

Koch Quarterly

Q1 2019



A logistics periodical from people who love logistics.

Pronounced "Cook" Quarterly

SMARTER SUPPLY CHAIN CONNECTIONS

Join us as we celebrate **25 years** in business at Koch Logistics!

KOCH'S CORNER

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CAN WE JUST LET THE ROBOT DO IT?

THE FINE LINE BETWEEN AUTOMATION AND GOOD SERVICE IN LOGISTICS

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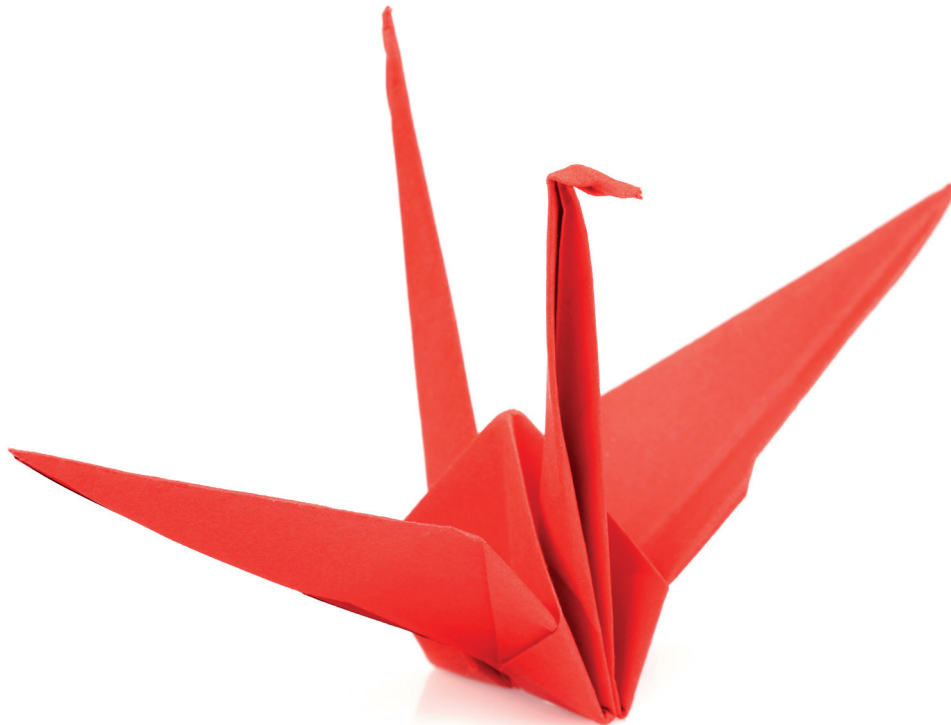
INTERMODAL CONTAINERS 101

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No worries, we can work with that.



(your supply chain)



Successfully de-crumpling supply chains for over 25 years.



www.kochlogistics.com • connections@kochlogistics.com • 800 331 9412

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Koch Quarterly is a publication of Koch Logistics. It is a collaborative effort featuring the input of our team of Directors with over 100 years combined experience in Logistics Management.

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What's in a name?

Koch Logistics is a division of Stan Koch and Sons Trucking, founded by Stan Koch in 1978. Koch Logistics was formed in 1992, and is a privately held, family owned business, with 2018 marking our 25th anniversary!

Over the last 25 years we have developed a stellar reputation for second-to-none customer service, and the ability to handle

the most complex logistics, with a core competency in Retail Store projects and long term partnerships with businesses of all sizes.

Usually, the first question we get is in regard to our name. Simply put, our name is pronounced "cook." So the next time you see a Koch truck on the road- think "now we're cookin'!"

Intermodal Containers 101

Ask anyone in the transportation industry and most would agree that not all freight is the same. This poses an interesting problem in an industry that is heavily regulated and built on a system of standards; for weight, size, safety and more. The question then becomes, how do we work with unique "square-peg" freight to fit "round-hole" shipping modes?

The solution is surprisingly simple – standardization! At first one may think; how does that make any sense? I have freight that won't fit in a perfect cubed box, or on a 48x40 pallet? If my freight will not fit, how can it ship? That is where **Intermodal** containers come in. Modern shipping containers now offer a variety of configurations that are suitable for the transport of just about anything. Designed to be moved by ship, rail or truck, these containers can be categorized into 4 main groups: **Standard, Refrigerated, Tank, and Specialty.**

Standard Containers: These containers are best utilized for general cargo, standard-sized and otherwise. There are a few variations in the size of these containers, however they are most commonly available in 20- and 40-foot lengths.

Refrigerated Containers (Temperature-controlled): Refrigerated containers are equipped with systems that regulate their internal temperature conditions. Available in 20- and 40-foot lengths, refrigerated containers offer the same cargo capacity to their non-controlled counterparts.

