

# Western Pallet Magazine



Magazine for WPA Members  
Annual Meeting Issue 2018

## 2018 Annual Meeting Highlights



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#WPA2018

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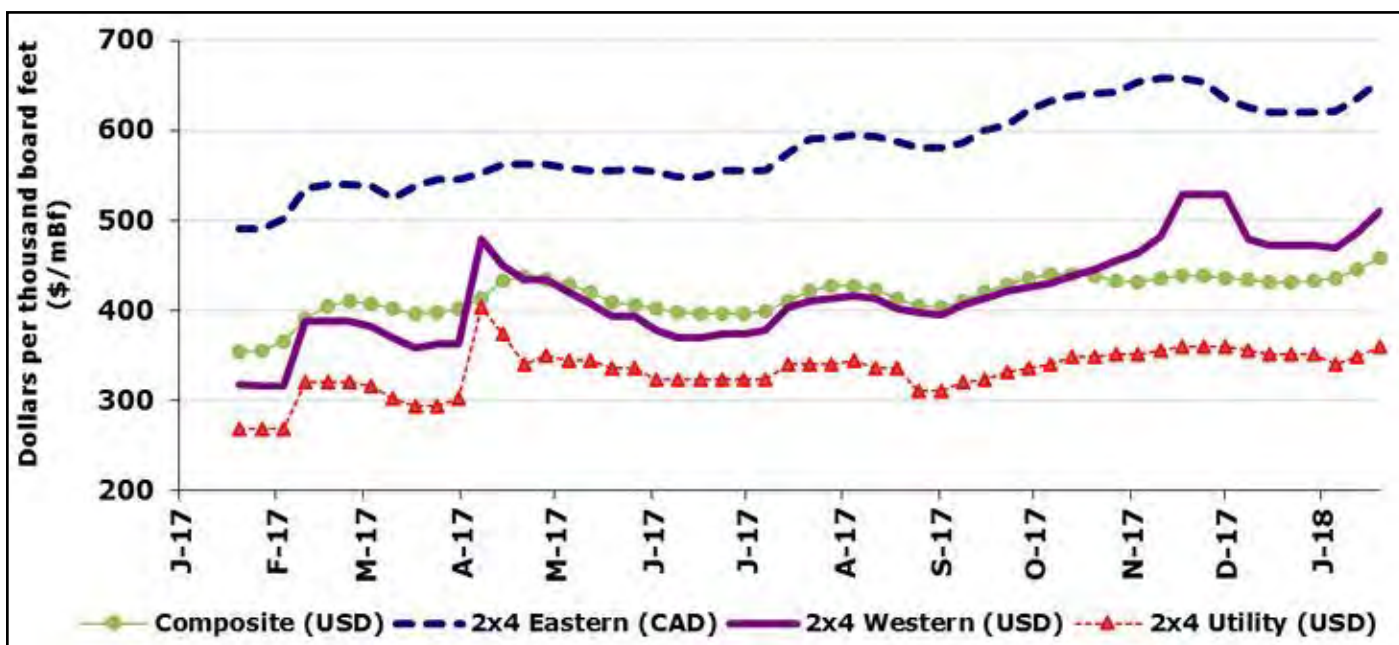
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# North American Softwood Prices

Weekly softwood lumber prices to January 23, 2018 are shown below, sourced at <http://www.nrcan.gc.ca/forests/industry/13309>.



*Lindsey Shean is the new WPA President. Coverage of the 2018 Annual Meeting starts on Page 10.*

# WPA New Members

The Western Pallet Association is pleased to announce the following new members:

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**Clear Creek Forest Products**  
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# NWPCA 2018 Annual Leadership Conference

NWPCA is excited to host its 2018 Annual Leadership Conference, entitled Manufacturing in a Time of Mayhem, to be held March 7-9, 2017 in Fort Lauderdale, Florida. The keynote speaker will be Michael Abrashoff, a retired Navy Commander and progressive leadership expert. At 36, he took command of a ship plagued by low morale, high turnover and low performance evaluations. A year later, it ranked #1 in performance, with the same crew. The lesson was clear - leadership matters and culture is everything. His talk will prompt leaders at all levels to re-imagine their leadership thinking and inspire new ways to elevate individual, team and organizational performance.

Other topics to be discussed at the ALC include workforce retention, driving growth and innovation, succession planning, blockchain and lumber sales.

## REGISTRATION INFORMATION

[Click here](#) for more information, including rates for non-members.

NWPCA Members need to log-in to received the discounted rate.

The host hotel is Fort Lauderdale Marriott Harbor Beach Resort & Spa. The negotiated room rate is \$329/night + tax when booked before Monday, February 12, 2018.



JANUARY 2018

# #WPA2018 Annual Meeting

## Highlights: A Passion for Inclusion

The 2018 Annual Meeting provided a nice balance of business information, networking opportunities, ample occasions to connect with old friends and, of course, some beautiful, sunny weather for golf. The business sessions featured practical business ideas that could be put into action by attendees right away when they return home, along with a look into the political landscape as well as what the future holds for wood technology and new products anticipated to emerge over the next decade.

*Inclusiveness not only gains us valuable new members, but invaluable new ideas for the future.*

The meeting began with remarks from Dave Uppal Jr., the outgoing WPA President and owner of Pioneer Pallet and Lumber. "After I joined the pallet business in 1984, I attended my first WPA meeting in the late 80s, at the Biltmore Hotel in Santa Barbara, California," Dave recalled. "I remember it fondly, because I was this kid from Canada, new to the business, not knowing what to expect. I received such a warm welcome that I kept coming back, watching our membership steadily grow, and seeing other new members welcomed like I was back in the day.

