

# COLD FACTS CONNECTING A VITAL INDUSTRY JULY-AUGUST 2014

Product

# INNOVATIVE MARKETING STRATEGIES

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Thinking outside the box can differentiate you from the competition.

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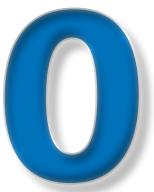
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WRAP-UP ISSUE

123rd IARW-WFLO Convention & Expo





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### **LEADOFF**

## RECRUITING TALENT AND DEALING WITH REGULATIONS TOP THE 2014-15 IARW AGENDA



S I BEGIN MY NEW POSITION as Chairman of IARW for 2014-15, I cannot help but marvel at how our industry continues to adapt to constant change in customer and regulatory requirements.

Having begun my career in 1979 in a very small refrigerated warehouse, I have seen firsthand how my fellow warehousemen have not only met the day-to-day operational challenges of business cycles, but have grown through partnering with our customers and always striving for excellence in every area of our operations.

Today, my company is still a small operation compared to many members of IARW that have multiple facilities not only in North America but globally as well. However, one thing remains constant: IARW has been alongside all our companies throughout the years, listening and customizing services to excel and grow in a tough environment while continuing to lead the global cold chain.

When Frank Plant, the 2014-15 WFLO Chairman, and I first discussed ideas regarding this coming year, we quickly focused on a few critical areas that challenge us. For example, this coming year we will explore how the temperature-controlled warehousing industry can recruit new talent and attract the best and brightest to not only grow our businesses but to replace an aging workforce. Our association will develop a strategy that focuses on providing resources and programs to meet this challenge.

Another area we identified is to help members stay current and comply with changing regulatory requirements. We will continue to

keep you current and up-to-date on all issues affecting our industry.

Finally, IARW-WFLO is committed to strong growth of the cold chain throughout the world. There are many opportunities to strengthen our industry, particularly beyond North America. In order for us to continue to be the world leader in the cold chain, we must continue to educate, train and provide the tools necessary to grow internationally.

To accomplish these goals, we are committed to customizing services and resources to meet all members' needs. We will continue to listen and provide you with exceptional service through a partnership that allows you to grow and to be successful.

I believe that all members of the IARW-WFLO will find great value in participating in the programs that are available now and in the future. This year, I look forward to hearing from you as to how your association can best align itself to serve your needs and to help grow your business.

TOM POE IARW Chairman

#### COLDFACTS

COLD FACTS magazine is published every other month by the Global Cold Chain Alliance (GCCA), an organization that unites partners to be innovative leaders in the temperature-controlled products industry. The GCCA Core Partners are:

The International Association of Refrigerated Warehouses (IARW), which promotes excellence in the global temperature-controlled warehouse and logistics industry.

The **World Food Logistics Organization (WFLO)**, which delivers education and research to the industry and empowers economic development by strengthening the global cold chain.

The International Refrigerated Transportation Association (IRTA), which cultivates, fosters and develops commercial and trade relations between all those engaged in the transportation and logistics of temperature-controlled commodities.

The International Association for Cold Storage Construction (IACSC), which provides a forum for innovative ideas, promotes standards of practice, and sponsors professional education programs for the cold storage construction industry.

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# THE GMO LABELING DEBATE

The issue is coming to the forefront at dinner tables and in legislatures.

By Lowell Randel

ne of the hottest current issues in food policy is whether companies should be required to label products that contain genetically modified organisms (GMOs). The issue is at the forefront of debates in state legislatures, Congress, and at dinner tables across the country.

GMOs are plants that are developed through a process of selecting a desired gene or piece of genetic material that expresses a certain trait and placing that gene in a plant where that trait is desired. GMOs are used to enhance plant characteristics such as insect tolerance, drought tolerance, disease tolerance, and herbicide tolerance. GMOs can also increase or enhance nutritional

content. Currently, there are eight commercially available GMOs available in the United States: soybeans, corn (field and sweet), papaya, canola, cotton, alfalfa, sugar beets and summer squash.

