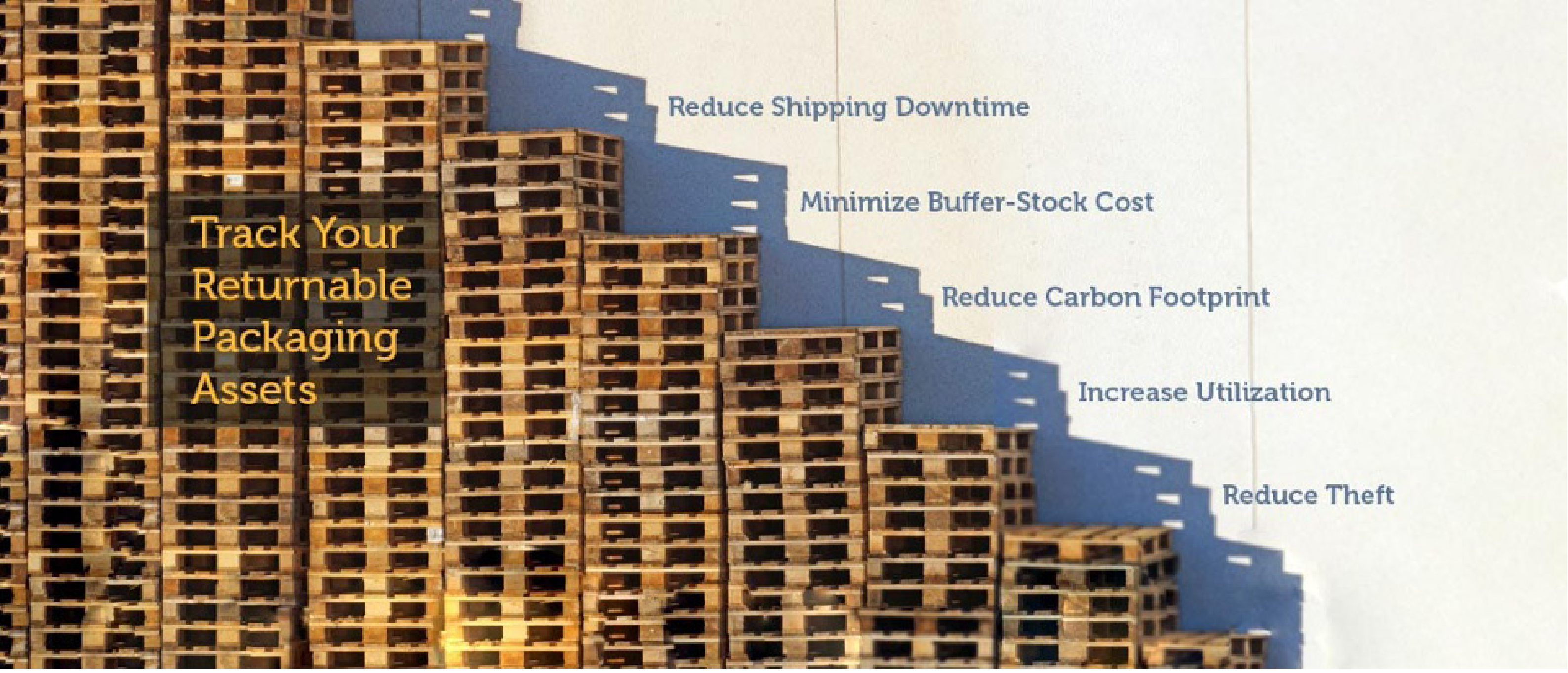


# 6 Reasons to Track Your Returnable Shipping Assets

January 11, 2018 - **Vidya Subramanian**
Read Time | **9 Mins.**

In the world of logistics and supply chains, chances are almost everything that's moved is moved ON or IN shipping assets such as trays, pallets, crates, tubs, bins, or containers. Whether you eat it, wear it, sit on it, ride it, or live under it, most of the things around you have been carted on a shipping asset at some stage in its supply chain.

Returnable Shipping Assets (RSAs), Reusable Shipping Assets (RSAs) or Returnable Transport Items (RTIs) are packaging materials that are used more than once, and they're as ubiquitous as they are unseen. There are several billion supply chain assets deployed across the world, crossing oceans, zipping across continents, or carted within a single country.

And they're all in danger.

> **Each year, anywhere between 10% - 40% of the supply chain assets out in the wild vanish, seemingly without a trace.**

They break down, get lost, get stolen, or sometimes, just sit idle somewhere because they've been forgotten.

This is an especially serious problem for what the industry considers Returnable (also called Reusable) Supply Chain Assets (RSAs), some of which have an annual shrink rate as high as 25%!

Returnable supply chain assets don't come cheap either.

