

PREVENTATIVE MEASURES: AVOID PALLET LOSS

By Georgia Gregory

AS THE INDUSTRY MOVES TO BRING ETHICS BACK TO PALLET HIRE, REFORM, REGULATION AND RELATIONSHIPS ARE THE MAIN ISSUES COMING TO LIGHT.



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The same story is heard throughout the manufacturing world. You deliver your goods to a distribution centre and need to transfer the pallets onto their account. The agreement stands that you or your pallet suppliers cannot initiate the transfer, so it is left for the distribution centre to do this. If they fail to do the transfer and you haven't picked this up within six months, then it will not be accepted and you will pay for the pallets forever.

Not only are transfers going astray, but as a consequence of people losing pallets, there is also a black market for them. Drivers could be buying and selling pallets. If they can set up a relationship with a receiver, they can get more pallets back than what's on the documentation.

At the moment, there are no ethics because it is too easy to lose pallets. Every pallet controller has to fight to protect their pallets and they can't afford to help anyone else. Companies are losing thousands of dollars every year due to the current pallet transfer system in Australia, and as a consequence many hirers believe the system is in desperate need of amendment.

In an initiative by the Small Business Commissioner (SBC) in Victoria, the CEO of the Victorian Transport Association (VTA), Phillip Lovel, AM, and John Stuart, Director of Pallet Loss Prevention, have been working together with major stakeholders in an attempt to improve the pallet-pooling system and create a code of conduct for pallet hire. "The approach we've taken is to try to reform pallet hire in

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- JOHN STUART

Australia, because even with everything going for you there is still a good chance that you're going to lose pallets," John says.

The code of conduct is still in draft; however, assures John, the rules are "fair and will prevent people from losing pallets as easily as they do now." A Code Administration Committee will be responsible for the implementation and ongoing effectiveness of the code, and will be responsible for the complaints handling process. "This will provide a mediation service for any disputes regarding pallets to be discussed and resolved in a civil manner," John confirms.

CEO of 2ic Pallet Software Andrew Whittam agrees that reform is crucial and welcomes any changes that make the system easier and fairer for pallet handlers. "Australia's system has evolved to the point where there are many rules between trading partners and pallet companies, which creates a high level of complexity," says Andrew.

Ethical reform to pallet hire is definitely leading companies in the right direction, and so too are pallet-control software developments. Andrew explains that "regardless of size or type, the companies

that do the best with pallets are the ones that have meticulous systems in place that clearly document the journey of pallets in and out of their company."

With such a huge push for pallet hire improvement, more software is being made available to companies that can link transfers and data from company to company with ease.

As well as this, online training services are available. "One of the difficulties with pallets, especially if you're a transport company dealing with drivers, is accessing them wherever you are. The web is the best place for this access to be made easy," John comments.

This is why Pallet Loss Prevention has developed an online training course that is now in use. A 20minute course will take you through what to do when you receive pallets. "The online training is something we are going to develop more and more. At the moment, we are working with the Victorian Transport Association to create a course specifically for truck drivers," John states.

Additionally, onsite training is also effective. However, one of the issues with training is staff turnover, which makes it important for

PREVENT YOUR LOSSES!

- >> Time is critical! You must reconcile invoices every month.
- >> Ensure you have back-up support! If the pallet controller goes on leave, you still have good coverage.
- >> Take it from the top! Ensure the head of the company is providing the right regulation.
- >> Create relationships! If companies know one another, they will help one another.



“THE BEST RESULTS ARE ACHIEVED WITH INITIAL TRAINING THAT IS STRUCTURED AND COMPREHENSIVE, AND THEN HAVING SUPPORT STAFF CONTINUOUSLY AVAILABLE FOR FOLLOW-UP QUESTIONS.”

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the company to provide that training quickly.

Zic minimises this disruption of staff turnover by having a widely used system in place and also having support staff ready to provide immediate assistance and training sessions. With pallets, the luxury of time is not an option. With an invoice, amendments need to be made within a month, otherwise you need written authority by the other party. So time is very important with pallets, and training is something that has to be done very quickly. “The best results are achieved with initial training that is structured and comprehensive, and then having support staff continuously available for follow-up questions,” Andrew says.

Despite having software that can help trace pallets, people are also integral to ensuring the system works. Management needs to employ a good pallet controller

with an eye for detail and with reviewing procedures in place. From John’s perspective, the companies that have succeeded in pallet loss prevention have management who give it the priority it needs. “Senior management has to take responsibility and make sure that when they look at policy and procedure within the company, pallets are not forgotten.”

