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Continued Association Growth, Record Support for Nature's Packaging
New attendance record set for WPA Annual Meeting.

WPA Announces New Officers and Board for 2017
Introducing Uppal, Shean, Montey, and Dietrich as New Officers.

WPA Welcomes New Members
WPA welcomes six new members this issue.

Atagi: Pallet Industry 'Tough as Nails'
Patrick Atagi emphasizes the power of the industry and its members.
Membership Drive

This year's membership drive is already in motion.

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James Love, Aussie Pallets
Melbourne, Australia

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Continued Association Growth, Record Support for Nature's Packaging

The 2017 WPA Annual Meeting will go down in the books as another record setting event in terms of attendance as well as revenue generation for Nature's Packaging, with charity auction proceeds amounting in excess of $70,000. It will be remembered as a time when friends old and new came together, networked, heard about industry trends and best practices, and most importantly, had a chance to go home with a few great ideas for their businesses.

"Without your attendance, your commitment and your encouragement to others to join, and just being the fun group you are, none of this would have been possible," commented Kathleen Dietrich, outgoing President. "After all, we are the friendliest association in the west."

Kathleen reflected on how Ian Carter had encouraged Commercial Lumber & Pallet to join the WPA in 2004. There were 74 attendees at her first WPA Annual Meeting in 2005. In 2017, she noted, there were 251 attendees registered.

"As I look around the room," Kathleen continued, "I don't see just business relationships. I see friends that I will cherish for the rest of my life." (Coverage continues on Page 9.)

What's your secret, Norm? Tyrone Konecny, a multi-year winner of the membership competition in his own right, presents the Membership plaque to Norm Normile (at right), who repeated as membership champ for 2016.

Tyrone, by the way, finished in second position. Also recognized were third place finishers Richard Berry, Jack Cress, Kevan Grinwis, Gordon Herzog, Cary Holaday, Randy Panko, Annie Montey, Rodney Wadel, and Greg Wine.
Recycling takes place throughout the product use cycle. New pallet manufacturing is only one part of how pallets are used. The pallet usage cycle also involves recovery and reuse of pallets that are in good condition as well as the repair and reconstruction of damaged pallets. Pallets can also be dismantled and the lumber used to remanufacture new pallets.

With the application of grinding, wood pallets and components that are at the end of their useful life end up in fiber based products such as landscape mulch, animal bedding, soil enhancements, wood particle board or are used in bioenergy.

This model of reuse delivers wood packaging materials and pallets that make multiple trips before they reach the end of their useful life, therefore minimizing waste generation and reducing overall consumption of wood fiber.

**NORTH AMERICA**

In 2011, 416 million new pallets were manufactured. In the same year, 474 million pallets were recovered out of which 326 million pallets were reused as pallets, with the remaining 148 million recycled to become other reprocessed products.

Use of recovered wood in pallet manufacturing is growing at a high rate while use of new lumber for wood pallets has remained unchanged. In 1992, recovered wood use was 1.02 billion board feet of lumber, in 2011, this number had increased to 5.25 billion board feet.

To claim that a product is recyclable there should be recycling facilities available to at least 60 percent of the consumers where the product is sold. In the United States there is a comprehensive network of pallet recyclers serving the industrial and retail marketplace that far exceeds the 60% requirement.

In Canada there are in excess of 80 recycling companies servicing every market sector in the country, far exceeding the 60% requirement.

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3 Search the NWPCA Directory and WPA Recyclers Directory

4 Search the CWPCA Recyclers Directory
WPA Annual Meeting Roundup

WPA Announces 2017 Board and Officers

The WPA is pleased to introduce a new slate of officers and board members for 2017. Kathleen Dietrich of Commercial Lumber & Pallet becomes Past President, while Dave Uppal of Pioneer Pallet becomes President. Lindsey Shean of Valley Pallet is the new Vice President, and Annie Montey of American Pallet is now Treasurer.

