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***Interview with***

***Hilary Devey  
Founder, Chairman and CEO  
Pall-Ex Group  
PM Content  
Report on logistics & transport  
industry for distribution with The  
Daily Telegraph***

**1. Since the establishment of Pall-Ex in 1996 the company has become a key player in the logistics and transport industry positioning itself as the number one pallet distribution network in the U.K.**

**Ms. Devey as the company's founder, chairman and CEO, could you please give the 2.1 million readers of The Daily Telegraph your introduction to the establishment of Pall-Ex?**

I entered the distribution sector at a very early age, gaining a wealth of experience with Littlewood's, Tibbett and Britten, Scorpio (part of the United Carrier network) and TNT, before leaving to set up my own business.

Prior to the formation of Pall-Ex, it was impossible to transport small consignments of palletised freight quickly and cost-effectively. My inspiration (that would revolutionise distribution in this country) came to me when I overheard a chance conversation between a conventional haulier and one of his customers, who was bemoaning this fact.

I realised that I could overcome the problem by forming a network of haulage companies which would work co-operatively on a hub and spoke model. Each haulier would take responsibility for a number of postcodes, collect freight from customers each day, and trunk it to the central hub. There, the freight would be trans-shipped to the vehicle of the

member covering its destination postcode, and be delivered the next day, anywhere in the UK.

I had to tackle incredible odds, and face untold hardships when attempting to form Pall-Ex. My concept was completely new - untried and untested. Bankers refused to back my proposed venture, and I was forced to sell my house and downgrade my car to fund its start up. A very difficult decision for a single mother, used to a comfortable existence that a secure, well paid job provided. Many would have given up at this point, but I persisted, knowing that my idea simply had to work to enable me to provide security and a specialist education for my dyslexic son.

The next huge challenge was to find centrally located premises suitable for the hub. After months of abortive attempts, I managed to source an ex World War II aircraft hangar, with no running water, electricity or other facilities that we now all take for granted.

I then had to travel tens of thousands of miles, visiting conventional hauliers in an attempt to convince them that my idea would work. This was soul destroying work for a female in a sector highly dominated by sceptical males, but I managed to overcome every obstacle I encountered.

Eventually, on 29 November 1996, Pall-Ex was born, with just 29 haulage companies as its first members. On the first night of operation, just 117 pallets were distributed through the fledgling network – a stark contrast to the 10,000 pallets that are regularly distributed by Pall-Ex today!

**2. One of the cornerstones of pallet distribution networks is the cooperation existing between regional hauliers situated around a distribution hub.**

**What are some of the advantages of such cooperative ventures in terms of ensuring efficient delivery times, and competitive prices regardless of pallet sizes?**

**To what extent can the economies of scale of Pall-Ex's network contribute towards maximizing vehicle fill and reducing the transport industry's carbon footprint?**

There are very significant advantages for member hauliers and their customers too. Pall-Ex members are free to continue to operate their own businesses in a way that suits them – they choose which business is most suited to the network model – usually small consignments. The fact that members continually work on each other's behalf when delivering freight ensures that they have an ethos of quality ingrained in their very being, so delivery times are met.

Members are always aware in the first instance of their costs, enabling them to plan their businesses P and L accounts much better. There are huge savings to be made for both members and their customers because of the efficiencies of our model. Our quarter and half pallet rates are very attractive for items that are too heavy for a parcel carrier to handle.

Pall-Ex offers the most fuel and road usage efficient form of road freight transportation available today. The hub and spoke model ensures that all vehicles are used as efficiently as possible and the average fill for our vehicles is 73% compared to 51% for conventional haulage\*.

Because Pall-Ex works on the principle that the nearest haulier collects and delivers the freight, the number of miles travelled is also significantly reduced and the net effect of the pallet network operating model is estimated to take over 830 vehicles off the road every day\*.

The statistics above are taken from a 2004 Department of Transport road transport survey, but as the pallet network concept is now much more established and mature, I would anticipate that, if researched again today, they would show even further significant improvements.