"At first, I attended our annual meetings here in Palm Springs because I enjoyed

spending time with old friends and colleagues, and because it was the only three rounds of golf I attempted to play all year. But over time, I've come to appreciate an even deeper value of our annual meeting: it is a time and a place for constant renewal, where members share new ideas, revitalize and we all leave better equipped to run our businesses.

"It is this passion for inclusion that has given our organization not only the motive to expand, but also to embrace change as our industry evolves. Inclusiveness not only gains us valuable new members, but invaluable new ideas for the future."

Dave expressed thanks to WPA's Immediate Past President, Kathleen Dietrich, for her many years of dedication to our Board and the association. "It was Kathleen who encouraged me to join the Board five years ago," Dave said. "Paying forward this warmth and enthusiasm, it is my turn to say to all of you: please, put your names forward, join the Board, and share with everyone your ideas for continuing to improve the Friendliest Association in the West.

"Next year's young, dynamic Executive Team has made me very excited for the WPA's future. Our Incoming President, Lindsey Shean, has assembled an exciting lineup of speakers who will help forge new paths for us in everything from labor to lumber, and from technology to





*Introducing WPA's new Executive Team. (L-R) Beatrice Vasquez (Oxnard Pallet), Lindsey Shean (Valley Pallet), Dave Uppal Jr. (Pioneer Pallet & Lumber), and Annie Monty (American Pallet).*

politics. I am sure there will be topics of interest for everyone to help with their day to day business operations. Our Incoming Vice President, Annie Monty, is a third-generation pallet producer who has already begun ushering the WPA into the digital world of social media, including Facebook and Twitter."

Annie moves to the role of Vice President after serving as Treasurer. WPA is pleased to introduce Beatrice Vasquez of Oxnard Pallet as the Association's new Treasurer.

"It seems like we keep saying this year after year, but we have had another record turnout this year," Lindsey stated in her acceptance speech. "I will never forget several years back when I attended my first WPA meeting, we were in a room that was half this size, and I walked in and took 1 look in the room and I was in awe. I didn't just see networking happening, I saw friendships between colleagues and competitors and at that moment, I

realized just how much I wanted to be a part of this industry and of the "friendliest association." I was truly inspired to contribute to an association that has given so much to my company and to my family."

Lindsey remarked that 2017 was not without its challenges for many WPA members, trying to find adequate labor, the Softwood Lumber Agreement, and trucking shortages. The year also saw great strides, however, including the approval of the new and very improved ICC and NFPA fire codes.

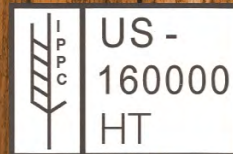
"We saw the USDA classify wood pallets as a Bio Preferred product, proving wood pallets and packaging as a sustainable choice, Lindsey said. We saw further development of Nature's Packaging and all of the benefits it has to offer. And we

**Cont'd on Page 15.**

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*Dave Uppal Jr. (left)  
presenting the  
Membership Award  
to Tyrone Konecny,  
Membership Chair  
and outgoing  
Associate Director.*



saw a strengthening in our partnership with the NWPCA and CWPCA. This partnership has been invaluable in fighting off the Oregon Corrugated Pallet bill in 2016 and solidifying the WPA as a force within the wood pallet and packaging industry."

"We have 5 WPA members that are contributing to The Pallet Foundation, helping to fund projects that are directly impacting our industry and association," Lindsey continued. "Projects including the environmental product declaration, which will quantify the environmental benefit of wood packaging. They are also working on a life cycle assessment, which looks at real data of wood pallets from cradle to grave, giving each and every one of us a true story to tell to our customers and opponents alike and verifying our claims that "Wood Really Is Good" and it "Is the Sustainable Way."

The industry is also hoping to support the undertaking of an economic impact study of how the wood products sector positively impacts the US economy, from created revenue to the number of jobs provided. Nature's Packaging will continue to be at the forefront of industry efforts, including new video resources, new research, and new and improved marketing tools. "Nature's Packaging has been a vehicle for growth and change in our association, and we will continue to utilize it to be proactive in our quest to inform everyone that the wood products sector is most sustainable," she concluded.

Bob Wenner, Chairman of the Pallet Foundation, spoke briefly about the worthwhile work being done by that group on behalf of the wooden pallet industry.

The speaker program included presentations from Dr. World Nieh of the U.S. Forest Service (Bioeconomy - An Exciting Future for Forest Products), Paul Kanitra (The New Administration's First Year and Path Forward), Khaled Mabrouk (Sustainable Productivity), Chaille Brindley (Five Key Trends That Will Change Everything in the Pallet Industry),

and Dr. Brad Gething (New Fire Codes for Outdoor Pallet Storage and What They Mean for Your Business). In this issue we report on the Kanitra, Mabrouk and Gething sessions. Check back next month for our coverage on Brindley and Nieh.



