



# SAVE MONEY ON YOUR PALLET

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by Matt Troy

Pallet industry expert



## **Preamble**

The following tips and strategies come from an interview I gave back in October 2010. I received the transcript and thought it was a great document that I should pass onto anyone that wants to save money on their pallet costs.

These ideas come from over 35 years experience in the pallet industry and running one of Australia's largest pallet making facilities. If you have any questions about your pallet needs please contact me directly at [www.PlainPallets.com.au](http://www.PlainPallets.com.au)

Here are the best 12 tips I can give anyone who purchases pallets, whether it be 10 or 10000. My goal is to help you save hundreds, if not thousands of dollars on your pallet purchases each year.

This document is an honest attempt at helping you with your pallet costs – it's not a technical document and I hope you enjoy my honest and direct style.

Enough of me banging on, here's the best tips for saving money with your pallet needs.

### **Tip #1: Make sure pallet delivery is guaranteed**

I know this sounds obvious but you've gotta make sure your pallet delivery is guaranteed.

Imagine you've got a shipment of goods ready to go and a team of labourers eager to start work. But what happens if your pallet delivery is late? What happens then?

I've seen this time and again where you're forced to wait around, stop the line and wait for the pallets to arrive. In some bad cases the pallet delivery has been over four hours late.

So make sure your pallet provider guarantees delivery. This really is the easiest way to cut costs right from the start.

There should be no excuses (other than an act of God) for your pallets NOT to arrive on time. Any reputable company should make on time delivery a priority – if not then you shouldn't be doing business with them.

### **Tip #2 Get Broken Pallets repaired**

Not many know this but you can get broken pallets repaired. This can save you big dollars because a broken pallet can be repaired for \$5 or \$6. It comes out as good as new and you're saving up to \$8 per pallet.

This works especially well if you don't have sensitive freight. If your pallets are lying around and can end up anywhere, it's stupid to spend money on new pallets when you can get a reconditioned one.

### **Tip #3 Waste Disposal**

Here's a great way to save a little coin.

Most business throw out their broken pallets. They put them into those big rubbish bins and they go out with the rest of the garbage. This can be wasteful because you can't fit many pallets into a skip – maybe 30 or 40 max.

But Plain Pallets will pick them up for you. We'll offload these unwanted broken pallets for you, saving you money on the cost of the skip and having it being filled up unnecessarily.

We usually break down the pallets and turn them into mulch – very friendly for the environment.

### **Tip # 4 Settlement Discounts**

Don't be afraid to ask for a discount. Almost all pallet manufactures are working to tight margins. They love getting money in the bank and if you can commit to early settlement, say 7 days, I can almost guarantee you'll get a 5% discount.

We hardly do it because people don't ask. But some of our best and loyal customers get a discount because they ask and they pay us on time. And we're more than happy to give these guys a discount.

### **Tip #5 Order at the Start Of the Month**

Always order pallets at the start of the billing cycle – never the end. By ordering at the end of the month you only get 30 days to pay for the account. At the start of the month you get 60 days.

If you're a regular user of pallets and you've got an account with us order the first week of the month. You get extra credit. You know what I'm saying? So if you've got a 30 day into month account, don't order on the 30<sup>th</sup> day of the month because that's money's going to be due in...

In 30 days. If you order on the 1<sup>st</sup> of the month you've got 60 days to pay it. That's 2-1/2%.

As long as you pay within terms, so we're always amazed. We never order product for our business at the end of the month. Never. The first of the month. If I need a new set of treads on the truck I'll wait until the first of the month before I've got to spent \$1,500 because I get an extra 30 days credit. I'm amazed people order at the last week of the month. Unless they have to. That's standard business practice. Common sense.

### **Tip #6 Know Who You Are Dealing With**

Always use reputable companies. The pallet industry isn't regulated and there are cowboys out there. In fact, any Dave and Dad show can head off to Bunnings, grab a nail gun, some nails and wood and start putting pallets together.

But you've gotta be careful. Are they insured? Most likely not and if your expensive goods are damaged because of a bad pallet, you're not going to be covered.

