

Flying high under the radar

CO-DIRECTOR OF VICTORIA-HEADQUARTERED TIC GROUP DAVID HARRIS SHARES THE STORY OF THE COMPANY'S JOURNEY INTO THE WORLD OF REUSE, RESOURCE RECOVERY AND SUSTAINABLE SOLUTIONS.



In a western suburb of Melbourne, midway down a long road interposed with residential and commercial properties, is an unremarkable, single-storey office with a warehouse behind it. The premises could be tagged “the TIC Group Tardis”, as the frontage belies the size of buildings, which in turn disguises the breadth of the business.

After starting out life in garment hanger reuse, TIC Group now has 1,500 employees in 15 locations across the world, including 500 in Melbourne and Sydney. It has brought several world-firsts to market, including automated technology to process hangers efficiently, and Solvup, a software that improves the customer post-sales experience around returns.

Despite its size and contribution to the sustainability agendas of many prominent Australian retailers, TIC Group has only appeared on the radar of the waste management and recycling industry in the past 18 months due to its high profile venture into mattress recycling. Its Australia-first automated mattress deconstruction plant near Melbourne was due to be formally opened on 14 October. A second is being built in Sydney to be commissioned in early 2017.

Its business areas have two things in common – client-focused ideas and diverting products and materials from landfill. Indeed, its tagline is “innovation in mind and sustainability at heart”.

Entrepreneurial spirit

TIC Group – short for The Ideas Company – was founded by Directors David Harris and Mark Gandur in 1989.

It now has more than 27 years’ experience of pioneering innovative environmentally-led solutions for national and global retailers – its name clearly indicative of “doing

what it says on the packet”.

The idea of running a globally successful business was miles away from David’s start in life. He was born into a working class family in the English footballing city of Manchester – remaining a staunch supporter of City, not United – and emigrated to Australia with his family in the 1960s. Naturally ambitious and smart, on leaving school he joined a bank.

“I found out that they would allow younger employees time off to study at university,” says David. “So I joined

a bank as a teller, got my degree in accounting and economics, and eventually worked as an accountant.”

After four years in accountancy, in the 1980s David joined hosiery and underwear manufacturer Kortex, progressing to managing director and part-owner. In 1987, after the business was sold, he was looking for a new business to invest in.

It was then that David’s partnership with Mark took root.

They joined forces, and their hunt for a business venture led to one door closed, which revealed another stretched wide open.

“We tried to buy a garment hanger business because my previous company had always had trouble with hangers,” David recalls. “We travelled interstate to look at one for sale. It didn’t work out, but on the flight back we started speculating about what happened to all the hangers out there already.”

David and Mark learnt that Australia was at that time switching over to a concept called “floor ready

merchandise”. This meant that garments came into stores on the hanger and fitted with security tag, ready to go on display immediately, which saved time and money.

“We then discovered that most customers didn’t want their hangers when asked at the cash register, so they went in the bin and then to landfill. That started us thinking about what could be done with them.”

David and Mark then approached the Managing Director at Kmart with an idea to collect and reuse the

hangers. They were initially given one store at which to test the concept. The hangers were brought into one of their premises, they timed how long it would take to sort them manually and then planned how to make a reuse business commercially viable. They figured how to make it work.

Following further trials, in 1989 TIC Group got the first ever contract for garment hanger reuse with Kmart Australia. As the majority of garments were made in Australia, Kmart then informed its merchants how to buy its approved, reclaimed hangers from TIC.

To protect the sorting and reuse idea, TIC quickly built the world’s first hanger sortation machine. Costing over \$1 million, the high-tech processor photographed every hanger and grouped them according to factors such as size and type.

TIC collects hangers from retailer clients. It then collects and sorts them and delivers them back to garment manufacturers. At any one time,

“Most major retailers you can think of in Australia are now on our reuse program”

David Harris Co-Director, TIC Group

TIC might have well over 50 million hangers in stock – what was a waste is now an asset.

The company then adapted to meet the transition to clothing manufacturing being mainly in Asia, meaning the hangers were required there and not Australia. It evolved its process to collect them from around 3,000 stores across the country and ship them to its reuse centres in China or Sri Lanka, from where it still supplies reclaimed hangers to the clothes suppliers of its customers.

“Most major retailers you can think of in Australia are now on our reuse program,” says David.

David estimates that over 27 years, the landfill saving from this initiative alone has been about five to eight million kilograms a year.

TIC soon added EAS (electronic article surveillance) security tags to the

service, which it also sorts and returns to clothes manufacturers for reuse.

In-store sustainable solutions

The garment hanger reuse business led to David and Mark exchanging ideas for how they could further help stores with other challenges around product returns.

When Mark moved to the US to expand the hanger reuse business, he saw what was then the new concept of “reverse logistics”, which was just starting there.

TIC bought the rights from a US company to its reverse logistics software and brought that to Australia. It then went back to clients with a proposal for managing their customer returns.

“We said we have pallets in your stores already for collecting hangers. Put all your damaged goods on the same pallets, and instead of collecting

three a week we’ll collect five.”

TIC built that business up over time, and today it collects more than 15 million items from retailers each year.

Returned goods from thousands of stores are sent to TIC’s warehouse in bulk. Then the products are sent back to their manufacturers in a monthly delivery with one claim document, rather than receiving ad hoc returns with individual claim forms, as used to happen

For any 100 items TIC receives, 30 are usually sourced as direct imports from China. It wasn’t worthwhile to send these back to the suppliers, so these products used to go to landfill. That led to TIC creating a “salvage division” to sell those goods on to a different market.