*Membership campaign runners up included L to R: Dave Uppal, Pioneer Pallet; Rick LeBlanc, WPA Magazine; Rick Autey, C&R Pallet Machinery Services; Ken Hess, Smart Products; Norm Normile, NW Norm; Greg Vipond, Girard Wood Products; Eric Ander, Pacific NW Lumber Ltd. Not pictured: Tyrone Konecny, Utah Lumber; Randy Panko, Wood-Mizer; Trace Sutter, Spokane Forest Products; Greg Wine, Pallet Machinery Group; Ian Liddell, Summit Funding Group; Roger Caruso, Century Pallets*

# New Fire Codes for Outdoor Pallet Storage and What They Mean for Your Business



*Brad Gething, NWPCA*

Brad Gething, director of science and technology integration for the National Wooden Pallet and Container Association, discussed a manual the association developed to enable pallet companies to comply with new fire codes that regulate outdoor storage of pallets.

The "NWPCA Fire Code Compliance Manual for the Outdoor Storage of Wood Pallets," now available through the NWPCA website ([www.palletcentral.com](http://www.palletcentral.com)) both to members and nonmembers, was two years in development. It is intended to help

pallet manufacturing and pallet recycling businesses understand and comply with fire codes of both the International Code Council (ICC) and the National Fire Protection Association (NFPA).

The pallet industry was faced with a choice, Brad noted at the outset of his remarks. It could voluntarily develop best practices for fire prevention and implement them, or face more prescriptive provisions in the future. We put our best foot forward," he said.



The compliance manual was developed with fire code experts, using the knowledge and expertise that NWPCA members already were using to prevent fires, emphasized Brad. It was not a top-down approach.

"We incorporated all best practices that NWPCA members already were using in their businesses," he said. The efforts to develop the manual included the work of an NWPCA task force and information Brad collected by surveying members. There are four components to fire prevention, he said: a site plan, a fire prevention plan, a fire emergency response plan, and a security plan.

A site plan primarily delineates such things as lot lines and the location of where any hazardous materials may be stored, fire alarms, and designated smoking areas.

A fire prevention plan should include a walk-through inspection, safeguards for "hot works" processes, regular preventive maintenance, and outdoor storage requirements. "Most pallet manufacturing and recycling facilities have guidelines for insurance purposes" said Brad. While these guidelines are specific for insurance purposes, the fire prevention plan may compliment these practices.

A key aspect of a fire prevention plan is daily housekeeping, emphasized Brad. That includes proper clean-up and storage of dirt and dust and scrap material, including sawdust.

*The compliance manual was developed with fire code experts, using the knowledge and expertise that NWPCA members already were using to prevent fires. It was not a top-down approach.*

The importance of good daily housekeeping was driven home during a survey of pallet companies that had suffered fires over decades of operation. "Fires caused by wood debris or sawdust was more prevalent than expected," said Brad. A fire can begin after a spark or burning ember comes into contact with sawdust, and slowly smoldering hours later, even after the business was closed. "Proper clean-up could have prevented these fires from starting," said Brad.

Fire code officials are going to be taking a closer look at operating conditions during their inspection. "Being proactive and establishing a positive relationship with your local/state fire marshal will, in most cases, result in a cooperative exchange of ideas and information," said Brad. Having a clean operation effectively communicates to your official that you take fire safety seriously. A fire emergency response plan should include procedures as to how to respond to a fire, how employees are trained to respond to a fire, evacuation procedures, and fire drills.

*Being proactive and establishing a positive relationship with your local/state fire marshal will, in most cases, result in a cooperative exchange of ideas and information*

Security plans are going to vary from company to company based on a number of factors, including location. "If your facility is isolated from other businesses or residences, you might have a certain level of security," observed Brad. However, if a business is located in an urban area with buildings located nearby on abutting property, the implications of a fire are much more significant, and fire officials are "probably going to want to see a higher level of security." The important thing, he added, is to document security measures.

Brad urged companies to find out what code applies to them, then invite a code or fire inspector to review the company's plant and operations, and get into compliance as quickly as possible. He also asked companies to consider being an advocate for fire safety.

He also pointed to the importance of developing a favorable relationship with code inspectors, not an adversarial one. "Most fire marshals want to work with

building owners, especially those that show a desire to operate their business in a fire safe manner," he noted. Fires at pallet companies get noticeable attention in the news media because they can be severe. Code and fire officials are aware of them, said Brad.

*Security plans are going to vary from company to company based on a number of factors, including location*

"Three years ago, the NWPCA made a long-term commitment to enhance fire code safety within the industry, and we're doing our best to educate the industry on best fire code safety practices. Following the guidelines contained in the "NWPCA Fire Code Compliance Manual" allows our industry to build safety programs that prevent fires from starting, mitigate against their spread, and protect the life safety of workers, first responders and our communities." The industry's success in improving fire safety and reducing fires "hinges on all of us coming together and working toward a common goal," said Brad. "Good stewardship of fire safety at your facility helps the entire industry." Proactively obtaining buy-in and cooperation throughout the entire industry was the single most important point Brad said he wanted to stress.



The NWPCA compliance manual is organized with a brief introduction, a guide for supervisors, examples, and an extensive appendix. The guide provides the 'meat' of what a supervisor needs to know to come into compliance.

*Nothing is more important than the safety of employees, people in the community, and first responders*

Although the NWPCA could sell the publication, it is making it available for free. It also is taking the unusual step of making it available for nonmembers -- also at no charge.

"Nothing is more important than the safety of employees, people in the community, and first responders," said Brad. "Our goal is to reduce fires in order to show the fire safety community that the industry is doing its part."

The NWPCA has a campaign and communications effort to reach nonmembers and share the manual with them through email, website promotion, social media and direct mail.