Tank Containers: Allow for the safe transportation of most liquids. Surrounded by a boxed frame, the tanks can fit in seamlessly with other containers aboard cargo ships.

Specialty Containers: These containers are specifically designed for the "square-peg"s in your supply chain. Oversized freight that may be too tall or too wide to fit within the limits of a container can be accommodated by these specially designed frames. In addition to refrigerated units, typical specialty containers include: **Flat rack, Platform, Hard Top, Open Top**



Standard 40' Container



cooling unit

Refrigerated Container



Tank Container



Open Top
(Hard Top has removable Steel Roof)



Platform and Flat Rack



Vessels loaded with Intermodal containers.

If you have questions about your container needs, just give us a call and we will help ensure you are maximizing space and getting the best rates at 866-924-6793!

Our international shipping team can also be reached by email at maritime@kochlogistics.com.

Questions or comments about our publication? You can email them to the editor: cgowin@kochlogistics.com or contact us via our website: www.kochlogistics.com.

OVER-AUTOMATED?

FINDING THE BALANCE BETWEEN EFFICIENCY AND SERVICE

Think of the last time you had to make a call to customer service. How did you feel after the call. Satisfied? Dejected? Angry? Often times, calling (or emailing) customer service can be one of the most critical interactions a consumer can have with a company. Instead of having a person answer the phone, we have been conditioned to long wait times, prerecorded responses, and pressing a sequence of numbers to finally reach the person or department you were calling in the first place. (Unless, of course, you were calling to buy something- then you are miraculously put in touch with someone in a matter of seconds.)

The fact is, how a company handles an issue is often more important than the issue itself. If a conflict is properly resolved and the customer comes away satisfied, they may have an even higher appreciation for the company than they did before the problem arose. Opposite of that, even a small issue that is handled incorrectly through an "automated" process, can leave a lasting negative impression- often resulting in losing even a loyal customer.

In today's economic climate of increased material, labor, and transportation costs- automation is one of the few tools left that a business can use to improve their bottom line. However, it has to be done correctly so you don't lose the connection to your customer.

There is no doubt when done the right way, automation can be very effective. All across the country warehouses are being re-designed and built with automated picking and packing, lighting, HVAC systems, conveyors and more.

When it comes to the shipping economy, professionals across all industries are finding automation critical in getting the most from their supply chains. Automation has gained traction across the board- but at varying speeds and

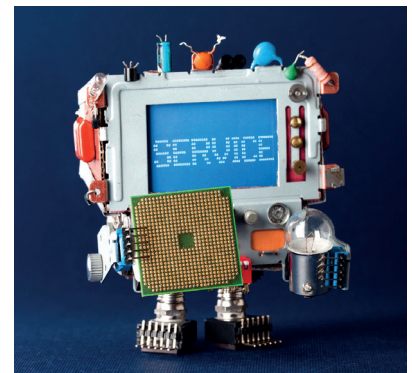
degrees. For example, in the area of tracking and tracing, nearly the entire supply chain has adopted a way to automatically track your shipments or packages. We may take it for granted today, but it wasn't always that way. Conversely, the idea of *complete traceability*- being able to account for every single ingredient, piece and part of an item or product is still in its infancy, and will certainly rely heavily on automation as it continues to develop.

"Automation is great when everything goes perfectly, but anyone who works in **supply chain knows, not everything goes perfectly."**

Don't forget to look up!

While technology and automation are great, it's important not to become overly dependent on it. I recall using my smartphone's navigation application to find a local restaurant and ended up driving around in circles for about 10 minutes trying to pin down the location. Well, turns out the GPS was off a bit, but had I looked up I would have seen the building I was seeking was right in front of me. Embarrassing lesson, but also a good reminder that sometimes we can make things harder by over-relying on technology while forgetting to see the bigger picture. The same thing can happen when we spend the day staring at a computer screen in which we get the majority of the data to do our jobs from. A computer does a great job organizing and disseminating information, but there becomes a point where we have to remember to "look up."

An example that a 3PL (Third Party Logistics) provider like our company might encounter is something like a delayed delivery. The computer might tell us *what* has happened; a shipment has been delayed and will not arrive on time- but it might not tell you *why* the shipment is delayed. Perhaps it was a simple data entry error, a weather or construction delay, mechanical problems, or something more serious like an accident. At this point we need to look up from the computer and reach for the phone. If you cannot determine the reason why something has happened, it is going to be difficult to provide solutions to your customer. A quality 3PL will have a staff trained on dealing with issues that require a proactive phone call or two and consistent communication to effectively resolve a situation. If you are a customer, you don't want to hear that *something* went wrong- you want to hear *what* went wrong and more importantly what is being done to fix it. The last thing a customer wants to deal with at this point is a "robot", they want to talk to a real person who knows how to help and can answer their questions.