Your pallet supplier should be insured and reputable.

Another issue is stolen pallets. There are millions of stray pallets circulating Australia, and rogue suppliers may be offloading these as their own. This is a dangerous practice if the original owners find out

Use reputable companies. Ask around. Are they insured? Are they licensed? Secondhand dealer licensed. Pallets can be a bit of a rogue industry. It's not well known because it's a small industry. It's like people knock a lot of pallets off and they undercut.

Go to reputable companies. Make sure they're insured. If their product fails, you've got a comeback.

### **Tip #7 What Type and Size of Pallet Do You Need**

Standard Australian pallets are the most popular and the most expensive. Because there's more demand for them manufacturers obviously charge more for them

A lot of companies don't need to buy these common sized pallets. They can buy a cheaper pallet. It's what we call a skid or an international sized pallet. They're \$8.50 compared to \$13. You've saving 30% straight off the bat by using a smaller pallet and you'll fit more on the truck.

How do you know when you can use a skid?

It will depend on your packaging size and what product's going on it. That's for you to determine. But we have a lot of clients that use Euros. Most people, they should mix what they buy. Say they buy 50 Standards. Most of them won't need the whole 50 Standards. They'll be sending out small items of a full pallet. That's stupid.

What they should do is mix and match. It doesn't matter to us because it's the same thing. They should buy 45 Standards and 5 Euros.

We had a client the other day came in and he buys these premium pallets. It's our premium composite pallet for \$16. He bought 100 of them and he says, "You got any skids?"

I say, "Yeah, I've got a couple hundred."

He says, "Give me 100 of those. How much?"

"Five bucks."

He's evened out his costs, hasn't he? Bought a hundred of the premium, a hundred of the other ones, so he's ahead \$11 at a time.

And he's going to send out six boxes on that skid. When he comes to send out his premium gear, which is a full pallet, he puts it on the \$16 pallet. Everyone should be doing that. You get a serviceable pallet.

You can save money, 30%, 40%, 50% by buying non-Standard sized pallets. You can fit more into a truck with Euros. Three across. That's 2400 cubic meters.

#### **Tip #8 How Does Your Transporter Charge?**

Find out how your transporter charges. Does he charge in weight? Does he charge in pallet space? Or does he charge per cubic metre?

Everyone's different. So you have to manipulate the way you get the maximum amount of product on a pallet for what you charge for. So if you're being charged per cubic metre you want to get as much cubic metre on that pallet as you can.

Don't send a pallet if it's 2 foot high. Send it so it's 2 metres by a metre. Buy the right, appropriate pallet. If you're getting charged by weight, you don't care. There's certain ways to manipulate the way you do things. Buy a smaller pallet, you know? Depending on how the transporter is going to charge you.

I'll give you an example. And this relates to plastic pallets. I've got a client who does hair products. He's got a beautiful hair goods and top end hair product. He was sending product to Europe on timber pallets. Now timber pallet's heavy, 20 kilos. He needed treatment certificates and a whole bunch of other stuff and ends up paying about \$20 per pallet. He comes to me. I sell him plastic pallets, the same pallet, 1100 x 1100 weighting 8 kilos. He saves 12 kilos in weight.

You know what that converts to in air freight? That's an \$80 per pallet saving . He sends 400 pallets overseas every year. He pays more for the pallet but he's saving \$80 per pallet. No fumigation. And the added bonus is he doesn't have to supply Customs with paperwork. So he's saving 400 x \$80 which is \$32 ,000 for the year on 400 lousy pallets in air freight.

Plus time and plus energy.

And he's got a cleaner, better pallet. That's just one example. Being smart about it. And I had to argue with him over it, but he got the numbers when he was shown.

So know your numbers and the transportation costs and regulations – you can save some big bucks.

#### **Tip #9 Count The Product**

Count your pallets when they arrive. I know this sounds obvious, but sometimes people lose count and supply 200 pallets when you ordered (and paid for) 250. It only takes a few minutes and it can save you.

