Return Policy of Foodstuff in The Retail as a Strategic Tool of Sustainability in a Small Brazilian Company

Claudimar Pereira da Veiga, Cássia Rita Pereira da Veiga, Anderson Catapan, Ubiratã Tortato, Daniel Ferreira dos Santos, Carlos Olavo Quandt

Abstract

Objective: The goal of the current study is to describe as a strategic tool of applicable sustainability to a small distributor company of perishables foodstuff: the policy of residues return. On this situation, it will be described the social advantages, environmental and economic caused by the strategic action. Methodology: In accordance with the concepts of VBRN and 3BL, the study showed that the companies (even PMEs) that focus in the creation of chains of sustainable supplies and that emphasize smaller negative interactions with the society and the environment, have the client’s satisfaction, a better visibility about the social and corporative responsibility, and a better economic performance. It is a descriptive study of case, ex-post fact, and cross sectional, with the use of qualitative and quantitative data. Results and Conclusion: The results showed that besides the environmental gains with the management of solid residues, the change in the strategy generated the reduction of 39,48% of the costs with return of products, detailed information of retail, and better management of the supplies chain.

Keywords: Return Policy, Sustainability, Management of Residues.

INTRODUCTION

Economic and political changes that occurred in Brazil in the past decades required the companies to explore the solutions generator of income, efficiency of the productive process, and the increase of the quality of the offered products. Besides these economic challenges, due to the current restriction in the availability of resources non-renewable, the companies need to rethink their strategies in order to ensure the sustainability of their operations. Besides this initial resistance to changes, the transition for a sustainable supplies chain (Leite & Brito, 2003) became an important competitive factor for the maintenance of the business.

The relation between the management of the supplies chain and the sustainable development have been the theme of researches associated to the environmental management using different terminologies such as reverse logistic or sustainable (Leite & Brito, 2003; Srivastava, 2007; Song et al., 2012), management of life cycle of the product (Markley & Davis, 2007), management of the green or sustainable supplies chain (Kang et al., 2012; Sarkis, 2012) or closed-loop chain of supplies (Bose & Pal, 2012; Chaabane, Ramudhin, & Paquet, 2012).

Summarizing, the researches show that the sustainable supplies chain management (SSCM) promotes efficiency and synergy among the partners, helps to achieve a better environmental performance, minimizes the formation of deposits generates resources economy, improves the corporative image and the positive exposition in the market. The knowledge accumulated from this segment of literature suggests that the sustainable organizational activities generate simultaneously the increase of competition, as well as increase the environmental, economic, and social performance in a long term (Rao & Holt, 2005; Wu & Pagell, 2011).

In general, the researches about sustainability in Brazil and in the world emphasize the empirical analysis in large or public companies (Lemme, 2010). In contrast, the economy in developing countries, like Brazil, are based, in the majority, in small and medium-sized enterprises (SMSEs) and it would be paradoxical to conclude that, for them, there aren’t opportunities associated to sustainability (Lee, 2008; Moore & Mannring, 2009). The SMSEs assume a vital role in the management of limited environmental and social resources (Zorpas, 2010;
Mazur, 2012) since they correspond for almost 99% all the worldwide enterprises and represent two-thirds of the offered jobs respective region (Mazur, 2012). In Brazil, from the 6.1 million enterprises, 94% are considered micro and 5.1% small enterprises (Häner, 2011).

The SMSEs realize the mechanisms of innovations orientated by the sustainability in order to explore one of the three scenarios: being acquired by a multinational, create a new network with other SMSEs, or discharge an important role as part of a chain of sustainable supplies (Moore & Manring, 2009). On this last case, the main motivating factors are the governmental legislation and or the requirement of the buyer (Lee, 2008), which implies in the necessity of interactive participation with a flow of products and information among all of the involved in the chain of supplies (Attaran & Attaran, 2007).