New board members include Beatrice Vasquez of Oxnard Pallet, Steve Mazza of Bettaway, Ralph Rupert of Millwood, Tod Kintz of Pelican Bay Forest Products and Jason Saunders of Active Sales. Rod Lucas and Derek Sampson were re-elected to the board. (Coverage continues on Page 11.)
The WPA is pleased to announce the following new members:

Min Lee
*Calibaja P&T, Inc.*
4542 Ruffner Street
Suite 140
San Diego, CA 92111
ph: (619)400-0877
email: minlee@cbpnt.com

Sponsor: Cary Holaday, Eagle Forest Products

Eric Ander
*Carter Forest Products*
210 2415 Pegasus Road NE
Calgary, AB T2E 8C3
(877)275-5335
web: www.carterforestproducts.com
email: eric@carterforestproducts.com

Sponsor: Tyrone Konecny, Konecny Bros Lumber

Tony Carpenter
*Carpenter’s Choice*
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Woodland, CA 95695
Ph: (530)723-5267
Email: tcarpy-westernwood@sbcglobal.net

Sponsor: Annie Montey, American Pallet, Inc.

Jim Ruma
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210 Beacham Street
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Sponsor: Norm Normile, NW Norm

Lori Collins
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Fax: (530)378-8242
Web: www.spi-ind.com
Email: lcollins@spi-ind.com

Sponsor: none listed

Jeff Ralls
*Evergreen Pallet LLC*
302 W 53rd Street N
Wichita, KS 67204
Ph: (316)821-9991
Fax: (316)821-9956
Web: www.evergreenpalletks.com
Email: jeff@evergreenpalletks.com

Sponsor: Rodney Wadel, R&R Pallet of Garden City

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**The Membership Drive Is On!**

This year’s membership drive is now underway, and as always, the competition will be intense.

In addition to valuable cash prizes, the winner now also receives the membership trophy, presented at the Annual Meeting. With the highly successful 2017 Annual Meeting now in the books, it is time to work toward 2018.

When you recruit new members, the entire WPA membership is the winner!

New members can join and pay on the website. Here is the link: www.westernpallet.org
"You are powerful," Patrick Atagi, Vice President at NWPCA, told attendees at the 2017 WPA Annual Meeting. "Every single one of you in this room is powerful."

Patrick Atagi, NWPCA provided a presentation titled “The Wooden Pallet Industry, Tough as Nails.” Patrick gave attendees a behind the scenes look at the work done by the association to promote the interests of the industry and demonstrated the power of social media.

NWPCA was active on many fronts in 2016, including influencing GSA procurement policy regarding the acceptance of wood pallets, helping shape fire code changes relevant to the industry, battling flawed legislation, as in the case of paper pallets in Oregon, the launch of Nature's Packaging, and the acceptance of PDS designed pallets by USDA as being BioPreferred®

In regard to Nature's Packaging, Patrick noted that the website was launched just in time to help educate legislators in the Oregon case, and would be useful in providing information in future cases. One pallet supplier, he reported, is using Nature's Packaging in its new hire training to help inform employees about the importance of wood pallets.

Mike Hachtman of reLogistics also made brief comments during the presentation with respect to the work of the NWPCA's Government Affairs Committee. "Our job is to give context and direction to NWPCA," he explained. "This year is a unique opportunity," he explained, speaking to federal election results. "For all of the problems that the federal government has presented to business people over the years, we now have an opportunity to do something about it."

"We have a solid majority in the House and the Senate, and a President who is seemingly willing to make big changes," Mike continued.

Mike encouraged industry members to contact the committee members or NWPCA staff with their thoughts. The group is currently developing a priority list of action items. (Coverage continues on Page 16.)
Transportation: Shippers Would Be Wise to Have Contingency Plans Through 2017

FTR’s Shippers Conditions Index (SCI) improved slightly in November to a reading of 1.4. However, this reading does not promise a positive outlook for shippers in 2017. FTR is forecasting steadily-deteriorating conditions for shippers through the year, as capacity tightens in reaction to stronger demand and the Electronic Logging Device (ELD) mandate. 2017 will be a year of upside risks to truckload rates because of a tightened market, possible oil price inflation, and the chance of general inflation.

The SCI is a compilation of factors affecting the shippers transport environment. Any reading below zero indicates a less-than-ideal environment for shippers. Readings below -10 signal conditions for shippers are approaching critical levels, based on available capacity and expected costs. The January issue of FTR’s Shippers Update, published January 3, 2017, details the factors affecting the November Shippers Conditions Index, along with commentary updating the impact of pending regulations affecting trucking.