Can robots really connect with customers?

Replicating but not Replacing

Automation done correctly should make manual processes more efficient or faster, but they should not necessarily replace the "human touch." Successful automation requires people to create the inputs for the processes to function correctly. In many cases, automation requires frequent hardware or software updates to keep pace with changes in the industry. Although it may be the "robots" that perform the automation, it's still takes a human workforce to maintain and manage them. Below we highlight important areas in the logistics and transportation industry that are in different stages of automation.

Key Areas of Automation in Logistics

1. Transportation Management System (TMS): Most 3PLs have adopted some sort of TMS to help manage their carrier base, enter orders, capture documents, and more. This software is used to help manage the life-cycle of a shipment or transportation project. One of the biggest factors in determining what TMS to use, is finding a system that meets both your needs *AND* your customers needs. A TMS is a great example of how automating can add benefits to both the customer and shipper. A good TMS will replace hours of manual data entry required to complete the phases of a delivery. It can also give the customer visibility to the status of their order, which eliminates the time it would take to email or call. A TMS may be able to automate invoices, helping expedite the billing process on both ends for more accurate and timely accounting. There are many TMS systems out there, some simple and some very complex- make sure to get one that fits your organization and customer requirements the best.

2. Tracking and Tracing: As mentioned earlier, this is pretty much a given as most customers expect a way to track orders, it's now just a matter of how fast and easily can they do it. Your tracking and tracing component may be built into your TMS, or it could be a separate piece of software. Some programs give real time updates, others update every few hours, or daily. If you handle a lot of very time sensitive, or expedited shipments, you will of course want the most up-to-date tracking and tracing available. For your customers, it gives them peace of mind and a convenient way to have visibility to their orders and helps plan for arrival (or delay). The key to choosing a good tracking and tracing system is ensuring the interface to be as simple to use as possible for the customer. Otherwise, you may have frustrated users calling or emailing, asking questions about navigating your system, which eliminates many of the efficiencies it was designed to create.

3. Internal Processes: Some processes that worked great at one point in time may be causing inefficiencies today. Can you imagine if people still used fax machines for every document they send instead of an email? Virtually every area of your business may benefit from a review of current procedures and processes. Sure, a desk full of post-it reminders may work, but is it really the most practical way to keep track of notes? Is your sales staff using a CRM platform (Customer Relationship Management) to track contacts and customers? Is your docking or loading/unloading procedures causing delays that lead to disgruntled carriers or minimizing the amount of trucks you can get through your doors on a given day? Does your billing process allow for the timely payment of bills and receiving of revenue? These are all questions that unless you and your organization ask them, you may never find out what you are missing!

4. Customer Service: Most logistics companies all provide essentially the same set of basic services such as LTL, TL, Expedite, Air, etc. Often, the only way to truly differentiate is through the customer service and relationships with your carriers and clients. The most successful companies have been able to find the balance between automating procedures without losing the connection to the customer. Here at Koch Logistics, we certainly use the latest technology, (we even helped develop the beta for an advanced TMS) but if someone calls, the phone gets answered by an expert whether its during business hours, after-hours, or weekends- robots can't replace that!

Koch's Corner: NEWS FROM INSIDE

Employee of the Quarter:

Please join us in congratulating **Sheryl Marquardt** as our Employee of the quarter! Sheryl has been a valued employee at Koch for over 8 years, working in the Audit and Claims department.

"Sheryl has a great attitude, performs at a very high level on a consistent basis and she does a great job of leading by example."
- Darren Nelson, VP & GM of Koch Logistics

Events & Happenings:

A lot of milestones last quarter- and none of them complete without cake.



Retired driver Jeff Lee- thank you Jeff, you will be missed!



25 years of service for outstanding driver Steve Menne. Thanks Steve!



Congrats to Senior Ops Director Meg Duncan for winning 2018 Nasstrac Member of the Year! Way to go Meg!

Customer Profile: **Beam Team**

Have you ever walked into a store that you haven't shopped in recently and had an "oh wow!" moment? The old look and feel of the past has been replaced by vibrant colors, modern fixtures, and new flooring and lighting. Products are displayed better, and the fresh new design has created a welcoming space you feel good in. Your shopping experience has been changed!

Transformations like this are happening every month across the retail landscape in stores, hotels, restaurants, warehouses and more. These projects are planned and executed by professionals who have experience with the complexities of working in consumer driven spaces. Companies like **Beam Team** have made a business out of creating these "oh wow" moments and we talked to President Rick Hall to learn more about how they do it.