The scientific literature describes technology and tools that optimize the use of resources with the purpose to create competitive advantages in SMSEs, instead of simply concentrate on the reduction of unsustainability. Therefore, the sustainability of the chain of supplies in a SMSE can be achieved by the efficiency of the use of the limited resources, flexibility for environment of mutable business and efficiency to attend the elements of change and risk categorized in economic, environmental, and social areas (Kang et al., 2012).

In order to define the goal of this work and to avoid evaluating a strategic tool of sustainability applicable to the supplies chain of a Brazilian SMSE, we consulted the strategic cropped map of the organization in study, showed on Figure 1. A strategic map is an illustration of the strategy of a company, in other words, a visual representation of the relations of cause and effect among the key components of the strategy of a company. Through the strategic map it is possible to visualize how different parts of an organization contribute direct and indirectly for the discharge as a whole (Buytendijk, Hatch, & Micheli, 2010). On Figure 1, the cropped strategic map was used to illustrate the implementation of a strategic tool of sustainability and to associate the goals to the actions and measures of performance. The measurements of what is intended to manage establish a justification for the process changes (Epstein & Wisner, 2001).

Figure 1 illustrates the relation of cause and effect among the return policy. It was established a relation using as a critical factor the relations of the distortions on the chain of supplies (SCM). In the relations established by the return policy, the critical process causes environmental performance and this is the responsible for the economic performance. On the environmental context, the reduction of solid residues is associated with the prevention and the control of risks and damages to the human health and to the environment. The non-collected residues or disposed in inadequate places promote proliferation of diseases and can contaminate the soil, the air, and the water. Besides, the return policy is responsible for significant improvements on the flow of information and in the coordination of the supplies chain. Since the quality of information impacts directly on the decision-making process, an adequate return policy guarantees a better accuracy of the information collected from the retail, better coordination of processes, and better economic performance among member of the supplies chain. The return policy as a sustainability tool described in this study generates positive corporative exposition and bigger market competitiveness, what represents a strategic advantage for the SMSE.

![Cropped Strategic Map](image)

**Fig. 1:** The return policy of products as a strategic tool of sustainability of a Brazilian SMSEs distributor of perishables products

In short, the goal of the current work is to describe a strategic tool of applicable sustainability to a small enterprise distributor of foodstuffs products: the return policy of residues. On this situation, it will be described the social, environmental, and economic advantages caused by the operational action. For the return policy, it will be analyzed as an information sharing and the collaborative practices between a foodstuff distributor
enterprise and its retailer clients generate significant impact in the market competitiveness, as well as on the social, environmental, and economical performance of the organization.

In order to achieve the goal proposed in this study, the current work is divided in five parts. After the introduction, it is presented the theoretical background necessary to support the return policy, it is described the methodology of the work, the analysis of the results, and, finally, the final considerations and suggestions for future researches.

Return Policy As A Sustainability Tool:

In order to survive to a competitive environment and establish a Strong position in the market, the retailers must effectively manage their operational activities while providing a good level of services to the consumer. Defining the adequate variety and the quantity of products, relating to the needs of the clients and the operational costs is a hard task and determinant on retail competitiveness. Due that, the retail often purchases many of a few products, what results in the loss of sales and profit margin, and a many from other items, what generates the excess of inventory (Rajaram & Tang, 2001).

The excess of inventory situation is aggravated when it is about perishable foodstuffs, photographic films, or pharmaceutical products that have established and short period of validity. For these, each unity not sold in a period is aggravated by a certain period close to the validity, it is considered obsolete and must be removed of the inventory in order to be discarded or sold with a reduced price (Hahn & Hwang, 2004).

The situations that generate excess of storage on the retail and the need of a reverse flow of damaged, expired and non-commercialized products are: (i) the uncertainty in demand due to the intrinsic characteristics related to the perishable, varied assortment, and seasonality of offer and demand; (ii) the demand pushed by the supplier who, even though generates excess of inventory, helps in the cover of goals, reduce the possibility of stock out, or the substitution of the brand in the point of sale (Rajaram & Tang, 2001; Yucel et al., 2009); (iii) common practice of client, in the moment of the purchase, selects the newer item and establishes a policy of LIFOs (last in, first out) instead of the inventory FIFOs (first in, first out); (iv) predatory action of the competitors through the use of sales and payment of shelf occupation taxes for the exposition of different products (Wilkie, Desrochers, & Gundlach, 2002); (v) high speed of obsolescence and failure due to an insufficient support of market, failures to attend the expectations of the clients or for a lack of distinctive characteristics.

