

How to Effectively Manage Reusable Packaging Assets

Sponsored by:



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Up to 80% of the cost of a reusable asset is spent in returning the asset over its life

- Most companies expend more effort on initial asset pricing and selection than establishing an effective asset management program.
- According to Ohio State University, “Logistics professionals have 60% degree of authority over packaging, but spend only 5% of their time on it.”



So, an effective reusable packaging management program will:

- **Reduce Operating Expenses**
 - Minimizing return transportation costs
 - Decreasing obsolescence, breakage and loss
 - Lowering labor costs through more efficient use of resources

- **Improve Asset Utilization**
 - Match up container or pallet supplies to demand
 - Create container and pallet inventory visibility
 - Allow for smaller packaging fleets

Asset management is simplified when packaging variation is minimized



- Define common process for selecting containers and pallets across organization
- Standardize colors, footprints, sizes and types
- Define product protection requirements

Advantages:

- Less diversity cuts the time and effort needed to track, retrieve, clean and inventory your packaging
- Smaller container fleet size – Dedicated packaging require inventories large enough to meet spikes in demand
- Reduced obsolescence–Model/Supplier/Part/Product changes
- Facilitates pooling – Shared packaging

Establish and publish packaging guidelines (SOPs) for all packaging users, both internal and external



- Create cross-reference tables by location that contain part no. / container / pack quantity
 - Example: Plant A's Part No. 1023 is packed 10 pieces per KD4845-25
- Define and establish container IDs to include catalogs with pictures
 - Prevents misidentification between multiple sites
 - Include dimensions (upright and collapsed) and tare weights
- Establish what to do with obsolete or damaged packaging
- Determine cleaning requirements (microbiological or non-microbiological)

Define reverse logistics processes both internally and externally

- Internal
 - Establish internal milk runs (collection routes)
 - Determine processing area where empties are sent
 - Develop standards for return configuration (standard stack heights, cleanliness specs, labels, etc.)
- External
 - Milk Runs / “Closed Loop”
 - Cross-Docks
 - System Days
 - Pooling

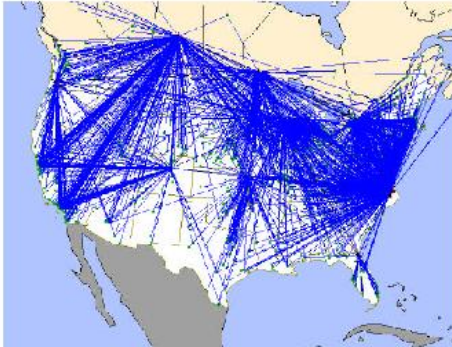
Establish maintenance and recycling programs



- Inspection - Establish red tag program to identify assets in need of repair
- Repair – Stock replacement parts or cannibalize damaged containers
- Clean – Oils deteriorate plastic
- Recycle – Up to 25% of the cost of a container can be recovered



Pooling - Sharing of packaging assets between multiple DCs, plants, suppliers or within an industry



- Pooling can reduce return transportation cost 75% (empty miles)
- Facilitates return to next closest point of use
- Improves cycle time
- Reduces packaging fleet size
- Mitigates obsolescence
- Must determine asset ownership

Outsourcing packaging management to 3rd parties



Advantages:

- Expertise
- Eliminate non-value added activities
- Increase control
- Eliminate stock outs
- Focus on core competency
- Utilize asset tracking software
- Leverage robust reporting capabilities

Why track?....you can't manage what you can't see.

Aggregate



=

1 Transaction
qty. of 2,000
containers
(Debit / Credit
Accounting)

Individual



=

1 Transaction qty.
of 1 container
(Unique license
plates)

Aggregate vs. Individual Level Tracking

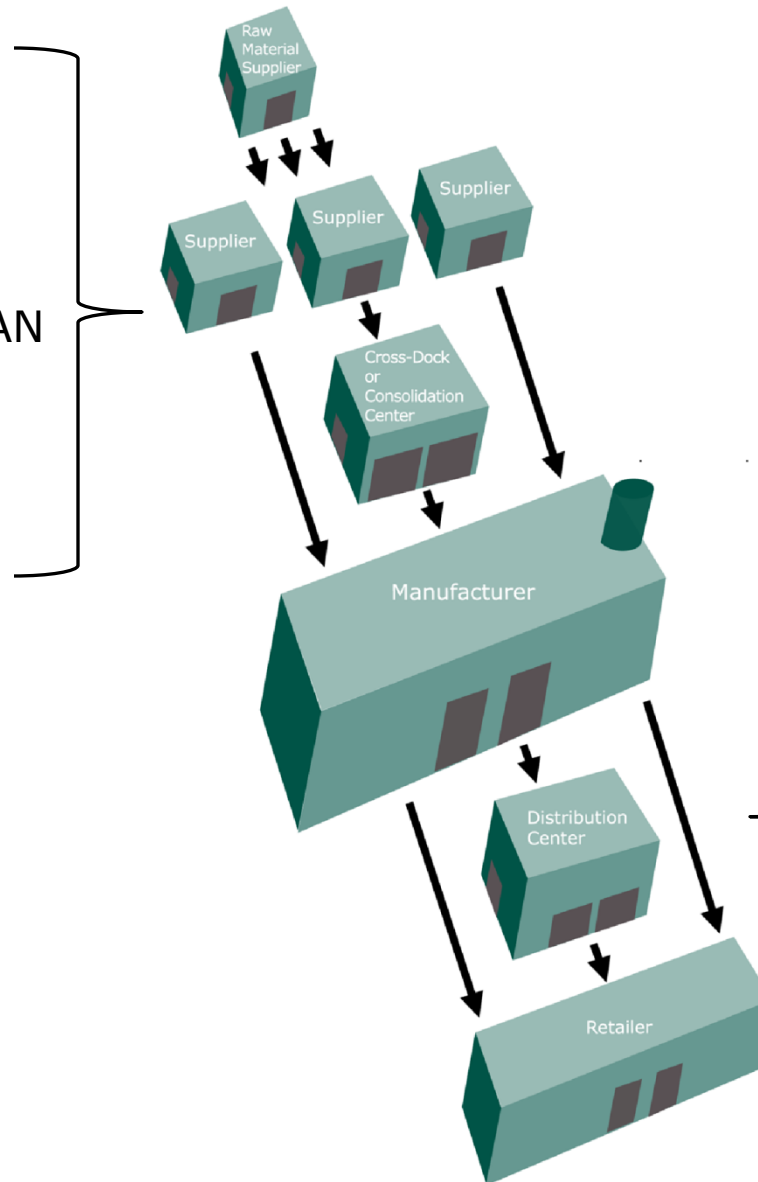
SYSTEM TYPE	ASSET IDENTIFICATION	ACCURACY	IMPLEMENTATION/DIFFICULTY	SOLUTION COST	ADDITIONAL HARDWARE
Aggregate Asset Tracking	Visual label None	Medium	Shorter/Easy	Low - Medium	None
Individual Asset Tracking	Barcode Passive RFID Active RFID GPS	Medium - High	Longer/Intermediate	Medium - High	Scanners (laser/RFID)

5 Data Elements Required to Track Packaging

- Asset origin
- Asset destination
- Date of movement
- What moved (container type, pallet or lic. no.)
- How many moved (if not using discrete tracking)

B2B

- Closed loops
- Many to one
- Consider stand alone LAN / WAN based system
- Leverage ERP/MRP data stream



B2C

- Open loops
- One to many
- Consider existing ERP/WMS system
- Consider deposit
- Expand return goods process to include pkg.

For More Information:

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