The association has received over 200 requests from the manual already. "We feel enthused about the response we're getting," said Brad.

Fire officials are monitoring the NWPCA's progress, he suggested, because the association is reporting its progress to the code community.

The NWPCA's work developing the manual was commended by the International Code Council, noted Brad.

The NWPCA has tabulated 2,000 unique website page views -- which would represent about 2,000 different individuals -- related to the manual, "which is fantastic," said Brad. "This is a great number to me. It's very promising... The industry is taking this seriously. I'm very optimistic about the initial response."

During a question-and-answer period, Brad reiterated that the biggest ignition source of fires at pallet plants is debris. "This is an area where the manual can help. There are checklists inside to download for your safety managers/plant supervisors, to start implementing right away."

A member of the audience who represented an insurance agency suggested that pallet company owners and managers get their insurance company involved in fire safety and code compliance. They will provide free services to help a company develop policies and procedures specific to their location, he said.



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## **Upcoming Events**

3/7/2018 - 3/9/2018 NWPCA Annual Leadership Conference, Fort Lauderdale, Florida. [www.palletcentral.com](http://www.palletcentral.com).

4/4/2018 - 4/5/2018 Industrial Pack 2018, Atlanta, Georgia. [www.easyfairs.com](http://www.easyfairs.com).

4/9/2018 - 4/12/2017. MODEX 2018, Atlanta, Georgia. [www.modexshow.com](http://www.modexshow.com).

9/18/2018 - 9/20/2018. INTERPAL, Minneapolis, Minnesota. [www.palletcentral.com](http://www.palletcentral.com).

# Easy Ways to Improve Productivity

Khaled Mabrouk, founder of Sustainable Productivity Solutions, discussed the evolution of industrial engineering and gave listeners four tools they could take home and easily apply in their businesses to improve productivity.

His company does a lot of consulting in the produce industry, working with growers, harvesters, and shippers. It's primary focus is increasing productivity in operations, although the company also provides services to facilitate improvement projects.

*...when employees are involved, they will take ownership of the solution, and it will stick*

"Our approach is somewhat unique," said Khaled, because it includes quite a bit of focus on the people in a business, particularly the rank-and-file employees who do the work. "You really have to include people, not just processes, when you're trying to improve productivity," he said. By contrast, many managers in the business world simply focus on a particular process or processes in order to improve productivity.

Another reason that engaging people is important in developing solutions is that when employees are involved, they will take ownership of the solution, and it will

"stick." Solutions from a top-down-driven approach will not last, he suggested.

The four principles he shares were:

**--see the process**

**--determine the root cause**

**--engage employees in solving a problem**

**--be lean and focus on zero waste**

When industrial engineering principles were introduced in the early 1900s, the focus was on scientific management, time studies of jobs and tasks, breaking jobs down into steps, and figuring out how work could be done more efficiently. However, people were essentially treated like equipment, observed Khaled. It wasn't until the 1950s that industrial engineering began to focus more on workers and understanding factors that impacted their performance and productivity.

As the profession advanced, the next phase was the study and development of production systems. Khaled singled out Japanese manufacturers. Products from Japan used to be derided as junk, he noted. "But these people made a commitment that they wanted to own manufacturing going forward after World War II," and they set about to develop more efficient manufacturing methods.

As a result, they overtook the U.S. first in the production of televisions and other electronics, and eventually the automotive industry. The latter was such a cosmic shift that U.S. automakers tried



a cosmic shift that U.S. automakers tried to emulate Japanese methods.

The next development was Six Sigma, a set of techniques and tools for process improvement. It was introduced by an engineer at Motorola in the mid-1980s. As Khaled noted, "Today Motorola is gone." The company lost billions of dollars from 2007-2009 and was split into two independent public companies.

Six Sigma also was embraced by Jack Welch, former chairman and CEO of General Electric. Welch came to believe that GE leaders "were making decisions based on the loudest voice in the room, who had the most clout," said Khaled. Welch wanted the best decisions for the business. He pushed executives to collect and use data to determine the root cause of problems instead of applying "band aid" solutions.

However, today Sigma Six is a "certificate generating machine," said Khaled, noting its value today is mainly for marketing.

The next step forward in industrial engineering was lean manufacturing principles, which focus on minimizing waste.

"Start with lean," suggested Khaled. "It goes after low-hanging fruit, and it's easy to implement." It also makes work easier for front line employees.

The latest advance in industrial

*Start with lean. It goes after low-hanging fruit, and it's easy to implement."*  
- Mabrouk

engineering is Continuous Process Improvement (CPI) culture, creating an environment in the workplace in which front line employees -- not managers in an office -- own and drive improvement efforts. "They are the ones who look at what we're doing, what can we be doing differently, and trying to figure out how to do it better," said Khaled.

CPI is "not easy to do," he added. "Not everybody reaches that. It requires a very significant change in leadership behavior."

He ended his remarks with a discussion of the four tools he wanted to share with the audience -- tools they could take home and apply in their businesses immediately.

"Be process-driven," he said. By contrast, most business leaders observe their operations after work has been completed, and they want to know how the employees did. Did they do the work right? Did they make mistakes? And they give their employees feedback.

"Go see the process when they're doing the work," said Khaled. "Watch how different people do it. Some workers are going to figure out a trick to make it go faster. You see that, and you say, 'Okay, is that something I can teach to my other people?' " Maybe it was one less movement that speeds up the task. "Think about that," he added, in the setting of workers building, repairing, or dismantling pallets all day. "It adds up."