Guaranteeing good relationships within the company, as well as externally, can make the pallet-pooling system a lot less scary. If you have a relationship with another pallet controller, then you have a better chance of some leeway. There is a pallet hire community with over 100 companies who participate on a regular basis, including the United States, Canada and Europe. These companies are trying to share the knowledge about pallets while constructing relationships.

Pallet Chat, launched by Pallet Loss

Prevention, will in the next month encourage more people to become involved so that the relationships build up. “If somebody doesn’t transfer their pallets off their account onto your account, they will lose them,” John informs. “Pallet controllers on the receiving end can see that they haven’t put their transfers through. Standard practice at the moment is not to tell them because everybody is losing pallets, so they can’t afford to tell anybody else. But if we start to improve the whole business, then ethics will start to come back in.”

John hits the nail on the head when he says that “pallets are like a black art. People don’t understand how easy it is to lose pallets. When you lose pallets, if you don’t realise, they keep on paying and paying the hire charges in the hope they will get them back, and they don’t.”

Therefore, to prevent pallet loss and bring these ethics back, there needs to be a willingness of all parties to change. Relationships need to be formed, regulatory systems put in place, as well as an overall reformation of the way Australia’s pallet-pooling system works. 🚚



CHEP issues, collects, conditions and reissues more than 300 million pallets and containers from a global network of service centres. *Australia’s Best (AB)* spoke to George Balis, Vice-President of Sales and Services within CHEP, about pallet management.

AB: WHAT, IN YOUR OPINION, IS THE MAIN PROBLEM WITH THE PALLET-HIRE SYSTEM IN AUSTRALIA?

George: Problems can arise when processes aren’t clear and well known and there is some variation to common practices that occurs between trading partners. In these instances, all parties involved benefit from transparency between partners and regular communication. For our part, we have more to do to increase awareness of good practices and ensure regular wide-reaching communication.

AB: HOW EASY IS IT TO LOSE TRACK OF PALLETS, AND WHAT MEASURES DOES THE COMPANY HAVE IN PLACE TO PREVENT PALLET LOSS?

George: One of the keys to good control is in the timely processing of transactions. We know that organisations that consistently process transactions as they occur, or within a very short time of the transaction taking place, have far greater control than organisations that do not stay on top of their transactions processing.

AB: HOW DO YOU THINK THE POOLING SYSTEM FOR PALLETS COULD CHANGE IN AUSTRALIA?

George: The most significant change to the pooling system in Australia, and around the world, will come from the way parties in the community communicate and collaborate with each other. Technology will help, but the real gains will be in greater standardisation and consistency in transactions between parties in the industry. We recognise the ongoing need to communicate and collaborate consistently with customers to increase transparency and understanding of industry practices.

AB: HOW DO YOU FEEL A CODE OF CONDUCT WILL IMPROVE THE SYSTEM? IS IT A QUESTION OF ETHICS OR SIMPLY A TRAINING ISSUE?

George: It’s all about instilling best-practice management of pooled equipment throughout the pooled-equipment community. Training is key, and companies need to take advantage of programs so that best practices are established and followed by their staff. CHEP is participating in a forum initiated and led by the VTA. We do not necessarily believe that developing a code of conduct will deliver a favourable outcome to the majority of users, because the system is one based on interaction with each other and suppliers. It’s about best-practice management. The system benefits when we give customers the tools and advice to finetune their equipment management procedures to deliver the optimal outcome. This is one of the reasons CHEP has invested in its Asset Management Services to help develop customised recommendations for efficient pallet management.

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THE LATEST PALLET TECHNOLOGIES!

Pallet Command Software (co-directed with Pallet Loss Prevention) is about to launch two new products, linked to the Destiny Data Pen, that are able to be reconciled on the web so there is no need to install software. With Pallet Command Software, companies will be able to take proof of delivery from the Destiny Data Pen and attach it to the transactions so that you can verify a delivery through the web, which will get back to the office immediately.

With increased use of mobile phones, Pallet Command Software is also developing software to go on your mobile!

Zic Pallet Software’s two-dimensional barcode is on printed dockets. The receiver of pallets can scan the barcode to record the complete transaction. Manual data entry is eliminated, which also prevents keying errors, saving more time as docket rejections and corrections are avoided.