Larry Gross, Partner and Senior Consultant at FTR, commented, “Although many shippers are saying, ‘We will believe it when we see it,’ our thesis that truck capacity will tighten significantly over the course of 2017 remains intact. Some may believe that the course of this mainly regulatory-driven event will be altered by the Trump administration, but our expectation is that the key change, namely the mandate for ELDs, will take effect in December as planned. This will cause substantial deterioration in the SCI over the course of this year. While the pace and even the magnitude of the deterioration is still somewhat uncertain, shippers would be wise to lay in contingency plans for dealing with this significant event.”

Source: FTR Transportation Intelligence
North American Softwood Prices

Weekly softwood lumber prices to January 24, 2017 are shown below, sourced at http://www.nrcan.gc.ca/forests/industry/13309.

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WPA Annual Meeting Roundup
Congressional Outlook, Minimum Wage

Ashley Delgado of Lobbyit.com (above left) gave an information packed presentation entitled "Congressional outlook: What to expect in the 115th Congress." Ashley described herself as NWPCA's "eyes and ears on the ground in Washington."

"We are definitely in the midst of an unparalleled political transition," Ashley said.

Another session addressed minimum wage policy. With several states on the cusp of raising the minimum wage, WPA invited Daniel Mitchell of the Cato Institute to provide perspective on how changes to it will impact business and employment.

Dan said that when he explains it to people he usually starts with an extreme view, for example, asking people if the minimum wage was $1000 per hour, would there be more unemployment. One of his key messages was that academic research demonstrates that a minimum wage results in unemployment, but to little avail. "The American public is in favor of minimum wage because they think with their heart and not with their head," he said.

Dan noted that Arizona, Colorado and Maine have approved a $12 minimum wage by 2020, with Washington moving to $13.50. At the Federal level, Dan noted that at various times, President Trump has supported a $10 minimum wage, no change, or letting the states decide. His pessimistic prediction is that Trump will raise the minimum wage while in office.
Moments of change can define the future of a company, according to Chaille Brindley. See coverage on Page 19. All of the Annual Meeting presentations are now available for pdf download from the WPA website. Follow this link.

Third place finishers in the membership competition were recognized. Left to right are Annie Montey, Richard Berry, Rodney Wadel, Cary Holaday, Gordon Herzog, Jack Cress, and Greg Wine. Not pictured-Kevan Grinwis and Randy Panko. Net new membership growth is essential to building a strong WPA.
WPA Annual Meeting Roundup
Change, Challenges and Opportunity

A panel discussion probed the theme of "Industry Challenges and Opportunities" Left to right are Ryan Stearns, James Ruder, Tyrone Konecny, Derek Sampson and Dave Uppal.

The "Industry Challenges and Opportunities" panel discussion covered topics ranging from the Canadian softwood prices and the current log market to the amazing story behind L & R Pallet's shift in thinking about employees and how it began to wholeheartedly introduce refugees into its operations.

In regard to logging and lumber supply, Derek Sampson of Hampton Lumber explained that current inventories are quite low due to bad weather. In Oregon, if it rains one inch or more in a 24 hour period, loggers have to wait an additional 24 hours before resuming activity.

The flow of logs to China is at its lowest level in the past five years. Log prices are flat, and lumber prices are fairly stable. Derek noted, however, that China consumes a lot of low grade lumber, stating this flow will not slow down this year. Chinese inventories are currently low.

As for the Canadian softwood situation, Tyrone Konecny shared his opinion that there is not going to be a decrease in demand for softwood, and if anything, there will be a restriction in supply.
Also during the panel session, James Ruder of L & R Pallet reflected on his unique journey towards becoming an employer of refugees. For many years, he quipped, he held the opinion, like many business operators, that if he could run his operation without employees, he would be doing great.

Today, James is in a completely different state of mind. "It's not rocket science," he said, "but it is the hardest thing I have ever done, and it is the most rewarding thing as a business. And that's just taking the concept of caring for people. I didn't really understand what that looked like."

