



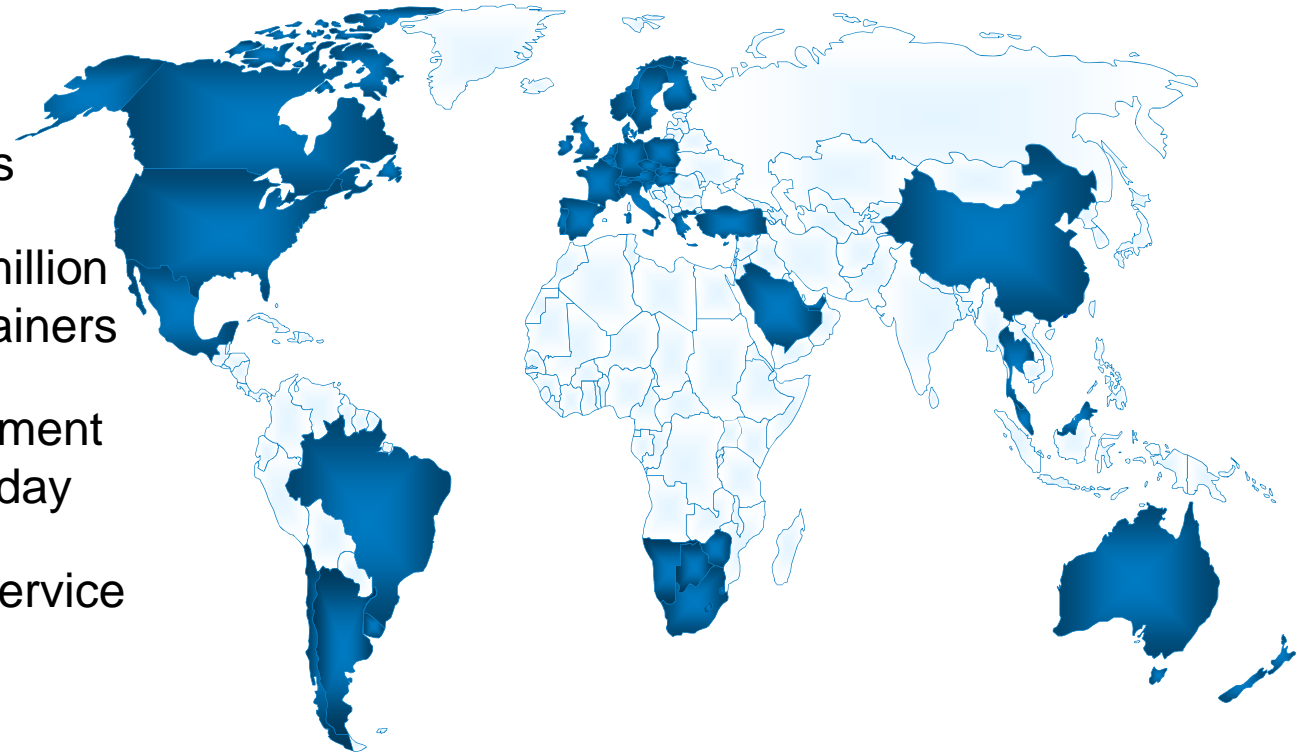
Pallet workshop: ECR Baltic supply chain working group

