





CIRCULAR ECONOMY BUSINESS CASE STUDIES IN SOUTHEAST ASIA



Philux Inc.

-  Manila, Philippines
-  Furniture
-  philux.ph
-  Analysis period: 2023

Timeless Design and Craftsmanship for Circular Furniture

Business Spotlight

Philux ('Philippine Luxury') is a Philippine furniture manufacturer and retailer specialised in handcrafted and luxury minimalist pieces made from high-quality natural materials. In recent years, Philux found itself increasingly challenged by deforestation, diminishing natural resource base, global sustainability trends and standards, and the growing environmental awareness of buyers and consumers. The company's second-generation owners, Stephanie Kienle Gonzalez and Jessica Kienle Maxwell, led the crafting of a Vision Tree in 2023 to ramp up the company's commitment to the circular economy by firmly embedding this concept in all aspects of the company – from sourcing to manufacturing to packaging, delivery and after sales service. More importantly, Philux' stated goal is also to bring about a mindshift across all those involved in the creation of the products, thus positioning the company as a leader in sustainable furniture manufacturing.

Philux is already sourcing exclusively sustainability-certified wood and improving the recovery and reuse of wood offcuts and excess fabric as furniture parts and for decorative items. Nearly 4 metric tonnes of bubble wrap plastic has been replaced with multiple use PE foam, which at end of its life is recycled into roughly 69,000 eco-bricks. In addition, the company

is working to maximise in-house production of furniture components like bed clamps to reduce supply-chain greenhouse gas (GHG) emissions, and is experimenting with the use of recycled plastic furniture gliders. Operational savings are being achieved, but the main objective is to future-proof the company through a commitment to sustainability, craftsmanship and design excellence.

Keywords

Forest stewardship certification, Timeless design, Off cut reuse, Sustainable furniture, Wood processing, Circularity

Innovation

Product design, Manufacturing, Distribution, End of life management, Resource efficiency, Resource circularity

Analysis of Philux Inc.

Context and baseline

Philux has been in operation for four decades as a wood retail furniture and handicraft store specialised in handcrafted and luxury minimalist pieces made from high-quality natural materials. Furniture is produced from premium kiln dried mahogany wood obtained from a certified local plantation and imported ash and walnut wood bearing certification by the Forest Stewardship Council (FSC). In commitment to 'conscious luxury', furniture pieces are crafted by Filipino artisans who value the time and effort invested in producing each high-quality piece. Clients include homeowners, restaurants, embassies and real estate developers, whom Philux provides with furniture products, design consultations and furniture rentals.

The company found itself increasingly challenged by deforestation and a diminishing natural resource base, global sustainability trends and standards, and a growing client segment with heightened environmental awareness. Upon conscious reflection, the company initiated in 2023 its Vision Tree and strategy to balance out sustainability, design innovation, quality and costs.

Innovation

Philux aims for sustainability and leadership in the Filipino luxury furniture sector. The Vision Tree embeds circularity practices in all aspects of company operations: design and engineering, ethical materials sourcing, and upcycling.

Key innovations involve product design, materials sourcing, fabrication, and waste management.

Mindful Design: Philux designs its furniture pieces for extended useful lifetimes, by focusing on design innovation, quality and timelessness, making optimal use of specific qualities of the wood, including grain and thickness. In this way it further seeks to incorporate any remaining wood and/or fabric offcuts. Moreover, the company offers lifetime refurbishment services exclusively for Philux pieces, including wood refinishing, reupholstery, and repairs.

Materials sourcing: Philux has completely shifted to exclusive use of certified wood, including locally sourced mahogany (from a plantation certified by the Department of Environment and Natural Resources), and imported ash and walnut with FSC certification. In addition to wood, Philux has introduced other locally sourced materials to their product offerings, such as rattan, raffia, and other sustainable options.

Fabrication: Philux has started in-house fabrication of furniture components like bed clamps to reduce imports and transport-related emissions in the supply chain.

Waste management: Wood cutoffs and excess fabric are prioritised for reuse in the production of decorative items and furniture pieces. Wood shavings are used as potting material in showrooms and are supplied on demand to BBQ restaurants. Smaller fabric leftovers are provided to community groups for external fabric recovery. Moreover, Philux is working with its foam supplier for takeback and recovery of foam waste from upholstery production.

