

Koch Quarterly

Q3 2018



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!

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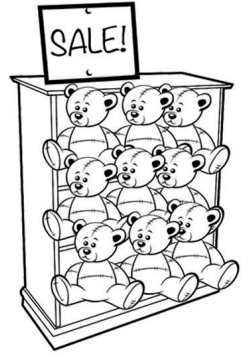
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KRETAILSERVICES

A DIVISION OF KOCH LOGISTICS



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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 "cook!"

Trucks & Trailers 101

Use the right truck for the right job:

Each shipping job can be unique, and it is important to match the correct vehicle to the type of load it will carry. A quality 3PL (Third Party Logistics) will have experts on staff that make sure all aspects of a delivery are covered in advance so there are no "surprises" when a truck shows up to pick up or drop off a shipment. This includes ensuring the truck being used has the proper equipment to do the job quickly and correctly. If you are new to shipping or do not use a 3PL, the following is a quick and simple guide to the most common types of transportation vehicles used by logistics professionals to successfully complete deliveries of all types.

Dry-Van: Dry-vans are the most common type of truck/trailer on the road. When people think of a "semi", (also known as *tractor trailers*) dry-vans are probably what they picture. A dry-van is an enclosed trailer that is attached to a semi truck and can either be picked up or dropped off by a driver. Dry-vans are popular because they can hold a large volume of goods while protecting them from rain, snow, and theft. They can also be dropped off and stored until it is time to unload or be picked up by another driver or truck.



Semi with a dry-van trailer

Flatbed Trucks: Flatbed trucks have a level, open trailer bed as opposed to an enclosed trailer. Flatbed trucks are ideal for transporting large payloads that do not need protection from the elements. They are also great for moving over-sized items that are too tall or wide to fit inside a dry van. However- make sure you plan your route carefully- there may be height and width restrictions when hauling oversized goods.



Semi with a flatbed trailer

Box Trucks: A box truck is created by adding a cargo box to a chassis cab. Box trucks are usually not as large as dry-vans. Box trucks are good for smaller shipments and final mile deliveries where larger trucks may not be allowed due to city and street ordinances. Box trucks are also better for traveling shorter distances as they are more fuel efficient. Many box trucks are also have cooling units and/or lift-gates. (see below)



Box truck (with lift gate)

Reefer Trucks: "Reefer" is short for *refrigerated*. These trailers come equipped with cooling systems that are needed for transporting food and other temperature sensitive goods. The same is true if they need to be heated during the frigid winter months for goods that can not freeze. The vehicle pictured on the right would be considered "refrigerated box truck." Dry-Vans pulled by semi-trucks can also have refrigeration units for longer and larger hauls.



cooling unit

Reefer box truck

Lift-Gates: Lift-gates can be one of the most overlooked features needed to complete a delivery. Some smaller warehouses, along with most residential and office locations, may not have the equipment necessary to unload heavy or large loads or goods secured on pallets. A lift-gate helps get products off a truck by automatically lowering them to the floor or street. Make sure you determine in advance if your delivery will require a lift-gate or you might be unable to unload your shipment!



Lift-gate (lowered)

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.

Who's Driving?

A LOOK INSIDE THE CHANGING DEMOGRAPHICS OF THE AMERICAN TRUCKER

Anybody who works in the transportation industry has heard about how a driver shortage could eventually cause major supply chain disruptions. The average age of an American trucking professional is 50-55, according to the *US Bureau of Labor Statistics*, with many of them retiring in the next 10-20 years. They also project that employment of heavy tractor trailer truck drivers will increase a whopping 21% by 2020. Most of the new hires are young and inexperienced, leaving an age and experience gap that could significantly affect capacity in the very near future.

The industry has had a difficult time filling empty seats due to less people willing to adopt the trucking lifestyle. Federal law requires a person to be 21 years or older to own an interstate commercial drivers license, (CDL) so it becomes very difficult to get high school graduates who are only 18 years old to consider a career in trucking. What was once a romantic vision of "life on the road" has been diminished by infrastructure deterioration and what many drivers consider an overall lack of respect for the profession. A large percentage of drivers feel they are spending too much time in parking lots or waiting at distribution centers, all while being regulated by the new EDL (Electronic Data Logs) mandate that may reduce their available hours of service. Essentially, they feel they are spending more hours in the truck while making less for their efforts. The *American Transportation Research Institute* says the industry needs to hire a staggering 100,000 new drivers per year to keep up with demand. With so many drivers retiring in the next decade, and not as many new drivers entering the workforce, that number can seem pretty daunting. So what are companies doing to help fill all those empty seats?



