



Global IT Supplier Finds Environmentally-Sustainable Pallet Solution

Challenge

A global IT supplier, the Company operates a vast and complex global supply chain with approximately 7,000 suppliers across the world. In 2002, The Company established a comprehensive new environmental sustainability policy aimed at reducing its environmental footprint. Every aspect of the Company's supply chain was analyzed for improvement opportunities. With such a large and intricate network, transport packaging was quickly identified as a big opportunity for waste reduction.

For this reason, managers were challenged to find an environmentally-responsible, cost-efficient alternative for the management and disposal of the wooden pallets used to transport goods throughout the Company's supply chain. Several alternatives were evaluated: converting to recycled pallets was preferred, but concerns were raised over the feasibility of using these pallets in the Company's highly automated, robotic systems without causing downtime.

Solution

The Company partnered with IFCO SYSTEMS to develop a common standard for pallets, incorporate that standard throughout the supply chain, and implement a pallet repair and retrieval program. First, IFCO converted the Company from a new pallet to a high-quality recycled pallet that worked effectively in their highly-automated system.

Once the exact pallet specifications were clearly defined, IFCO then incorporated the Company's suppliers into the system. Suppliers were required to ship their products into distribution centers on recycled pallets meeting the predefined, high-quality standard. IFCO then implemented a repair and retrieval program allowing the Company to capitalize on its pallet assets.

Performance, quality and safety of the pallet are restored to original condition by IFCO and returned to the Company and its suppliers for reuse. IFCO also ensures that the specification requirements are met by all suppliers and brands the pallets for easy identification.

Results

IFCO SYSTEMS has successfully reduced pallet expense by 25% in the Company's Virginia region. Cost savings, as well as environmental savings, continue to grow as IFCO is currently capturing over 75% of pallet waste and returning it to the supply chain. Plus, the Company's plants experienced zero downtime in the conversion to recycled pallets.

The IFCO pallet management system has been successfully transferred to three other Virginia area Company plants and continues to grow. IFCO and the Company also continue to look for ways to increase the pallet capture. With IFCO's national network of repair depots, the Company is now poised to incorporate retailers into the management system for even greater cost savings and higher retrieval rates.