

IN THE RECYCLER'S BACKYARD

A retrospective study

“Quite recently, the NVMP signed a new contract for the recycling of freezer equipment. An intensive study of the European market and a professionally managed tender process ensured that distinctly more favourable terms were obtained. It is interesting to note that part of the Dutch tender will now be recycled in Germany. Director of Operations Frits Verhulst and Director Jan Zanen explain the considerations that played a decisive role in the process, along with the selection criteria for a procedure of this kind.”

The added value of a collective system, as opposed to individual participants, lies particularly in the availability of global coverage for the various companies in the recycling chain. By comparing a number of suppliers and monitoring the services they provide, we can ensure that a system operates effectively and with the optimum quality.

It is in this context that since 2004, and wherever possible, the NVMP has launched invitations to tender ...wherever possible, because in the case of recycling freezer equipment, for a long time there was only one company supplying this service in the Netherlands. “This being the case, negotiations are obviously soon completed”, explains Director of Operations, Frits Verhulst. “We used to look outside the Netherlands, but we never got any response from recycling companies abroad. Obviously, we were too far ahead of our time.”

However, times have changed and the concept of cross-border recycling has now become commonplace... all very good reasons for the NVMP to relaunch its recycling tender for freezer equipment, this time on the European market. The tender relates to some 25,000 tonnes of equipment, some of which contains CFCs. “So we launched an international tender, which involved contacting a number of foreign recycling companies that had impressed us when we first researched the issue”, M. Verhulst continues. “This time, almost all the major European recycling companies responded.”

A transparent approach

Jan Zanen, NVMP Director, explains that from the outset the company was careful to keep its options open to allow it to choose the best possible strategy. To allow the maximum margin of manoeuvre in negotiations, transport to the recycling site was included as an option in addition to professional recycling. “Here the benefits of team work come into play”, explains Mr Zanen. “Insofar as we can manage the shipment, transport and recycling independently of each other, we will have control over every parameter.”

In the end, eight suitable tender offers were received. “They are all consistent with our philosophy of transparency; in other words, they combine perfect transparency with optimal objectivity”, confirms Mr Verhulst. On this last point, M. Verhulst has left nothing to chance, entrusting the evaluation of these bids to a Belgian consultancy company specialising in the logistics chain. “This company played a decisive role”, he goes on, “as it is essential to avoid any hint of personal preference”.

During intensive interviews, Messrs. Verhulst and Zanen carried out an in-depth analysis of the bids, which provided them with an excellent overview of the submissions on offer from the various tenderers. “It is not possible to study every aspect in fine detail but, in addition to the price, mode of transport, and scheduled capacity, stability and protection of the environment played an important role”, is the view of M. Verhulst. “So one tenderer was eliminated because he could only guarantee that 25% of the total volume would be recycled. This was deemed insufficient for such large quantities.”

Costs and revenues

According to M. Zanen, the manner in which the NVMP evaluated the bids is “relatively unique” in Europe. «I might go so far as to claim that we are the only company that considers the price as being determined by costs and revenues. To sum up, any recycling company that works with us must explain clearly both its cost structure and the volume of recycling it believes it can deliver from the point of view of primary materials with a set commercial value. This reveals all sorts of variables, and also demonstrates that some of the data given is not consistent with indicators in the public domain and, consequently, will probably not be very stable. This enables us to see in concrete terms what is going on in the recycler’s backyard”, Mr Zanen concludes.

“We are controlling all the parameters.”

Finally, Messrs Verhulst and Zanen have drawn up a rank order of possible scenarios, when quantities, distances and providers are considered as a whole. Although scenario A offers an ideal cost structure, they opted in the end for “Plan B”. M. Verhulst explains why: “Continuity in the logistics chain is a priority for us. Unfortunately, the recycling installation of one of the suppliers in the scenario was not yet fully constructed. Potential savings must be weighed against potential risks linked to the implementation of the scheme.

This scenario would have meant that we were 100% dependant on provision in another country. It also involved a number of logistical risks.” The scenario finally chosen, namely that 75% of the proposed quantity would be processed in the Netherlands and 25% in Germany, proved very appealing. “This exercise enabled us to determine the exact market prices in accordance with the terms offered and to conduct tight negotiations”, is Mr Verhulst’s conclusion. “In other words, today we are benefiting from the market price whilst enjoying the same quality that we have been used to in the past.”