

British Beer and Pub Association

**TECHNICAL
CIRCULAR**

No. 418

(Version 3)

**KEG AND CASK SUPPLY CHAIN
BEST PRACTICE: ALL STAKEHOLDERS**

ISSUE DATE: January 2017
(version 1 issued 9th July 2007)
(version 2 issued 26th April 2010)
(version 3 issued 27th January 2017)

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**KEG AND CASK SUPPLY CHAIN
BEST PRACTICE : ALL STAKEHOLDERS**

This Technical Circular is an update of version 2 of TC418 and defines protocols by which companies can work together in the supply chain in order to reduce container losses. It is essential that these protocols (marked in red italics) are adopted throughout the Industry to ensure efficient collaboration between companies to ensure the timely return of containers to their owners.

The Technical Circular also sets out best practice measures which are not essential for joint working, but which companies should work towards to improve their own performance. A means of gauging progress towards best practice is provided.

This Circular captures protocols and best practice measures relevant to wholesalers, distributors, multiple retailers and individual outlets. A checklist has been produced for each group of stakeholders detailing the key actions required.

It is estimated that the cost of kegs and casks required to replace losses and cover increased cycle time is around £40 million/annum. In order to reduce this unsustainable cost on business, the BBPA's Returnable Asset Management Panel (RAMP) were tasked with developing a Code of Practice on Keg and Cask Supply Chain Best Practice.

TC418, aimed at all suppliers and their distributors, was agreed in 2007. Best practice for multiple retailers, wholesalers, and retail outlets has further evolved since. This Circular consolidates all this into a single document to allow all stakeholders to understand their roles and responsibilities in terms of container management best practice and how these roles interact across the entire supply chain. Summary documents facilitate identification of individual actions and responsibilities for each stakeholder. RAMP has endorsed the contents of the Code set out below and agreed that implementation of the protocols is essential to facilitate joint-working and the efficient return of containers to their owners.

In addition to the essential protocols, the Code also provides guidance on best practice to improve the efficient management of containers by companies. Achieving and maintaining Best Practice status involves ongoing input and cultural change; companies should continue to undertake self-assessment to ensure that operational standards are maintained.

A Tighe
Policy Director

Code of Practice
KEG AND CASK SUPPLY CHAIN
BEST PRACTICE: ALL STAKEHOLDERS

1. Introduction

This document has been produced to assist companies and individuals to improve the control of returnable containers within the extended supply chain. It defines the protocols for working together as partners, necessary for success and efficiency, in this supply chain. It is a reference document defining best practice and against which measurement can take place to determine a position on this best practice scale. It is intended to apply to, and be used by, Wholesalers (Brewers, Resellers, Brand owners etc.), Distributors, Multiple Retailers (both managed and tenanted operators) and Retailers. These terms are more fully defined as follows:

Wholesaler: This relates to an entity that both receives product from a supply source and makes supply to another customer. There are 2 types of wholesaler:

- a) Brewer Wholesaler - The supply source is either its own production facility or a third party supplier and the customers may be other Brewer Wholesalers (for resale), Trade Wholesalers (for resale) or retailers (for dispense).
- b) Trade Wholesaler – The main supply source is Brewer Wholesalers although supplies may be received from other Trade Wholesalers. Customers will normally be Retailers (for dispense) or other Trade Wholesalers (for resale).

Distributor: This relates to those who handle large pack containers on behalf of wholesalers and who make physical deliveries to other wholesalers and retailers. In the case of most Trade Wholesalers this will be carried out by its own in house workforce. Several Brewer Wholesalers and a number of Multiple Retailers have established contracts with third party specialists to fulfil this part of the supply chain. In both instances wholesalers should ensure that the Distributor requirements of best practice are met, either directly or contractually.

Retailer: An end user of the product. A party who dispenses beer and converts the full container into an empty container for return.

Multiple Retailer: An entity owning several retailer outlets. A multiple retailer may contract out elements of its own supply chain e.g. order capture, physical distribution etc. It may not even handle the product at all. It must however ensure that its supply chain, and in particular its retail outlets conform to best practice standards.

