



## Prized Possessions

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In these challenging economic times, it's more important than ever to be able to squeeze every last drop of value from your supply chain. One element that isn't very 'sexy,' but yet can eat up a big chunk of that potential value are the physical assets that serve as the backbone of any beverage operation, namely pallets and kegs.

In flush times, proper management of these valuable physical assets can bring in the extra dollars that might enable the purchase of a new truck, for instance, or maybe a raise for those standout employees. But in tighter times, such as these, proper physical asset management can be essential for the financial well being of a beverage company.



Quite simply, the bigger the company is, the more pallets and kegs it has floating throughout its supply chain, and that translates into the potential for more money to be mismanaged, or on the other hand, recouped.

The good news is that over the years a number of different solution providers have appeared on the scene to help beverage companies manage these valuable assets. For kegs there are companies like Satellite Logistics Group and MicroStar, and for pallets, providers like Chep and iGPS also offer a host of solutions. Even warehouse management and logistics solution providers like HK Systems have begun building into their software the ability to track pallet loads of product using inexpensive imbedded RFID chips.

Leon Sharyon, CFO of the Petaluma, Calif.-based Lagunitas Brewing Co., says using Satellite Logistics Co.'s (SLG) Kegspediter has enabled him to better manage his float of kegs. "When I first started working here the first thing I noticed was this expense we had for paying for our kegs. And I thought to myself that just seems crazy," he says.

So Sharyon began investigating ways to cut down on the costs. “The value proposition from a company

like SLG is that they have the ability to aggregate, to do very frequent pick-ups and consolidate your loads for you at these various distribution centers. The idea is to save you from having to have a massive amount of kegs out there to service all the various distributors.”

He says it would take a while before it was feasible for a brewer his size to send out his own truck to pick up his kegs. “So what the analysis becomes real quickly is what’s the value of having to pay somebody to go pick up kegs for you, and how that relates into the number of turns. I got sold on that very quickly—the value of aggregating the loads, the ability to get stuff back to me sooner,” he says.

SLG’s CEO Kevin Brady says Kegspediter is no longer limited to just kegs, despite its name. “It’s grown to include other returnable assets such as pallets,” he says.

iGPS (Intelligent Global Pooling Systems) offers a plastic pallet pooling solution with an RFID chip embedded in every pallet so companies can track shipments in real time. “The pallets themselves are tagged and labeled uniquely one from the other,” explains Jack Sparr, CIO of iGPS. He says the tags are built into the pallet so they cannot be damaged in shipment. These passive tags are then scanned as they enter or leave a facility. “That information can then be used for recording where the pallet is or where it’s going,” he says.

One of the major benefits of this asset identifier, says Sparr, is that since the pallets are rented, iGPS can tell exactly how many days its customers have been using the pallets.

“We know how many days of rent the company would owe us,” he says. “So one problem it solves is we don’t bill our customers in an average way or some guesstimated way based on gross quantities. We know exactly the time that a very specific platform is being utilized by the manufacturer.”

And finally, Andy Bennett, a systems engineer with HK Systems, says he has seen more beverage clients as of late interested in embedding RFID chips in their captive pallets. “That way, for a lot of our AGV systems (Automated Guided Vehicles), any time we touch that pallet, we read the pallet ID and then we know exactly what we’re transporting and where we’re putting it,” he explains.

He continues, “Where we’ve been doing a lot of investigative work here at HK as part of our beverage distribution system is looking into different technologies that maybe 10 years ago you wouldn’t have thought about using, but can today because of advances and reduction in cost.”