While single-use RSAs could cost as little as $20, most reusable supply chain assets cost between $200-$5000 per unit, depending on the industry, use, and customization. Some may argue they're a negligible cost when compared to the grand scheme of things — who cares about a $20 pallet when there's $200,000 worth of Twinkies on it after all. Yet, purchasing pallets and accounting for their depreciation has a noticeable impact on a company's cash flow, its balance sheet, and factors into the Total Logistics Cost (TLC) when looking at it in terms of volume.

The problem with reusable shipping assets is that they're not always used to their fullest potential. While they're supposed to be returnable, more often than not, they don't find their way home. They're difficult to track, especially in open-looped supply chains, where reverse logistics is a hassle and it's almost always impossible to know without a doubt which of your users is innocuously hoarding, losing, or even damaging your assets.

## Why Bother With Tracking Shipping Assets When They're So Easily Replaced?

Because a missing pallet could be the monkey wrench that brings your perfectly streamlined supply chain to a screeching halt.

> **Expenditure on new shipping assets (and their repair and replacements as well) is a sizeable investment, with companies routinely spending between 10% - 20% of their annual supply chain budgets just to replace missing supply chain assets.**

If your TLC is $300,000, then that's a whopping $ 60,000 you're spending just to replace pallets.

It goes without saying that shipping assets such as pallets, crates, and bins have significant strategic value — both tangible and intangible — to justify the investment in tracking them. Tracking your shipping or supply chain assets is especially important if you're:

Looking for new areas to reduce overheads
Setting up a lean supply chain
Rooting out supply chain inefficiencies
If those aren't enough, here are six reasons to set up your shipping asset tracking system.

### 1. Manage Your Returnable Shipping Assets Better

Supply chains are often very nebulous, obscure entities that your logistics personnel have to deal with, especially when you're handling a large procurement network, with several subcontractors, market vehicles, and sourcing arrangements that are branched out with a local or globalized supplier base.

The modern day supply chain is an inherently (and increasingly) complex creature, with millions of shipments handled at a high speed. And yet, an astonishing number of links in those supply chains, across several companies, industries, and geographies, still employ manual record-keeping, tracking, and auditing. Tracking your supply chain assets, and by extension, your shipments, could change all that. The heightened visibility that effective shipping assets tracking brings will help improve supply chain efficiencies in areas such as:

- **Identifying losses — and where (perhaps even when) they're happening.**

Asset tracking will help you spot those black holes where your pallets seem to go poof. Perhaps you're losing just 1% of the pallets or crates that go out in each run, but if you have 50 trips to make in a quarter, you're going to lose half of your shipping asset pool before you're even halfway through the year. You have to understand where your assets are going and how you're going to get them back.

- **Unquestionable accountability – because trust and transparency matter.**

You'd be able to handle faults (and defaulters) in your supply chain better if you can pinpoint flaws without resorting to assumptions and accusations that could alienate valuable business relationships.

- **Balancing the books — because better accountability means better predictability.**

Supply chain assets are, in fact, assets, and that's reflected in a company's books. The loss of these assets shows up as losses in the company balance sheet, which if left unchecked, could hurt their business worthiness as well as market reputation. Besides, shipping asset traceability will definitely improve your ability to log inventory write-off and anticipate the need for reserves or replacements.

## 2. Maximize the ROI From Your Returnable Transport Items

With RSAs getting damaged, lost, horded, simply rerouted incorrectly, shrinkage could be hitting 20% -30% annually. RSAs represent an investment, and if they aren't utilized to the full extent of their viable lifetime, you're not getting what you've paid for.

Tracking your shipping assets will help you tackle:

- **Asset utilization — especially if you're trying to put off purchasing those new pallets.**

If you're not tracking and managing your returnable assets, then it is likely that they're sitting idle somewhere, underused elsewhere, or being misused without your knowledge. Don't let your assets turn into Non Performing Assets (NPAs), and definitely make sure nobody else is making the most of your investment.

- **Theft — especially if your shipping assets have good resale or scrap value.**

There is a sizable market for reusable containers, with unscrupulous resellers, recyclers, and 'pallet pirates' profiting from companies that don't keep a vigilant eye on their returnable assets.

## 3. Minimize Pallet Buffer Stock Cost — Because Excess is Excess

Whether you're buying or renting, you're incurring costs. New or redundant assets cost money, both to buy and to hold. Idle shipping assets, like idle inventory, is a recipe for redundant loss. Inventory obsolescence doesn't just apply to the product you're holding, it also applies to the shipping assets you're holding them on/in.

Returnable shipping or supply chain assets are usually over-stocked because there's a fear of running out during peak shipping periods. Besides, thanks to your pooling plans or other local vendors, re-ordering a pallet is simpler than hauling one back from your own warehouse that's a few thousand miles away of miles away.

This increases the overall level of inventory and slows down circulation of your RSAs. Optimizing your pallet utilization can be a major cost-reduction driver.

> **By tracking your assets real-time, you can ensure none of your shipping assets are sitting idle in a lot, reducing the need to maintain emergency reserves for those ad-hoc situations.**

With constant tracking and real-time visibility, you don't have to wait for anyone to do a manual audit and play hide-n-seek with your missing assets either. This reduces both the time needed to take stock of inventory as well as increases the speed at which you can spot anomalies or shortages.