GMOs offer a number of important benefits for consumers and the environment. GMO crops use less water and fewer pesticides and reduce the price of crops by 15 to 30 percent. The global population is expected to rise to more than 9 billion by 2050 and we will need 70 percent more agricultural production to meet the challenge. Population growth over

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the next 35 years will take place during a time of greater climate volatility, placing new and increased pressure on the world's farmers. Safe and effective methods of food production, like crops produced through GMO technology, can help feed the world in a more sustainable way and benefit those suffering from hunger and malnutrition in developing nations.

GMO crops are subject to regulations administered by three federal agencies, the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), and the United States Department of Agriculture's Animal and Plant Health Inspection Service (APHIS). The FDA regulates the safety of GMO crops grown for human or animal consumption, and has found most GMO crops to be substantially equivalent to non-GMO crops. These are given the designation of, "Generally Recognized as Safe." In cases where GMO crops may contain significantly different proteins, the FDA has the authority to require pre-market approval to verify the safety of the crop.

The EPA regulates GMO crops considered biopesticides. The most common biopesticides are Bt toxins. If a crop is genetically engineered to carry a gene for a Bt toxin, the EPA requires the developer to verify that the toxin is safe for the environment and conduct a food safety analysis to ensure that the foreign protein is not allergenic. The USDA-APHIS regulates GMOs that are considered to be plant pests that can cause disease, injury, or damage to plants or plant products.

Critics of GMOs believe that despite the current regulatory framework to ensure the safety of GMOs, companies should be mandated to label products containing GMOs. This has led to heated debates at the state and federal level.

In 2012, voters in California defeated a state ballot initiative that would have required GMO labeling. A similar initiative failed to pass in the State of Washington in 2013. However, the State of Vermont recently approved mandatory GMO labeling legislation that was signed into law on May 8, 2014. The legislation requires products containing GMOs to be labeled beginning in July 2016. Lawsuits are already being developed to challenge the Vermont law, but its passage could signal that additional states may succeed in approving labeling requirements. Several state legislatures are currently considering labeling legislation and the states of Maine and Connecticut have already passed GMO labeling laws they will only go into effect should their neighboring states also require labeling.

At the federal level, legislators on both sides of the GMO labeling issue have been trying to advance legislation. In 2013, Rep. DeFazio (D-OR) introduced the Genetically Engineered Food Right-to-Know Act, which would deem any food containing genetically engineered ingredients misbranded unless such information is clearly disclosed. Senator Boxer (D-CA) introduced identical legislation. Neither bill has advanced out of committee.

On April 9, 2014, Rep. Mike Pompeo (R-KS), along with co-sponsor Representatives G.K. Butterfield (D-NC), Marsha Blackburn (R-TN), Jim Matheson (D-UT) and Ed Whitfield (R-KY) introduced bipartisan legislation entitled the Safe and Accurate Food Labeling Act. This legislation would create a uniform, national program governing the premarket review and labeling of genetically engineered foods.

Without clarity at the federal level, there is danger of creating a 50-state patchwork of GMO labeling laws.

The bill would require the Food and Drug Administration (FDA) to conduct a safety review of all new plant varieties used for genetically engineered food before those foods are introduced into commerce. The FDA would be empowered to mandate the labeling of GMO food ingredients if the agency determines there is a health, safety, or nutrition issue with GMO technology.

The legislation also creates a new legal framework, subject to FDA oversight, governing the use of label claims regarding either the absence of, or use of, genetically engineered food or food ingredients. The FDA will establish federal standards for companies that want to voluntarily label their product for the absence of or presence of GMO food ingredients so that consumers clearly understand their choices in the marketplace. The legislation would also require the FDA to develop a federal definition for "natural" claims on product labels. Food and beverage companies and consumers would have a consistent legal framework that will guide food labels and inform consumer choice. Given this new legal framework, states would be precluded from imposing any requirements that are not identical to these Federal requirements.

The Coalition for Safe Affordable Food, of which GCCA is a member, applauded Rep. Pompeo and his colleagues for introducing the legislation. The introduction of the Safe and Accurate Food Labeling Act would take an important first step to bringing consistency to America's food labeling laws. GMOs have been proven to be safe and America's farmers rely on this technology to protect crops from insects, weeds and drought. The legislation affirms that important food safety and labeling decisions should be made by the scientists and qualified policymakers at the FDA. A federal solution on GMO labeling will bolster consumer confidence in the safety of American food, while giving farmers and food producers the certainty we need to continue providing safe, affordable food for America's families.