Riga, November 2010

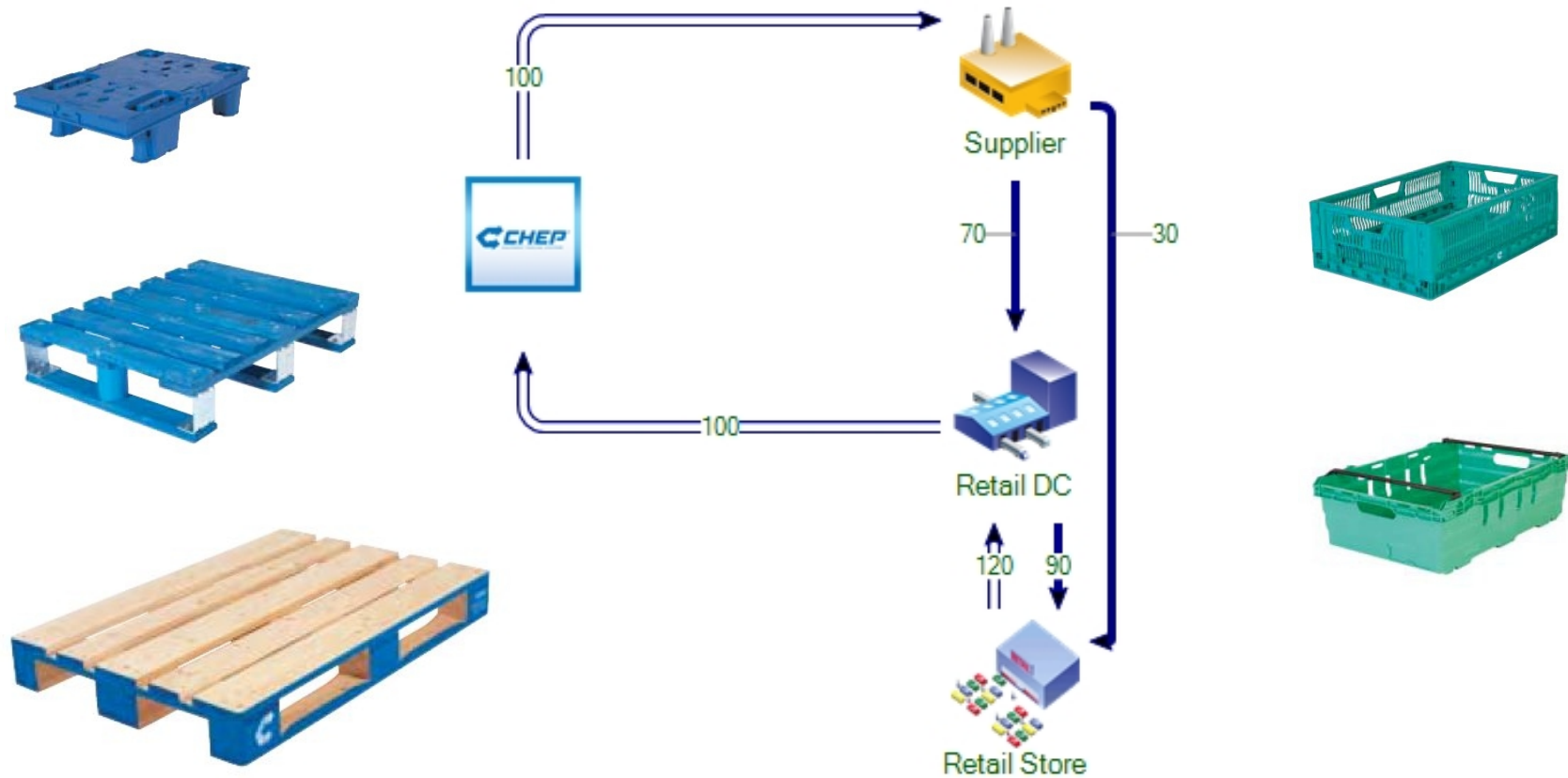
Kat Titterington & Michael Archer

Who are CHEP?

- Supply chain asset pooling and solution providers
- 300,000 customers... and growing
- 44 countries
- 7,700 employees
- More than 280 million pallets and containers
- 2.6 million equipment movements per day
- More than 500 service centres



Some of our products and services





What is required to make any reusable packaging solution work?

To make a reusable packaging solution work, you will need:

- Equipment Specification
- Legal Framework
- Network of Acceptance



- Administration to record who owes you pallets & enable you to chase debts
- Transport to recover the owed pallets, and to cover the delays and diversions associated with exchange
- Quality to inspect and, if necessary repair, the exchanges you receive
- Handling & Storage to load & unload trucks, feed quality processes, store seasonal surpluses
- Purchasing to buy pallets to support growth, to replace pallets you don't recover, or ones you have to scrap

Four things drive the cost of exchange

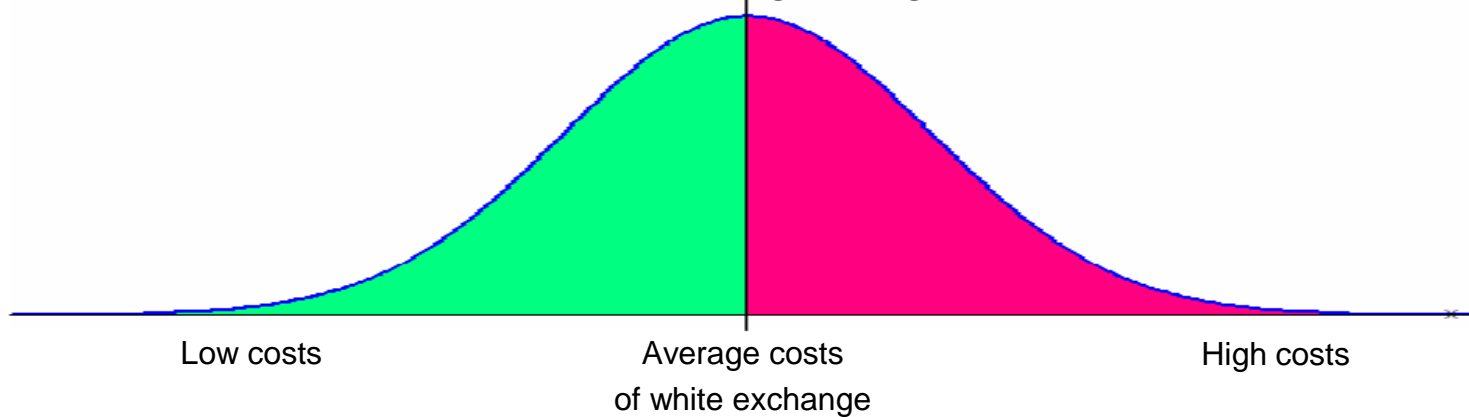
- Solidity of framework (laws, specifications, procedures)
- Attributes of your supply chain
- Ability to use low-cost resources
- Ability to pass the problem onto someone else!

