



**Victory  
Packaging**

We are *Architects* of Packaging Solutions

## *How to reduce your packaging costs NOW!*

“Lower your packaging inventory to increase your available warehouse space and save big money!”

If you are carrying more than 2 weeks worth of packaging inventory in your warehouse you are increasing your overall costs substantially. As of the 4<sup>th</sup> quarter of 2015 the average cost per square foot of warehouse space in Mississauga, Ontario was \$5.91 (source: CBRE ltd.) plus \$3.00 TMI. A standard pallet of cartons costs you \$65/month to hold in your warehouse. If you use 3 different size cartons for shipping and you carry 4 pallets of each in stock you are spending \$780/month or **\$9360/year** to keep them in your warehouse. If you can reduce your inventory by 50% you will save \$4680/year without any work on your part.

To accomplish this you need to find a packaging supplier that can offer an inventory stocking program along with a weekly delivery service; one that can provide these services at competitive prices. Most large corrugated manufacturers can offer this service as long as your annual spend is substantial, approximately \$250k/year or more. If you do not fall into that category then you should choose a large distributor rather than a manufacturer.

Large distributors compete directly with the manufacturers for smaller accounts, and in most cases the distributor can offer highly competitive prices with a **higher level of service.** The reason they can offer such great service and still be price competitive is because they operate a much simpler business than a manufacturer and the distributor's overhead costs are much lower than the manufacturer.

### *A quick comparison of the two will show that:*

- 1) A manufacturer has higher warehouse space costs because they need a larger building to house the manufacturing equipment.
- 2) Utility expenses are much higher for the manufacturer, again due to the machinery necessary to manufacture the cartons.
- 3) Payroll expenses are much higher for the manufacturers due to the need for qualified plant staff to operate the machinery.

In addition to the money and space you can save by lowering your inventory you will also see a reduction in damages and less of a workload for your shipper/receivers. When you receive weekly deliveries there is less handling required and in most cases your cartons can remain on the floor in your packing area for your packers to pick from.

Take some time today to go out into the warehouse and count the number of pallets you are holding in stock, if it is more than 2 weeks of inventory than get on the phone right away and ask your supplier if they offer an inventory stocking and weekly delivery service. If they do not then start looking for another supplier and **reduce your packaging costs NOW!**

At **Victory Packaging** we are one of North America's largest purchasers and distributors of corrugated packaging. We can provide you with the information and expertise you need to help reduce your packaging costs. Call or email us today to see how we may be able to help you.

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