

## Ex-Chep CEO relocating plastic pallet business to Orlando

### Local 'pooling' company to employ 60-70 people.

BY KURT SCHULTHEIS | STAFF WRITER

ORLANDO — Bob Moore is moving his new plastic pallet company this week from Dallas to Orlando — a place the CEO calls the "Pallet Capital of the World."



Moore

Moore, the former chief executive of Orlando-based Chep USA, and President Rex Lowe formed Intelligent Global Pooling Systems — or iGPS Co. LLC — in March.

Both executives had strong ties to the \$5 billion North American wooden shipping-pallet industry at Chep. But they are now starting a new plastic pallet "pooling" firm that is, they say, the first large-scale pooler in North America of plastic pallets outfitted with radio frequency identification tracking tags.

Pallets are used by mass merchants to ship loads of product ranging from food and household goods to electronics and home improvement materials. In pooling, pallets are leased to manufacturers or customers. The leasing company provides maintenance of the pallet fleet, and the customer pays for what is used.

In North America, there are about 2 billion pallets in use with more than 90 percent of those made of wood. Some 200 million are pooled, with Chep as the largest supplier.

"Chep makes up 95 percent of the pallet pooling market right now," Moore says. "We are the pallet leaders on the technology front, and I want 25 percent of that business in the next five years."

iGPS is bringing its global headquarters to Orlando at 201 S. Orange Ave. in the Regions Plaza.

An aggressive rollout of iGPS is planned, thanks to substantial, undisclosed financial backing from Connecticut-based, private investment firm Pegasus Capital Advisors L.P. Pegasus has more than \$1 billion in assets under management.

The Orlando office will house iGPS's executive team, as well as the company's information technology, procurement and customer-service

departments. Some 60 to 70 people will be employed in Orlando, with the pay for management positions ranging from \$55,000 to \$65,000 annually.

#### Wood or plastic?

Wooden pallets have for decades been the accepted standard.

Plastic pallets, which have begun to be used in recent years, are promoted as longer-lasting, lighter and more hygienic than wooden pallets, and also less susceptible to harboring moisture and mold.

But industry insiders say they are also typically two to three times more expensive.

"He (Moore) and I always felt the supply chain was looking for a better alternative to the wooden pallet," Lowe says. "Our ultimate goal is to take costs out of the supply chain."

But challenges will be significant, according to others in the industry, including Chep USA Marketing Director Per Ohstrom.

Chep USA has 80 million of the North American pool pallets, circulating to 20,000 locations. It's the only pooler with nationwide reach, Ohstrom says.

"What many don't realize is that it's very difficult to keep track of the pallets, unless you have good coverage, which we have," Ohstrom says. "A plastic pallet costs two to three times as much as a wooden pallet. So each one you lose is a significant hit."

Chep rejected the notion of developing the plastic pallet market. While it only costs \$22 to build the average wooden pallet, it's costing iGPS \$50 to build a plastic one.

"To get the same cost performance out of plastic pallets is pretty much impossible," Ohstrom says.

#### Plastic weighs less

But plastic pallets are slowly gaining ground, says Samantha Goetz with Wisconsin-based Orbis Corp., one of the nation's top makers of plastic pallets.

Moore touts several reasons for his company's plastic pallet benefits, starting with the fact that

iGPS will charge \$5 to lease a plastic pallet, which is the standard price for a wooden pallet, he says.

"Wooden pallets also weigh 75 pounds, while plastic ones weigh 47 pounds," Moore says. "That takes off 28 million pounds of non-value added weight and saves our clients fuel and allows them to be energy dependent."

And Moore says that while 600 million wood pallets are built every year in the United States, 320 million of them end up in landfills.

Plastic pallets, he says, are 100 percent recyclable and can be reground to make new ones. The plastic pallets also have 10-year warranties and don't need to be repaired like wooden pallets.

But the bottom line, Moore says, is iGPS is building plastic pallets because they "can make money doing it."

"We can track and trace our pallets with radio frequency tags," Moore says. "We can't afford to lose them, frankly, and this guarantees they won't be lost."

#### Staged growth

Moore says a dozen manufacturers are now making more than 6 million plastic pallets for iGPS.

The company will begin renting its first pallets in September, and it already has conducted a successful test run of 5,000 pallets used by various manufacturers and retailers that signed up to use them.

It takes four to six months to get one pallet line up and running, which produces about 400,000 pallets. Moore says one production line alone requires a \$10 million investment.

Moore says he won't have enough pallets to meet customer demand for three to five years.

"We need 80 to 100 million pallets in North America alone," Moore says. "Every year, we hope to produce 6 million pallets, and if we could manufacture 10 million a year, that would be even better."

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