

**department BUSINESS SURVIVAL STRATEGIES**

by Thomas R. Cutler

## Employing reusable pallets, containers can reduce costs



The Reusable Pallet and Container Association, part of the Material Handling Association of America, argues that, "Pallets and containers are the fundamental products for transporting, distributing and storing almost all products and materials. Plastic pallets and containers are reusable and do not require treatment for pests. The benefits of plastic pallets and containers include hygiene, constant quality and dimension, no splintering or nails, and no water absorption. Plastic pallets and containers are also weather resistant, stack and nest for excellent space utilization, can be easily repaired or replaced and can be uniquely colored." It's difficult to argue with this reasoning.

The Reusable Packaging Association emphasizes the social benefits of this process because many companies support their corporate citizenship and worker safety programs with reusable packaging systems. In addition to its environmental benefits, reusable packaging improves worker safety and workplace efficiencies in several ways: elimination of box cutting, staples, and broken pieces of one-way packaging reduces injuries; removal of in-plant debris, such as stray packaging materials, reduces slip and fall injuries; ergonomic handles on reusable containers, standardized sizes and weights minimizes back injuries; and reusables facilitate the use of merchandising racks, storage racks, flow racks and lift/tilt equipment.

Ultimately the profitability drives the decision to move toward reusables. It is precisely how many Canadian purchasing managers are improving the bottom-line. Puslinch, ON-based Numatech Industries Inc. is the leading converter of corrugated plastic products in North America. The company has several strategically located conversion facilities, providing corrugated plastic products to customers. These products include O.E.M component parts, printed signs, displays and returnable packaging in the form of corrugated plastic partitions, sleeves and totes.

Numatech has worked with David Madden, president of ContainerExchanger.com, who acknowledged that, "Initial investment in returnable packaging may cost more than one-time use packaging. However, savings are often quickly realized with returnable packaging because bulk containers, metal bins, and totes are used repeatedly and there are reduced labor costs with reduced or eliminated box assembly." Additional cost-savings are realized through used reusable packaging including reduced material handling achieved with fewer moves from stackable containers, increased efficiency in floor

space usage since plastic and metal containers can stack very high, and enhanced quality since there are fewer rejects due to damaged packaging.

Used plastic reusable containers provide the most cost-efficient shipping approach possible; corrugated one-way packaging is the least effective and most costly. The quasi-e-Bay model of Container Exchanger positively impacts both the buyer and seller of packaging. The average price per trip for a corrugated one-way package is 54 cents versus a used plastic reusable container at 2 1/2 cents.

The per piece packaging costs for used bulk containers and totes can be as low as 5% of the costs for a comparable expendable solution, depending on shipping volumes. Returnable containers provide a way to reduce costs and increase productivity in handling and distribution because the containers can go from processors to distributors to retailers efficiently.

Used pallets can take many different forms. Each pallet may be made from different materials and have different structural properties. There are plastic Export Pallets that are specifically made for the export market. These pallets are made from plastic, and therefore, they meet international shipping guidelines (while wood pallets must be heat treated before they are shipped internationally). Plastic pallets are often more durable than wood pallets, because they are generally all molded in one piece, while wood pallets require nails to hold all the pieces together.

Product handling is reduced with some of these returnable containers because produce is often packed directly into containers where it remains until purchased by the general public. Reduced handling eliminates product damage possibilities.

Increasingly manufacturers and distributors are changing entire storage and packaging components to returnable containers. Beyond the public relations benefit of being environmentally conscientious companies, genuine corporate citizenship is frequently sincere and demonstrated through practice. Madden insists, "Since used returnable containers enhance safety and quality issues, and are most cost efficient, it is not a difficult choice for many Canadian purchasing managers as moving to this model."

Thomas R. Cutler is president and chief executive officer of Fort Lauderdale, FL-based TR Cutler, Inc. ([www.trcutlerinc.com](http://www.trcutlerinc.com)). Cutler is the founder of the Manufacturing Media Consortium of three thousand journalists and editors writing about trends in manufacturing.

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