



THE POWER OF PALLET

There's more to these warehouse workhorses than meets the eye. Companies that use pallet systems strategically can reduce transport costs and promote supply chain efficiency.

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Pallets aren't glamorous. More often than not, these workhorses of the warehouse are taken for granted, used and abused, dropped, thrown, and cast aside.

Yet pallets play a critical support role in moving many types of goods. They are the glue that connects retailers, distributors, manufacturers, growers, and transportation and logistics service providers across numerous industries. Without pallets, the supply chain could not function.

And while they may represent the lowest cost consideration in the product lifecycle, managing pallet systems effectively can improve efficiencies and economies in a manufacturer's supply chain.

"Pallet type and quality have an enormous impact on many factors, including loading and unloading time, safety, product quality, and cost," says Curt Most, global sales manager for Oconomowoc, Wisc.-based reusable packaging company Orbis Corporation.

Pallets come in several shapes, sizes, and materials. Choosing wisely is critical. The right choice can mean a smoothly running process; the wrong choice can mean a major headache.

"The wrong pallet can translate to distribution

and delivery slowdowns," says Most. "In the worst cases, the wrong pallet choice can result in the loss of product and profit."

In some industries, pallet choice simply depends on the end product. For example, food and beverage, pharmaceutical, and electronics industries often have specific shipping requirements. In those cases, companies often elect to operate closed-loop pallet networks, pooling equipment that meets their specific needs.

Making a Smart Choice

For other companies, pallet choice comes down to the storage and retrieval systems a customer employs. Some systems require specific pallets that won't jam warehouse equipment.

In still other cases, end users weigh the pros and cons of different types of pallets to determine the best type for their needs. Wood is the most traditional type of pallet, and remains the most popular. Durable, strong, and well-suited for heavy loads, wood pallets are also less expensive than plastic or aluminum. The downside is they require fumigation and fire-retardant applications for certain shipment types or for international transportation.

Most pallet pooling companies use four-way block pallets, which are often constructed from a harder wood than conventional stringer pallets. Pallet manufacturer and pooling company PECO Pallet of Yonkers, N.Y., provides wood block pallets exclusively.

"Wood block pallets are stronger and more durable than conventional stringer pallets," says Adrian Potgieter, vice president of sales for PECO Pallet. "True four-way block pallets can also be stacked and transported more efficiently than notched stringer pallets. PECO's 48-inch by 40-inch four-way pallets hold up to 2,800-pound loads, and are edge-rackable.

"Block pallets also have better top-deck coverage, are safer to use in overhead racks, and don't slip in refrigerated areas," he continues. "And because they are built to consistent, accurate dimensions, PECO pallets are ideal for use in today's fast-moving automated production lines."

PECO does not sell pallets. Rather, the company maintains a large pool of high-quality,



Four-way block pallets, which most pallet pooling companies use, are often made from a harder wood than conventional stringer pallets.



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reusable pallets that are leased to manufacturers throughout North America. To maintain quality and reduce customer costs, PECO's renters ship only to authorized distributors who participate in PECO's system. The distributor or retailer notifies PECO when pallets are ready to be picked up; a carrier then returns them to the depot to be cleaned, inspected, and repaired as needed.

Throughout their cycle of use, pallets stay inside the closed loop of PECO's extensive service network. This limits pallet loss and damage, and allows the company to quickly get high-quality pallets back into the rental pool.

To promote warehouse and shipping efficiency, PECO Pallet's logistics team guarantees on-time

delivery within 72 hours. Renters can place pallet orders 24/7 using an online pallet management tool that integrates seamlessly with existing EDI systems. PECO's field-based service team monitors pallet flows carefully to prevent loss and keep costs low.

A Natural Advantage

Another advantage to wood pallets is that they are a natural product—a feature plastic and aluminum can't claim.

"PECO's pallets are built from sustainably harvested lumber and are constantly repaired, reused, and recycled," says Potgieter. "No harmful chemicals are ever used on PECO pallets. When a



Plastic pallets are often more durable and lighter than wood pallets, in addition to being water repellent, exportable, fire resistant, and recyclable. They also tend to cause fewer warehouse handling injuries, because they are free of splinters and rusted nails.

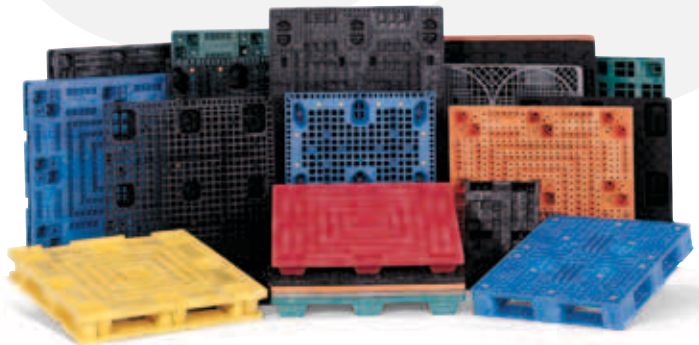


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pallet can no longer be repaired, the wood is shredded into mulch for animal bedding, and the nails are removed and recycled. Nothing moves to a landfill.

