

LOSCAM LEADER

THE MAGAZINE FROM LOSCAM AUSTRALIA ISSUE 15

Setting the standard for over 60 years...

Australia

GPAKs

An integral part of
the supply chain

Primo

Customer Service and
Quality driving growth

RFID Technology

Fact or Fiction

Rand and Loscam

National Capability



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ceo speak

2009 was one of the most challenging years most of us have faced.

We experienced a record number of Receiver and Administrations that reflected how tough the year was. On a positive note, businesses took the opportunity to improve stock turns and to actively reduce inventory holdings.

Looking ahead, 2010 will bring its own challenges and we have to be ready to grab every opportunity that comes our way. There will be no time to sit back and take a breath.

As part of our continued focus on Environment and Safety, I am pleased to announce that our Integrated Quality Management System has been accredited to ISO 9001 (Quality), ISO 14001 (Environment) and ASNZ 4801 (Safety). The accreditation to ASNZ 4801 – Occupational Health and Safety – is extremely pleasing as it supports our drive to ensure that no employee, contractor or visitor is injured or unsafe at work.

We continue to review the use of technology in our industry and how we can make it work for our customers. The pros and cons of RFID have always been quite contentious, particularly when moving consumer products through retail supply chains and we explore this further within this issue of the Loscam Leader. Also in the technology arena, to make doing business easier for our customers we will introduce an improved web-based document transfer system later in the first half of 2010. We are also currently looking at how to trade more efficiently with industry via EDI in response to our customers requests from the customer surveys we conducted.

We will continue to listen and to improve how we work with you.

Mark Daniel
CEO, Loscam



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ON THE COVER:

Loscam GPAK G5 in use
at CEVA.

primo service and quality

HIGHER COSTS AND COMPETITION FROM IMPORTS MAKE BUSINESS TOUGH IN TODAY'S SMALLGOODS SECTOR. YET PRIMO SMALLGOODS IS NOT ONLY SURVIVING, IT IS THRIVING, THANKS TO ITS COMMITMENT TO COST EFFICIENCY, QUALITY AND CUSTOMER SERVICE. BY DEMONSTRATING THE SAME ATTRIBUTES, LOSCAM HAS RECENTLY BEEN REAPPOINTED AS PRIMO'S PREFERRED PALLET SUPPLIER.

Primo is Australia's largest producer of ham, bacon and smallgoods such as sausages, salamis and frankfurts. The family-owned company started with a single factory at Sydney's Homebush and 38 staff. Nearly 25 years later, Primo employs 3,500 people in Queensland, South Australia, Victoria, Sydney and regional NSW, and distributes products around the world.

Primo has just expanded again after acquiring Hans Continental Smallgoods, including two manufacturing sites and a distribution centre in Brisbane. This firmly establishes Primo as the market leader while at the same time adds to the complexity of the supply chain it manages.

Industry leaders like Primo are succeeding by combining high quality products with a well-run, lean business and a flexible supply chain that matches dynamic customer demand. So it is essential their suppliers help them achieve these goals.

According to Rob Ferris, Primo's National Pallet Manager, Loscam does just that.

"Cost efficiencies drive this industry so competitive pricing is important, but value for money, product quality and service matter too," he says. "Loscam has demonstrated these qualities since 2007, when we switched over from their major competitor. That is why we have re-appointed Loscam as our preferred pallet supplier and expanded the contract. It was a rigorous competitive tender but Loscam offered the best overall package and we know they will deliver what they promise."

Rolling Hans facilities into the contract will grow the number of wooden pallets Loscam supplies to Primo significantly. Although Hans used another pallet supplier, Primo wanted to assimilate the Primo and Hans supply chains in

order to cut costs. Appointing a single supplier simplifies pallet management across the group.

"It's a win for us and for Loscam," believes Rob. "We get the cost and efficiency benefits of standardisation, and Loscam gets a larger contract."

Rob believes Primo is one of Australia's largest issuers of timber pallets, which it uses to transport packaged products into the distribution centre and at its Port Wakefield and Scone abattoirs. At any one time, the company can be carrying hundreds of thousands of timber pallets, and the need is growing in line with its business.

A further requirement for Loscam plastic pallets take products from preproduction freezer storage straight into the production area, making Primo a major plastic pallets user.

"We have a complex national supply chain but with Loscam delivering and picking up across the country, there are no dramas," reports Rob. "They supply what we need when we need it, going out of their way to meet our pick up timetable and respond to unexpected requests."

"Our business is unpredictable; in the lead into Christmas, we work 24/7 and have over 5,000 pallets a day going through our Sydney and Queensland plants. If production works an unscheduled shift to meet extra demand, I have to find more pallets, often at short notice. Loscam are fantastic in this situation; they will open on the weekend just to get pallets to me because they understand how important it is."

