

Sustainable Clothes Hangers Proposal For the San Jose Earthquakes



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Executive Summary: ¹

This proposal outlines a solution to the overwhelming amount of hangers in the merchandise stores at Avaya Stadium. The recommendation is to replace all the plastic hangers with thin wooden hangers to help alleviate the disorganization and difficulty stacking of the hangers during peak times.

Benefits

The material of the hangers will be recyclable and therefore will have less of an impact on the environment. Using sustainable and recyclable products will reflect positively on the San Jose Earthquakes and Avaya as socially responsible companies. Due to the fact that plastic hangers break easily, the introduction of these new hangers will help lower the long term investment as the product life cycle of the hangers will be extended with the wooden hangers (Wise).

Opportunities

The proposed overhaul of hangers creates opportunities for the San Jose Earthquakes to change the brand image as a company, to educate the community about the environmental impact of plastic and wire hangers, save money on reordering of plastic hangers as they are prone to breaking and make it easier for employees to navigate checkout procedures.



Personal Connection

My experience as a retail associate for the San Jose Earthquakes for the past two years has given me real life experience navigating the mountain of hangers that can pile up during peak store times. The negative consequences that occur because of those pile ups is not only operational slowdown from the employees but also ruining the overall display of the store.

¹ **Company Introduction:** The San Jose Earthquakes are a professional American soccer team. They are a part of Major League Soccer. The team has played at Avaya Stadium for the past two years. Avaya is a tech company with it's headquarters in Santa Clara, California. As a global company, Avaya has a responsibility to help make sustainable decisions. With MLS continuing to grow every year, making smart business decisions will allow them to reach a greater audience.

Problem/Necessity:

Organization Needs

The San Jose Earthquakes host 17 games at Avaya Stadium per season. The stadium has three stores, a kiosk, a trailer to sell merchandise. For the 2017 season, the Earthquakes averaged 19,874 fans per game (ESPN Staff). To accommodate those **19,000 fans**, there is a large amount of inventory in the stores on game days. With the exception of a few novelty items, most of the inventory is displayed on plastic hangers. As a result, there is an overwhelming amount of hangers that will be taken off products as fans purchase merchandise.

Currently, there is a hanger storage rack behind the register. Unfortunately, it takes some time to maneuver the hangers onto the rack. During peak times there can be 20 or more people in line waiting to be rung up, which doesn't leave much time to perfectly stack the hanger on the rack. The rack also has a limit to the amount of hangers that can be hung at one time so once the rack is full the associates often have to come up with a new solution for the hangers.



Another issue with the plastic hangers is that they easily break especially when there are being forced onto a small rack. The plastic hangers themselves add to the growing landfill problem that is creating long term consequences on the planet and environment. The major needs of the organization are:

1. **Fix storage of hangers to be quick and effective**
2. **Extend product life cycle of hangers**
3. **Find sustainable replacement for plastic hangers**

Made To Stick

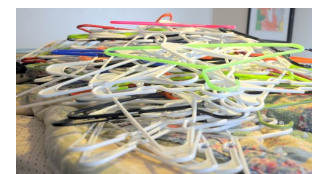
1. Simple

While this idea is rooted in more long term benefits like improving the brand image of Avaya and the Earthquakes and helping the environment by being a socially responsible company, the core idea remains simple: replace the hangers. In *Made To Stick*, Heath and Heath discuss how important it is to not bury the lead, to find the core and share that core (Heath and Heath, 30).



2. Credible

Made To Stick discusses how to gain credibility without normal authority figures. One way to do that is with “internal credibility”, which refers to the details a person adds that serves as a proxy for expertise (Heath and Heath, 137). Being able to describe the mountains of hangers and the 20 plus people in line helps add details and credibility to the proposal.



Project Description:

Proposed Change

The project will begin with replacing two racks of plastic hangers with **thin wooden hangers**. This will continue with every rack at all the different stores in the stadium throughout the season.



The plastic hangers that are being removed will be donated to local dry cleaners. Making this change serves as an opportunity to educate the public about the negative impacts of plastic and wire hangers.

A sign will be placed in the store explaining the switch, indicating the benefits that come from wooden hangers and how Avaya is committed to helping protect the planet and its environment.

This change will impact

- 1. Customers (Fans)**
- 2. Retail Associates (employees of the merchandise store)**
- 3. Corporate employees**

Customers will be able to have a quicker checking out experience. The wooden hangers will also help the customer better visualize the clothing items in an outdoor setting (Firefly Store Solutions).

Retail associates will need to get used to the new hangers. The positive aspect for this will be a quicker process of taking the clothing off the hangers and storage of the hangers. This will also help the morale of the associates, which will translate to better customer service.

Corporate employees will need to make a change to the budget because wooden hangers will be more expensive. It will hopefully be a positive change for the corporate employees because they will draw more fans in and more profit when the brand becomes synonymous with sustainability.

Triple Bottom Line

This proposed change will extend the product life cycle of the hangers and as a result will lower the cost that comes from having to repurchase plastic hangers when they inevitably break. This will **improve profits** for the company in the long run.

This proposed change of using a recyclable resource of wood will help to improve the **social responsibility** of the operations of the merchandise store by teaching customers the negative impacts of plastic hangers and ways to recycle them and limiting their amount of trash the Earthquakes leave as an organization.