Plastic waste from packaging has been addressed by replacing plastic bubble wraps with sturdier, reusable polyethylene (PE) foam that is recyclable. Collected PE waste is supplied to local recyclers for manufacturing eco-bricks which are donated to schools and other groups. On a pilot basis, plastic waste has been used to produce furniture gliders, with a view to replace the 8000 gliders used by the company, subject to satisfactory testing.



Circular Economy impact

Using its Vision Tree as a guiding framework, Philux is making progress on the key circular economy strategies of efficient and circular use of materials, namely resource efficiency and resource circularity.

Resource efficiency: The company's mindful and timeless furniture designs and their superior quality extend the useful life of Philux furniture, leading to resource efficiency in the consumption stage. The sourcing of sustainability-certified wood ensures minimum resource use and waste in plantation and forestry operations. Furthermore, the in-house fabrication of furniture parts reduces transportation requirements and thus achieves resource efficiency in the supply chain.

Resource circularity: The company's efforts to conserve wood and fabric by retaining and reusing wood offcuts and excess fabric for the production of future furniture parts or decorative items like lamps or candle holders contribute to resource circularity. Exact figures on wood offcut reuse are not yet being maintained by the company. However, disposal of offcuts is now kept to a bare minimum and stored instead in the pre-milling warehouse. These are kept organised according to thickness and size in the company's woodshop so that the carpenters can choose and pick the required piece to be used for chair and table legs and other specific designs.

Bubble wrap has been fully eliminated from product packaging, preventing nearly 4 metric tonnes of plastic use and waste in 2023. The substitute for PE foam is reused several times and then sent to a recycler who has produced around 69,000 eco-bricks for schools and communities. Moreover, efforts are underway to produce 8000 plastic furniture gliders from recycled plastic annually.



Business and market impact

As consumers have become more environmentally aware and countries have set standards for the source of origin of wood, adoption of sustainable and responsible wood sourcing and implementation of circularity practices has become the precondition for business survival in the furniture sector. The improved reuse of wood offcuts and excess fabric, traditionally disposed of as waste, is providing cost savings, which however are highly dependent on variable product ranges and volumes.

The company saves on operational costs through proactive initiatives on plastic waste minimisation and recycling.

Most importantly, the elaboration of the Vision Tree in 2023 was pivotal in creating a mindset and culture change throughout the company. Everyone is now committed to and working for the company's circularity goals through more efficient

use of materials and resources, innovations, and zero waste practices. The company has started to measure progress towards these goals and for the employees, and this progress has become part of the performance evaluations.

Stakeholders

The Philux commitment to sustainability includes championing Filipino craftsmanship. A total of 150 skilled carpenters and woodcraftsmen produce quality products using mostly traditional and hand-guided tools to execute contemporary, thoughtful designs, while also being prudent and selective about the machinery they acquire. Furthermore, in selecting retail partners, the owners opt to work predominantly with others who share their mission to promote Filipino design and craft while upholding sustainability values.

The company is exploring further ways of collaborating with communities. One partner is AntHill, a weaving collective in the south to whom Philux donates fabric scraps which AntHill sorts by color, shred and turn into cotton thread that is then rewoven into new fabrics which Philux then repurchases to execute designs that they collaboratively develop.

Implementation

In the face of the growing environmental consciousness of buyers and consumers, and the declining availability of high-quality timber, Philux sees the need for a strategic repositioning of its business. While maintaining its core competencies in furniture design and its artisanal and high-quality fabrication, the Vision Tree initiative has infused sustainability thinking and circularity practices throughout the company. This is starting to pay off in increased recovery and reuse of offcuts, along with a renewed commitment to timeless design and quality craftsmanship.



Takeaways

Sustainability and purpose are among the pillars of the Philux Vision Tree. Sustainability refers to a mindful way of creating furniture pieces consistent with a core set of values. Purpose refers to giving back to the community and creating a mindshift in both the business and the industry.

The metrics are important to make business sense. While the company expects to achieve cost benefits from its circularity practices, it is accepted that such benefits will take time to materialize.



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