

A Sidelight on Horticultural Marketing

# THE ORGANISATION OF PRODUCE CONTAINERS

by S.F.E. BUNTING

*How Littleton & Badsey Growers saves its members' money by careful control of "empties."*

Empties, Packages, Returnables, Non-returnables - call them what you will - are a headache to the Accountant's department in any business and, unfortunately, very few text books give adequate space to the problem. Yet it is one of vital importance - more especially to the dealer in English fruit and vegetables, where the container may be worth more than the contents. More than one Produce Wholesaler has had to go out of business owing to "losses incurred on empties."

The Accountant is chiefly interested in the £ s. d. aspect but the Produce Manager is more concerned as to the number and variety of appropriate empties available to him for the marketing of anticipated seasonal supplies of fruit and vegetables.

The stock of empties on any given day will be found to be in:

1. THE OWNER'S EMPTIES WAREHOUSE.
2. THE HANDS OF GROWERS.
3. THE POSSESSION OF RETAILER AND WHOLESALER CUSTOMERS.
4. TRANSIT i.e. in course of return to the owner by road or rail.

This stock may consist of Returnables (upon which a deposit is charged) and Non-returnables (the cost being included in the price of the goods to the customer). These must again be divided into the various classes and sizes of wickers, boxes, crates, flats, flower boxes, bags, nets, mats, chips, punnets, etc. Due regard must also be given to the fact that some of these containers may be the property of other wholesalers or growers, bearing their brand and deposit charge.

Such records as may be kept should comply with the requirements both of the Accountant and Produce Manager. An "ideal" system is necessary to satisfy both - but although an accurate system showing both numbers and money values in the categories (a) to (c) is possible, is it worth the clerical labour involved? In our case, No! It is too expensive to gratify the Book-keeper's love of figures balanced to a penny.

Whatever adaptations may be made to suit the needs of any particular business, there are three essentials to any system:

- (1) The basic facts, or "primary" entries, must be absolutely correct as regards date, name and correct initials, classification of empty and quantity. These entries MUST be someone's definite responsibility.
- (2) Basic details should be made available in such a form that any desired information, not part of the regular routine, can be compiled from them at any time.
- (3) The system must "stand up" to seasonal rushes.

Consideration will now be given to the system in use by Littleton & Badsey Growers Ltd. under the four headings previously mentioned. This method has evolved over a period of years; others have been tried and found wanting. This one will, of course, be modified to suit new circumstances as they arise.

## Empties Warehouse Daily Sheets

The Empties Storekeeper is responsible for keeping these records for which loose sheets 23 in. by 18½ in. with ½ in. ruled columns are used. Separate sheets are used for “INWARDS” and “OUTWARDS” movements. The class and/or size of Empty is shown at the heads of the columns, these headings being hand written. Why written and not printed? Because the total varieties and sizes are too many for one sheet and headings may be varied according to seasonal requirements. These are totalled daily and the totals transferred to a WEEKLY summary sheet, showing opening and closing stocks.

This “paper” stock is checked with the physical stock weekly.

The “Inwards” sheet shows the name of the grower, merchant, or supplier, from whom the empties are supposed to originate; notes are added to indicate whether brought in by rail, haulier, own transport, etc. These notes are found to be extremely useful in tracing discrepancies, of which there are many under present transport conditions. This “Inwards” sheet will be referred to later as it provides “primary” entries for returns from merchants, although not necessarily from growers.

The “outwards” sheet gives similar details.

### Growers : Empties “Outwards”

When a grower takes over empties presumably to be filled with produce and marketed through the Society, he receives an EMPTIES ISSUE (DEBIT) NOTE, the duplicate being retained in the office. Having these duplicates loose speeds up later procedure since they can be sorted into alphabetical or numerical order for daily or weekly use. Provision is made on the Issue Note for the date; Grower's name and address; his Sending Number (if a member it is his membership number; if a non-member a code number allotted to him); description and number of empties supplied; individual deposit charges and the grand total in £ s. d. If sent by road transport, the name of the holding to which the empties are delivered is shown - many of our members have more than one holding. The issuing storeman initials the note and, where possible, a signature is obtained from the grower concerned.

### Growers : Empties “Inwards”

Empties may be returned by the grower in two different ways (1) empty, being surplus to current requirements, or (2) filled with produce to be marketed by the Society.

Those coming under the first category are entered on CREDIT NOTES similar to the Debit Notes but printed in red.

It will be observed that these Debit and Credit notes can be checked, if found necessary, with the Store Keeper's Daily list.