"Being able to see a process is a skill in itself," he said, and suggested building up the "process-seeing muscle" by making observations while waiting in line for every day tasks -- in a check-out line at a store, for example, or at a doctor's office or a fast-food restaurant. "What are they doing, how are they doing it, and is it different from another?"

"Get in the habit of seeing the process when you're out there," said Khaled.

When people come together to solve problems, he noted, they try to offer solutions. "That's what they're trained to do...Shoot from the hip...Here's one solution, here's another solution. They're just throwing solutions out."

They do not spend time to learn and understand the true cause of the problem, he continued. "Most people start with solutions and just go and apply them...The reality is you should take time to understand the problem and collect a little bit of data, try to get at what is the

*"Get in the habit of seeing the process..."*

root cause of the problem," instead of the superficial cause.

"When you do that," continued Khaled, "you come up with solutions that stick long after you walk out of the room." The alternative is "solutions that are more like band aids that fall apart after a month or two."

"Have the discipline to take the time to get to the root cause of a problem...What is the process that we go through? That's the minimum...Even if you're only trying to solve a problem in one hour, use the same approach."

Using an example from his consulting experience, Khaled described a cereal manufacturing company that was forced to consider buying more storage tanks for ingredients or simply discarding them. The problem was any given bottleneck in the production process -- such as an equipment breakdown -- that would cause the accumulation of ingredients in various earlier stages of production until the bottleneck could be alleviated. The company's initial solution was: buy more storage tanks. The solution he developed was to slow down other processes as buffers before storage capacity was filled.



*When things go wrong, what the first question we ask? Who did it?" In other words, who are we going to blame?*

Most companies in North America have a "blame and shame" culture, said Khaled, not a culture focused on continuous improvement. He cited the example of a steel company executive, who, in a meeting with other company leaders, got up and stood on the table, walked over to one person, and began screaming and yelling at him. In a culture like that, he observed, employees learn not to take risks.

"When things go wrong, what's the first question we ask? Who did it?" In other words, who are we going to blame?

"When you start with a blame and shame culture...you're telling everybody: cover your butt, be careful what you tell me... You wind up not getting sufficient information from your team to make good decisions."

A business culture should be process-driven," said Khaled. Ask, "How did our processes fail?" And not, "Who did it?"

The process-driven approach will "get the whole team behind you." Employees will realize you are not going to blame

someone, and they are going to help solve the problem and move on. "They're going to be more comfortable sharing information, which will enable you to fix problems faster."

Front line employees should own the process improvement efforts, he said. They should keep track of the metrics and be looking at how to improve. "They help companies build a lean culture."

Lean is about eliminating waste, and there are six or seven kinds of waste. When work has to be re-done, that's waste. When workers move around more than necessary to do their job, that's waste. When processes are at a halt and production is stopped, that's waste.

### **Three Examples of Lean Principles**

He cited three examples of lean principles that can be implemented quickly and easily.

One is 5S, a method of organizing work space for efficiency and effectiveness. When Khaled applied it to a maintenance technicians truck and the materials and tools that kept on the truck, he discovered \$6,000 worth of items the technician didn't need. Besides reducing loss, other steps to organize the tools and materials, make the truck storage area cleaner and easier to find things, increased productivity and improved safety.

Another is visual management. Think: stop sign. Using signage, graphics, or other visual cues to improve productivity. In another example drawn from his consulting experience, Khaled described a problem at a company that sold radicchios, a cultivated form of leaf chicory. They were sorted into two grades, because the better grade radicchios fetched a better price at markets in Japan. The problem was that many of the radicchios that should have been sorted for sale to markets in Japan instead were being sold to markets in the U.S. The solution was signage located near the worker who did the sorting -- signage showing radicchios that had the quality for the Japanese markets and those that were not good enough. The worker could easily take a moment to compare the visual cues of the signage as he sorted. That simple solution more than doubled the number of radicchios the company sold to markets in Japan.

"That's what I like about lean," said Khaled. "Lean is all about simple tools."

The third example, about collecting data, was not as simple but was equally

impactful. Keep track of two types of data when it comes to repairing equipment, he

## *Lean is all about simple tools*

suggested: labor, and what parts or fluids or other materials that are used. Track the data, analyze it, and interpret it.

"You'll figure out which equipment should I keep buying, and which equipment should I stop buying," said Khaled. "You'll see the maintenance costs for both."

The data also will enable the prediction of parts or component failure. Maybe around 5,000 hours, a compressor breaks down. At 4,500 hours, you examine it for signs of failure. "That comes out of collecting the data and analyzing it and interpreting it."

He summed up his four points. Be driven by process. Collect some data to help understand a problem better. Work on developing more employee engagement. Use lean to focus on zero waste.





# The New Administration's First Year & Path Forward

Paul Kanitra, founder and president of Lobbyit.com, a Washington, D.C. lobbying firm, talked about the first year of President Donald Trump's administration and what could be expected in year two.

Paul, whose firm lobbies for the National Wooden Pallet and Container Association, set out founding his company to set it apart from other lobbyists, he said, to "take the negatives and turn them into positives." Thousands of organizations -- corporations, local governments, nonprofits -- needed a voice in Washington and couldn't afford one or thought it was too difficult to have one, he said.