"If production stopped because of a pallet shortage, we could stand down thousands of workers and lose hundreds of thousands of dollars, so it's not even a consideration. We expect reliability, flexibility and responsiveness, and with Loscam we get it."

Quality is also important. Primo owns and operates production, storage and distribution facilities so it can impose stringent, end to



Jon Vlatko Loscam NSW Sales Manager and Rob Ferris Primo National Pallet Manager.

"WE EXPECT RELIABILITY, FLEXIBILITY AND RESPONSIVENESS, AND WITH LOSCAM WE GET IT."

end quality control processes. Its custom-built manufacturing facility at Chullora in Sydney is one of the most technologically advanced smallgoods plants in the southern hemisphere and a model of world class hygiene and food safety standards.

The company imposes similarly high quality expectations on its pallet supplier.

"If our truck enters a customer's automated distribution centre and a single faulty pallet is detected, the whole load is rejected," explains Rob. "That could cost us thousands of dollars and badly affect our customer relationship. So our goal is zero defective pallets and Loscam supports us by responding immediately if there is ever a pallet quality problem."

If two pallet suppliers offered the same price, Rob says, he would always pick Loscam for their "superb" service.

"They respond to requests after one phone call, I don't have to shout to get something done, and I have a single point of contact with someone who knows Primo really well. They treat me like a valuable customer, not a number," he concludes.

PRODUCT PROFILE

loscam GPAKs

THEY ARE TOUGH, EASY TO ASSEMBLE AND COLLAPSE, CAN REDUCE TRANSPORT AND HANDLING COSTS AND PROVIDE THE ULTIMATE IN PRODUCT SECURITY.

Since Loscam introduced its GPAK range in 1997, the units have become an integral part of the storage, transport and distribution of products in industries as diverse as automotive, pharmaceutical, fashion and electronics.

Peter Mazzanti is MHU and Packaging Development Manager at CEVA Logistics in Dandenong, Victoria. The business is a leader in the logistics industry in Australia and manages over 520,000 square metres of warehouse space. CEVA Logistics has a large pool of GPAKs used to transport automotive components.

"We use the GPAKs because they are durable, easy to assemble and strong – all important qualities," he says.

"They also help us manage the returns from dealerships because the units are collapsible so help minimize our

transport costs. The sizes also suit our picking and distribution requirements."

Mark Dobson, Key Accounts Manager at Loscam says the GPAKs came into being after General Motors Holden asked Loscam to develop new-style material handling units to support GM Holden's spare parts division.

"At the time there was nothing collapsible, foldable and modular," says Mark.

"We developed the GPAKs with safety in mind and we tried to eliminate the need for a team of people to erect and dismantle a unit with dozens of components. Our units can be erected and dissembled by one person in under a minute."

It took 15 months from the development of the prototype GPAK to the units going into production. Made of high tensile galvanized steel frames and high density HDPE, the units offer four-way access to a forklift or pallet mover. The design also incorporated a barn door, rather than a drop gate, to allow easier packing.

"There is nothing in the market like it. We now have five different types of units that are all modular. You can use two or three different types and configure the load on a

vehicle to optimize the weight and space available.

"We also have a company that produces cedar panels and louvres and they were suffering considerable damage to their product and using about \$30-worth of packing for each item," says Mark.

"They started using GPAKs and have reduced their packaging requirements and have reduced product damage during transportation."

Mark says the careful design work put in initially has ensured the GPAKs have lasted and served their customers well.

"GPAKS ARE A GREAT EXAMPLE OF LOSCAM BEING FOCUSED ON SOLUTIONS AS WELL AS QUALITY PRODUCTS"

"The great thing about the GPAK is that it has given us a foundation product that will allow us to modify the unit at reasonable costs as customers needs develop. It gives us flexibility to easily adapt the design and size to suit our customers supply chain needs"

"The GPAK gave Loscam a new dimension and opened doors into new industries. It's a great example of responding to customers needs and of Loscam being focussed on solutions as well as quality products".



Rand and Loscam: the leading edge

RAND IS A LEADING NATIONAL REFRIGERATED TRANSPORT, COLD STORAGE AND DISTRIBUTION SERVICES COMPANY HEADQUARTERED IN WESTERN AUSTRALIA WITH AN EXTENSIVE NATIONAL NETWORK.

Rand Refrigerated Logistics began life as a long haul refrigerated carrier service operating from Australia's West Coast to the East Coast. The business began with five road trains that ran on a weekly basis.