Some companies including *Stan Koch & Sons Trucking, Inc.* are allowing drivers to bring their furry friends with them to help recruit and retain drivers.

Rethinking Recruitment

In order to attract new drivers, and retain the ones they already have, most trucking firms have had to re-think their hiring practices. Driver recruitment is critical to a healthy shipping economy and maintaining a viable trucking fleet. Carriers that can afford the investment are spending more on radio spots advertising available positions, and you may have even noticed a few television commercials aimed at reaching potential drivers. In addition, many fleets have recently updated their trucks and purchased new equipment forecasting the surge in demand, but even the best rigs quickly lose their value if they are sitting idle with no one to operate them. New drivers are not as interested in spending weeks on the road and value more family and spousal contact, including staying home on the weekends. Drivers want to minimize down time and are seeking companies that allow for more flexibility in scheduling, and offer efficient lanes and loads that are "no touch" and hassle free. As a result, hiring managers are adjusting or making new policies to capture applicants in what has become an extremely competitive market. Everything from pay increases to letting pets ride along in the cab are on the table. Some are also offering large sign-on bonuses, usually anywhere from five to ten thousand dollars. While this is great for attracting potential drivers, it also can promote an environment where a new hire may jump from carrier to carrier to collect the signing bonus. This can create a large turnover rate, as high as 95% at some places, making it harder to keep the best drivers on staff and still consistently handle high volumes of shipments.

Women Wanted!

Some firms are tapping into the most overlooked resource available to put good drivers behind the wheel- female truck drivers. While women make up approximately 50% of the workforce in the United States, only a small fraction of them are in trucking, accounting for just 5-8% of drivers. However, this number is on the rise as companies are now actively recruiting female drivers, and are going the extra mile to make them

feel more comfortable within the profession. Trucking can provide a nice supplemental income and some women are entering the industry to better save for retirement. Studies show that they are three times less likely to get into an accident and five times less likely to violate safety regulations than male truckers. While those statistics can change, it certainly makes a compelling case to focus on female drivers as part of a good recruitment strategy.

The Millennial Mindset

Another under-represented segment is the thirty-something driver-aka, the *Millennial*. While there is no exact definition of a "millennial", it is loosely defined as someone born in the late 80's through the mid to late 90's. Regardless of what you may or may not think of the generation- the industry needs them to keep up with shipping demand. There are advantages the millennial driver brings to the job. For one, they embrace new technology, and expect it to be utilized. They are also adept at dealing with change and comfortable using mobile apps and computers to increase efficiency on the job. They are also hoping to optimize life outside of the truck, and are looking for firms that can provide them with the most flexibility to

"The American Transportation Research Institute says the industry needs to hire **100,000** new drivers per year to keep up with demand."

do so. Many millennial drivers are trying to eat better, stay fit, and in general live a healthier lifestyle while on the road. In reality, the millennial trucker is needed to fill the vacancies left behind by the older generation of quality drivers who are starting to retire.

How to Help

There are a few simple things a business that requires shipping can do to help as the industry continues to add new drivers:

- 1. Create a driver friendly environment:** Little things go a long way like providing clean restrooms, a friendly staff, and an efficient loading/unloading procedure at your dock, warehouse, or distribution center. Remember to thank the truckers who pick up or deliver to your facility and treat them with respect. it's easy!
- 2. Plan Ahead:** When capacity is tight things go much smoother when shipping needs are planned well in advance. Try to avoid last minute shipments whenever possible- if you can wait longer for a delivery it will be much easier to book, and usually with better rates.



3. Get Help: Consider using a quality 3PL (Third Party Logistics Provider) with access to a large carrier base- many of them are experts at securing trucks in times of tight capacity. A firm like Koch Logistics is known as "3pl of choice" which means we already have strong relationships with quality carriers from all over, making it easier to ensure your delivery is on time.