"Our firm focuses on transparency and deliverables and mainly letting the stories of our client carry the day," said Paul. His firm represents about 40 clients, mostly associations and nonprofit organizations -- not billion-dollar, multinational corporations. "We find that telling the stories and standing on those merits are what really carry the day."

"We've been able to have a lot of success up on Capitol Hill by going in and talking about the players involved and talking about their involvement in the community and the effect that it could have on Main Street U.S.A.," added Paul, if over-burdensome legislation or regulations are implemented. His team's

focus is making federal lawmakers and officials aware of the potential impacts on the clients they represent.

*We find that telling the stories and standing on those merits are what really carry the day*

The Trump administration is in the news regularly, he noted. Last year was a year of fighting among Republicans and even among White House staff and advisers. Democrats are having a field day with the negative spotlight on their foes, "and it's created a lot of chaos," said Paul.

Despite all the negative media attention on Trump and Republicans, however, 2017 "was a very good year for business," he noted. A Republican president and a Republican-controlled Congress -- "That's always conducive to good business," said Paul.

Businesses are healthy. The stock market has risen and unemployment is down. So far the Trump administration has "created a great environment for business," he added. Federal agencies are focused on collaborating with the private sector, "which is always a good thing." The White House has undertaken a number of policy

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*Paul Kanitra, founder and president of Lobbyit.com*



moves to ensure that government does not impede progress by industry.

*In 2018, the single most important thing that will impact federal legislation is the fact that it is an election year*

"New regulations...essentially have ground to a halt," noted Paul, for several reasons. One is that a lot of positions at federal agencies are yet to be filled by presidential appointment because Democrats have taken the maximum amount of time for the approval process. Another reason, of course, are the policies being put into place by the White House. "Overall, there's been an aggressive pursuit to identify outdated, duplicative, and just unnecessary regulations...and then roll back these different rulemakings," said Paul. "And that's been good for business."

Obamacare, and Republican efforts and debate to scuttle the signature of former President Barack Obama, consumed much of last year's session of Congress noted Paul -- time that could have been spent productively working on other legislation. What Congress likely will be remembered for in 2017 was passage of tax reform that reduced taxes for businesses and individuals.

In 2018, the single most important thing that will impact federal legislation is the fact that it is an election year. All seats are in the House of Representatives are up for election as well as a good number in the Senate. All the action Congress takes this year will be made with an eye on the November elections, said Paul.

There already are signs the November elections may not treat Republicans very kindly. There has been infighting in the GOP, and a number of sitting members of Congress have announced their retirement. "That's going to create more competitive seats," said Paul. Some recent projections have 40 seats in the House being flipped to Democrats. "We could be looking at a drastically different 2019," said Paul. Republicans and Democrats alike will base their decisions on how they can position themselves to their constituents and the media to get elected.

One of the disheartening things about the legislative process, and for lobbyists, is the petty politics that thwarts legislation, said Paul. Democrats try to maneuver to block Republican initiatives because they don't want to hand the GOP a victory. Republicans engage in the same behavior because they don't want Democrats to get the spotlight.

When you consider the large volume of legislation that is introduced, and the few pieces that Congress passes, "The numbers are staggering," said Paul. The average bill that passes is nothing more

average bill that passes is nothing more than naming a post office, he said.

"Nothing's really ever new," said Paul. The few pieces of legislation that do pass are consent resolutions, mammoth bills that incorporate language from other, smaller bills that failed. "Often it's a really long game," he observed.

Despite the news that dominates the headlines, a lot of legislative work is done behind the scenes. It's the job of lobbyists to find out what is happening and report back to their clients and identify opportunities for engagement with federal lawmakers and officials.

February will be dominated by the federal budget, he predicted. Republicans want to avoid a government shutdown because it would be viewed unfavorably in the November elections.

Federal funding for infrastructure is going to be an important issue early this year, he predicted. Trump has promised to spend \$550 billion on infrastructure improvements, he noted, and the nation has crumbling bridges, roads, and other infrastructure that need repair or replacement. It likely will be the first major piece of legislation that Congress considers, he suggested. Other big legislative issues will be the Water Resources Development Act, the farm bill, reauthorization of the Higher Education Act, and legislation regarding the Federal Aviation Administration, which is making

a transition from ground-based radar to satellite-based as well as undertaking other improvements.

*It's the job of lobbyists to find out what is happening and report back to their clients and identify opportunities for engagement with federal lawmakers and officials*

Congress avoided a lot of worker safety issues in 2017, said Paul, in part because it was embroiled in other issues, like Obamacare. However, it likely will take up worker safety in 2018. "I expect Congress is going to work hard on directives to roll back regulations but also keep workers safe," said Paul. "That's going to be a balancing act for them."

The federal Occupational Safety and Health Administration will be issuing a strategic plan in a few months, he added, which should give some indication of what the agency's approach will be under the Trump administration. The focus probably will be more on assisting companies with compliance and fostering a more collaborative approach with business rather than relying on inspections and enforcement.

The new policies will be slow to come to fruition, suggested Paul. Some likely will be challenged in court. The U.S. is a "litigious society," he noted, and federal agencies are prone to be sued by various interest groups. "That really stymies a lot of what can be done."

There will still be some focus on Obamacare and healthcare, he said. "The threat of repeal and replace bills has been greatly diminished but are not completely off the table."

Representing the NWPCA, Paul said his firm's focus will be on legislation that is likely to pass and relationship building in order to favorably impact legislation that is likely to have an affect on the pallet industry.