On the rare occasion it works in your favour the supplier will be so happy you found their error you're likely to get a nice discount on your next order. Plus he'll make sure he looks after you in the future. Bottom line? Check your numbers and everyone wins.

#### **Tip #10 Dressing The Load**

Check your pallets for quality, back and front. What we call this "dressing a load." This means that good quality pallets are placed around the edges and poor ones are in the middle and on the bottom. Three weeks later you unload and go, "These are crap." Where's the comeback? There's none because they've already gone and you've been duped.

#### **Tip #11 Check for Nails**

Check for nail exposure. That's a big problem, an OHMS problem. If you've got nails hanging outside pallets it can cause some issues. I went to a guy the other day, I picked out 13 nails on brand new pallets - just hanging out the side. You walk past one, it'll prick your leg. A nice big gash in there. We call them "shinies" because they shine in the sun.

#### **Bonus Tip**

##### **Lost Pallets Cost**

Pallets cost money. And the major problem is getting a pallet back after you've sent it to your clients. Nearly always your client will NOT send it back to you because it's not worth their time or effort. But there are a few things you can do to maximise your chances of getting your pallets back.

This is of most importance if you have low cost goods riding on your pallet. If you're sending our Porsche's worth \$150,000 each, you're not going to be too worried about a \$50 pallet cost. But if your items are only worth \$150 dollars then you need to think twice – and maybe it's better you get your pallet returned.

And the easiest way to get them returned is to have your name painted on each pallet. You'll notice that the larger companies do this and you should too. There is something about human psychology about seeing a name on something – they know it doesn't belong to them so they are more likely to return it or at least store it for you.

But if you put "Property of XYZ" on your pallet, you'll be amazed how many you get back. Or "Return to XYZ" and your phone number. A lot of companies, especially brick companies, do that. They can have dedicated trucks going and picking up their pallets. You know, set up agreements with existing clients to swap your client's pallets over when you make a drop-off.

It's easier if you brand a pallet. You set that procedure up for them and the paperwork or you educate their warehouse manager and say, "Look, these pallets are costly. We'd like to get them back. Can you put some aside, 10 or 20, and we'll pick them up?"

You might be thinking that it's expensive to get your name printed on pallets. Well this is false thinking – your name can be printed for \$.20 per pallet. An insignificant cost that can save you hundreds of dollars each year.

So don't be scared to ask if your pallets can be branded – it's well worth it if you want your pallets returned.

#### **Not Sure About Which Pallets To Use?**

We've covered some ground in this document. I actually surprised myself with how much info about pallets I've got stored in my brain. I really need to get out more.

Anyway, if you're still unsure about what pallets you need or how you can save money and avoid being ripped off, I'm your guy. I pretty much know everything there is to know about pallets in the Australian market.

I can save you money, provide a ripper service and ensure you get exactly what you need for your business. I like to think I do business the good ole' fashioned way. So please give me a call if you think your pallet system isn't top notch.

Before you go here's my guarantee that I give all clients. I stand behind my service and pallets 100%.

#### **No BS Guarantee.**

You're not happy? We're not happy.

If you are not happy with any of our product we'll replace it free of charge.

We have a guarantee. We're the only ones in Victoria who would offer you a guarantee. If there is a defective pallet put it aside, quarantine it. We'll replace it free of charge. There's no argument.

We had one today and unfortunately the pallets have gone to Sydney. We rushed 200 plastic pallets and there's a couple there with some chips on it. They're not happy, we're not happy. Don't worry. Next load it will be replaced. We don't stuff about – we take our pallet supply business very seriously.

**Twenty million dollar public liability indemnity:** We're licensed. We're a professional outfit. We run modern equipment. We have a million dollars' worth of trucks to deliver the pallets. We stand behind our quality and service and we'd like to do business with you. The risk is on us – either you get what you pay for or we'll replace the pallets at no cost to you.

**Call now 1300 885 553**

Thanks for reading,

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[www.PlainPallets.com.au](http://www.PlainPallets.com.au)