The return policy of products is an old practice. In 1932, Viking Press became the first book publisher to accept the return of products, but this practice was already adopted, informally, by the editors of magazines. Today, the policy return is common in the distribution of books, magazines, newspapers, music articles, hardware, software, commemorative cards, and pharmaceutical products. Padmanabhan e Png (1995) report that this practice can be applied to any product that has limited life time due to the physical decadence (pharmaceutical), obsolescence (hardware, software, cards, magazines, and newspapers), or saturation of demand (books and music article).

The return policy was approached on another scientific Works published so far (Leite & Brito, 2003.; Srivastava, 2007; Veiga, Veiga, & Kato, 2010). In some studies, this practice is considered a tool for coordination of the canal, in other words, a way to maximize the efficiency of the whole chain of supplies (Yue & Raghunathan, 2007). Other works emphasize the complexity of the subject and its operational and logistics problems: if on the one hand the return policy brings positive result for increasing the trust and induce more clients to buy, on the other, it increases significantly the costs of business creating the possibility of turning it unviable. This way, the returned products represent a problem for every part of the chain of supplies due to the rupture of the operation and damages caused by the reverse movement of the product (Mukhopadhyay & Setaputra, 2007).

Fig. 2: Considered conditions for the choice of return policy

<table>
<thead>
<tr>
<th>Total Return Policy</th>
<th>Absence of return policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers with an aversion to risks</td>
<td>Uncertain primary demand.</td>
</tr>
<tr>
<td>Weak retail competition</td>
<td>High costs of production and logistics</td>
</tr>
<tr>
<td>Distrust of the retailer with the fabricant</td>
<td>Low value of recuperation</td>
</tr>
<tr>
<td>Competition among general brands</td>
<td>Distrust of the fabricant regarding the retailer</td>
</tr>
</tbody>
</table>

Source: adapted from Padmanabhan e Png (1995)

Historically, the return policy can be applied to different products and its practice on business varies among industries and stores. Its entrance depends on the type of product, the relation between retail and supplier, the market competition, and the costs associated to the process, as detailed on Figure 2. The current policy among
the members of a supplies chain can vary from a total and unconditional money return, by the return of products without any financial restitution (Yue & Raghunathan, 2007).

Recent studies showed, however, that the simple way to motivate the overstock for retail and to avoid market effort in the point of sale is achieved when the fabricant offers to the retail a partial return policy. The big advantage of this partial return policy is the commitment of the members of the channel to turn the process viable and profitable for the whole supplies chain. The supplier enterprises counterbalance the benefits of an overstock on the retail with the additional costs generated by the return of storage in excess. The retailers number the limitations of storage, the space of shelves, and the costs of opportunity in terms of time and space (Yao et al., 2005). If the retail remains with one item that does not sell, even if this one can be returned, there is loss of margin and profits. Besides these factors directly related to the retail and the supplier, the economic viability of the process is also defined in terms of the percentage of the sale prices of the returned products, the quantity returned, the perishability, and the level of difficulty for the return of the product (Mukhopadhyay & Setaputra, 2007).

In a general way, the coordination among producers, distributors and retailers has a strategic function in the GCSS. However, talking about returned products, it can be considered that there is an endless discussion between retailers and producers regarding who should assume the risks and responsibilities. In the majority of the time the return policy transfers the costs of the storage excess of from the retailer to the superior link (producer or distributor) and encourages the increase of storage. Therefore, the biggest the uncertainly, the biggest will be the costs of the return policy for this link of the chain. If the demand is too uncertain, the balance of the chain of supplies is achieved by the commitments and risk sharing through a partial return. In this purpose, the two members of the channel assume a crucial role in the transition for a sustainable development and for the use of rational natural resources. On the next section it will be described the methodology of research.