Container Owner: The method of acquiring containers for filling and supplying wholesalers and retailers is becoming more diverse and complex. Current methods of acquisition include:

- Purchase and own as an asset
- Lease dedicated containers (no asset)
- Rent dedicated containers (no asset)

In the options above the Brewer Wholesaler is generally ultimately responsible, either directly or indirectly, for the recovery of the containers for refilling and the financial impact of any loss.

There are a further two options to obtain containers for filling. These are often referred to as 'one trip rentals'. In these circumstances the Brewer Wholesaler rents a container and delivers it to its customer. The renter then advises the container owner of its destination and the container owner assumes responsibility for collection of the container when empty. In the first instance the containers may be restricted to delivery to other wholesalers only, whilst in the second, it is possible to use the container for delivery to any type of customer – wholesaler or retailer.

A Brewer Wholesaler may use one or more acquisition method.

For the purposes of this document references to a container owner relate to the organisation having the container as a fiscal asset in their balance sheet. Whilst they may be able to pass on the costs of losses to lessees and renters, it is they that must ensure a container is properly identified not only as their asset but also to indicate the organisation to whom the container must be returned.

The filling Brewer Wholesaler is responsible for ensuring that the containers being filled are correctly marked and appropriate for use by them.

Foreign Container: Where the term foreign container is used it relates to a container owned by another container owner. For containers that are present in the UK but which are owned by non UK organisations the term **Non UK Container** is used.

Where a Wholesaler acts as a distributor of products supplied from outside of the UK in Non UK Containers the wholesaler is required to record details of those containers on the container master database (see 3.5 below). This enables anyone handling these containers to direct them to the correct Wholesaler for repatriation to the owner outside of the UK.

In the text below specific key areas for each party have been highlighted. As noted above a wholesaler may also be a distributor and therefore multiple sections of the best practice procedures and protocols below may apply to a single entity. In the following text the term **supplier** is used to refer that part of a wholesaler's activity concerned with the supply of product. Similarly the term **customer** is used to refer to the activity of either a wholesaler or retailer concerned with the purchase and receipt of product.

Many Multiple Retailers (MRs) have their own order capture facilities with orders subsequently being passed to a contract distributor. The contract

distributor will in turn then order product from the wholesaler. The protocol below assumes that the 'customers' of the MR will be retail outlets actually dispensing the beer (i.e. retailers and not wholesalers reselling the beer in container). This document encompasses the order capture process and the requirements that the distributor must fulfil on behalf of the MR and which therefore should be included in the contractual standards set between the parties. The responsibilities of the MR identified below may actually become the contractual responsibility of the Distributor dependent upon the terms of the contract and the services to be provided.

To be successful wholesalers need to continue to promote container best practice with their customers, in particular retailers, to ensure a full understanding of what is required to fulfil best practice requirements e.g. prompt and correct return, secure storage etc.

Whilst acknowledging that organisations will have differing capabilities, both in terms of processes and systems, it is imperative that the protocols defined in this document are observed in order to ensure an efficient and collaborative method of working within the industry to the mutual benefit of all participants. All parties should also work towards achieving best practice status to maximise the performance of containers within the supply chain and minimise the risks of misappropriation.

The protocols that need to be observed are highlighted in *red italics* in the text below. Observation of these protocols will ensure that containers are not unduly delayed within the supply chain and returned to the owner in a prompt manner.

Some smaller Brewer Wholesalers who are members of SIBA (Society of Independent Brewers) make less frequent direct deliveries to their customers. Consequently their containers are at risk of being uplifted by other wholesalers or distributors and entering a supply chain which increases the cost of return and potentially the time taken for that return to be effected. In order to mitigate this risk SIBA provide members with orange stickers to be applied to containers for which they are directly responsible for delivery and uplift. These orange stickered containers are included in the protocol to assist in the protection of these small wholesalers' containers.

2. Objective

The objective of defining best practice and industry ways of working is to:

- Significantly improve the control of containers in trade and within the supply chain
- Significantly reduce the risk of misappropriation
- Improve the speed and efficiency of containers moving through the supply chain, particularly when empty
- Clarify the responsibilities of participants in the large pack container supply chain

In order to achieve the objectives the supply chain has been broken down into a number of components, however these should not be considered as discrete areas as they overlap in a number of ways.

