SMART CORPORATE SUSTAINABILITY IN THE PALLET BUSINESS

PalletBiz is a network within the industrial packaging and handling sector, comprising a growing number of production units and distribution depots. The company's franchise model means a 'one-call-for-all', broad international coverage and a central point of purchase. Alongside this is PalletBiz's robust, sophisticated sustainability strategy, designed to promote growth. Lilla Zombori, Head of Sustainability, explained more to Hannah Barnett.

The foundation of PalletBiz's sustainable ethos may be best described as prevention is better than cure. "It's essential as a company, and as an industry, to find the core sustainability problems that you can specifically address," Head of Sustainability Lilla Zombori stated. "We try to find the issue areas that the packaging industry itself is contributing to and then come up with measures and actions to address those issues."

Expansion of the franchise

PalletBiz began operations in Kaunas, Lithuania, in 1998, mostly focusing on trading at the time. The handling material business and related services were initially started in cooperation with a major client, IKEA. It was the conglomerate pushing to open production in Romania, because they needed a quality and reliable supplier for EUR pallets – and this is how the first PalletBiz manufacturing site was opened in Tamasfalau.

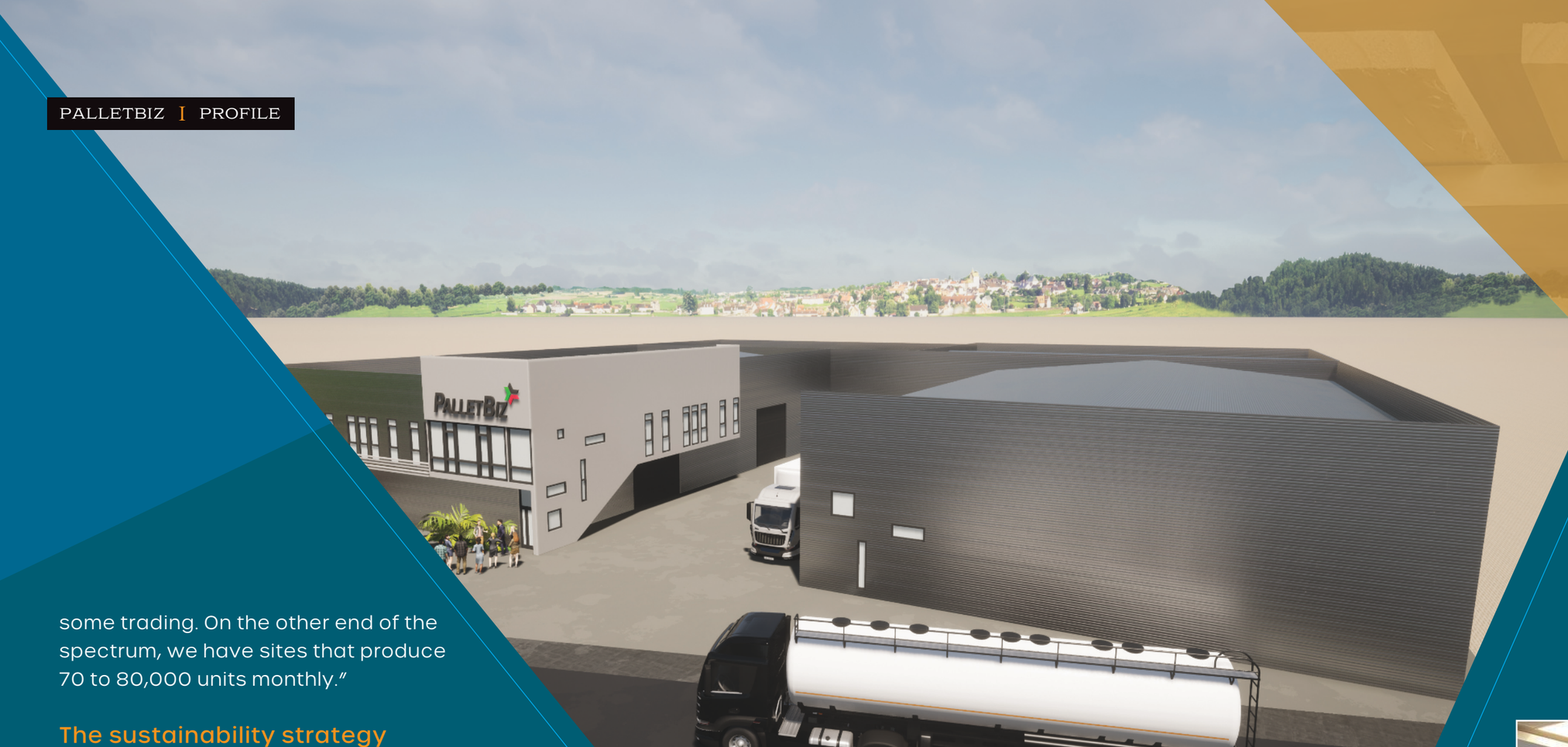
By 2004, the company realised it had a concept of doing business that was interesting for other operators and partners, and since then has developed its structure into a franchising network, which today is the primary focus area for expansion.