**Methodology:**

In order to survive to a competitive environment and establish a Strong position in the market, the retailers must effectively manage their operational activities while providing a good level of services to the consumer. Defining the adequate variety and the quantity of products, relating to the needs of the clients and the operational costs is a hard task and determinant on retail competitiveness. Due that, the retail often purchases many of a few products, what results in the loss of sales and profit margin, and a many from other items, what generates the excess of inventory (Rajaram & Tang, 2001).

The excess of inventory situation is aggravated when it is about perishable foodstuff, photographic films, or pharmaceutical products that have established and short period of validity. For these, each unity not sold in a period is aggravated by a certain period close to the validity, it is considered obsolete and must be removed of the inventory in order to be discarded or sold with a reduced price (Hahn & Hwang, 2004).

In a study form of the descriptive case, ex-post facto and cross sectional crop, this work seek analyzing a real fact to achieve a detailed knowledge of the situation (Yin, 1987) and to improve the understanding of how the PMEs can deal with the challenge of sustainable growing. For that, it was used qualitative data, historic quantitative data, and direct observation, combining different methods to allow the triangulation (Voss, Tsikriktsis, & Frohlich, 2002).

The quantitative analysis of the research data is divided according to the purposed goals. This step will analyze the strategic advantage of a return policy shared with the retail and the distributor company, with evaluation of the social, economic, and environment performance deriving from the process.

For the analysis of return policy, it was used historical quantitative data of the returned products and financial value spent with Exchange of expired and damaged products on the retail. The period of analysis covered August from 2009 to July of 2012, contract period of the new return policy among the companies and their retail clients. Through the follow-up of the field, the workers of the companies were also observed in the routine activities for the direct observation of the causes of the excess of inventory, caused by the obsolescence on the retail, changes occurred due to the alteration in the return policy. The quantitative data refer to a specific geographic region covering the same retailer clients, not processed during the period of study.

In the Brazilian segment of perishable food, the return policy of products is total, in other words, there is an unconditional commitment of the distributor/supplier company that always accept back the damaged and expired products not sold by the retail. Initially, in the enterprise in study, the return policy of products occurred without the direct control of the supplier. The retail stores were benefited by the conception of credit for the future purchase, in other words, the change/return was related by the commercial team and the value of the exchange would be “with no owner”, part of it would remain with the retailers, the other part with the own sellers and a third part with the team of deliver, with no control of when and how these products would be consumed or eliminated.

Usually, for the simplification of the bureaucratic process, the bill of sale (BS) of return was issued without the discrimination of each unity of the mix. This practice generated loss of main information in the decision-
making process. Besides, on this return policy with the conception of discount, the BS of devolution was issued by the retailer considering the prices of sale in the retail the final consumer, not the price on which it was bought from the distributor company. This distortion used to raise the value of the compensation/exchanges and compromised the result of the supplier. There was also the possibility of mistakes in the value of the BS in the devolution when the retail used this tool to incorporate another losses in the store or when the representative of the supplies company, helping in the issue of the BS in the deviation, omit the data in order to not compromise the sales commission. In the first case, it was generated prejudice for the company, in the second case for the retailer. Finally, the old practice of products return sill allowed three inadequate situations: (i) even with the existence of the expired or damaged product, a BS of devolution could be issued so the generated value could be used in the reduction of products’ price, procedure this used as “ghost exchange”; (ii) establishment of a parallel to the next products of the expiration day sold as a reduced price in neighborhoods of low buying power; (iii) carelessness of the retail, the remain of the expired products on the shelf, generated the depreciation of the brand.

The transition period in the return policy of the company in study was characterized by the Exchange of employees, by the implementation of the electronic BS and by the establishment of a strategic control about the exchanges paid to the retail. On this new situation, the current return policy guarantee the retail only the restitution in identical products with a new date of expiration, process called “exchange jar to jar/ SKU for SKU (stock keeping unit”). For this purpose, the BS of devolution discriminated each product of the portfolio commercialized by the company and allowed the correction of the distortions in the chain of supplies. This practice allowed the prevention of a poor service to the consumer due to the lack of a product in some store or excessive investment in storage generated by the need of protecting against the variation of demand.