Using wooden hangers, which can be recycled more easily than plastic hangers is a major step that the Earthquakes can take to **improve the health of the planet. This will help** reduce their use of plastic, which as a material creates lots of problems for the environment.

Integrate into Organizational Culture

Avaya's culture is focused on them being "a company of **Futuremakers** (Avaya, Inc)." This project relies on preparing for the future by making an investment in the present. With the elimination of plastic hangers, Avaya is making a statement that they want to help make sure that the earth will be around for a very long time.



The Earthquakes as an organization have made many strides to be a sustainable organization through the materials which they used to make the stadium to the plumbing in the stadium (Earthquakes Media Relations). This will help integrate this new project into the Earthquakes culture because they are already committed to helping better the community and the environment.

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Cost Analysis:

Direct Costs

<u>Item</u>	<u>Count</u>	<u>Total Cost</u>	<u>Description</u>
Wooden hangers (Option A)	900	\$1575	Swoopie Birch Hanger from BGreen Hangers
Wooden hangers (Option B)	900	\$2250	White higher hangers also made from wood
Signage	6	\$22	Order from FedEx to explain the hanger change



Option A



Option B

Indirect Costs

<u>Item</u>	<u>Description</u>
Cost of recycling plastic hangers	Includes labor and transportation cost of taking to dry cleaners who will accept old hangers
Labor cost of replacing hangers	The cost that comes from removing the current inventory from the plastic hangers and putting the inventory on the new hangers

Required Resources

- Employees to replace hangers
- Financial support

Return on Investment (ROI)

ROI= (Gain from investment-Cost of investment) / cost of investment

*Improved efficiency from employees=20*30=\$600*

- 20 customers leave due to long lines
- Average customer order

*Increase customer sales due to improved company image= 170,000*1.43=286,000*

Increase in sales= \$73,100

- Difficult to measure sales that come from people's perception of a company
- In 2014, 4.3% growth in sales when taking part in a marketing social and environmental impact initiatives (Nielsen Global Survey)
- Average profit over the season

*Less repurchasing=100*44=\$4400*

- 10% of the 1000 hangers break
- Cost of plastic hangers

Option A: ROI =((

Improved efficiency from employees

+increase customer sales due to improved company image

+less repurchasing)-1048)/ 1048= \$73.50

Option B: ROI=

(Improved efficiency from employees

+increase customer sales due to improved company image

+less repurchasing -2272)/ 2272= \$33.38

Assessment:

Short-Term (First 2 Months of 2018) Outcomes

1. Replace two racks of plastic hangers with wooden hangers
2. Recycle the unused plastic hangers
3. Create and post signage in the stores explaining change

Long-Term Outcomes

1. Replace **ALL** the plastic hangers
2. Recycle all the plastic hangers
3. Have a plastic and wire hanger recycling donation box outside the store
4. Reduce the trash coming from the San Jose Earthquakes merchandise stores

To ensure that this project is understood and well executed, checkpoints will be set up. The first checkpoint will be the first two racks. The deadline for replacing the first two racks of plastic hangers will be the first 2 months of 2018 since the season starts on March 3rd. This will give them enough time to implement the change before the most customers will be there. Starting off with just replacing two racks gives the employees and customers time to get used to the change.

If after three months of the wooden hangers, the speed of the checkout doesn't speed up, hangers made up of different materials could be implemented on a trial basis. Another element of making sure the project is well received is to make the benefits very clear to everyone involved. To show the benefits, a video of the mountain of plastic hangers can be shown versus the thinner wooden hangers.



Ditto Hanger made from
100% recycled paper fiber
content

Conclusion:

The benefits that arise from switching from plastic hangers to a sustainable material will help the San Jose Earthquakes take steps to becoming a more green company. While they've made strides through their efforts in the Sustainable Stadium Garden, this project would involve a quick and easy change that would also improve the employees and fans experience while also reducing the trash output from the stadium. This switch requires an investment in the present for greater benefit down the line. Being committed to environmental efforts shows fans that the organization is concerned about their interests and preserving that environment that everyone is a part of.

Appendix:

Memo

To: Brett Fischer, Director Merchandise Operations and Retail Associates
From: Megan Lau, Sustainability Consultant
Date: November 1, 2017
Subject: Sustainable Project for Merchandise Stores

After receiving many comments from fellow Retail Associates about the overwhelming amount of hangers and the disorganization of the current hanger rack, a new project is being implemented to combat these problems. The project consists of replacing all plastic hangers throughout the merchandise store and replacing them with thin wooden hangers, which will also be a more sustainable change.

Replace Plastic Hangers Plan

Two racks of clothing will have the plastic hangers removed and replaced with the new thin wooden hangers in the first two months of 2018 so that they will be in place by the time the first game of the season arrives. Signage will also need to be placed in each store explaining the change.

Benefits

The San Jose Earthquakes are committed to bettering the environment and believe this will be a step in the right direction to becoming an even more sustainable stadium. While plastic hangers are cheaper than wooden hangers, around 85% of the 8 billion plastic hangers can't be recycled in landfills. Our plan is to donate our plastic hangers to local dry cleaners. Since the hangers are thinner this will hopefully reduce the time it takes to remove the clothing from the hangers when checking customers out. This way more focus can be on interacting with the customer and less on the removal of the hangers.

Thank you for your assistance in implementing this project. If you have feedback or concerns, please call me at 111-222-3333 or email at myemail@gmail.co.

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