Way Out West

Newsletter for Members of the Western Pallet Association

June 2011

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The Importance of Building WPA Membership

Back in the early days of the WPA, as remains the case today, there were urgent reasons for building association membership. Pallet businesses were looking for a forum to be able to lawfully meet for the discussion of industry issues of common interest, and to address concerns such as bias against western species by company procurement policies coming out of the east.

Today, the issues may have changed, but the need has never been greater to maintain and expand WPA membership, a responsibility shouldered by all members. Whether the concern is changes on the horizon to cross-border ISPM-15, ill-informed state pallet legislation, or attacks from outside the industry, the need is great.

Wood pallets at large have been repeatedly and inaccurately painted as the scapegoat in a number of highly publicized cases, ranging from ill-informed comments about pallets and wood waste to the “musty odor” pharmaceutical recalls (discussed in this issue), as well to the nonsensical food safety smear campaign waged in recent years by iGPS.

The larger the membership, the more powerful the industry can be in alerting members to trends, and in making sure our voice is heard. All member companies have their own network of business partners. Please reach out and ask them to consider joining. Membership information can be found at the WPA website (www.westernpallet.org).

And just a reminder, every year there is a membership competition for those members bringing the most new memberships into the WPA, with winners recognized at the Annual General Meeting, as well as receiving cash prizes.
Upcoming Events

09/18/2011 - 09/21/2011  Material Handling and Logistics Conference
Park City, Utah
Contact Information: 262-860-6715
www.mhc2011.com

09/30/2011
CWPCA Western Focus Meeting
Vancouver, British Columbia
Phone 613-521-6468
www.CanadianPallets.com

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The Musty Odor of Bad Pallet Management

Here we go again with musty smelling pharmaceutical products, and at $900 million in lost sales and running, what arguably is turning into the most powerful serial case study ever chronicled on the downside of poor pallet management – one that in the process is unfairly implicating wood pallets rather than blaming it on the process itself, with poor process management. In this case, Ortho-McNeil-Janssen Pharmaceuticals, Inc is recalling some 40,000 bottles of pills. These include 16,000 bottles of brand-name Risperdal (3 milligram tablets) and some 24,000 bottles of its generic risperidone (2 milligram tablets). The generic version is marketed by Patriot Pharmaceuticals, a wholly owned subsidiary of McNeil.

The drug Risperdal is used in the treatment of schizophrenia and other forms of psychosis.

The latest recall stems from two consumer reports of the products having an “uncharacteristic odor.” McNeil emphasized that TBA itself is not toxic, although the odor has made some people sick to their stomachs. The company stated that the problem was an “uncharacteristic odor thought to be caused by trace amounts of TBA (2,4,6 tribromoanisole).” It doesn’t indicate who had the “thought.”

The release then went on to say in some curious wording that “TBA is a byproduct of a chemical preservative sometimes applied to wood often used in the construction of pallets on which materials are transported and stored.” The implication seems to be that the treatment is used in a minority of cases but that there are a lot of pallets out there constructed of wood, so that control is justifiably difficult?

“In January 2010,” the release continues, “the company instituted a number of actions to reduce the potential of TBA contamination, including requiring suppliers to certify that they do not use pallets made from chemically-treated wood.”

Interestingly, McNeil does not explain that the chemical treatment “sometimes applied to wood often used” is banned in much of the world, and that the issue here is reportedly isolated to wood pallets manufactured in Caribbean countries with treated South American lumber. (Cont’d on Page 7)
Roger Buel Thayer

The pallet industry recently lost a long time member. Roger Buel Thayer, 58, of Walker Street Pallet, passed away in his home Monday, June 6, 2011.

Roger was born in Watsonville and as a young man went into the wooden pallet industry with Kenny, his father. He would later become a truck driver then a manager of a local pallet manufacturing company. He and his brother Rick would go on to become owners of Walker Street Pallet, which was a WPA-member company for two decades.

Roger enjoyed working on his 1966 Chevy Malibu and loved to follow his favorite baseball team, the San Francisco Giants. He was a beloved husband, father, grandfather, brother, uncle and son.

Roger is survived by his wife, Rockie Thayer of Watsonville; children, Deidra (Paul) Jaskowiak of Colts Neck, New Jersey, Ross Thayer of Santa Clara; his mother, Vaudine Thayer of Watsonville and brother, Rick Thayer of Hollister; as well as two grandchildren.
CHEP Signs Eagle Eye Produce

Eagle Eye Produce, a top grower and shipper of potatoes, onions, watermelons and vegetables from Nogales, AZ, announced that it has signed a new multi-year contract with CHEP. Eagle Eye Produce transports its Famous Idaho brand potatoes and repacked commodities from its facilities in Idaho, Utah, California and Arizona to supermarkets, wholesalers, foodservice distributors and wholesale clubs across the USA and Canada on CHEP pallets.

Eagle Eye Produce recently converted from a pallet exchange system to the CHEP pooling program to meet customer demands for a high-quality, reliable shipping platform, according to CHEP. Eagle Eye is experiencing several benefits from the move, including lower costs, productivity improvements and a reduction in product damage.

Shane Thomas, COO of Eagle Eye Produce, said: “The CHEP program is providing Eagle Eye Produce cost reductions and increased efficiency across our facilities. The CHEP pallet is made to high quality standards and our customers appreciate not having to worry about the shipping platform when receiving our produce.” Click to read more.

Brambles Limited appoints Richard Anicetti to USA Advisory Board

Brambles, parent of CHEP, has appointed retail executive Richard Anicetti to its USA Advisory Board.

Brambles CEO Tom Gorman said: “Rick is among the USA’s most capable retailers and has more than 30 years’ experience building and improving businesses in the USA food supply chain. We are delighted to welcome him to the USA Advisory Board.”