L & R is 40 months into the project. James said that it took two years to get any kind of traction, and that after three years it clicked. "It isn't easy and we're not done," he said. Of the company's 140 employees, 85 of them are refugees. By changing the company's focus from putting out quality control or customer service fires to the people working at his plant, he found that the other problems went away on their own. "It has given me purpose," James said, "a chance to make a difference for workers and their families.

**Moments of Change**

In another presentation, Chaille Brindley, publisher of Pallet Enterprise Magazine, shared his insights about change management. He noted that every company has a few key moments or decisions that can make or break your business, and what you do or don't do in those times that leads to success or failure.

"It's not rocket science, but it is the hardest thing I have ever done, and it is the most rewarding thing as a business" - James Ruder

Chaille summarized innovative approaches taken by a number of companies, including vertical integration (pallet companies becoming involved in logging and milling to secure their material supply) as well as a logging company that began a pallet business. Other companies have broadened their offering to customers to include a wider range of services, such as purchasing a variety of recyclable residuals, transportation, warehousing and more.

A breakthrough for one company was to hire a consultant to help them through the regulatory red tape of a new construction project. Having someone to help the company navigate the bureaucratic maze made all the difference for the company deciding to go ahead with their expansion.

Chaille urged attendees to take a look at the feature articles that appear in Pallet Enterprise, and if projects seem relevant, to give that company a call, as long is it is not a local competitor. "It is amazing what you can learn from talking to people who have experienced the mess you are about to walk through," he said. *(Coverage continues on Page 20.)*
The Auction for Nature's Packaging

Scenes from the record setting WPA charity auction on behalf of Nature's Packaging. Over $70,000 was raised over the course of the evening.
This year's auction was much more streamlined, thanks to added technology (credit card readers) and diverting some of the prizes to a silent auction format. The end result was the raising of $70,000 for Nature's Packaging, a hefty increase over the $51,000 achieved last year.

The success of the auction is a tribute to the generosity of all involved, including the fabulous donations, enthusiastic bidding, the efforts of Bill MacCauley of John Rock once again as auctioneer, Greg Vipond as event organizer, WPA staff, and many others.
Sweden and Netherlands Wood Packaging Federations Commit to NWPCA’s Pallet Design System™

The National Wooden Pallet & Container Association (NWPCA) has announced a new Pallet Design System™ (PDS) marketing partnerships with Nederlandse Emballage- en Palletindustrievereniging (EPV) in the Netherlands and Svenska Forpackningsforeningen in Sweden. Each organization will exclusively market PDS in their respective countries, with their members receiving significant discounts on leasing the industry leading software.

“We are very excited about this phenomenal opportunity to partner with these two great organizations and further the rapid expansion of PDS across Europe,” noted NWPCA’s President/CEO Brent McClendon.

“With PDS, pallet manufacturers and recyclers in The Netherlands and Sweden will have access to the leading and most-used pallet design software in the world,” McClendon continued. “They will be better equipped to provide their customers with pallets that utilize timber efficiently, while also ensuring the safe and effective transportation of their goods.”

NWPCA is already working on the next version of PDS through a recently announced expanded research partnership with Virginia Tech’s Center for Packaging and Unit Load Design (CPULD) and Department of Sustainable Biomaterials. NWPCA has committed approximately $200,000 USD to Virginia Tech projects as part of a $1 million investment in advancing the unit load capabilities of PDS in 2017 and 2018. The new developments will specifically focus on:

- State-of-the-art research on interactions and stresses between the pallet and supported containers (corrugated boxes, pails, drums and shipping sacks) at all phases of unit load handling, storage and transport;
- Development of advanced structural analysis models of the entire unit load system (pallet, supported containers and load stabilizers)

Nederlandse Emballage- en Palletindustrievereniging (EPV) is the representative association of producers, traders and repairers of wood packaging in the Netherlands. The EPV members have an 80% share of the total production of wooden pallets (for limited use and reusable), crates and boxes (fruit, vegetables, wine) and industrial and export packaging in the Netherlands. For more information on EPV, visit www.epv.nl.