Another change in the new return policy was the transference of responsibility for the supplier regarding the destruction of the expired and damaged products. This process was implemented accordingly with the concept of shared responsibility regulated (law 12.305). In this context, the company in study elaborated a plan of residues management, outsourcing the process for a licensee company by the States’ Environmental Institute. Through this, the sanitary organic residues and compatibles class IIA (non-hazardous, non-inert) according to the rule NBR 10004 for being biodegradable and are conditioned, transported, and eliminated properly with the previous co-processing followed by the incineration. Since the burning is not outdoors, the system allows the production of energy (carbon credits), avoids the emission of methane, and reduces the use of municipal waste. The efficiency of the process is evaluated by the emission of reports available for the contracting company and for the Environmental Institute.

In a general way, we can say that the return policy as a sustainable strategic tool analyzed in this study is capable of reducing the negative interactions of the company with the society and with the environment, as well as it provides a better economic, environmental, and social performance. Following, this tool is analyzed practically in a Brazilian SMSE by the application of the concepts described on this section.

RESULTS AND DISCUSSION

In the economic and environmental context, the gains with the new return policy are expressive. According to the data showed on Table 2, in the first year after the introduction of the new return policy, between August from 2009 and July of 2010, there were reductions of 36.38% in the exchange index volume (return) in the retail that passed 5.89% to 3.69%. In value, it was reduced 23.20% with the drop of R$262,335.20 for R$201,933.41. Tables 1 and 2 compared monthly the sales, the volume of Exchange (return) and the tons in value and percentage of expired/damaged returned products on the first year after the introduction of the new return policy. This analysis contemplate the comparison of equivalent periods, in other words, the 12 first months post-transition (August/2009 to July/2009) it was compared with the months August /2008 to July/2009, as showed on Table 1. For the subsequent period it was established a comparison between July for 2011 and 2012, as showed on Table 2.

In August from 2008 to July of 2009, the company recorded expenses of 5.80% in exchanges/returns with the retail, what corresponds to the generation of 46.95 tons of solid residues. After the transition in the return policy, in the equivalent period corresponds to August/2009 to July/2010, the expenses were 3.69%, what corresponds to the generation of 32.85 tons of solid residues, a reduction in value of R$60,401.79 (23.20%) and in volume of 14.10 tons (30.03%).
Table 1: Comparison of the volume in sales, Exchange, values, and return in % of solid residues in tons on the first year after the introduction of the new return policy.