The NWPCA's legislative agenda for 2018 includes workforce development, said Paul, who noted the White House has established a task force to create more apprenticeship opportunities. It is one of the more bipartisan issues facing Congress, he noted. There is a clear need for more career technical education, and there are multiple bills pending before Congress dealing with the issue. "There's a lot of opportunity," said Paul.

In addition, engaging overall will be an important component of the work that his firm does in representing the NWPCA.

Forest management also will be a big priority, particularly for Western

lawmakers, in light of major forest fires last year. Multiple bills already have been introduced, and Paul's firm is scrutinizing them and monitoring what components are likely to be advanced.

*Forest management also will be a big priority, particularly for Western lawmakers, in light of major forest fires last year.*

Although his firm ordinarily does not track legislation at the state level, Paul noted that Republican-led states likely will take their cue from the federal government and roll back regulations, while Democrat-led states probably will step in to fill in what they perceive as gaps in federal regulations and oversight.

For much of the year, Republicans will be touting the success of the tax cuts they passed in 2017 and continuing to advance business-friendly bills and regulations. Paul predicted the first six months "are going to be very fast-paced." Issues like workforce development, regulatory reform, and long term fixes to forest management will be tackled behind the scenes.

Paul offered suggestions for what individuals and their business can do to impact the legislative or regulatory process. "It is very important to



communicate your experience," he said, to members of Congress and federal regulators. He urged the audience to reach out to their elected Representative and Senator, particularly, and to communicate with them and try to establish rapport with them. And it makes no difference if their representatives are Republican or Democrat.

*It is very important to communicate your experience to members of Congress and federal regulators.*

Elected officials are always looking for opportunities to meet and mix with constituents, he noted, and to obtain favorable media coverage of visits to businesses. Those visits are an opportunity for a company to explain what it does and how it positively affects the community.

In a question and answer period, the first question posed to Paul was about immigration. "It's going to continue to be a fight," said Paul. Trump has "dug his heels in" on a lot of immigration matters, he noted, but the president also has flip-flopped on issues. "It's really tough to read the tea leaves," said Paul. Trump has learned, however, that he needs support from both Republicans and Democrats to achieve accomplishments. Another factor in the elections will be

current events and media coverage immediately prior to the elections. "People have such short memories," said Paul. Both political parties have their bases, but the independent swing voters generally are influenced at election time by the news of the day. "Whatever is dominating the news cycle at that time... that will be the biggest thing that impacts the election," he said.

The political environment -- and the upcoming election -- is quite different, according to Paul. A lot of it has to do with the rise of social media, and he noted even Trump personally uses social media like Twitter to weigh in on an issue or make a statement. People constantly check their cell phone for the latest social media updates, he noted. In addition, there has been a rise in blogs and other opinion-based content on social media.

The proliferation of social media "has caused individual voters to feel like they have their own brand," said Paul. "They create silos," insulating themselves by adding and following social media accounts based on their beliefs and 'unfriending' people with contrary views. Their social media influencers and sources of information are people with like-minded ideas and opinions.

The effect has been to create an electorate that votes based on their emotions, said Paul. In 2017, many Republicans who supported Trump didn't vote in state or local elections, and energized Democrats

vote in state or local elections, and energized Democrats made gains, picking up seats in some elections that they had not won in 20 to 30 years.

He made a comparison to how the news cycle will affect the outcome of the election. "So much of the agenda in 2018...is going to be driven by what happens in the world." Whether there is a terrorist attack, an oil shortage, an environmental catastrophe, or some other dilemma. "Congress will react because they know they have something that resonates" with their constituents.

The final question was about whether the pallet industry should establish a political action committee to donate to political candidates. There are two schools of

thoughts, said Paul. Candidates for public office will ask political action committees for campaign contributions. If a committee does not contribute to a candidate, it could generate hurt feelings, and the lawmaker may be less willing to work with them. However, Paul suggested that contributions may be in order to campaigns of influential lawmakers who chair committees or hold similar positions

His advice was, "Make sure you're not offending some lawmakers, but it is a door opener if we're being realistic."



# **Brent McClendon to Serve on the NAM's Council of Manufacturing Associations Board of Directors**

Brent McClendon, CAE, National Wooden Pallet and Container Association (NWPCA) President and CEO, has been elected to serve on the National Association of Manufacturers' (NAM) Council of Manufacturing Associations (CMA) Board of Directors.

Made up of more than 260 industry-specific manufacturing associations, the CMA is a powerful assembly of manufacturers and a vital arm of the NAM. The CMA's mission is focused on bolstering the industry's nationwide grassroots mobilization efforts and improving the competitiveness of

manufacturers in the United States. CMA members work with the NAM to unite the manufacturing community, and ultimately the broader business community, around strategies for increased manufacturing job creation, investment and innovation in America.

"I am honored to serve on the NAM's Council of Manufacturing Associations Board of Directors and am eager to work with fellow association leaders to strengthen the manufacturing army here in Washington, D.C., and across the country," said McClendon. "Manufacturing remains in the national spotlight, and we have many opportunities to continue working together to enhance manufacturers' competitiveness and create even more well-paying jobs."

"The CMA is ready to make 2018 another historic year for manufacturers," said NAM President and CEO Jay Timmons. "At a time

of disruptive change in Washington and in our industry, the role of this powerhouse alliance of manufacturing associations is more consequential than ever. Americans are eager to see even more manufacturing growth in this country, and the CMA's work is essential to achieving that goal—by mobilizing manufacturing supporters and providing associations the innovative tools needed for success in a constantly evolving political environment. I'm looking forward to working with NWPCA to secure more progress in 2018, particularly on core issues like infrastructure investment, further regulatory reforms and workforce development."

