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Amanda Ramsey, sales representative, displays a box at Renew Packaging Solutions, which also sells 'green' package filler and recycled air pillows.

Boxes bound for recycling are boon for Renew

Rancho Cordova distributor finds niche in 'overrun' corrugated boxes

MELANIE TURNER | STAFF WRITER

A Rancho Cordova wholesale distributor of corrugated boxes says it has increased its revenue 72 percent in the past five years partly by exploiting an unlikely commodity: boxes bound for recycling even before they've been used.

Renew Packaging Solutions began investing reserves into this niche business eight years ago, helping to boost its bottom line — and reputation.

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"Our business has gone well through the recession," said Michael Cox, president of Renew Packaging Solutions.

"We haven't even begun to feel it."

Formerly called River City Paper, the Rancho Cordova company changed its name late last month to highlight its efforts to minimize the packaging industry's carbon footprint. "We feel very strongly about what we're doing for the environment," Cox said.

The 19-year-old company "purposely flew under the radar" for years, he said, using unmarked delivery trucks to discourage competitors from tracking them to poach its business.

Now, with loyal customers and healthy

growth, Renew Packaging Solutions' fleet of three delivery trucks is brightly marked.

"We want people to notice us now," Cox said.

The majority of Renew's revenue comes from regular stock or custom-order cardboard boxes and other packaging products. Cox declined to disclose Renew's revenue, but said it is in the seven figures.

Sales from its secondary business in "overrun" boxes, which makes up 20 percent of revenue, have tripled since 2006. In each of the five years, year-over-year revenue from the overrun product line increased between 10 percent and 49 percent, he said.

Renew rescues about a dozen truckloads of boxes — a mix of surplus, misprints and overruns — each month. When a box is rejected by a customer — for being an eighth of an inch short, for example — the manufacturer can either recycle the boxes or sell them to a company like Renew, which turns around and sells them half price.

Box maker Rocktenn, for example, sells boxes to a dozen distributors, including Renew. While Rocktenn's priority with Renew is regular boxes, it also sells Renew its overruns in large part because the company responds quickly, said Mike Brown, a sales rep in the Milpitas plant.

"They know exactly what they can move and what they can't," Brown said.

Marketing director Marcy Homesley said Renew is the biggest company in Northern California in the overrun business. None of its biggest competitors — Unisource,

Xpedx, Ernest Packaging Solutions and Kent H. Landsberg Co., a subsidiary of packaging giant Amcor Ltd. — buy and sell overruns.

For these big companies, the niche is too unpredictable and doesn't fit their business model, Cox said.

"Everybody in the business knows that's our lead, that's our niche," he said. "It's hard to find a niche in a commodities type business like we're in so it's kind of nice."

Renew is marketing that niche, offering a "green package" that includes other eco-friendly products such as biodegradable packaging filler and recycled air pillows.

Renew sales representative Amanda Ramsey said millions of perfectly good boxes get recycled before ever being used.

"If you spent all that money to manufacture something and it never gets consumed, it's just a waste," she said.

Recyclers sell the material to the highest bidder on the open market, which usually means the waste is shipped to China. It takes 17 trees to make a ton of boxes one time, Ramsey said. Not to mention the fuel, electricity, chemicals and ink that go into creating boxes, she said.

Companies like Sally Beauty Supply use the misfit boxes to ship products from distribution centers to retail outlets. Kevin Osbourn, a shipping supervisor at the Sally Beauty distribution center in Reno, said he gets overrun boxes from six vendors. Renew is "one of our better suppliers," he said.

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