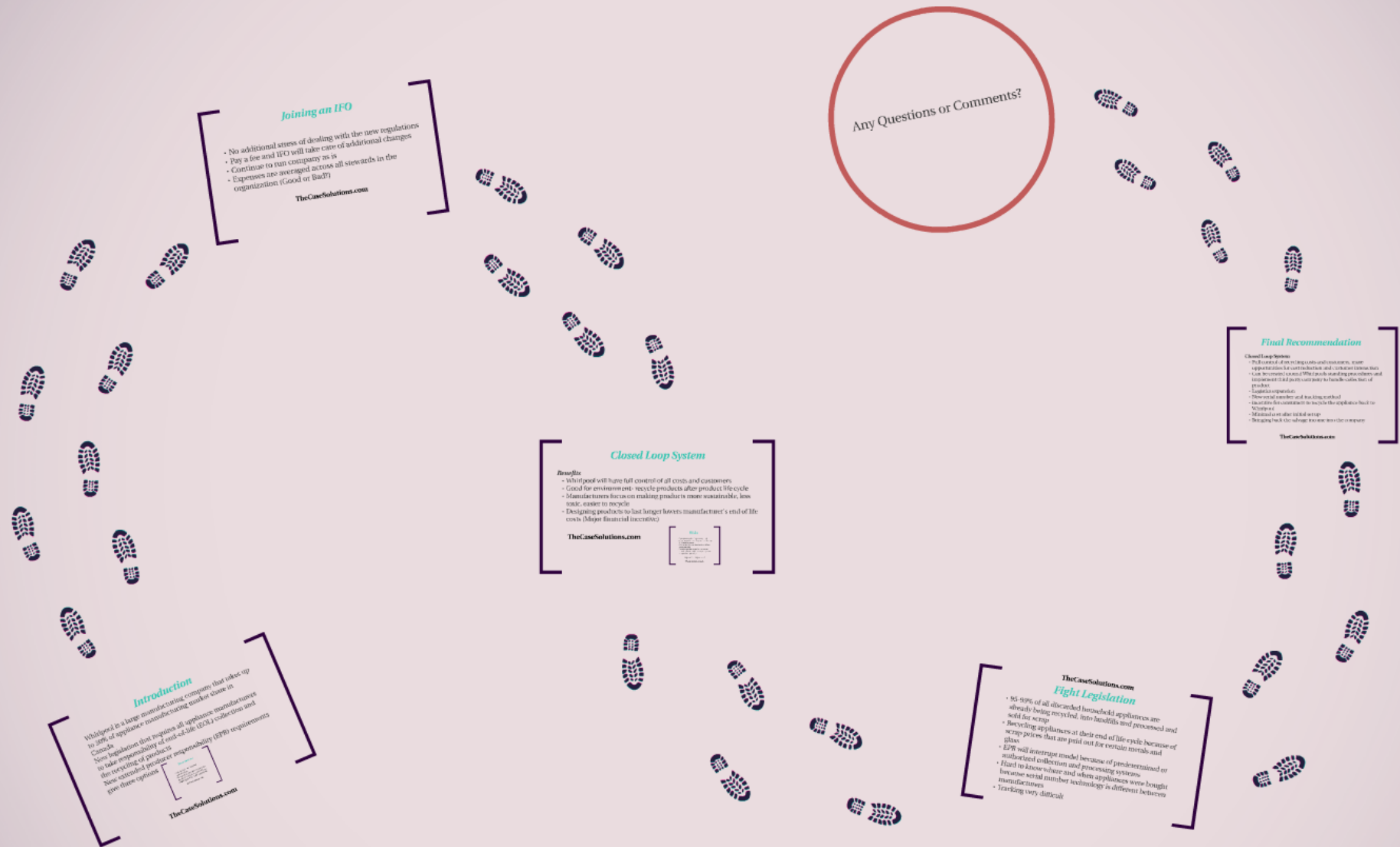
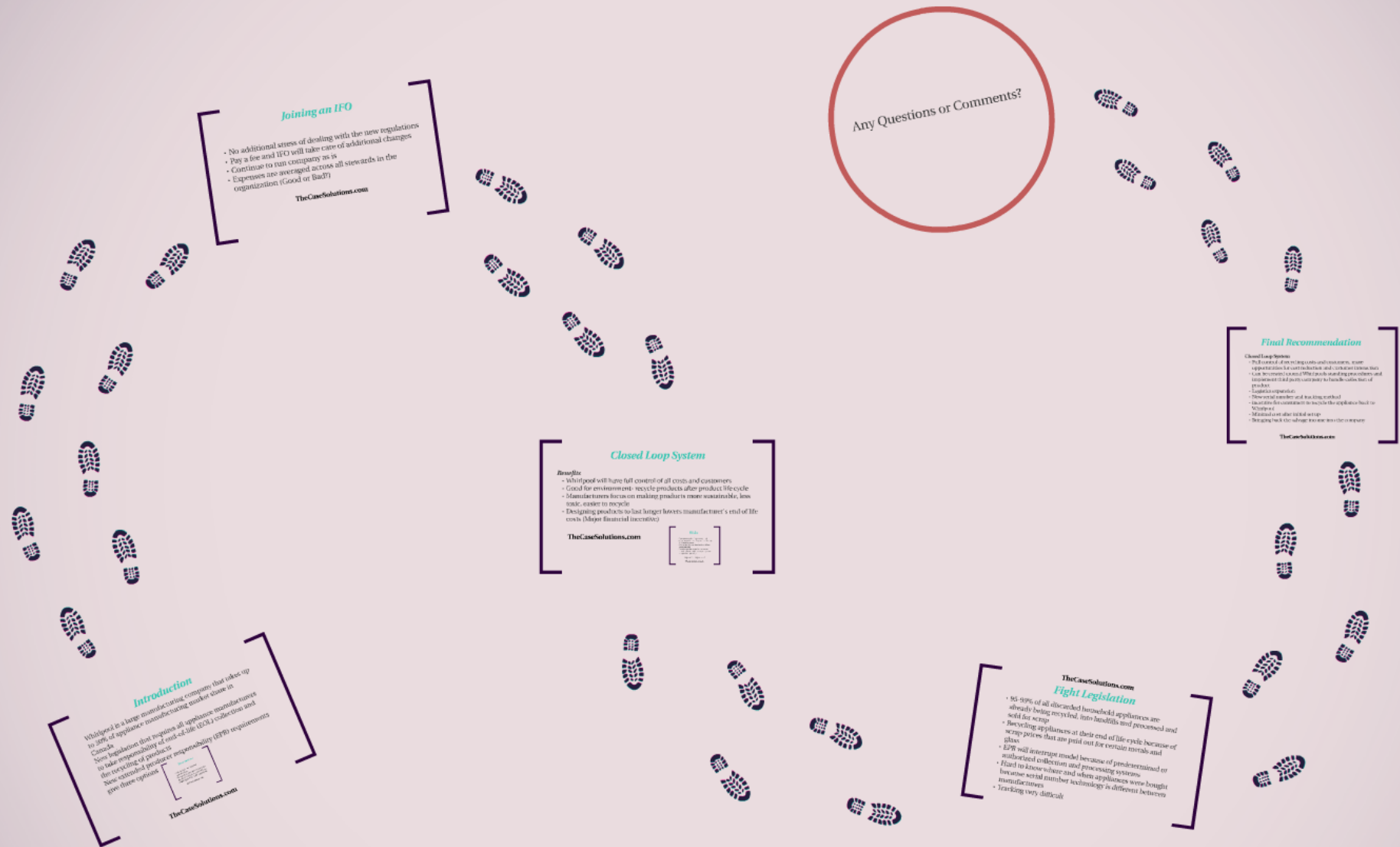