Mandatory labeling would require thousands of common grocery products to be repackaged and relabeled if they contain ingredients derived from biotechnology. Such a policy change would impact all participants in the food supply chain and lead to higher foods costs and burdensome paperwork requirements. The FDA's current science-based policy requires labeling only when foods produced through biotechnology are changed in any way relevant to health, safety or nutrition.

In addition, the FDA has guidelines that companies can use in making voluntary claims regarding products produced with, or without, the use of biotechnology. This and the USDA Organic standards ensure that consumers can make choices based on information that is consistent, truthful and accurate.

Without clarity at the federal level, there is danger of creating a 50 state patchwork of GMO labeling laws. Such a result would not only confuse consumers, but also raise the price of groceries and negatively impact food and beverage companies. A federal solution such as the Safe and Accurate Food Labeling Act will protect consumers and provide food and beverage companies with a uniform set of standards established by the FDA, the nation's foremost food safety authority.

As the debate over GMO labeling continues, GCCA will actively work with the Coalition for Safe Affordable Food and like-minded partners in the food industry to promote common sense policies such as the Safe and Accurate Food Labeling Act. @

**LOWELL RANDEL** is the Vice President of Government and Legal Affairs for the Global Cold Chain Alliance.

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# **NOVATIVE MARKETIN** STRATEGIES

Thinking outside the box can differentiate you from the competition.

nnovative marketing strategies are not always at the top of the priority list for companies in the cold chain industry. When there aren't enough hours in the day, isn't it enough to focus on providing quality and up-to-date services and products that maintain your company's competitiveness in the market?

Maybe not. Some would argue that in order to be successful in today's competitive environment, innovative marketing must be employed to differentiate your company from the competition and then eliminate those competitors from the minds of prospective customers.

Here are the stories of three companies who decided to take their marketing strategy outside the box.

#### Racing Ahead of the Competition

"It was the perfect storm," says Brian Beattie, President of Preferred Freezer Services, referring to how his company came to partner with Ed Carpenter Racing for the team's second entry in this year's Indianapolis 500-Mile Race.

Beattie explains that Ed Carpenter had all his sponsorships arranged for the car he was racing in the Indy 500, but then decided to add a second car driven by 2011 Indy 500 Rookie of the Year JR Hildebrand.

"Ed decided late in the game to enter this great car driven by a fantastic driver but he didn't have a chance to pursue multi-million dollar companies for sponsorships," recounts Beattie. "Meanwhile, a partner of ours based in Indianapolis put us together with Carpenter and Hildebrand and we all realized it was great timing and a great opportunity. Immediately

we could see that the way these two men conduct themselves reflects exactly our company image and philosophy."

Beattie says, "We're in the service business and it's all about people. We believe in treating people like family, like they're special and we also believe a positive attitude makes great things happen in the supply chain. These two charismatic, charming, caring men who are at the top of their profession share our company's values and perfectly fit the profile of the kind of folks we try to recruit and train for our company — this partnership is in perfect harmony with how we run our company."

For his part, Carpenter says, "This unique and innovative company is a leader in its field and gives Ed Carpenter Racing a new partner for the world's biggest race. We believe the bright blue and white paint scheme and the legendary Polar Bear logo will be a fan favorite at the Indianapolis Motor Speedway this May, but will more importantly represent an innovative and successful partnership that will deliver tremendous value to our partners at Preferred Freezer Services."



The #21 car featuring the Preferrred Freezer Services' Bear logo driven by JR Hildebrand, driver for the Ed Carpenter Race Team, on a practice day prior to the 2014 Indianapolis 500. Photo by Tom Blattler.

And Hildebrand adds, ""I can't express the excitement I have entering this year's Indy 500 with Preferred Freezer Services and Ed Carpenter Racing. This new combination gives me a strong effort for the biggest race in the world and I look forward to working with Preferred Freezer Services. I can't wait to see the popular Polar Bear on the side of the No. 21 Preferred Freezer Services Chevy this May."

Beattie says that from the beginning, Carpenter and Hildebrand sat down with the Preferred Services management team to talk through options to market the partnership.