Svenska Forpackningsforeningen is a trade organization for manufacturers of wood and wood-based packaging in Sweden. Their members’ main products consist of boxes, crates, pallets, pallet collars and cable drums, and special packaging. For more information, visit www.svenska-forpackningsforeningen.se.
Brambles has announced that based on preliminary, unaudited financial accounts for the six months ended December 31, 2016, it expects first-half constant-currency sales revenue growth of approximately 5% and constant currency underlying profit growth of approximately 3%.

In light of this first-half performance, Brambles expects constant currency sales revenue and underlying profit growth for the year ending June 30, 2017, to be below its current guidance range for constant currency sales revenue growth of between 7% and 9% and underlying profit growth of between 9% and 11%.

Brambles’ CEO, Tom Gorman, said: “In the first half, we delivered sales revenue growth in every operating segment and, with the exception of our North America pallets business, we delivered underlying profit growth across the Group.

“In our North America pallets business, we experienced some revenue and cost pressures during the back end of the first half. These pressures were partly due to US retailer destocking which impacted volumes and resulted in increased transport and plant costs associated with higher-than-expected pallet returns. In addition, we have continued to see a deferral of potential customer conversions to pooling in North America and pricing pressure across our recycled pallet operations.

“Our first-half result also includes a small loss arising from our investment in the HFG joint venture, which continues to operate in challenging market conditions. Due to its recent financial performance, an impairment review of our investment in HFG is underway.

“Notwithstanding these challenges, the fundamentals of our business remain strong and we are focused on driving improvement actions in the second-half of the year. We will provide updated full-year guidance as part of our half year result announcement on 20 February 2017, which will take into account our final half year results and an assessment of January trading volumes.“

Brambles share value initially tumbled as low as 16% following the announcement.

CHEP Europe Ranks in Top 1% for Corporate Social Responsibility

CHEP Europe has been ranked in the top 1% of all suppliers assessed for sustainability by independent rating agency EcoVadis. This has earned CHEP Europe an EcoVadis Gold Recognition Level for the second year in a row.

This is the highest level of award available, awarded for environmentally conscious development and achievements in areas concerning the Environment, Labour Practices, Fair Business Practices, and Supply Chain. CHEP Europe scored particularly high in Labour Practices and Fair Business Practices.

EcoVadis is an independent rating agency which specializes in sustainable development and performance monitoring. Its methodology is built on international Corporate Social Responsibility standards including the Global Reporting Initiative, the United Nations Global Compact and the ISO 26000, covering 150 spend categories and 140 countries. EcoVadis assesses 20,000 suppliers from 99 countries across 150 business sectors.
Sector Surveys Show Impact of Raw Material Price Rise on Wooden Pallets and Packaging in UK

The increasing cost of inputs, especially nails and wood, is causing a rise in the price of pallets and packaging, according to two recent surveys of the UK market.

The monthly Markit/CIPS report, released at the beginning of January 2017, indicates that the price of nails rose for the seventh consecutive month; pallet timber increased for the fifth consecutive month; while other timber/wood categories are also showing ongoing monthly increases. The report shows that the prices of both new and used pallets have now increased.

The recently published Quarter 4 Pöyry Packaging and Pallet Timber Index confirms the movements in the price of both homegrown and Baltic timber. Homegrown has risen for the third consecutive quarter and Baltic and for the second consecutive quarter (Q3 up 8 percent; Q4 up 3 percent).

Stuart Hex, general secretary of the Timber Packaging and Pallet Confederation (TIMCON), said: "The cost of imported raw materials for pallets and packaging is rising. As there is no nail manufacturing in the UK, members source these products from Europe, and following the Brexit vote the fall in the value of the pound has had an impact. There has been similar inflation on imported timber – notably in quarter 3 – while the price of home-grown timber is also rising in line with the market for timber for competing products."

"As nails and timber account for at least 70 percent of the cost of manufacturing timber pallets, these rises are unavoidably going to have to be passed on to the price of the finished products. We are confident that pallet users will work together with our members to absorb these increases."

"Wood remains by far the most economic material for pallets and transit packaging – not to mention the most reusable, repairable, recyclable and all round most environmentally sustainable option."