Over the years, TIC has formalised this service to create a Centralised Returns Centre (CRC) and Asset Recovery service.

TIC has agreements in place with each of the major Australian retailers for how to manage their product returns, faulty stock, product recalls and clearance items. Once collected, CRC staff scan the incoming stock and sort items into bundles ready for their next stage. The in-house Asset Recovery team compiles an inventory of the available products based on a trader client’s “wish list” and posts it on a closed online portal for traders to review and make offers. These buyers range from sole traders to large retail chains or clearance stores.

When the auction period ends or a trader confirms a stock list, the ordered items are loaded into containers and shipped to the buyer. Once received, that trader checks the stock and then refurbishes, updates or sells to local consumers.

This division has grown into a significant part of TIC Group’s business, with products being collected and then sold all over the world.



David Harris shares a joke with one of the team at TIC Group’s Tottenham facility in Victoria.

“What we’ve done is to extend the lifecycle of the product that used to be sent to landfill,” says David.

Acting on opportunities

With these programs in place, TIC Group recognised itself as a retailers services business. David and Mark started to look at whether it could provide a service for anything leaving the store not through the cash register.

As David quite succinctly puts it, “the thinking never stops”.

The next service it developed for stores was to take away surplus fixtures and fittings, such as shelving – again diverting them from landfill. They are brought back to a central point for categorising and a list provided to the chain’s head office, who can then decide what to keep

for use in new stores and what to destroy. A retail chain can now order from TIC a range of fixtures for a store, saving time and money as items are no longer wasted.

It also handles stores’ sale and return items, such as books and CDs, for which a business gets the goods returned if they do not sell.

“The only element we were missing was for items under warranty coming in as faulty, which used to go to a repair network,” explains David. “This used to be a complicated process for stores to manage, involving drop-offs, sending off goods, and customers following up on repair progress. It was an awful customer experience.”

So TIC added to its suite of services a piece of software it developed called Solvup. The software is designed to

equip retail employees with a tool to improve service to customers if they return to store with an item under warranty that they believe to be faulty.

The employee scans the item and a host of information about it pops up on screen. Through a triage-type process, Solvup allows them to troubleshoot problems that may have been previously identified with the product, which the user may have overlooked.

If the troubleshooting doesn’t solve the problem, it leads the employee through replace or repair options. Customers can check on the progress of a repair online and receive a text message when their item is ready to pick up.

At the same time, it allows common issues with products to be recorded to inform the supplier, who can then take

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appropriate action to help customers and protect their reputation.

Solvup means customers feel listened to, get suitable solutions to their issues and retain goodwill over transactions. It offers direct benefits to the brand, including reducing unnecessary product returns and avoiding claims bureaucracy, directly contributing to a business' bottom line.

"In the past, if a customer complained about a product not working, the easiest path for the store was to give them a new one," David says. "Even though the product may have been fine, it would have been consigned to landfill, with an associated cost for the seller."

An eye on the horizon

David acknowledges that TIC has evolved into an environmental company. The company's business may have flourished around services to retailers, but its impact has been good for the environment while growing to create jobs in a brand new industry. It has also fitted with David's ethics around finding uses for waste that benefit others.

Outside of work, he has been the President of FareShare for the past 12 years – a not-for-profit that rescues surplus food and cooks 25,000 free, nutritious meals for Victorians doing it tough each week.

The main focus for the near future for TIC is expanding services to existing customers that add value.

In Australia, it now has the mattress recycling capability. Using patented and co-owned technology from the Netherlands, TIC has commissioned the country's first mattress material recycling facility, working with transfer stations, councils and landfill operators to remove mattresses from the waste stream.

When it comes to challenges, David says he has fears for the viability of some of Australia's retail brands, with global and online retailers flooding the domestic market. In turn, it means they are watching costs more closely than ever, and TIC Group's services are a cost to their business.

TIC is also looking for offshore growth. Having reviewed the overseas market, David and Mark believe there is a place for their "one stop shop" offering in Europe and South Africa. TIC has opened an office in Singapore as a gateway and hub to South East Asia markets and it is about to establish a Dubai base to better access Africa.

Its hanger reuse business already operates in England for supermarket chain Tesco and David expects to open its first CRC there within the next six months.

"This model is working here for 24 million people," says David. "In the UK, there are 64 million and 56 million in South Africa, so we think we can leverage our global network, existing IP and models over there successfully."

David attributes his success in business to looking for opportunities to change the way things have been done traditionally, and investing in technology to give TIC the edge – innovation is the key.

"What we have been good at is once we've had the ideas, exploiting them and expanding quickly before

others could duplicate our model," he reflects. "We have also turned what used to be an expense into a revenue. None of our solutions have been a difficult sell to retailers because they require very little investment on their part."

David says his proudest achievement at TIC is never having lost a customer or a contract.

"That's been down to our focus on customers," he says. "Business may be about making a profit, but what Mark and I have loved is building the relationships, coming up with unique ideas and the strategising."

He highlights that clients rely on TIC for taking what is complex, simplifying it and giving them a solution. The company has a longstanding reputation for providing sustainable solutions through the use of innovation, being smart and intricate business design.

"We have been one of the world's best kept secrets for a very long time," David says. "Now we're adding mattresses to our model, we are still delivering cost and operational efficiency, but we're now more about sustainability and educating clients around that." ■



Did you know...

TIC Group at a glance

- Headquartered in Altona North, Melbourne
- Set up in 1989
- 15 locations worldwide
- 500 employees in Melbourne and Sydney, with 1500 globally
- The CRC processes in excess of 15 million items each year.

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