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales in tons</th>
<th>Exchange Volume</th>
<th>R$ Exchange Value</th>
<th>% Return</th>
<th>Period</th>
<th>Sales in tons</th>
<th>Exchange Volume</th>
<th>R$ Exchange Value</th>
<th>% Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug/08</td>
<td>76.05</td>
<td>4.6</td>
<td>23,005.48</td>
<td>6.5</td>
<td>Aug/09</td>
<td>78.16</td>
<td>2.81</td>
<td>15,432.98</td>
<td>3.6</td>
</tr>
<tr>
<td>Sep/08</td>
<td>73.96</td>
<td>3.89</td>
<td>19,452.15</td>
<td>5.26</td>
<td>Sep/09</td>
<td>77.24</td>
<td>2.83</td>
<td>15,548.52</td>
<td>3.7</td>
</tr>
<tr>
<td>Oct/08</td>
<td>89.78</td>
<td>4.43</td>
<td>22,132.02</td>
<td>4.93</td>
<td>Oct/09</td>
<td>73.58</td>
<td>3.62</td>
<td>19,914.50</td>
<td>5.1</td>
</tr>
<tr>
<td>Nov/08</td>
<td>64.65</td>
<td>4.21</td>
<td>21,042.08</td>
<td>6.51</td>
<td>Nov/09</td>
<td>74.61</td>
<td>2.89</td>
<td>15,921.95</td>
<td>3.9</td>
</tr>
<tr>
<td>Dec/08</td>
<td>71.65</td>
<td>3.58</td>
<td>17,876.31</td>
<td>4.99</td>
<td>Dec/09</td>
<td>83.24</td>
<td>2.22</td>
<td>12,224.88</td>
<td>2.7</td>
</tr>
<tr>
<td>Jan/09</td>
<td>65.21</td>
<td>4.00</td>
<td>24,186.26</td>
<td>6.13</td>
<td>Jan/10</td>
<td>77.1</td>
<td>2.7</td>
<td>17,945.16</td>
<td>3.5</td>
</tr>
<tr>
<td>Feb/09</td>
<td>58.6</td>
<td>2.65</td>
<td>16,060.72</td>
<td>4.53</td>
<td>Feb/10</td>
<td>54.04</td>
<td>2.05</td>
<td>13,655.98</td>
<td>3.8</td>
</tr>
<tr>
<td>Mar/09</td>
<td>72.69</td>
<td>3.05</td>
<td>18,471.27</td>
<td>4.2</td>
<td>Mar/10</td>
<td>65.15</td>
<td>2.09</td>
<td>13,865.44</td>
<td>3.2</td>
</tr>
<tr>
<td>Apr/09</td>
<td>59.24</td>
<td>3.75</td>
<td>22,689.10</td>
<td>6.33</td>
<td>Apr/10</td>
<td>73.78</td>
<td>2.66</td>
<td>17,665.12</td>
<td>3.6</td>
</tr>
<tr>
<td>May/09</td>
<td>58.88</td>
<td>4.08</td>
<td>24,690.02</td>
<td>6.93</td>
<td>May/10</td>
<td>80.78</td>
<td>2.99</td>
<td>19,876.78</td>
<td>3.7</td>
</tr>
<tr>
<td>Jun/09</td>
<td>58.3</td>
<td>3.90</td>
<td>23,600.64</td>
<td>6.69</td>
<td>Jun/10</td>
<td>75.13</td>
<td>2.86</td>
<td>18,987.80</td>
<td>3.8</td>
</tr>
<tr>
<td>Jul/09</td>
<td>60.71</td>
<td>4.81</td>
<td>29,129.15</td>
<td>7.93</td>
<td>Jul/10</td>
<td>80.564</td>
<td>3.14</td>
<td>20,894.30</td>
<td>3.9</td>
</tr>
<tr>
<td>Total</td>
<td>809.72</td>
<td>46.95</td>
<td>262,335.20</td>
<td>5.8</td>
<td>Total</td>
<td>890.37</td>
<td>32.85</td>
<td>201,933.41</td>
<td>3.69</td>
</tr>
</tbody>
</table>

Source: research data.

From August/2010 to July/2011, the value of the Exchange for the retail was R$235,417.56, corresponding to the generation of 35.4 tons of solid residues, with the percentage index of sales of 3.35%. From August/2011 to July/2012, the company spent R$79,922.35 with exchanges, corresponding to 41.48 tons of returned residues, with percentage/return index of 3.49% in sales. The comparison of this two periods shows a reduction of 42.25% and 39.88% of return of solid residues comparing to the year previous to the implantation of the return policy (August/2008 to July/2009).

According to the SMSE information researched, it is important to highlight that the costs for the use, transportation, and elimination of residues represent a cost of R$2,502.00 a month, and this value didn’t provoke substantial increase in the costs of the operation. In the previous return policy, the value of the exchange represented an average of 5.80% on the effective sales. In the current system, already included the fixed costs for the collection and incineration of the products, this value was reduced for an average of 3.51% among the three subsequent periods, a reduction of 39.48%. Besides, the company also benefited indirectly for “avoiding loss” of products available for the retail that would return for the incineration. The total sales volume of the company in the period analyzed between August/2009 and July/2012 was 3,136.17 tons. With the implementation of the new return policy, the organization didn’t lose 2.29% of the whole volume of sales of the period, what represents 72.12 tons. According to the information from the commercial department of the company, the average value of the products kilo is R$6.51/kg. Therefore, the company avoided a financial loss of R$496,826.70 since the new return policy is working until the finalization of the research in July/2012.

