Storytelling Series — Transition in Action Through a Banker's Lens

CASE 2

An SME - Food Manufacturer's Pivot

By :

The SME: A Food Manufacturer in Selangor

Producing sauces and ready-to-eat condiments for local retailers across Malaysia.

The Core: Stable wholesalers, steady demand, and predictable margins.

The Gap: Business was doing well—but it was ***not future-ready***. Operations were deeply rooted in traditional, high-waste methods.

The "Red" Status: Hidden Gaps

.......the factory still relied on.....

1. Packaging Waste

Complete reliance on **single-use plastic tubs** with no circularity path.

2. Energy Drain

Aging chillers and inefficient boilers consuming **excess electricity** daily.

3. Zero Visibility

No systematic tracking of **waste, energy, or water consumption** metrics.

The RM: A Bridge to Sustainability

Observant, Prepared, and Relationship-Driven

During a routine site visit, she noticed stacks of single-use plastic containers and asked questions:

“Have any of your buyers asked about sustainable packaging?”

One simple question during a site visit that changed the trajectory of the conversation.

Reframing Pain as Opportunity

What Emerged Wasn't '**ESG**' - It Was Business Pain Points; **BUT** the RM helped the owner to see they were actually *sustainability entry points*

Operational Headache

- High cost of plastic packaging
- Rising electricity bills from old equipment/chillers
- Raw material losses in inefficient processes

Sustainability Entry Point

✔ Packaging – Waste reduction & cost control

✔ Chillers – Energy efficiency = Instant savings

✔ Process optimization = Less waste = Higher margins

Practical 3-Step Transition Plan

With the RM's guidance, they outlined three achievable steps:

- **Step 1: Bio-Packaging**
  Transitioning 20% of products to biodegradable or recycled packaging to meet retailer demand.
- **Step 2: Chiller Replacement**
  Replacing 10-year-old chillers with energy-efficient models (reducing utility overhead).
- **Step 3: Resource Tracking**
  Implementing monthly waste, energy, and water tracking to identify leakage.

Enabling the Shift with Financing

"If financing could support these upgrades, would you take the next step?"

The owner's smile said it all. Sustainability wasn't a compliance burden anymore—it was an investment in longevity.

The RM proposed a **Green & Efficiency Upgrade Facility,** covering packaging upgrades, chiller replacement, and process tools.

Credit Analysis: Red to Amber

Framework	Assessment & Credibility	Status
BNM CCPT	Shift from high waste/energy drain to equipment-backed efficiency.	Amber (Transitioning)
VBIAF	Focus on local employment, quality standards, and long-term value.	Aligned
Facility Type	Green & Efficiency Upgrade Facility (Process Improvement).	Approved

Six Months Later: Tangible Impact

-12%

Energy Bills

Following chiller replacement

-8%

Material Loss

Due to systematic waste tracking

+New

Retail Onboarding

Retailers prioritizing ESG-aligned SMEs

Reflections Through a Banker’s Lens

SMEs often don’t realize that their biggest operational frustrations—high utility bills, material wastage, and rising costs—are actually **sustainability opportunities in disguise.**

And sometimes, all it takes is an RM who’s observant enough during a site visit to start the right conversation.

Transition begins with clarity, and clarity begins with a question.

Questions?

Let's connect to build more resilient SME portfolios.

Connect with Yasotha K.R Gopal

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