Visit www.kochlogistics.com to learn more!

Koch's Corner:

NEWS FROM INSIDE

Employee(s) of the Quarter:

Congratulations to Jennifer Westerman Longie & Sara Minnich our Employees of the Quarter!

We get so many great nominations every quarter that it has become increasingly difficult to select a single recipient and so this quarter we chose to recognize two exemplary team members.



Within the last year both Jennifer and Sarah had accepted roles with increased levels of responsibility and leadership within their teams and we could not be more pleased and impressed with their performance.

The nominations speak to how they each lead by example, are proactive in their communication and when faced with difficult situations they remain calm and have a solutions based approach to resolving whatever the obstacle or hurdle may be.

They will lend a hand wherever needed, work well and support other team members and are eager to take on new assignments and responsibilities. Well Done! - *Darren Nelson, VP & GM of Koch Logistics*

Events & Happenings:

Another great BBQ season

If you live in Minnesota, you need to take full advantage of the summer grilling season while it lasts. Mission accomplished.



BBQ for Driver Appreciation Week



Turkey fry in July. (8 birds!)



Jeff Koch (left) accepts award from Dean Vicha.

Koch National Lease 2019 Leadership Circle Award

NationalLease, one of the largest full service truck leasing organizations in North America, today announced the recipients of this year's Leadership Circle Awards. These awards, given to 28 member companies, are recognition of their commitment to NationalLease and adherence to the Member Standards and were presented by Dean Vicha, President of NationalLease at the 2018 Annual Meeting this September in Miami, FL.

Profile: Chandler, Inc.

There are many reasons why a person may be loyal to a particular store. Perhaps it is the brands they carry, the location, or the prices of the merchandise. However, more often than not, it is the *shopping experience* that keeps customers coming back for more.

One of the key components to creating the best possible experience, is the design of the space that the customer shops in. Some people enjoy the look, feel and ambiance certain stores and outlets provide. This is, of course, not by accident as many large and small retailers have invested heavily in creating an experience that their customers will remember long after they leave the store. Companies like **Chandler, Inc.**, have built their reputation around designing these spaces, with the ability to transform anything from entire storefronts to small inter-department displays into something new and fresh. We sat down with *Chief Business Development Officer John Harrington* to learn more about Chandler Inc., and what has made it into the company it is today.

Making spaces & building trust

Founder Harvey Chandler, an artist at heart, got his start working as a trade show engineer at Minnesota based Andersen Windows. Showing a strong aptitude and talent for developing these spaces he eventually decided to form his own retail exhibit business, and started Chandler. They currently have their headquarters nearby in Afton, MN with approximately 120 employees. Originally from Stillwater, MN, it was an easy decision to keep the business close to home. Not coincidentally, Andersen Windows became his first large customer, and they still handle their trade



Home Depot seal coating sample boards

show, showroom, and selling program design today.

Another early account, Home Depot, helped facilitate more growth and expansion. They have been working with Home Depot for over 15 years now, collaborating with various departments to produce custom displays, aisle refreshes, in-store showrooms and more. In addition to working directly with Home Depot, they work with many of the brands inside the store including Masonite, Owens-Corning, Jeld-Wen, Rustoleum, Behr, KraftMaid, Delta, Liberty Hardware, Kohler, and the aforementioned Andersen windows.

“With passion, strategy and creativity we design, build, and execute custom retail environments.”

When Chandler takes on a client, they consider it a true partnership. Like in the case of Anderson Windows and Home Depot, they often evolve and grow with a business. More than a custom design house, they are brand managers who are vested in your success. When asked what their customers appreciate about working with Chandler Inc., Harrington says they often hear things like "easy to work with", "understanding", and "straight shooters."

"Making the difficult seem simple is something many of our clients value," says Harrington. He goes on to explain that it is important to work directly with a client to make sure their designs are realistic from both a budgetary and production standpoint. This not only helps build better spaces, it builds trust.

Chandler considers themselves a small company with big customers- having the trust of their clients is important for long term business partnerships and one of the primary reasons they have been so successful.

