



THE PITCH THE PALLET NETWORK

Building on a platform, even as EU would have the model teeter

Owen Cooke's The Pallet Network helps others to squeeze overheads – but it's 'over head' that's causing problems for the firm, writes Jon Ihle

TRANSPORT and distribution may not be the sexiest industry, but it is still the *sine qua non* of a modern economy. Fast, efficient, cost-effective transport is now more important than ever, as manufacturers and other businesses look to squeeze overheads to survive.

"With pressure on all businesses, they have to find better, smarter ways of operating – everyone has to take out cost," said Owen Cooke, chairman and founder of The Pallet Network, Ireland's top distributor of palletised freight. "In good times a lot of companies won't bother looking hard at transport, but it's easier for us to get business when times are difficult."

The Pallet Network (TPN) has actually had a 15% increase in activity in 2010 after a massive countrywide destocking in 2009. The business, which Cooke founded in 2004 after a long career in haulage, shifts 1,600 pallets a night – more than 10 times what it moved just five years ago. This has come amidst an overall drop in haulage volumes and prices.

"We spent a lot of money the last five years building critical mass," said Cooke.

That business is a hub-based distribution system run out of Blanchardstown, Dublin, to 24 regional depots around Ireland. The model brings together independent regional carriers who operate in a small area to deliver high volumes of goods – in both directions – under central management and control. Network operators are required to bring cargo in from their delivery areas and sell the TPN wherever they work. The peer/review – which Cooke called "the balance of terror" – is meant to keep consistent standards wherever the network operates. It also makes sure network members are selling the business while doing the business.

Cooke started TPN as a solution to his own problems trying to run a pallet cargo business in the 1990s, when Ireland's distribution was still fragmented and immature.

TPN is now investing €2m in new logistics technology and infrastructure to bring new services to companies for storing and delivering goods. "Instead of the manufacturers having a warehouse, we

take containers directly to the hub site, offload, check them, store them, pick the orders, and deliver," said Cooke. "We do it all with an IT system which gives the client full visibility." This especially helps small clients who might be struggling with warehousing costs or supply backlogs. It also enables 'just in time' manufacturing and delivery, helping TPN's customers stay competitive, said Cooke.

"We're eliminating a layer of cost for importers of transferring from their own warehouse to a distribution operation," said Cooke. "We'll hold the stock on site."

So far 10 customers are using the system. Cooke expects turnover of €500,000 in the first year of operation and €1m in the second year. He said TPN, which already has a €10m warehouse, can add more capacity as the need arises.

Cooke runs a lean, energy-efficient business, too. TPN's warehouses are all lit with LED lights, which use just 25% of the energy of conventional lighting. The offices are also heated exclusively by burning discarded pallets, so the company does not have to buy any oil or gas. Another 'green', cost-efficient practice is the use of double-decker trailers, allowing 52 pallets per truck rather than the usual 26, which brings down haulage costs dramatically. Cooke claimed TPN delivers more pallets per litre of diesel than any distributor in Ireland.

But this initiative could be under threat by a proposed EU directive to put height restrictions on trucks. The EU wants to limit truck height to four metres. TPN's double-deckers are 4.6 metres. "You can't have a double-decker trailer at four metres," said Cooke. "It will be a disaster."

Cooke said banning his big trailers will have a negative impact on Irish exports and economic competitiveness. "We have invested heavily to bring costs down," he said. "This will add 8% to the cost of exports at a time when we need to be more competitive." He said TPN currently sends four double-deckers to the west midlands in the UK every day, but will have to increase this to eight, doubling the transport cost, if the EU has its way.

"Tall trucks don't drive on the conti-

nent anyway," he said. "They can go for length, we have to go for height."

He said the rule would add an extra 1,000 trucks to Irish roads every day, adding to traffic and pollution. "I can't get politicians to take any interest at all," he said. "The industry will be destroyed through lack of interest."

What's The Pitch?

The Pitch is aimed at companies in a growth phase, SMEs, franchises, university spin-offs, startups in need of angel funding and so on. Each week the Sunday Tribune will outline where one company got its ideas from, how it overcame funding issues and where and how it plans to expand. Businesses interested in being covered can email their details to thepitch@tribune.ie

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