### **3. In recent years the transport industry has shifted increasingly towards the containerization of freight. To what extent has this trend increased the overall utilization of pallets?**

Recognising this, Pall-Ex diversified into the handling of containerised freight some years ago, through a strategic partnership with a leading global logistics provider. We accept inbound containerised freight from all four corners of the globe on a daily basis, decant the goods, re-palletise them and distribute as required throughout the UK via our membership. We also handle the above process in reverse.

### **What does the palletised freight market represent within the transport & logistics industry in the U.K. both in terms of overall volumes and the estimated value of palletised shipments?**

Estimates vary, but by collating information from various market intelligence sources, it is reasonable to assume that nightly volumes are well in excess of 100,000, with a market value of over £1.25bn.

- 4. Over the past decade Pall-Ex has expanded its fleet of vehicles, increased warehousing facilities to over five million square feet, and broadened the number of member depots within its network.**

**What impact are these investments having in order for Pall-Ex to maximize its competitiveness in the U.K. & international market?**

Pall-Ex operates many vehicles, and is therefore not immune from the impact of the on-going fuel crisis. It is having a very serious impact on the world economy as a whole, and companies are rapidly recognising that this can be substantially mitigated by utilising an established and respected pallet network to distribute their goods. We have proven that our concept of shared resources works for hauliers, customers and the environment, too. We have found that, historically, in times of economic downturn, companies often turn to us to help them cut costs, and we have the evidence to convince them that saving money with Pall-Ex does not mean being forced to compromise on quality of service.

- 5. Pall-Ex customers & members can log on to track the status of inbound and outbound freight passing through its hub and warehouses.**

**What role have your innovations in information and tracking technology, implemented by your IT services subsidiary company, Pall-IT, had in terms of streamlining your operations and facilitating the interaction between Pall-Ex and its customers?**

Effective track and trace is business critical to our success, which is why we chose to develop our own bespoke IT system. We have been pioneers in doing so – introducing the very latest innovations in barcode scanning, offering corporate customers software that enables them to manifest their own freight and print their own labels. We were also the first network to introduce palm held computers that enable drivers to capture signatures electronically as proof of delivery. These are uploaded instantly to our website, where they can be easily viewed.

- 6. In addition to Pall-Ex's strong position domestically your company has developed a strong European network to facilitate international distribution.**

**Could you comment on how the establishment of Pall-Ex Europe provides your customers one of the broadest pan-European palletised distribution networks?**

Through our Italian operation, and our global logistics partner, we offer services that are second to none. There are scheduled departures directly from our hub each weekday, to 38 European destinations. Our service is fast, easy and very cost effective for customers, enabling them to ship any size of consignment.

**What kind of growth prospects does Pall-Ex anticipate from its international freight shipments during the next 3-5 years?**

International business is growing steadily and will continue to do so, as our members infiltrate and educate their customers. Additionally, Pall-Ex offers dedicated account management from the central hub to corporate customers, who are recognising the benefits that we can offer (see question 8 below).

The current economic downturn is also likely to present some growth opportunities, as companies look to save money on their distribution.

**7. Pall-Ex offers its clients dedicated warehousing & pallet storage solutions. What role do techniques such as *narrow aisle pallet racking* have in order to capitalise upon existing space, and ensuring the highest possible efficiency of your warehouses?**

Each customer's requirements are different, and this is a great example of where Pall-Ex really outshines its competitors. We have access to all types of storage solutions – we really can tailor make to the customer's exact needs.

**8. Apart from Pall-Ex's core business of palletised freight; your company has also established Pall-Ex Logistics to provide complete logistics services for corporate customers wishing to outsource their logistics operations.**

**Could you please comment on this aspect of your business and the logistics solutions you offer some of your major corporate clients in areas such as retail or manufacturing?**

This aspect of the business is hugely successful, and we are proud to have acquired many household names as part of our corporate customer base. Flexibility is key for this type of customer, whose demands are often high due to their commitments to their customers. Pall-Ex's fast and efficient responses to Just In Time distribution by manufacturers are exactly what they are seeking. Many are now recognising that they simply cannot afford the luxury of a dedicated fleet.