Feel like you want to jump on-board with tracking your pallets? Learn where you can start.

## 4. Reduce Lag or Downtime in Your Shipping

When it comes to running a tight supply chain, you need to have assets handy, always. Tracking your returnable supply chain assets will tell you where they are, or at least allow you to find them quickly, because that ultimately affects your throughput and things such as:

- **Holding time —because your shipment shouldn't get held up for trivial things like a tote**: A shortage of supply chain assets could hit shipping, operating, and holding costs. Avoid that while reducing your need for excessive buffer stock.

- **Shipping time — because consignments get there faster when they're not held up:** The less time your goods spend in a warehouse waiting for a pallet or crate, the faster they're going places.

- **Recoverability TATs — because you'll get your precious pallets back faster if you know where to fetch them:** When you're running a lean supply chain that's still best described as organized chaos, you need it to be resilient to the usual ebb and flow of a chaotic market environment. If you want to accomplish that without breaking the bank on buffer stock, then recovering your returnable shipping assets is the easiest way to make sure your shipments aren't held up due to a shortage of shipping assets.

## 5. Pooling Pallets? Improve Efficiency & Get 100% Auditability

The past few years have seen the rise and spread of a new means to assure the availability of shipping assets without many of the associated overheads. Shippers sign on with other entities that can pool pallets, or they sign on with companies that, for a price, will make sure you've got the shipping assets you need, when you need them. Either way, you can be rest assured that you've got the benefits of plentiful buffer stock without the hassles or overhead.

By using a pallet pooling network, the expenses of purchasing, maintaining and replacing pallets is reduced, and it helps supply chain managers limit their overhead, even going so far as enabling predictive asset cost-control within the supply chain.

Most pools operate through a "like-kind exchange" system (which sometimes include vendors as middlemen) where companies with similar requirements — crates that could work just as well for Twinkies as they could for T-shirts, for instance — get back an asset similar to the one they shipped out.

If you feel that the premium shipping assets you added to the pool are slowly being siphoned off and switched with worn-out replacements, or if you need to track usage to improve billing accuracy, then tracking your returnable assets is just what the doctor ordered.

While this arrangement sounds good in theory, you'll probably feel differently if the replacements you're saddled with look like they've seen more of the world than you ever will. Plus, if you feel that the premium shipping assets you added to the pool are slowly being siphoned off and switched with worn-out replacements, or if you need to track usage to improve billing accuracy, then tracking your returnable assets is just what the doctor ordered.

## 6. Make Your Supply Chain Future-perfect

There's a growing emphasis on accountability, environmental responsibility, and enhanced responsiveness to improve efficiency and customer service in supply chains across the world; and tracking your supply chain assets will play a big part in realizing these loftier goals and dreams. Through the deployment of real-time shipping asset tracking and shipment monitoring solutions, supply chain managers of the future will be better able to cope with:

- **Need for greener logistics — because the world is at stake, literally.**
  Through the efficient use of returnable and reusable shipping assets, supply chains can do more than reduce their operational costs — they will also reduce their carbon footprint. The amount of energy and resources it takes to recall and recirculate a reusable shipping asset such as a plastic pallet, crate, or tote, is less than what you'd need to recycle a disposable asset, and far less than what you'd have to expend to create a new reusable shipping asset.

- **Big Data — because data is tomorrow's currency, and you need to start saving now.**
  By tracking your returnable shipping and supply chain assets, you're accumulating valuable data that could be used to streamline and optimize your supply chains. You don't need to wait till you've got a statistically significant set of data to begin realizing your returns either.

  If you're leasing or renting a very high percentage of the returnable shipping assets in your supply chain, you can use the data to create more accurate invoices and spend forecasts, even going as far as boosting your profitability engine through enhanced efficiency.

- **Eccentric Customer Expectations — because everyone wants one-day delivery.**
  Players like UPS, FedEx, and Amazon are pushing the limits of what a supply chains' last-mile can pull off, and there's a growing demand for more responsive supply chains that can handle smaller amounts of goods at higher frequencies. As the opportunity to capture greater market share through prompt delivery presents itself, there will be growing pressure to accommodate an increasingly complex retail supply chain. This will put an insane amount of pressure on supply chain managers to operate lean yet resilient supply chains that can cope with wild fluctuations in demand and variable shipping asset supply. Deploying an excellent tracking and retrieval system is the only way logistics players will be able to reasonably cope with such variables without drowning in a deluge of shipping asset safety stocks.

Companies across industries and geographies are switching over to reusable and returnable shipping assets for three main reasons — to optimize operations, to optimize operational costs, or to support sustainable supply chain practices. Tracking that can provide granular visibility, which is the need of the hour, and tracking your returnable shipping assets is a big step toward realizing that need.

roambee

Know More, Now.

https://www.roambee.com/get-started