“Environmental sustainability is an important concern, and using pooled pallets is an easy and cost-effective way for companies to reduce their carbon footprint,” he adds.

Plastic Gains Ground

Wood may be the traditional choice, but plastic pallets are gaining acceptance. “In the past, some companies laughed when they heard we were selling plastic pallets,” says Most. “Now, they are coming back to us.

“Compared to wood, plastic pallets cause less equipment damage and fewer employee injuries,

ground up and re-used to make new pallets, rather than going to a landfill. Additionally, many plastic pallet manufacturers buy back broken pallets and give the customer credit toward new ones.

“A \$60 pallet with a \$20 residual value is actually a \$40 pallet,” says Most. “Companies like to promote that they are environmentally friendly, and plastic pallets fit well with that goal.”

Plastic pallets from Orbis come in three types: nestable, stackable, and rackable. Nestable pallets fit inside each other, condensing the amount of space they take up. This type of pallet is often used in distribution applications.

“Grocery stores often choose nestable pallets because they are typically the least expensive, and can take a beating,” says Most. “There are no bottom runners to break off, and no bottom base, so they are easy to use in tight spaces.”

Nestable pallets can also help reduce transportation costs and gain significantly more space. “A typical truck fits about 500 wood pallets,” says Most. “But you can get about 1,200 nestable pallets on a truck. That makes a huge difference in terms of cost.”

Stackable pallets are similar to wood pallets in that they have a bottom deck. This type of pallet is beneficial for manufacturers who double-stack loaded pallets on top of each other.

Finally, rackable pallets can go into an edge-rack application, where the edge of the pallet sits on steel or fiberglass bars with the product on top and no support underneath. Weights can vary from 750 pounds to 3,000 pounds.

A Custom Solution

Plastic pallets are also easy to customize. For manufacturers with unique needs, the ability to customize pallets can mean huge savings and efficiency gains. Jifram Extrusions of Sheboygan Falls, Wis., makes custom plastic pallets for a variety of companies.

“We custom-build pallets to customer specifications,” says Wayne Meyer, director of sales and marketing at Jifram. “Shipments are less likely to be damaged when moved on custom pallets. Also, they allow shippers to cube out their truck or trailer better, and help maximize warehouse space.”

“They may not get a lot of attention, but high-quality pallets are a critical supply chain element.”

—Curt Most, Orbis Corporation

and they last longer,” he continues. “But companies are still catching on to those advantages. It takes time for them to realize plastic pallets are more an investment than a commodity.”

Although they can be more expensive, plastic pallets are often more durable and lighter than wood pallets, in addition to being water repellent, exportable, fire resistant, and recyclable. They also tend to cause fewer warehouse handling injuries, because they are free of splinters and rusted nails. While a broken wood pallet may have to be retired, plastic pallets can often be repaired with replacement boards.

Plastic pallets also offer bar-coding and tracking capabilities via RFID, allowing manufacturers and shippers to follow their pallets anywhere in the supply chain.

Like wood, plastic pallets support the green initiatives many companies have launched in the past few years. While wood is obviously a more natural product, broken plastic pallets can be

One shipper with unique pallet needs is Parallel 44, a Wisconsin-based vineyard and winery that crafts wine from Northern varietal grapes. The company's requirements called for a small-volume, plastic pallet solution that would handle a static weight capacity of 25,000 pounds, supporting multiple 5,000-gallon wooden tubs of wine. The pallets also had to be washable and durable.

The company began by researching molded pallets; however, initial molding costs were high, making it an impractical solution. Parallel 44 then contacted Jifram about its custom-built extruded plastic pallets. The winemaker ordered samples, which it rigorously tested throughout its facility.

"Jifram's custom-built plastic pallets

provide the perfect small-volume solution for Parallel 44's specific requirements," says Meyer. "The pallets' superior structural strength meets the company's static weight needs, and the pallets are completely washable and hygienic.

"Reusable plastic pallets also offer safety and operational advantages," he continues. "For example, wooden pallets that are damaged or broken may collapse under heavy loads. The durability of reusable and recycled plastic pallets helps improve worker safety."

Other Options

Aluminum is another option for manufacturers looking to ship and stow goods safely. Aluminum pallets are light, durable, non-corrosive, and fireproof, easily cleaned

and sanitized. The threat of theft, however, is significant, given aluminum's scrap value.

Ultimately, manufacturers must choose the pallet system that works best for their products. Fortunately, more options are available today than ever before. Taking the time to weigh the pros and cons of the different options can go a long way in making the transport and stowage process more efficient and less stressful.

"Nothing is worse than seeing a product through from inception to shipment, only to find it damaged or unusable at delivery," says Most. "They may not get a lot of attention, but pallets are a critical supply chain element. High-quality pallets are exceptionally engineered and designed products that perform as integral components of the supply chain." ■

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