Attributes of your supply chain....

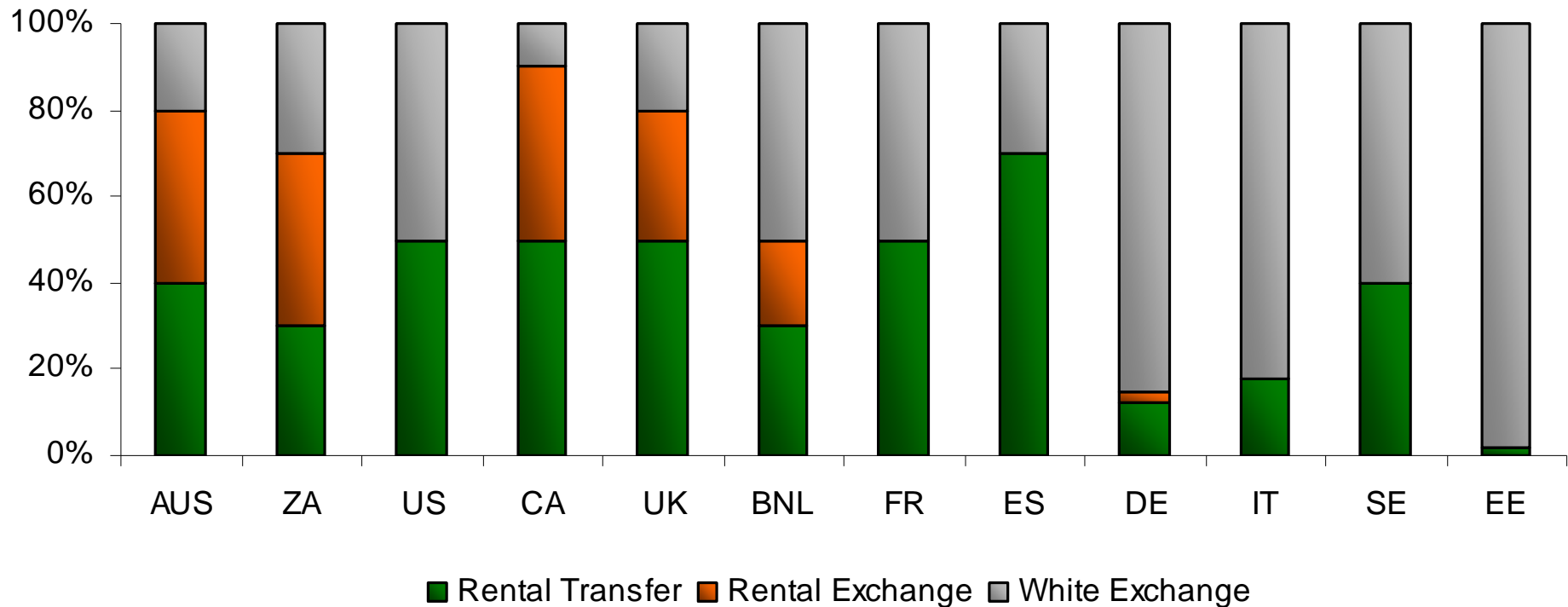
	HIGH-COST EXCHANGE ATTRIBUTES	LOW-COST EXCHANGE ATTRIBUTES
Supply Chain Characteristics	Users of same trucks use different size, specification of pallet	All Users of Same Trucks use same pallets
	Users have extreme average quantities per load	Users have similar average quantities per load
	High propensity of pallet to break	Low propensity of pallet to break
	High Quality Requirement (Automation, Product)	Little racking, automation
	Available pallets of unsuitable / unreliable quality	Available pallets of good, consistent quality
	Low volume required for reverse supply chain	High % of non-foldable / nestable returnables
	Central Manufacturing & Long Distance Deliveries	Local Manufacturing & Delivery
	Many suppliers / customers involved	Few suppliers / customers involved
	Drop & Drive	Driver unloads own vehicle
	Onward Distribution to open circuits (wholesale / franchises)	No onward distribution
	Spot Hire	Own or Dedicated Trucks
	Focus on Driver's Hours, Predictability & service Levels	Flexible Transport Service Levels Acceptable
	Tight availability of drivers at peak times	Ready availability of drivers
	Cash-constrained business	Static / shrinking business
	Tight space	Low-cost space
Seasonal / Promotional Variation in production / sales	Steady volumes	
Managed	Paper-based systems	Integrated electronic pallet administration
	Mixed responsibilities, negotiation of failures	Clear responsibilities, inevitable consequences
	Low Influence over other participants	Highly reliable partnership
	Must exchange good quality with suppliers	Pallets received from suppliers, not exchanged

Experience demonstrates the range

		White exchange	
		Low	High
Where to recover from	Administration	€0.10	€0.50
Getting them back	Recovery	€0.20	€3.00
Ensuring conditioning	Quality	€0.50	€2.00
Replacing where necessary	Procurement	€0.30	€3.00
Average range:		€1.30	€5.50



Variation in costs of exchange suggests choice is the best answer.....



Questions & Answers