The component parts are as follows:

- Order processing
- Retail outlet delivery
- Return to depot
- Container sorting
- Container repatriation
- Creating & managing a container database.

3. Best Practice

3.1 Order Processing

Objective:

To understand the balance of containers at a **wholesaler** or **retailer** and ensure that provision is made for the uplift of all available empty containers as promptly as possible.

This enables the identification of possible areas of container loss and maintains a prompt turnaround of the container and return for refilling.

Process:

- 3.1.1 Estimate the number of containers available for uplift prior to order placement. Wholesaler

If orders are being placed electronically provision should be made for this data to be captured in the electronic message or data transmission. In situations where no order is received (e.g. vendor managed orders) the **wholesaler** making the supply should estimate the number of uplifts based on previous history and ensure sufficient uplift capacity is available. Wholesaler / MR

- 3.1.2 Maintain balance of containers held by customer. Wholesaler / MR

In order to discuss empty containers with the **wholesaler** or **retailer** during the order capture process the container balance needs to be available to the sales operator. The balance should be reviewed as being a representative quantity in line with the normal orders placed by the customer. It should then be validated with the customer. Discrepancies should be noted together with any reasons given. (NB this extends to those customers placing electronic orders; any adverse balance should be investigated with the customer).

Systems must allow the MR to have access to outlet balance information in either electronic or report format. For MRs a weekly exceptions report showing outlets with negative balances should be reviewed. MR

In addition to the absolute balance the 'balance trend' should also be reviewed and validated with the customer. The rationale for increasing balances (positive and negative) should be recorded.

At the start of balance monitoring it is necessary to set the initial balance which will then be updated by deliveries and returns. This may either be set to zero (as the trend from this point can be monitored) or a figure agreed between the customer and the wholesaler.

Wholesaler
/ MR

In circumstances where no contact is made directly with the customer (e.g. EDI, vendor managed inventory) a container balance should still be maintained based on deliveries in and returns received back. NB when reviewing balance figures for potential escalation (3.1.5 below) any 'in transit' returns should be considered, particularly where there is a considerable delay between order delivery and empties being unloaded. Where deliveries are made to a distributor on behalf of several customers and the returns are aggregated then, as a minimum standard, a balance with the distributor should be maintained.

- 3.1.3 The order taker should confirm the approximate number of empties for uplift and enter this alongside the order information. This allows the load planning function to ensure there is sufficient vehicle space to uplift the empties or arrange for another vehicle to attend to collect any surplus.
There should also be a systemised record of any empty containers outstanding from previous deliveries.

Wholesaler
/ MR

Distributor

- 3.1.4 The 'balance of containers' should also be printed on the delivery note accompanying the delivery (and on the subsequent invoice).

Wholesaler
/Distributor

- 3.1.5 There should be a process for escalation within the wholesaler organisation to a person(s) responsible for following up any abnormal balances for which there is no satisfactory explanation. An action log detailing the contact and agreed actions should be maintained.

Wholesaler
/ MR

- 3.1.6 The customer will promptly advise a supplier of any excess empties.

Customer

A process for managing requests from customers for the collection of excess empties will exist; the request needs to be logged and the collection arranged and effected within 5 working days. The performance against this criterion should be actively managed.

Wholesaler
/ MR

The reasons for customer initiated requests for empties uplift should be reviewed to ensure integrity and robustness of collection procedures.

Wholesaler
/ MR

- 3.1.7 *Accounts that are no longer trading with the supplier e.g. All closed accounts, seasonal accounts or those who have not placed an order for four weeks, should be contacted by telesales and arrangements made to collect the balance of empty containers. Empties must not be left until the account restarts trading or until Kegwatch or any other repatriation organisation is called upon to collect. Where possible customers will advise their suppliers of the last trading date and follow up with a request to collect all outstanding containers.*

3.2 Outlet Delivery

Objective:

The efficient and timely uplift of all empty containers together with the accurate recording of empties uplifted and any other related information.