After about 15 years Harvey Chandler passed the torch to his two sons Curt and John in 1999, both of whom hold design degrees and share their father's passion for creativity. Curt serves as Vice President and Creative Director and John as company President. Since incorporating, Chandler Inc. has been operating for over 30 years. Harvey, now in his 80's, still has an art studio inside Chandler Inc., where he can often be found working on sculptures, paintings and other creations.

Design is at the center

Providing turnkey retail space solutions is at the heart of what Chandler Inc. does, with a process powered by creativity. Given a choice, they would prefer to do what they do best- creating ground up designs and implementation with the goal of creating a new customer experience.

Chandler Inc., has positioned themselves nicely as a one-stop premium design firm. Sourcing materials both domestically and overseas, they are able to stay on top of the latest industry trends and technology. They have a full service shop with the ability to fabricate and install their designs. Rapid prototyping and a mill-work facility have allowed them to produce highly customized installations with shorter lead times. Having these resources facilitate creating unique solutions that meet the needs of the client while maintaining (and often elevating) brand integrity. Chandler Inc., has produced so much custom work that they are often able to take something that seems complicated or messy and make it seamless. Harrington refers to this as *value engineering*, or the ability to take design intent and make it work in a cost effective and practical manner. They make a point not to "over promise" or execute designs that are not feasible from an installation, cost, or production perspective.

The opportunity to create new spaces can come in many forms. Harrington



Custom shoe wall at Elite sporting goods store.

points out that sometimes an existing retailer may close its doors, but that often leads to a new business re-purposing the building, not requiring a remodel. So in addition to new buildings, a lot of their business comes from *deconstructions* becoming *reconstructions*.

A similar instance of this is when an already established retailer or franchise is in need of a makeover. For example, outfitter Gander Mountain recently re-branded some of their locations to Gander Outdoors. One of the projects the Chandler team was tasked with was to create a new space within the store that will help customers identify a specific department-

a shop within a shop. To achieve this they created a striking wooden pergola that hung from the ceiling above the new "marketplace" area. (see *inset bottom right*) They also replaced many fixtures and displays throughout the entire store, matching the look and style of the other departments. The result was both dramatic and effective!

Passionate people

When asked why he chose to work at Chandler Inc., John said he wanted to work for a company he could make an impact at. The same rings true for the other employees at the company. "Chandler provides people with a sense of purpose and the

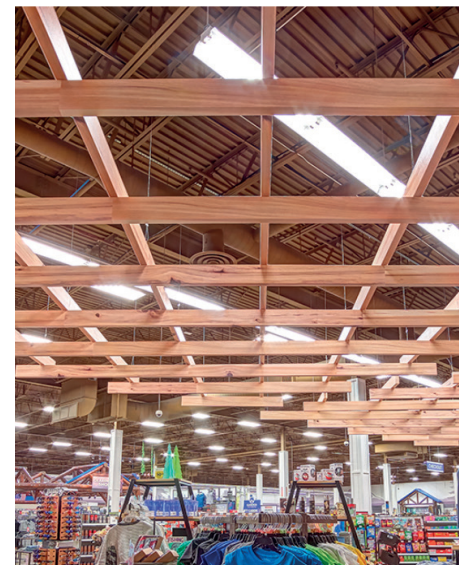
opportunity to grow," he states.

There is an open door policy at Chandler Inc., with easy access to company leadership. Most promotions are from within, and a family type atmosphere has been carefully nurtured. The result is a low turnover rate that is central to maintaining a talented workforce while developing industry expertise- something Chandler Inc. is very proud of. Design is ingrained into the culture at Chandler Inc., and it resonates throughout their headquarters and across divisions. Adeptly combining people, passion and process, it is easy to see why so many clients trust Chandler Inc. with their brand.

Chandler Inc. is a valued customer of Koch Logistics. To learn more please visit: www.chandlerinc.com



Eyebobs in-store optical display



Pergola over marketplace at Gander Outdoors



KEEP CALM AND EXPEDITE

SAME DAY/NEXT DAY/DEFERRED AIR • TIME SPECIFIC • HOTSHOTS
DEDICATED EQUIPMENT • CHARTER

COMPLETE TRACKING & TRACING • 24/7 CUSTOMER SERVICE • 25 YEARS EXPERIENCE