Today Rand still has its head office in WA but it also has a state of the art facility in Homebush Bay, Sydney, and is in the process of constructing 2 brand new sites, in Melbourne and Brisbane to handle increasing demand for its services.

Rand's operations have also expanded to incorporate rail services, rather than solely road networks, to transport products between cities on a daily basis. A fleet of vehicles support Rand's distribution operations on the road and rail operations rely heavily on refrigerated units first introduced in 1995.

The company also has extensive cold storage facilities for frozen and refrigerated products and a full warehouse service that can assist clients with services such as storage, order picking, assembling, palletising and shrink wrapping, loading containers, monitoring stock rotation and completing stock takes.

Eduardo Fragapane, National Marketing Manager of Rand, says while the time differences posed by being based in WA can present challenges, the use of technology has helped Rand overcome the tyranny of distance.

"I would say that the key elements that enable Rand to operate successfully on a national scale are having our own facilities and using regular and express services that equate into a unique door-to-door service," says Eduardo.

"We try to provide customers with a one-stop shop – warehousing, transport and metro distribution. We provide a very high level of customer service and we adopt change where possible."

Adopting to change has seen Rand consistently upgrade its technological capabilities to hone its operations and level of customer service. The business uses a fully integrated Freight Management System to track customer's product from pick-up to final delivery point and to ensure product integrity as it is transported from point to point.

A positive working relationship has been established between Rand and Loscam and the national reach of Loscam also facilitates Rand's day-to-day operations, says Jim Lindsay, Loscam's State Sales Manager in WA. "Because we're also national we can help Rand whether they are operating in Brisbane, Sydney or anywhere else in the country," says Jim.

"They can take products from Perth across to Sydney on Loscam pallets and de-hire them in Sydney without having to bring the pallets back to Perth to do that. We offer Rand convenience and we have people in each state to liaise with their business and to help them."

Jim says the lighter design of Loscam's pallets is also a bonus for Rand in its distribution process.

"As our pallets are lighter they don't have problems of heavy pallets causing issues with manual handling and get the weight benefit in transport," he says.

"We are always happy to help Rand grow its business and to grow our business with them as well."

"AS OUR PALLET'S ARE LIGHTER THEY DON'T HAVE PROBLEMS OF HEAVY PALLET'S CAUSING ISSUES WITH MANUAL HANDLING AND GET THE WEIGHT BENEFIT IN TRANSPORT"



Ed Fragapane (left) and Kris Doherty WA Fleet Controller, Rand Refrigerated Logistics

rfid technology and pallets – fact or fiction

RADIO FREQUENCY IDENTIFICATION DEVICE TECHNOLOGY IS BEING SHOWCASED AS THE NEXT BIG THING FOR TRACKING PRODUCTS THROUGH THE SUPPLY CHAIN.

The reality is somewhat different as RFID is currently cost prohibitive and has limited practical application for moving the majority of goods through the supply chain.

With supporting technology, RFID can remotely sense objects and track their position once they are fitted with a microchip RFID tag. The technology also enables details such as temperature of product to be monitored where appropriate such as transporting fresh or frozen foods.

But while there has been a lot of excitement surrounding RFID, at the moment the technology is immature, says Paul Fleiszig, Director of logistics business, Oxford Storage.

"There's still a lack of standardisation in the supply chain and the technology is

relatively expensive. So at this point it has a very limited application," says Paul.

"Where RFID technology is strong is in a closed loop supply chain – a supply chain where you control all the users of the group and where you can track goods through that closed loop. Go outside that group and, because of the lack of standardisation, RFID loses its benefits."

Paul says at the moment most RFID technology cannot read multiple tags simultaneously either and the tags themselves are expensive – also drawbacks to the uptake of the technology.

"Until we get the read rate fast enough and the price of the tags drops, it won't be taken up," he says.

"But when the technology develops further, it will bring greater security and accuracy."

Wayne Ellison, Senior Program Manager Logistics at Woolworths agrees that while RFID technology promises future benefits, at the moment the technology is expensive and not ready for the diverse retail environment.

Woolworths has been involved in RFID trials but says as yet it has chosen to not take on the technology.

"We have a very diverse product range and our distribution centres handle anything from ambient temperature product to –28C frozen products. The technology needs to be robust enough to handle that environment in the volumes of product we handle," says Wayne.

"We are taking a watching brief on RFID technology and as it matures there will be opportunities for us. In the future we think its track and trace potential will allow a retailer to accurately control and understand where stock is through the



RFID enabled product being moved through demonstration gantry scanner in Europe



Wayne Ellison Senior Program Manager, Logistics at Woolworths



supply chain. It certainly will give easier visibility of the supply chain."