The PalletBiz franchise is currently represented throughout 7 regions within Europe, the Middle East, and Africa. "We are currently active in 14 countries: there are 10 locally owned franchise operations that are manufacturing and trading products, and we also run regional sales offices," Ms Zombori said. "Our headcount is at about 180 people right now. We expect that figure to double by the end of 2023 as we expand both within existing and new regions, as well as vertically integrating to obtain more transparency and control through our value chain."

As PalletBiz has selected a growth and operations model that is based on franchising, they are regarded as unique, according to Ms Zombori: "The fact that we grow via a 'network of the best' offers better chances of making a real impact by providing sustainable solutions through sustainable choices."

The company is commercially healthy and has the figures to support it. "We closed 2022 at around €21 million in terms of combined lateral turnover. By 2023, we expect to surpass €30 million," said Ms Zombori.

Production capacity and output varies widely between sites, depending on how mature they are, though all locations are manufacturing significant numbers of handling materials. Ms Zombori explained: "The younger, developing sites generally have an output of 5-10,000 units per month. This is just the manufactured product, and on top of that, you would also have ↘



some trading. On the other end of the spectrum, we have sites that produce 70 to 80,000 units monthly.”

The sustainability strategy

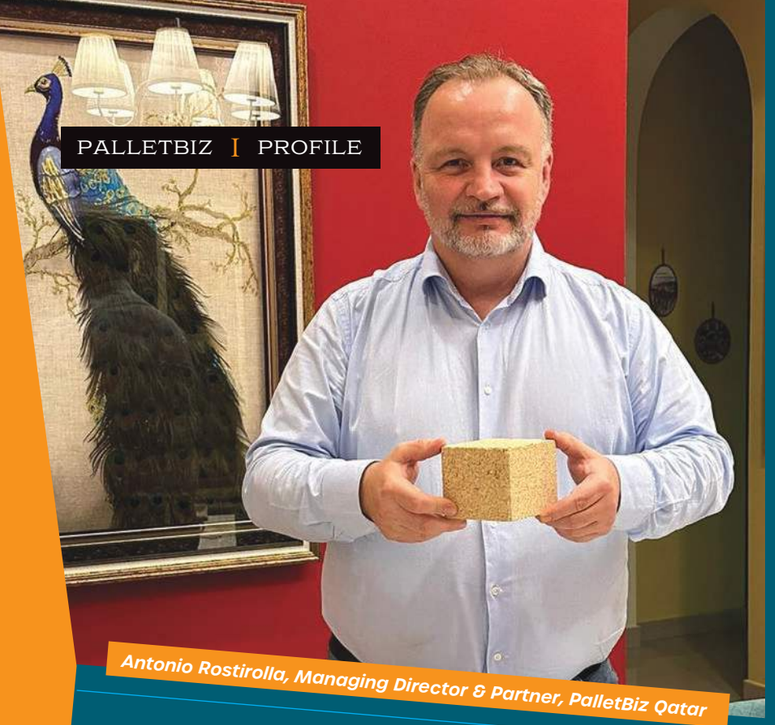
Alongside impressive financial figures, what makes the company stand out is its sophisticated sustainability strategy. And for PalletBiz, fiscal success and a conscientious ESG policy are not mutually exclusive. As Ms Zombori put it: “If integrated properly, sustainability can be the driver of commercial success.