Table 2: Value comparison in reais and the volume of solid residues in tons on the subsequence months after the introduction of the new return policy.

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales in tons</th>
<th>Exchange Volume</th>
<th>R$ Exchange Value</th>
<th>% Return</th>
<th>Period</th>
<th>Sales in tons</th>
<th>Exchange Volume</th>
<th>R$ Exchange Value</th>
<th>% Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug/10</td>
<td>84.32</td>
<td>2.7</td>
<td>17,945.16</td>
<td>3.2</td>
<td>Aug/11</td>
<td>88.16</td>
<td>3.32</td>
<td>22,091.17</td>
<td>3.77</td>
</tr>
<tr>
<td>Sep/10</td>
<td>70.81</td>
<td>2.05</td>
<td>13,655.98</td>
<td>2.9</td>
<td>Sep/11</td>
<td>90.1</td>
<td>3.49</td>
<td>23,188.08</td>
<td>3.87</td>
</tr>
<tr>
<td>Oct/10</td>
<td>57.91</td>
<td>2.09</td>
<td>13,865.44</td>
<td>3.6</td>
<td>Oct/11</td>
<td>90.76</td>
<td>3.43</td>
<td>22,823.60</td>
<td>3.78</td>
</tr>
<tr>
<td>Nov/10</td>
<td>85.69</td>
<td>2.66</td>
<td>17,665.12</td>
<td>3.1</td>
<td>Nov/11</td>
<td>91.95</td>
<td>3.59</td>
<td>23,849.03</td>
<td>3.9</td>
</tr>
<tr>
<td>Dec/10</td>
<td>106.74</td>
<td>2.99</td>
<td>19,876.78</td>
<td>2.8</td>
<td>Dec/11</td>
<td>90.62</td>
<td>2.89</td>
<td>19,224.29</td>
<td>3.19</td>
</tr>
<tr>
<td>Jan/11</td>
<td>98.45</td>
<td>2.86</td>
<td>18,987.80</td>
<td>2.9</td>
<td>Jan/12</td>
<td>97.51</td>
<td>3.89</td>
<td>25,875.02</td>
<td>3.99</td>
</tr>
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<td>Feb/11</td>
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<td>1,188.29</td>
<td>41.48</td>
<td>279,922.34</td>
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Source: research data.
Summarizing, the economic context, the analysis of data showed that the alteration in the return policy of products brought benefits of significant reduction of costs with exchange/return, “avoided the financial loss” deriving from the products available for the retail that would return for incineration, and allowed the more accurate information coming from the point of sale with the knowledge of the demand for each item of the product’s portfolio. As disadvantage, this new process required investment in use, transport, and adequate destination for the residues. Besides, the new policy required training and hiring of employees and generated conflicts with some retail clients. However, the company in study had economic benefits that characterize as a competitive advantage.

On the environmental context, the reduction of solid residues is associated to the prevention in the control of risk and losses for the human health and for the environment. The not collected residues or disposed in inadequate places favor the proliferation of diseases and can contaminate the soil, air, and water, in other words, it is an indicator of sustainable development. Besides, for the GCSS, the environmental protection is considered part of the modern business strategies, regarding the service with the client or with an environmentally correct consumer, or following required patterns of the global environment, which allowed the organization to increase the national and international competitiveness.

On the social context, the new return policy stopped the establishment of a parallel market of products almost on their expiration day, and the expired product remaining on the shelf. These two attitudes generate depreciation of the brand and reduce the credibility and security of the consumer on the product. Commercializing a product on the end of the expiration period is allowed, but the consumer must be informed that will have to consume it in a short term. The sale of expired products, however, is a crime defined by the Law number 8,137/90 from art 7th, and the penalty is the detention from two to five years or fine, which is shared with between the retail and the supplier. Unfortunately, the supervision is insufficient, and, frequently, the consumers are exposed to expired products available.