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Randall Manufacturing’s Insulated Pallet Covers Protect Holiday Poinsettias and Reduce Carbon Footprint

Koehler & Dramm is a wholesale floral distributor serving Minnesota, Iowa, Wisconsin, and North and South Dakota. In business for 60 years, they sell fresh cut flowers, bouquets, arrangements, hard goods and supplies, and plants to retail flower shops, studios, mass markets and event companies – including over 10,000 Poinsettias this season. In these areas where temperatures can drop below zero during transit, Koehler & Dramm was seeking an eco-friendly, insulated packaging solution to protect against temperature-induced product loss.

Randall Manufacturing provided customized insulated pallet covers to fit snugly over the Poinsettia shipping cart. The use of industrial Velcro® along the four sides allowed for the cover to be adjusted to cart dimensions and form a tight seal ensuring minimal temperature fluctuations. The insulated pallet covers have benefitted Koehler & Dramm’s operations in many ways including:

- Greater profitability with zero product loss, to date.
- Decreased carbon footprint and landfill waste by reusing insulated pallet covers each season.
- Less labor intensive packaging, increased employee productivity.

“This was a hugely rewarding project” stated Kristine Grudis, warehouse sales manager, Randall Manufacturing. “Working with Koehler & Dramm to create a zero-loss effort with the shipment of their Poinsettias and create an eco-friendly, reusable insulated pallet cover has demonstrated Randall’s ability to work with customers to individually meet their challenges with effective solutions.”

For more information on Koehler & Dramm’s Poinsettia application, visit Randall’s blog – bit.ly/2i0THdJ
Greystone Logistics, Inc. Doubled Sales in First Quarter, Buoyed by Plastic Pallet Sales to Leasing Provider

Tulsa-based Greystone Logistics, Inc. reported sales for the three months ended November 30, 2016 totaled $9,221,711 compared to $4,420,210 for the prior period for an increase of $4,801,501, or 108%. Sales for the six months ended November 30, 2016 of $17,065,972 compared to $9,990,191 for the prior period for an increase of $7,075,781, or 71%.

Net income before preferred dividends for the three months and six months ended November 30, 2016, were $258,826 and $212,434, and, respectively, compared to $115,151 and $165,547, respectively, for the prior periods. Greystone recorded a net income for the three months ended November 30, 2016, available to common shareholders after preferred dividends of $41,109 compared to a net loss available to common shareholders of $(22,420) for the prior period. Greystone recorded a net loss available to common stockholders after preferred dividends of $(76,330), compared to $(113,735) for the six months ended November 30, 2016.

Greystone’s EBITDA (net income before stock compensation costs, interest expense, income taxes, depreciation and amortization) for the six months ended November 30, 2016 was $2,004,389 compared to $1,294,750 for the prior period.

“The addition of the previously announced pallet leasing customer continues to have a significant impact on Greystone’s sales and operations,” stated Warren Kruger, President and CEO.

“The second quarter of our fiscal year 2017 began to show a turnaround in earnings and this trend is expected to continue throughout the remaining part of this year. Unfortunately, our two newest machines were not operating at full capacity and our two oldest injection machines were down awaiting parts during this quarter. These unexpected delays affected our efficiency and margin goals for the quarter.

“To meet the increasing demand for our pallets, we have ordered a Milacron injection molding machine to add to the three similar machines acquired during the past year. We anticipate this machine will become operational during the latter part of this year. Improving the returns for our shareholders is a continuing major goal for Greystone as we review operations for improvements in operating efficiencies and cost containment to achieve better margins.“
Upcoming Events


Further Reading

Click on the headlines below to read the corresponding articles.

Schoeller Group Seeks Reusable Packaging Company Acquisitions

Pooling Partners Offers Simple, Multifaceted Approach for UK Produce Supplier

Lifdek Launches Tougher Four-Way Cardboard Skid

Equipment Tracking Solution Provider KONTROL Launches New Website

Pooling Partners Acquires El Palete Verde Pallet Pool

Reusable Packaging Association Announces 2017 Board Chairman, Board of Directors and New Committee Leadership
See you at the 2018 WPA Annual Meeting,
January 12 - 16, 2018 in Rancho Mirage!