Empties coming in filled with produce do not pass through the Empties Warehouse records. Every consignment of produce received MUST be accompanied by a consignment note - we call them “White Notes” - and this note shows the date, sender's number, particulars of empties used, class and weights of produce, and any particular instructions concerning them. Should the grower not have made out a White Note, then the Produce Office staff must do so. This document is of the utmost importance, since it is a “primary” entry both for the grower's Produce account and Empties account, although in this article we are concerned with the latter only.

We have now the three “primary” records of the grower's empties. These are now transferred by the Empties Clerk to the GROWER'S WEEKLY EMPTIES ACCOUNT; this has printed columnar headings with some blanks for odd varieties as they crop up. These weekly accounts are in pad form, in duplicate; the original is torn off and sent to the grower with his Produce cheque; the duplicate is retained on the pad - a pad for each grower. The balance is added to, or deducted from, the amount due to the grower for his produce, as the case may be. Should he be in debt one week, the balance is carried forward to the following week.

This practice of making a deposit charge on Empties to growers is of definite advantage to the Society. Empties lost, used for firewood, sent to friends and other merchants, all have to be paid for. The grower is out of pocket if he is carrying an unnecessary stock of containers hence he returns them to regain his deposit and the Society is able to put them into more profitable circulation - often after they have passed through the repair shop. Member-growers themselves realise what the other fellow used to do with the Society's chips and cotton liners and have readily fallen in with the idea.

The critic may by now have discovered that the grower's WEEKLY EMPTIES account does not show the number of empties he has on hand. We do not endeavour to give that information on that document because of the time factor. An extra clerk would have to be engaged to work out these figures each week in time for the grower to be paid weekly. This information can be assembled from the grower's pad at any time the grower needs it - most of them can now work it out as easily as our own staff! However, the information is collated during slack periods and a schedule made available for the annual stock-taking; for that purpose the outstandings are valued at cost less depreciation and the necessary adjustments made between that figure and deposit values.

### Customers : Empties “Outwards”

Where the empties are non-returnable - e.g. Chips for Plums - the charge for the package is included in the Goods and hence may be ignored.

Periodically a cash value is transferred from the Empties Nominal Ledger account to the Produce account to offset this. This figure is easily ascertained from the Produce invoice duplicates without any elaborate records.

Returnables, however, are debited to customers at the same deposit charges as for growers (and, incidentally, credited at the same figure). Hence the “cash” book-keeping is quite simple, the duplicate invoice being the “primary” entry. Some firms have separate Goods and Empties Ledger accounts for each customer; some use a columnar system, i.e. Produce, Empties and Total. We keep one account only in the Sales Ledger, but when posting invoices the book-keeper uses discretion - or rather experience - as to what information is entered in the narrative column.

This apparently unorthodox way of dealing with customers' outwards empties will be referred to again when some consideration has been given to the “inwards” problem.

### Customers : “Inwards” or Returns

As previously indicated, the Warehouse Daily Inwards Sheet is the primary entry for returns from customers. In practice we keep a kind of Journal of which an illustration is given, with typical entries.

#### EMPTIES JOURNAL

<i>Name</i>	<i>Advised by Senders</i>		<i>Received</i>		<i>Transport</i>	<i>Credit Note</i>
	<i>Date</i>	<i>Kind</i>	<i>Date</i>	<i>Kind</i>		
A.B. & Co.	8.9.50	12 Flats LBG 10 Pot Crates	12.9.50	12 Flats 10 Pot Crates	L.M.S.	E.2986
C.D. Ltd.	8.9.50	8 Fl. Boxes 150 H Boxes	9.9.50	8 Fl. Boxes	G.W.R.	
			10.9.50	100 H Boxes 30 H Boxes		
			11.9.50	25 B.Boxes ?	G.W.R.	

Every entry should rule off, as the first - in theory!

In the second, the senders will have to be notified of the shortage and asked to put in a claim on the carriers. The missing empties will then miraculously turn up, the entry can be completed, and credit passed for the whole consignment. It is impossible to lay down a hard and fast rule as to passing credit notes for part consignments. In some we do - in others we do not. As unorthodox as the Ledger entries themselves but "Experience do attain to something like prophetic strain."

In the third entry, if the carriers know the sender, then he must be asked to confirm the types and numbers. If unknown, the poor Empties clerk must wait until an irate customer who has not sent an advice demands his credit note in no uncertain terms.

The reader will have observed that the "Received" column is compiled from the Warehouse Daily Inwards sheet.

As in the case of the growers' records, it will be seen that no record has been kept bringing down balances of empties in the hands of merchants and wholesale customers. This information is sorted out in a separate book, the debits being entered from the duplicate invoices and the credits from the duplicate credit notes. If necessary, the balance is agreed with the wholesaler concerned.

## In Transit

From the stock-keeping point of view, these are in the hands of customers until actually received into warehouse. But this information is of use to the Produce Manager as some indication as to when the warehouse stocks may be supplemented.