"We were on the same page from the start because we truly value the drivers that pick-up and deliver product to our freezers – they're our lifeblood. So it seemed a natural to plan events around driving," says Beattie. "We've been hosting a series of barbeques and picnics at our various locations for our current and prospective customers, as well as our drivers and other employees. Ed and JR are great with everyone and they answer questions and have even taken folks out for a drive in a Ferrari or Lamborghini. Nothing quite compares to sitting next to a seasoned Indy 500 driver while he shares tips on how to drive well and safely."

Beattie says that the sponsorship has always been a value proposition. Could it bring value to the partnership the company has with its

customers, employees and suppliers? "Once you meet JR and Ed, you can just feel they are there to add to those partnerships. They have off-the-chart charisma, larger than life personalities, and they're very bright. They are part of the perfect storm – they want to play to win."

"These guys have spent a lot of time learning our business and it's a lot of fun to be around them. That's what really got us going - it's not just the excitement of seeing our Bear racing around the track, they're really into helping us figure out what alternative things we can do to show our appreciation to our customers," explains Beattie.

"If some day they decided to give up racing, we want them on our team at Preferred Freezer Services for sure. It's clear they'll be a success at whatever they do."

#### Coming to a Screen Near You

Wouldn't it be helpful for prospective customers to get a virtual tour of a PRW's facilities and meet three generations of it's leadership before even contacting the company?

Rob Doyle thought so. He's Vice President of Business Development for Commercial Warehousing Inc., and it was his idea to make two videos that market the company's services.

"I think it helps prospective customers before they talk to us to get a feel for us. I

also felt it would increase our traction on the Internet, help our new website get more hits, and create more buzz about the company," reasoned Doyle.

He says the first of the two videos is about the company, its services, the management team, and generally showcases the company's capabilities. "We tried to create a video that is lively, upbeat, savvy, to match our personality, and shows a successful, stable company that is serious but has fun along the way."

Doyle describes the second video, soon to be filmed, as folksier. "We want prospective customers to know this company is not owned by an equity or investment company. We're a family owned business so we will have three generations of the family, all very well-spoken but humble people, talking to customers and prospects in an unscripted way about our history, our customer care and why they should hire us."

Doyle adds, "In my experience, people want to meet the owner and now they get to meet all three."

Doyle says they hired a professional film company to produce the video. "Homegrown You Tube style videos certainly have a place in marketing, and it's something we might try in the future, but this is not what we wanted to do with these videos," explains Doyle.



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He says the video was not cheap to create or distribute but he believes they're going to get a return on their investment. "We've had quite a spike in activity on our website and it's hard to say if the uptick is due solely to the video, but we've also had a spike in prospective clients — our investment probably has already been returned."

The completed video has been sent to current customers via an email link, to individual prospective customers, to trade publications and also runs in a continuous loop in the company's new trade show booth.

Reflecting on the experience of producing the video, Doyle says it's important to understand what you want to achieve before you start, your budget limitations, what technology you want to use and what venues and audience you want to reach.

"These videos are just one arrow in the quiver that is our marketing plan. They will compliment our search engine optimization plan, newly designed website, our electronic newsletters, and advertising buys," says Doyle. "You have to try different things to get your name out there and build brand awareness, so long as the idea makes sense."

#### **Strength through Cooperation**

Founded in 1978, the World Group is a strategic partnership of independent refrigerated/ frozen logistics and warehousing companies committed to providing the food industry with competitive supply chain solutions tailored to clients' market-specific needs.

"We're basically a cooperative of eight independent, largely regional companies, who as part of a bigger organization, have access to a broader network of potential customers and business opportunities and that is the big driver," says Tony Lucarelli, Executive Vice President of Sales and Marketing for Hen-



When evaluating our continued membership, we feel we need to stay part of the organization because of the value proposition of the collective association of the companies, potential marketing and sales leads that drive business to our facilities and drivers on the cost side. But also, the World Group is a viable entity and organization."

TONY LUCARELLI

President of Sales and Marketing for Henningsen Cold Storage

ningsen Cold Storage and current President of the World Group. "We also share best practices and enhance quality and delivery of services in our industry."