Retailers, too, are realising that Pall-Ex will work with them to achieve their requirements – no matter how difficult they may be. For instance, many major retailers entrust Pall-Ex to deliver to their High Street stores. This is no problem, as Pall-Ex vehicles are visiting every High Street in the country, every day. However, we do go the extra mile. Not only do we deliver the pallet, but we decant the goods, take them to the stockroom, then take away the pallet and packaging for recycling!

We have a centrally based Customer Services Department, with key account handlers, whose sole purpose is to service the needs of corporate customers.

Pall-Ex can offer storage and pick & pack solutions – we really do offer the ultimate in flexibility – that's why we keep our customers year on year.

**9. Pall-Ex has been particularly active in the local community by supporting initiatives to foster entrepreneurship and inspiring women in the workplace.**

**Ms. Devey, could you comment on how Pall-Ex mentors and encourages women to capitalize upon their potential through sustained professional development?**

Where do I start? As a female in a sector which is 99.9% male orientated, firstly, I don't believe that women should be treated any differently to their male counterparts – that's why we employ females in traditionally male dominated roles such as fork lift truck and LGV driving. I regularly deliver talks to industry, community and womens groups, in attempts to attract more females into logistics - and I obtain much satisfaction from doing so.

We have programmes in place with local colleges and training agencies, and encourage all of our staff to take advantage of personal development. This includes not only professional development, but also development of a social conscience – I encourage our staff to become involved in practical ways with the charities we support – for example, we have a group of staff who offer befriending services to carers, during working time.

**10. In the realm of sport Pall-Ex has also been active by hosting annual charity golf tournaments and other events.**

**How would you define some of the core values that constitute Pall-Ex's corporate citizenship to date?**

Life has been good to me, and I have always passionately believed in giving something back. So I began our charitable support in the very early days. By offering financial support, we can really help those who are far, far less fortunate than ourselves. I introduced a 'Penny a Pallet' scheme, whereby we donate one penny for each pallet we distribute. Over a year, that amounts to many thousands of pounds, most of which is donated to The Princess Royal Trust for Carers, of which I am now a Patron.

We also support a number of local charities and other good causes in our neighbourhood – we employ a lot of local people, so it's important to me.

**11. Over the past decade Pall-Ex has been consistently recognized for its corporate trajectory. Most recently it achieved the Leicestershire 2007 Business of the Year Award. That same year you were recognized by Ernst and Young as UK Entrepreneur of the Year.**

**Ms. Devey what have been some of your biggest personal and professional satisfactions during your time leading Pall-Ex?**

There is no doubt that Pall-Ex has been my lifetime's work and achievement. It gives me huge satisfaction to know that, not only have we achieved great things, but that I have also helped our 100 or so network members to do the same. I have gained most satisfaction from buying the brownfield site on which to build our hub, overseeing its build

to our exacting specifications – and perhaps best of all, being privileged to have HRH The Princess Royal perform the opening ceremony – a very moving and incredibly humbling moment for me.

Currently, I love to see how our graduate trainee scheme is helping ambitious young people to develop, grow and prosper.

**12. Finally, what would be your final message to the 2.1 million readers of the Daily Telegraph, and particularly those active in the U.K./European transport & logistics industry to consider Pall-Ex as their potential partner?**

We are The No. 1 Pallet Network for good reason – we encompass a quality ethos throughout the network. We are different - both potential Pall-Ex members and customers have my personal assurance that Pall-Ex will not let them down. I am always available if needed, and they also have the benefit of the huge expertise of my senior management team. In these days of economic uncertainty, I would urge companies who distribute their goods on pallets to talk to us. I am convinced that we can offer them service levels that are unsurpassed – as well as making substantial savings that will boost their bottom line.

I'd love to talk with anyone who may be interested in knowing more!