Mr Anicetti spent eight years as an Executive Vice President of Delhaize Group, operator of food retail brands in six countries – including Food Lion, Bloom, Bottom Dollar Food, Harveys, Reid’s, Hannaford and Sweetbay in the south-eastern and mid-Atlantic USA. From 2002 to 2010, Mr Anicetti was President & CEO of Food Lion LLC and CEO of Delhaize Americas Shared Services, responsible for Delhaize’s operations in the USA while delivering a shared services structure across more than 1,500 stores.

Mr Anicetti had previously been President, Chief Operating Officer & Executive Director of Food Lion Inc, having held various senior executive roles with Hannaford Brothers Company over a 20-year period prior to its acquisition by Food Lion in 2000. Read more.

New WPA Member Konecny Brothers

We recently asked Konecny Brothers for more information about their company. "Konecny Brothers Lumber Company is a multi-faceted corporation devoted to outstanding customer service in the lumber industry,” wrote Arthur K Francis of Konecny. “We have been in business for 10 years and have a reputation as one of the most integrious companies in the field. We strive to satisfy the needs of our customers and suppliers as we continue to grow our business toward the future..."
Nifty Fifty!

Way Out West sends along the best of birthday wishes to EPAL, which celebrated its 50th anniversary this May during the Transport Logistic trade fair in Munich, where it was the subject of a dedicated forum organized by Germany’s national pallet manufacturing association.

The use of wood pallets in rail wagons became increasingly popular after World War 2, culminating in the official launch back in 1961 when the International Union of Railways (UIC) took the initiative to sign an agreement on the use of a ‘standardized and exchangeable pallet’ among several European railways. The mutual use of the pallets was organized and managed within the European Pallet Pool (EPP), and later transferred in the early 1970s by the railways to the European Pallet Association (EPA).

As UIC’s Freight Director Oliver Sellnick noted at the forum, fifty years ago, the railways were looking for a way of making the shipping and storage of retail goods more efficient. Their solution was to design and construct a wooden block pallet enabling retail goods to be kept together in loading units - the “Europallet”, the flat wooden four-way entry pallet marked with the initials “EUR” in an oval and the acronym of the registering railway having approved the manufacturing of the pallet in compliance with UIC rules. Today the pallet also bears the acronym “EPAL” in an oval (European Pallet Association), indicating that it meets the conditions set out by the pallet pool for the use of flat pallets and box pallets.

With over 500 million units in circulation, the “EUR” flat pallet represents the world’s largest pallet pool. It plays a vital role in the handling of retail goods from production through distribution.

Oliver Sellnick added that the “EUR” pallet has enabled goods to be handled more easily and quickly and to be better protected when transported, and has reduced the risk of losing goods that come loose. “For all these reasons, UIC is proud to have taken this initiative 50 years ago,” he said. “Today the railways and UIC are seeking to develop strategies that are even more heavily based on logistics concepts where rail can play a key role in the multimodal chain. With “Europallet”, we had already invented a loading method which became an essential tool in streamlining current logistics procedures.”

Above and beyond this anniversary, UIC is strongly committed to pursuing standardization work on pallets with an eye to the future, particularly with regard to optimizing quality and possibilities for universal use. Work is focused on revising pallet quality criteria and introducing new types of “EUR” pallets, including revision to half and box containers, and a new Asian pallet measuring 1140 x 1140 mm.

Source: EPAL (www.epal-pallets.org)
Pharma Recall (Continued from Page 3) The company does not offer an explanation as to how such an occurrence could take place if they had actually instituted an effective risk management system. Elaborated upon later in the release is information about their investigation:

“We conducted an investigation involving our suppliers to evaluate the potential source of this TBA issue. This investigation revealed that some of the wooden pallets used by one of our suppliers in its warehouse were contaminated with TBA. In addition, some of the packaging components manufactured by our supplier were exposed to these pallets. We have initiated a deeper investigation to determine the potential impact of these findings to other products. We also are working with peer companies to better understand how and where TBA is entering and impacting our supply chains and what we can do to further mitigate this exposure.”

So what is the value of an effective pallet management strategy, one that would establish a series of checks and balances with respect to the exposure of drug packaging to pallets constructed using treated South American lumber? For one, how about avoiding hundreds of millions of dollars in lost sales.

“J&J has had 17 recalls over the last 18 months,” one consultant remarked to WOW under condition of anonymity, “primarily caused by poor local management not employing quality control protocols and monitoring the implementation of standard operating procedures.”

He went on to suggest that they need to take more accountability for product safety and not blame others for their own apparent problems.

At the end of the day, the creation of a scapegoat such as blaming the pallet only provides temporary relief from the drug company’s public relations headache. Longer term relief can only come from shoring up their processes.

Meanwhile, iGPS wasted no time in promoting its plastic pallet pooling solution for pharmaceutical supply chains.
News Roundup

(The headlines below are live links. Click on individual headlines to read the complete stories.)

Are Your Pallets Carrying to Much Cost?
This report from Food Logistics includes interviews with CHEP, NWPCA, iGPS, Orbis, IFICO Systems and Pallet Enterprise. Read more.

What's Brewing with Pallet Users
EPAL recently interviewed a Heineken executive about the importance of EPAL pallets to one of its operating areas in Europe. Read more.

Penn State Looks at Alternatives to HT for Wood Treatment
Penn State scientists are investigating new approaches for eliminating wood pests and pathogens, including microwave and radio wave treatments, in research sponsored by the USDA Methyl Bromide Transitions Program. Read more.

Bob Moore No Longer at iGPS Website

Groupe PGS Reports Solid Results

Melbourne CHEP Processes 10 Million Weekly

Ultima Foods Selects CHEP

Forklift Rally Helps Promote Operator Excellence