Whirlpool Corporation: Reversing Logistics



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Introduction

Whirlpool is a large manufacturing company that takes up to 30% of appliance manufacturing market share in Canada

New legislation that requires all appliance manufacturers to take responsibility of end-of-life (EOL) collection and the recycling of products

New extended producer responsibility (EPR) requirements give three options

Three Options

- Join an industry-funded organization
- Set up their own IFO to meet the guidelines through a closed loop
- Fight against the EPR legislation

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Joining an IFO

- No additional stress of dealing with the new regulations
- Pay a fee and IFO will take care of additional changes
- Continue to run company as is
- Expenses are averaged across all stewards in the organization (Good or Bad?)

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Closed Loop System

Benefits

- Whirlpool will have full control of all costs and customers
- Good for environment- recycle products after product life cycle
- Manufacturers focus on making products more sustainable, less toxic, easier to recycle
- Designing products to last longer lowers manufacturer's end of life costs (Major financial incentive)

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Risks

- Disruption of their logistics network
- Capacity problems at regional and factory distribution centers
- Very expensive and hurt business if not done properly
- Increase product costs for consumers, manufacturers could add recycling costs into product price tag

High risk but High reward

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Fight Legislation

- 95-99% of all discarded household appliances are already being recycled, into landfills and processed and sold for scrap
- Recycling appliances at their end of life cycle because of scrap prices that are paid out for certain metals and glass
- EPR will interrupt model because of predetermined or authorized collection and processing systems
- Hard to know where and when appliances were bought because serial number technology is different between manufacturers
- Tracking very difficult

Final Recommendation

Closed Loop System

- Full control of recycling costs and customers, more opportunities for cost reduction and customer interaction
- Can be created around Whirlpools standing procedures and implement third party company to handle collection of product
- Logistics expansion
- New serial number and tracking method
- incentive for consumers to recycle the appliance back to Whirlpool
- Minimal cost after initial set up
- Bringing back the salvage income into the company

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