Process:

- 3.2.1 *Under no circumstance should containers, full or empty, be left unsecured in any area to which unauthorised persons may have access.* Customer
The customer is responsible for ensuring the security of empty containers.
- 3.2.2 Where empties are being uplifted separately to a delivery of full goods the customer must ensure the integrity of the person requesting the empty containers to ensure themselves that they are bone fide employees or agents of the supplier. If necessary identification should be requested for inspection or the supplier contacted to validate the credentials of the person requesting the empties at the outlet. Customer
- 3.2.3 Crews will be specifically trained with regard to the requirements in relation to the uplift of empty containers and the relevant parts of this best practice document. The attitudes of all relevant employees need to reflect the monetary value of containers whether full or empty. Wholesaler / MR / Distributor
Information on container management should be included in regular briefs to delivery staff.

- 3.2.4 Prior to delivery the crews should be made aware of any specific or special customer requirements in order that the necessary steps can be taken to ensure that these are satisfactorily fulfilled. Wholesaler / MR / Distributor
- 3.2.5 The customer, in conjunction with the delivery crew, should identify all appropriate containers for uplift. *The supplier / distributor is responsible for uplifting all containers previously delivered by them.* Customer / Wholesaler /Distributor
- 3.2.6 *The operational protocol is that the supplier of the container will also uplift the container. However it is imperative that containers are not unduly put at risk and therefore any container perceived to be at risk should be uplifted for subsequent repatriation. In addition any 'stranded' containers should also be uplifted. A stranded container is one that has no orange SIBA sticker and that has not been uplifted within one month of the expiry of its best before date.* Wholesaler /Distributor
- In cases where orders placed are more than 4 weeks apart arrangements must be made to collect empty containers between orders i.e. no containers should be left with the customer for more than 4 weeks.*
- 3.2.7 *Containers with SIBA orange stickers should not be collected and SIBA members will only put orange stickers on containers that they own and arrange for them to be collected. SIBA members must ensure that they uplift containers within 4 weeks of delivery.* SIBA
- 3.2.8 The crew should accurately count the number of empty containers by size being uplifted and record these on the delivery note. The number of empties uplifted should be broadly in line with that advised by the customer at the point of order capture (recorded on the delivery documentation) – any significant variation should be followed up with the customer. Care should be taken to ensure that container sizes are noted correctly and that the entry on the delivery note is clearly legible to allow subsequent accurate entry for post-delivery confirmation. Wholesaler /Distributor
- 3.2.9 The customer should sign the delivery note for both the full goods delivered and the empties uplifted and should clearly understand the importance of the accuracy of empties information in relation to the terms and conditions of sale. If for any reason all of the containers available for uplift cannot be taken then this Customer Distributor

must be clearly annotated on the delivery note for review at crew debrief.

The document should allow for the customer to specifically sign for the returns in addition to the fulls delivered. Wholesaler /Distributor

3.2.10 Each outlet should be visited at least twice yearly by a company representative who will validate the container balance and the security of the area used for the storage of containers. Wholesaler / MR

3.2.11 *Where the supply arrangements change from one supplier / distributor to another, the incoming distributor will be responsible for the uplift of all outstanding empties relating to supply by the outgoing distributor. The outgoing distributor is responsible for ensuring that all available empties are cleared at the final delivery.* Wholesaler /Distributor

3.2.12 For deliveries made when the customer is not present, signed permission must be obtained in the form of an agreement for authorisation to uplift empties in their absence. This equally applies to Primary deliveries into a distributor where trailers may be pre prepared with empties e.g. 'drop trailer'. Customer / Wholesaler /Distributor

3.3 Return to Depot

Objective:

The validation and accurate recording of empty container information. The gathering and escalation of information relating to the container supply chain.

Process:

3.3.1 Gross container numbers from each load should be validated enabling the load totals to be checked against individual note totals either routinely or on a random basis. Wholesaler /Distributor

3.3.2 A structured delivery crew debrief process is required that incorporates the key empty container intelligence outlined above, together with all other debrief information relating to the whole delivery / uplift process & vehicle performance management. On return to the depot this debrief process should include the checking of delivery documentation for Wholesaler /Distributor

clear completion of the empty returns section of the delivery note and ensure that the notes have been correctly signed by the customer.