The CMA represents every part of manufacturing in the United States and places high value on the community of manufacturing association executives. To learn more about the CMA, [click here](#).



## Truck Rates Shot Up Again in December

Per-mile rates shot upwards again in December, according to monthly rates data from Truckstop.com. The number of available loads on the spot market well exceeded the number of available trucks, with that imbalance driving rates

to multi-year highs in all three major truckload segments, including flatbed, reefer and dry van. Read more at [overdriveonline.com](#).





## Further Reading

### **Propak to operate new CHEP service center in Idaho**

Propak is opening a new service center for CHEP pallets in Caldwell, Idaho, according to a news report. The facility will create around 30 new jobs at the 60,000 square foot facility. The facility will open the first week of March.

[Read more.](#)

### **Wood pallet, crating manufacturer to invest \$1.3 million, create 28 jobs at Holly Hill plant**

A manufacturer of wood pallets, skids and specialty crating is locating operations in Holly Hill, South Carolina. Charlotte-based Tree Brand Packaging Inc. announced it is investing \$1.3 million and creating 28 new jobs. Many of the jobs are expected to be above the county's average manufacturing wage of \$15 an hour.

[Read more.](#)

### **Buckeye Diamond Logistics Rebrands as BDL Supply**

Buckeye Diamond Logistics Inc., one of the nation's largest, full-service providers of pallets, packaging and custom logistics solutions, has changed its name to BDL Supply.

[Read more.](#)

## Brambles Sells CHEP Recycled to Grey Mountain Partners

Brambles has announced that it has entered into an agreement to sell the CHEP Recycled business to Grey Mountain Partners for an enterprise value of US\$115 million. The cash proceeds will be subject to final adjustments on closing for balance sheet items.

[Read more.](#)

## EPAL Records 115.8 Million EPAL Pallets Produced and Repaired in 2017

The European Pallet Association (EPAL) has announced a record result for 2017 of 115.8 million EPAL quality load carriers produced and repaired. Compared to the previous year, this is an increase of nearly 10%.



[Read more.](#)

## Grimmway Farms Partners with CHEP to Boost Sustainability and Improve Operations

When Grimmway Farms, the world's largest carrot producer, and CHEP, the global leader in pooling and supply chain management solutions, work together, the results are measurable and clear: improved sustainable practices and increased operations efficiency.

[Read more.](#)

# New Tax Changes Offer Benefits

*By Ian Liddell*

Recently we had the most radical tax plan change since 1986 . There has been a lot of media coverage focusing on the potential impact on our national debt and how it favors the wealthy at the expense of the middle class and poor. One thing can't be debated, however, is it it will free up capital to potentially reinvest for the small business owner .

Here are the key changes that will impact business owners in the pallet business:

**Section 179** - Beginning in 2018 an increase in Section 179 - same year write up goes to \$ 1 million ( \$ 500k more than before ) with a \$ 2.5 million threshold raised from 2.03 million .

**Bonus Depreciation** - The new tax law allows 100% bonus depreciation (up from 50%) for five years for qualifying personal property acquired or placed into service after September 27th, 2017. Additional 5-year depreciation is then reduced until fully eliminated in 2017. Significantly, the new tax law applies bonus depreciation to used property, not just new property.

**Lower individual income tax brackets across the board** - Many businesses in the pallet industry are taxed as sole proprietorships, partnerships, or S Corporations. This means business is passed through to the owners, who pay taxes based upon individual income tax rates. Starting in 2018, the new law lowers individual income taxes across the board. Graduated rates that apply to ordinary

income are 10%, 12% (down from 15%), 22% (down from 25%), 24% (down from 28%), 32% (down from 33%), 35 and 37% (down from 39.6%). The new law leaves the maximum tax rates on net capital gains and qualified dividends the same as before.

**Significant reduction in Corporate tax rate** - The maximum corporate tax rate is permanently lowered from 35 to 21% beginning in 2018. The corporate tax rate is transformed from a graduated system to flat rate for all income levels.

**Lowers tax rates for pass-through business income** - From 2018 to 2025, individuals receiving income from a pass through business - including sole proprietorship, S Corp or partnership - take a new Section 199A deduction.

These owners can generally deduct 20% of qualified business income defined as net amount of income gain, deduction and loss attributable to a domestic trade or business, from their taxable income. A 1099A deduction is generally limited to 50% of W-2 wages paid . Wage limitation applies only to individuals with taxable income greater than \$315,000 or \$157,500 for individuals .

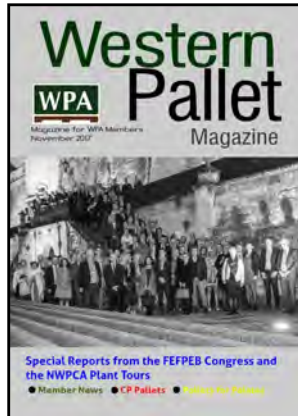
For more information, contact Ian Liddell at Summit Funding Group. Email: [iliddell@4sfg.com](mailto:iliddell@4sfg.com) or phone (513) 605-1059.





# *In case you missed them...*

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November 2017



October 2017



Sept. 2017



August 2017



Juy 2017



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