Sandy Capannolo, Loscam's GM of Business Improvement says RFID technology is currently not cost effective in pallets, particularly wooden pallets that are repaired multiple times and may require new and costly RFID tags to be refitted after each repair.

He says the hardware and infrastructure required to support RFID technology is also too expensive for many companies to contemplate at the moment.

"For our business – the mass distribution of product – the hardware required at each of the points in the supply chain are cost prohibitive," says Sandy.

"Currently, the technology is better for niche uses, such as tracking pharmaceuticals that are high value and not mass marketed.

"RFID technology is fantastic technology - in the right application and when it is a viable solution for our customers we will be at the leading edge of that. But it has to be at the right time and in the right situation to provide value to our customers and the supply chain as a whole."

Loscam is proud to provide equipment rental services to Oxford Cold Storage and Woolworths.



Paul Fleisig Director of Logistics Business, Oxford Cold Storage

focusing on the quality factor

IN A MAJOR ACHIEVEMENT FOR LOSCAM, THE BUSINESS HAS SUCCESSFULLY PASSED ITS FINAL AUDIT TO SECURE INTEGRATED MANAGEMENT SYSTEM ACCREDITATION.

The respected IMS accreditation is awarded by independent assessors after an organisation meets stringent standards in three key quality standard areas – Quality (AS/NZS ISO 9001:2008), Occupational Health & Safety (AS/NZS 4801:2001), and Environment (AS/NZS ISO 14001:2004).



AS/NZS ISO 9001
Certified



AS/NZS 4801
Certified



AS/NZS ISO 14001
Certified

Loscam has been working towards IMS accreditation since the middle of last year, says Shane Crouch, National Quality, Safety and Environment Coordinator.

"IMS accreditation brings a range of benefits. It's important for our customers to know they are dealing with a company that has this accreditation. And it's important for the business to have systems to work to, to keep our approach uniform meeting the requirements of the standards, and to ensure everyone within Loscam knows what is expected of them," he says.

"We had an OH&S system in place that was effective and needed only minor changes. We already placed a lot of emphasis on worker safety," says Shane.

"In terms of Environmental Management System, we were already aware of our environmental obligations and needed to formalise the system with the support of the necessary procedures and processes. We've now developed those procedures and processes to identify and control, where possible, Loscam's impact on the environment," says Shane.

LOSCAM ATTENDS NWPCA LEADERSHIP CONFERENCE – USA

Each year the National Wooden Pallet and Container Association of America holds a leadership conference for members and industry professionals. Attended by over 300 delegates the 2010 conference heard about the extremely challenging year faced by the pallet industry in Nth America including the impacts of a recovering economy, biofuel and waste management innovations and the ongoing battle between plastic and wood pallet poolers in the USA.

US ECONOMIC OUTLOOK LOOKS GOOD FOR REST OF THE WORLD

The conference heard that GDP growth is forecast to grow at 3% for this year, of which 1.4% is attributable to govt stimulus package. 3% was also forecast for 2011 with growth evenly spread across quarters which should limit further federal intervention. Non durable goods spend during this downturn was less affected than in previous recessions keeping the general retail and manufacturing sectors buoyant and poised for solid growth.

KIMBERLY CLARK EXTENDS RELATIONSHIP



Kimberly Clark are a valued customer of Loscam having been preferred supplier of pallets for over the past decade.

Loscam is pleased to announce that Kimberly Clark have recently re-appointed Loscam as preferred pallet supplier and extended the relationship to several additional Asian countries. Andrew Wilson Sourcing & Supply Category Manager at Kimberly Clark Australia said "We look forward to continuing our mutually beneficial relationship with Loscam over the coming years".



Pictured Loscam's David Edwards, Bruce Scholnick President NWPCA and Loscam's Sandy Capannolo.

customers front and centre

Loscam's senior team from Asia and Australia recently met in Bangkok to discuss plans for the coming year. High on the agenda were the results of our recent customer survey and how the business can continue to improve service delivery. With the majority of customers regarding Loscam as a strategic partner the conference participants were keen to build on such levels of customer support to ensure Loscam continues to supply a quality product with superior customer service in the most efficient manner possible. Mark Daniel addressed the group on how the survey results would be built into country strategic plans "Our customers have taken the time to participate in this survey and it is up to each one of us to ensure we honor our commitment to taking our levels of service to a new level". Other important issues were also discussed including Loscam's new Code of Conduct and Anti-Corruption Policy which is being rolled out across the business. Mark said "We will operate everywhere with a consistent set of standards and expectations that are ethical and fair".

what does excellent service mean to Loscam customers