Beam Team has been working in the retail construction and remodel arena for over 30 years. Before that, back in 1983, Rick Hall and his brothers were known as *Pro Marketing, Inc.*, serving as manufacturer reps for various product lines. Their first big win came with getting a soaker hose into a major home improvement retailer that they sold truckloads of. Soon, they were able to pick up some larger domestic brands and started representing multiple manufacturers. This created an increased demand for merchandising and the Hall brothers quickly found themselves becoming experts in the field.

Not only were they putting up displays and fixtures, but also performing more complex duties- including having to move large metal beams to correctly place and stock products. (Which incidentally led to the creation of the name "Beam Team") By becoming adept at merchandising different product lines, they realized that there was a need for a company that could do this full time as most stores did not have the internal resources and skills necessary to do this in-house. This eventually led to the formation of Beam Team and their foray into larger construction and remodel projects.

It Takes a Team (a really big one)

When you have hundreds of employees working on multiple projects across the country as Beam Team does, quality control is critical to success. This means making sure you have the best, most experienced people at each site. Beam Team's management goes out of their way to make sure the team members they hire are a good fit for the organization and align with its core values. New hires are expected to share the following six principles:

1. *Always a Team Player*
2. *Shows Creativity*
3. *Takes Ownership*
4. *Is Proactive*
5. *Customer Focused*
6. *Honorable*

“Every job is a self-portrait of the person who did it. Autograph your work with excellence”

These principles are designed to build a workforce that is efficient, works well together, and is adaptable to the constantly changing demands of retail construction projects.

The Right People for the Job

Beam Team has a General Contractors license in almost every state in the USA. Using a very deliberate certification process, they ensure that employees with the right skills are working on projects that play to their strengths. For example, remodeling 100 small stores with the same footprint is much different than

working on a luxury hotel with a high degree of custom design elements. Buildings have different codes and regulations, along with hours of operation and other factors that require specific knowledge of an industry. Team leaders at each job site are highly experienced and have expertise specific to the project. Any knowledge gaps can quickly be filled with on-demand web training and live video streams with real-time feedback.

Beam Team also ensures that if an employee is particularly efficient in an area, there is a career path for that individual to advance in the field they are the most qualified in. Not only does this provide the quality leadership needed to successfully complete a wide variety of projects, it gives employees another reason to grow and be vested in the company.

The Customer's Customer

There is also the matter of the *customer's* customers. Beam Team puts a focus on making sure their client's guests or customers that frequent the job site during construction are kept in mind when planning and executing a project. This means maintaining a clean working area, keeping their footprint small as possible, and doing their best not to disrupt the day-to-day operations of the business they are working at. Some stores need to remain open during installation which requires a greater degree of planning and timely execution. This happens a lot in the hospitality industry as most hotels can't shut down their business to remodel a room, floor, or lobby. When a guest sees a respectful and caring work crew that goes out of their way to help, it reflects well on *everyone* involved and builds a foundation of trust with the client.

No roadblocks

Beam Team prides itself on the ability to use **creative thinking** when others may see roadblocks, delays, or other limiting factors. What may appear to be the simplest of projects can come up against a problem that will require some "out of the box" thinking. An example of this is how they redesigned a wooden platform to build large outdoor sheds upon, which gave them the ability to



Mellow Mushroom during tear-down.



"Oh wow!" (Mellow Mushroom after remodel)

put up two a day, as opposed to one every two days.

Another instance of using creativity to improve a process is how Tim Cahill, VP of National Accounts, created a system that could determine the correct steel beam configuration based on the stock that was unique to each store. (Yep, those same beams mentioned earlier that led to their namesake) Tim developed a magnet that could be attached to the beams, informing crew members of their correct placement *before* stocking them with product. This simple solution drastically cut down on the number of beams that had to be moved and was estimated to save over 10,000 hours over the project's lifetime!

The Future is Right Now

In addition to large projects they still

handle smaller, on-demand projects like new product roll-outs, swapping out the graphics on an end-cap or putting up and removing displays. Sometimes, instead of creating new spaces, they might be decommissioning existing stores that have gone out of business. The flexibility to handle all types of projects helps differentiate Beam Team and offers their customers a variety of services that fit their size and needs.

Studies show that today's consumer is seeking a personal touch to their shopping experience. For instance, many restaurants are adding Wi-Fi connections and charging stations, making booths or tables serve as mini workstations to capture more millennial and business customers. Hall has observed an emergence of flagship stores with smaller footprints

but with more customization designed to encourage brand interactivity. "The days of the gondola could be coming to an end, but stores are becoming more specialized which brings new opportunities," states Hall. Beam Team has positioned themselves as a company that goes beyond executing installations. They also help clients drive the change and innovation necessary to remain relevant in today's world of constantly evolving customer requirements- and of course, whenever possible, providing them with that "oh wow!" moment.



Koch Logistics partners with Beam Team on various projects, learn more about them at: www.beamteam.com



Before picture of a Hotel Lobby



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