Lucarelli says they cooperatively share marketing resources and cost-share a number of marketing and sales opportunities. "We look for opportunities to increase purchasing power amongst our members, as a group we have more clout and more leverage to save money individually. We co-host client events and share the cost of participating in sponsoring events. Jointly, we also do direct marketing, produce targeted marketing information, newsletters and other communications, for example."

Not all eight companies can necessarily participate in an opportunity to provide services, explains Lucarelli, but a few of the members might put together a joint proposal to provide services if they're located in different regions. The prospect can work with them individually or under the banner of the World Group.

Lucarelli says regional expertise is an underlying value that distinguishes the World Group members from the national chains. "The North American market is a tapestry of culture, infrastructure, pricing and relationships. What happens in L.A. (the city) is a world apart from LA (the state). What sells well here won't move out there. It simply pays to know the best resource in each regional market."

The sharing of best practices is probably the biggest thing Lucarelli's says his company gets out of being a World Group member. "We focus on sharing solutions in different aspects of practices — operations, IT, sales and marketing, engineering, energy efficiency, international shipping and cross-border moves," says Lucarelli. "And for World Group customers, the experience is immeasurable

because between the senior executives of its member companies, World Group has more than 500 years of collective experience in the industry. We can access the right people with the right lines, trucking companies and shipping companies and we're confident referring our customers to our members in other regions of the country."

"When evaluating our continued membership, we feel we need to stay part of the organization because of the value proposition of the collective association of the companies, potential marketing and sales leads that drive business to our facilities and drivers on the cost side. But also, the World Group is a viable entity and organization," says Lucarelli. "We have an annual meeting of principals where we focus on solutions to enhance our individual businesses. If one or two practices can be adopted, we've paid for our membership."

Lucarelli says World Group is "cautiously open" to new members provided they meet certain criteria and receive a unanimous decision.

The criteria for becoming a World Group member is a company that adheres to industry standards for safety and sanitation, operational excellence and an open, collaboration approach to supply chain success. "That criteria serves as a prequalification for meeting a customer's needs, and as we're trying to provide top end solutions, every member has to be strong as the next link. It's all or nothing." @

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# CONTINUOUS IMPROVEMENT

### ON A STORIED HISTORY

The 123rd IARW-WFLO Convention & Expo marked a historic leadership transition and provided a springboard for a host of new association benefits.

By Al Rickard



istory was made at the 123rd IARW-WFLO Convention & Expo as the cold chain industry ushered in a new President and CEO and bid farewell to a leader who has served the industry for 32 years.

Corey Rosenbusch, CAE, was named President and CEO of the Global Cold Chain Alliance (GCCA) at the conclusion of the convention, which took place April 26-30, 2014 in San Diego, California. He had been serving as GCCA President and Chief Operating Officer, and this culminated a 16-month leadership transition in which leadership responsibilities were transferred from outgoing President and CEO Bill Hudson.

Hudson was recognized and roasted at a special dinner on the opening night of the convention, and proceeds raised through the dinner will benefit the new Hudson Global Development Fund, which IARW created to honor Bill and his global work. The fund will support international programs and provide micro-grants to individuals and small enterprises to enhance their production, post-harvest, or cold chain capacities.

The convention theme of "continuous improvement" was evident throughout the event as a wide range of speakers addressed critical issues facing the cold chain and provided strong education for the record crowd of more than 700 attendees from 20 countries.

At the Opening General Session, IARW Chair Doug Thomas (Bellingham Cold Storage) highlighted the theme: "Over the past year, Bill Hudson and I visited with members around the world, discussing this theme of continuous improvement and what it means to us and our industry. The cold chain industry is rapidly changing. Disruptive technology, new customer demands, health care cost increases, increased regulatory oversight, higher energy costs, and tighter profit margins have pushed us to rethink the way we conduct business. We no longer have the option of doing 'business as usual.' We have to evolve and improve to grow, which is why we chose 'continuous improvement' as this past year's theme."

WFLO Chair Bill Hendricksen (Lineage Logistics) added, "Continuous improvement is the ongoing effort to improve products, services or processes. It can be big ideas, but it can also be small ideas that are easy to implement, but increase efficiency or reduce costs. That's what the convention is all about - getting great ideas while meeting with some great people."