All notes that show that empties have been left at an outlet should be recorded and escalated to ensure that the customer is contacted and the uplift rescheduled.

The debrief process should also collate any intelligence gathered by the crew such as accounts with inadequate or insecure storage. Details of such accounts should be escalated to the appropriate account manager.

In circumstances where the driver returning with the empties may not be the same as the driver delivering the order e.g. third party primary delivery then an alternative debrief process should be implemented. This may, for example, take the form of a telephone debrief immediately post-delivery / uplift or a written debrief report which returns with the completed paperwork.

- 3.3.3 The number of empty containers on a returning vehicle should be validated against the total recorded on the delivery documents and any discrepancies investigated with the crew / driver. This can be done on a random basis with a percentage of the total loads (e.g. 20%) being completed each day.

Wholesaler
/Distributor

Ideally systems should be designed to allow the validation of the input of return container details e.g. input load total and let system reconcile to total of individual delivery notes on load. If this is not possible then a random audit of the accuracy of post-delivery confirmation should take place.

- 3.3.4 Details of containers uplifted should be carried forward for inclusion on relevant invoices or performance management documentation to be discussed with the customer. This will heighten awareness with the customer and allow them to review their returns.

Wholesaler
/ MR

3.4 Container Sorting & Repatriation

Objective:

The efficient sorting of containers such that they can be repatriated to their owners in a timely manner.

Process:

- 3.4.1 Implement Spa Trak (an internet based system provided by Kegwatch) at all relevant sites to record details of foreign containers available for collection (it is not necessary to enter details of containers normally collected as part of a normal supply agreement although it may provide, by agreement, the communication protocol for advising of empties to be uplifted). Wholesaler
/Distributor

Introduce procedures for daily sorting of all containers and timely input into Spa Trak as appropriate by trained personnel.

Ensure all staff handling empty containers are trained in sortation and storage requirements

- 3.4.2 Unsorted containers must not be allowed to accumulate in wholesalers or distributors' premises as this can have a significant impact on cycle time. Wholesaler
/Distributor

The protocol requires that the company (wholesaler or distributor) in possession of containers (the possessor) to sort all containers by container owner, stack safely using the correct pallets / locator boards and notify the container owner of their whereabouts. This will be done promptly and at the expense of the possessor. The possessor will request additional pallets / locator boards from the appropriate Wholesaler when there are insufficient available.

Details of container owners, how containers should be stacked, correct pallet / locator board to be used and which containers may be aggregated together are contained on the Container Master Database accessed via the internet (see 3.5 below).

- 3.4.3 *Where the possessor has a normal trading relationship with the owner of the containers, the containers should be sorted and collected as part of the normal delivery cycle. The owner / supplier will be advised by the* Wholesaler
/Distributor

possessor (customer) how many containers are available for collection at the point at which an order is placed. The supplier will then ensure that capacity is available to uplift all the available empties, agreeing with the customer in advance where this may not be possible. Any issues regarding the sorting, availability and collection of empties between trading partners will be resolved as part of the normal trading relationship. Where the possessor does not have a normal trading relationship with the container owner, details of the containers that have been uplifted by the possessor and sorted should be entered onto Spa Trak to alert the container owner of their whereabouts. The possessor should contact the relevant owner of any pallets / locator boards that require uplifted.

- 3.4.4 *Once alerted to the whereabouts of the containers the owners should make arrangements for their repatriation as soon as possible and at their own expense.* Container Owner
- 3.4.5 *The following define the best practice operations requirements for the sorting of all containers and the minimum standards to be achieved:* Wholesaler /Distributor
- All foreign containers to be sorted within 24 hours of receipt at wholesalers or distributor's yards.*
 - All containers belonging to non-regular suppliers to be entered onto Spa Trak within 24 hours of sortation. (Minimum initial standard – entered once a week).*
 - Container owners to arrange collection within 21 days of containers being entered onto Spa Trak.*
 - The possessor to arrange collection by Kegwatch on day 30 after entry onto Spa Trak if not collected by owner.*
 - All entries onto Spa Trak to be made by possessor who is responsible for accuracy of Spa Trak for their yard.*

3.5 Container Master Database

Objective:

Provide a central database to act as a reference point to provide interested parties with sufficient information to sort containers (including those from outside the UK) accurately, stack them safely and return them to the correct owner.
To provide a register of container identification marks.