“We managed to delineate specific sustainability targets and corresponding actions,” she continued. “It’s very important not only to look at the quantifiable aspects, but at quality indicators too, because they reveal a lot about your business and your performance. Most companies don’t know how to analyse qualitative data, and consequently don’t generally include such in their reporting either.”

To keep abreast of qualitative information, PalletBiz has established a KPI framework to track, measure and eventually report on its sustainability performance. “This helps us not only to promote sustainability internally, but it will also enforce external accountability, which is still not common practice for SMEs in the industry,” said Ms Zombori.

One of the key aspects of the strategy is to promote higher product efficiency and prolong the lifecycle of products, as part of the circular economy, by application of 3Rs. “In industrial sectors, you need an integrated and lifecycle-based approach, instead of end-of-pipe solutions,” said Ms Zombori. “A good example is our recent franchise in Qatar, the first end-to-end plant where we recycle wood waste and manufacture compressed blocks – part of a direction PalletBiz has been wanting to take considering circular economies.”

Franchising is the enabling force that drives the expansion of the company’s socio-economic and geographical footprint. PalletBiz is extremely mindful of how exactly to roll out the network – while also considering its role as a good corporate citizen.



Antonio Rostirolla, Managing Director & Partner, PalletBiz Qatar

"Our concept helps us meaningfully contribute – in particular in rural and less industrialised areas," Ms Zombori explained. "We are, of course, striving for market share wherever we operate, but we also look for ways to give back. The very nature of our industry is by itself a great facilitator to 'industrialize' developing economies by pushing the markets to palletise and simultaneously to replace manual labour, so we see great potentials in what we can do to advance emerging countries."

Another progressive step forward is the company's adoption of sustainably routed financing. "For any institution that provides monetary instruments, sustainability is becoming a key assessment when they evaluate who to finance," Ms Zombori said. "Our partners in Romania, for instance, have recently been approved for EU funding, on the grounds that the grant will be invested into establishing our first solar driven and disabled-considered production site – an inherently sustainable business case."

PalletBiz is also planning to take its sustainable financing initiative one step further and invest in sustainability-linked bonds. "This is not just a simple loan," said Ms Zombori, "but it is going to be directly connected to our sustainability performance. So, to not pay higher interest, we must comply with sustainability targets. This project is a good example of the sort of consequences you can encounter if you're not sustainable, or, the sort of advantages, (especially financial), when you're committed to sustainability."

Recognised in the industry

PalletBiz is undoubtedly a company that prizes the value of knowledge on sustainability. In 2021, PalletBiz's sustainability strategy was recognised as an outstanding strategic solution by the IFUA Green Controlling Award.

For Ms Zombori it has proved gratifying, to find external bodies acknowledging the value of this knowledge too. "Our approach is research-driven," she said, "and we see this topic from a holistic, scientific point of view. Most companies, when you say sustainability, will immediately think of just carbon emissions and that's the extent of it; but there are many other layers to consider."

PalletBiz is making a substantial attempt to encompass the full scope of what it means to be a truly sustainable company. Its concept remains that, when applied to any business, sustainable practices should not impact profits but increase them.

As Ms Zombori concluded: "When you set up a strategy for your company, you must look at the three pillars that comprise sustainability. You consider your business, the environmental aspects, and the social factors. Only then can sustainability shift from being a mere buzzword into the driver of your success." ■

Lilla Zombori, Head of Sustainability