In a general way, we can say that the return policy is in the concepts of the VBRN, since it generated a reduction of costs in a supplies chain for the prevention of pollution, giving shared responsibilities between retail and suppliers about the cycle of life of the product, and represents a strategic anticipation for the new government restrictions, which are coming soon. The return policy is also compared to the 3BL strategy, since it shows that the organizations can simultaneously achieve business goal, and reduce the social and environmental impact.

Conclusions:
The current study had as its goal to describe a strategic tool of sustainability, applicable to a SMSE distributor of food products: the return policy of residues. It was described the social, environmental, and economic advantages coming from the operational action. In accordance with the concepts of the VBRN and the 3BL, the study showed that the companies (even SMSE) that focus on the creation of sustainable supplies chain and emphasize smaller negative interactions with the society with the environment, have a better visibility about the social and corporative responsibility, and better economic performance. The results show that besides the social and environmental gains with the solid residues management, the strategic change generated reduction of 39.48% of the costs with the product return, detailed information of the retail and better management of the chain supplies.

The economic performance can be achieved by the return policy with exchange product by product (SKU by SKU) on which there is a possibility of correcting the distortions in the supplies chain with consequent minimization of solid residues followed by an eco-discharge. On this situation, the economic performance comes directly from the reduction of the compensation by exchanges, indirectly for “avoiding loss” of products disposed for the retail that would return for incineration. On these two situations, when the environmental performance of the company improves, there is a market advantage, what generated a better recipe, increasing the market shared and the new opportunities of growing.

Regarding the social performance, the empiric evidences show only a positive modest association of this parameter with the economic performance of the organization (Gimenez, Sierra, & Rodon, 2012). Regarding the Brazilian PMEs, this association was a little studied so far, since the majority of the companies don’t practice the social component of the 3BL because they consider that the actions of social responsibility bring high costs, mainly inside a short term perspective. For this reason, this work evaluated the social performance of the company in study only inside a qualitative analysis and for casual correlations (Figure 1) with the other study parameters. The strategic tool of sustainability applied for the GCSS can generate improvements in the economic development of the SMSE for increasing the credibility and the security in the food products and avoiding the substitution and depreciation of the brand on the point of sale.

The search for the sustainable development has been bringing a lot of attention during the past decade. However it has been studied a lot the quantity of consumed resources and the trash produced by the population, the impact of the organizations on the environment it is still not very documented. It is an extremely important theme for the organizations, but it need more clarity on the scientific literature of sustainability about the
definition and applicability. The studies are also incomplete about the management of the chain supply, mainly the indicator of sustainability. Besides, the works that talk about the subject often don’t comprehend or don’t emphasize equally all three dimensions of sustainability (Wu & Pagell, 2011).

However the concept of GCSS has received a highlight on the industry practice, as well as in the means of communication, the organizations are still debating their merits. Many companies are still considering the green supplies chain as only a tool to follow the environmental law and regulations. In order to achieve sustainability, this concept must cover the responsible inclusion, in other words, government and citizens must divide the responsibility about the consumer goods. Government must also consider that the PMEs have a prime role on the regional and national environmental development, as well as in the economic vitality. This way, government should keep the motivation for SMSE either in a direct way with financial and technical support or in an indirect way of coordination of buyers and suppliers to build an adequate participative atmosphere. However, the sustainability does not depend only on a government and/or private initiative; this new concept requires sophisticate knowledge and critical analysis, mainly because sustainability is not a status to achieve only, but a goal always ahead, with continuous improvement. Therefore, the research performances a crucial role in the implementation and understanding of new ideas and technologies, mainly because the subject is not going to end.

In front of the limitations of this study, we suggest new investigative researches with management tools that can be used for the GCSS, highlighting the applicability in Brazilian SMSE. Besides, future researches could involve questions linked with sustainability for different dimensions, companies, sectors, and countries.

REFERENCES