Process:

- 3.5.1 The BBPA, in conjunction with SIBA, will host a database of container information. The database accessed via the internet and will have links (for enquiries only) from a number of related sites.
- BBPA /
SIBA /
Container
Owner /
Wholesaler
- Container owners are required to set up and maintain details of containers and associated pallets / locator boards that they own.*
- Wholesalers are required to set up and maintain details of Non UK Containers for which they act as the sole UK distributor.*
- Extensive search facilities are provided to allow users to correctly identify containers and match them with the correct associated pallets / boards. Information includes:
- Owner's name & address
 - Return address(es)
 - Contact details
 - Previous owner (if applicable)
 - Colour band (up to 3 bands)
 - Markings (serial number, etc.)
 - Height
 - A photograph
 - Pallet / Locator board
 - Associated kegs (others owned by the owner)
 - Comments

3.6 Benchmarking

The attached spreadsheet is provided as a self-administered benchmarking exercise. The document allows the user to record an appropriate answer and when fully completed generates an index number.



Supplier BP template



Multiple Retailer BP
template

4. Appendices

4.1 Checklists

4.1.1 CONTAINER OWNER

- **Unique identification:**
 - Establish unique markings for container (refer to container database)
 - Register markings on container database and maintain to ensure up to date
- **Marking:**
 - Physically mark containers with unique ID to allow easy identification for return

4.1.2 WHOLESALER (BREWER & TRADE)

- **Container balance:**
 - Maintain container balance with customer – fulls delivered minus empties uplifted
 - Monitor trends – investigate growing or decreasing balances
- **Collection:**
 - Provide resource to ensure collection of all empties promptly (next delivery or within 4 weeks of last delivery)
 - Monitor collection performance of empties (inc. third party distributors performance)
 - Uplift 'at risk' and 'stranded' containers except for those marked with a SIBA orange sticker
- **Closed & Lost accounts:**
 - Operate account procedure to collect all empty containers from accounts that are lost or become closed
- **SIBA Member Wholesalers - Orange Stickers:**
 - Attach SIBA Orange Stickers to all containers delivered directly to and collected from Retailer premises
 - Collect Orange Stickered containers within collection guidelines at all times (within 4 weeks of delivery)
- **Storage:**
 - Containers sorted by owner, correctly palletised, and where appropriate details entered onto Spa Trak

4.1.3 DISTRIBUTOR

- **Timely collection:**
 - All appropriate empties - next delivery or within 4 weeks maximum of last delivery
 - All containers, except for SIBA orange stickered, whose BBD expired at least 1 month prior ('stranded')
- **Handling & Return:**
 - Sort empties by owner / supplier using correct boards & pallets
 - Store empty containers securely
 - Return promptly; liaise with suppliers, container owners and Kegwatch
 - Ensure return by an authorised agent
- **Information:**
 - Crew debrief procedure to identify container hot spots and gather intelligence
 - Pick up empties from lost / closed accounts
 - Provide 'hotline' number for the reporting of excess empties
 - Update Spa Trak as appropriate in a timely manner

4.1.4 RETAILER

- **Ownership:**
 - Containers must be returned to Owner or Wholesaler - ownership of container never transfers
 - Containers cannot be sold or disposed of
- **Storage:**
 - Store empty containers securely to eliminate risk of theft
- **Return:**
 - Return promptly ensuring collector is properly authorised
 - Request uplift of any Keg Star containers
- **Excess empties:**
 - Request supplier to arrange uplift any excess empties
 - Report non collection of empties promptly
 - Request collection of empties on change of supplier or closure
 - Escalate any collection to Kegwatch on 0808 100 1945

4.1.5 MULTIPLE RETAILER

- **Container balance:**
 - Obtain number of containers for uplift from customer and pass to supplier / distributor to enable planning of empties uplift
 - Maintain container balance with outlet (if possible) and investigate growing or decreasing balances
- **Closed accounts:**
 - Notify suppliers / distributors of closing accounts prior to closure enabling empties to be recovered
- **Promote outlet best practice**