In his opening remarks, Rosenbusch emphasized the need to develop future talent in the industry and announced the new Don Schlimme Award, created in honor of the former chair of the Scientific Advisory Council who passed away in 2012. The award will be funded by \$66,000 raised for his scholarship fund, which will award a scholarship each year to an outstanding young person in the industry.

The advent of new technology options for IARW and WFLO members was apparent throughout the convention, ranging from a Convention App for attendees to track the event on their mobile devices to the new Global Cold Chain Directory App that packs hundreds of pages of valuable company information from the popular print directory into an online application easily used on mobile devices.

GCCA also recently launched a new mobile-friendly version of its website that includes many great resources. IARW-WFLO Convention attendees are also able to download and view presentations from any of the Focus Sessions, convention photos, and more by visiting http://www.gcca.org/iarw-wfloconvention-expo-highlights/.

#### Innovation is Key

Robert Tucker, President of The Innovation Resource, a consulting firm specializing in strategic innovation and author of numerous books, including Driving Growth through Innovation and the bestselling Managing the Future, delivered a keynote address on how to make innovation an integral part of refrigerated warehouse operations.

He spoke about the need to "embrace the opportunity mindset," citing examples of how disruption can affect different companies. While some are being disrupted and having trouble handling it, others are embracing change and making an opportunity out of it.

"Seventy-six percent of CEOs say that innovation is a top three priority at their company," Tucker revealed. "It's not going to be a matter of if you innovate, but how effectively you do it."

He identified "vanguard companies" such as Google, IIBM, P&G, 3M, Samsung, Nike, and Roche that have successfully embraced the opportunity mindset. The five best practices of these vanguard companies include:

- 1. Making innovation a strategic imperative
- 2. Implementing an idea management
- 3. Collaborating with customers
- 4. Fostering a risk-taking culture
- 5. Involving everyone





IARW Chairman Doug Thomas (left) and WFLO Chairman Bill Hendricksen (right), welcomed the record crowd of more than 700 attendees from 20 countries at the convention opening session.



The expo hall was a gathering place for networking and doing business throughout the convention.



This delegation from Shanghai, China, led by Liu Longchang (far left) was part of the convention record crowd that included representatives from 20 countries.

#### TOM POE AND FRANK PLANT LEAD SLATE OF 2014-2015 IARW-WFLO OFFICERS AND DIRECTORS

New officers and board members of IARW and WFLO were elected at the 2014 IARW-WFLO Annual Convention & Expo.



TOM POE IARW Chairman

Tom Poe, President, Crystal Distribution Services, in Waterloo, Iowa, USA, was elected as the 2014-2015 Chairman of the IARW Board of Directors.

Other new IARW officers elected for the coming year were Vice Chairman Angelo Antoci (U.S. Growers Cold Storage) and Treasurer Eben James (Trenton Cold Storage).

New directors-at-large members elected to serve three-year terms on the IARW Board include Doug Harrison (VersaCold Logistics Services) and Andy Janson (Hanson Logistics). Dan Coury, Jr., (Mesa Cold Storage) was elected to represent the South Pacific Chapter, and Randy Scarpero (New Orleans Cold Storage) was elected to represent the South East Chapter.



FRANK PLANT WFLO Chairman

Frank Plant, President, Harborside Refrigerated Services, San Diego, California, USA was elected as the 2014-2015 Chairman of the WFLO Board of Governors.

Other new WFLO officers elected were Vice Chairman **Greg Brandt** (Nor-Am Cold Storage) and Treasurer Fabio Fonseca (Friozem Armazens Frigorificos)

New board members elected to serve three-year terms on the WFLO Board include: Neal Rider (Agro Merchants Group), Dan Kaplan (Cloverleaf Cold Storage), Hans Kroes (Kloosterboer), and Mike Pokel (Midwest Refrigerated Services).

Board members re-elected to three year terms on the WFLO Board include Don Dick (Dick Cold Storage), Arne Martinsen (Transmar Ltd.), and Kirk Robertson (Terra Vista Capital).

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Convention attendees enjoyed an evening reception on the U.S.S. Midway on Monday evening.

Tucker talked about a few examples of outstanding innovations, including one developed by Percy Spencer at Raytheon. Spencer was standing next to a radar transmitter at his worksite not long after World War II ended and noticed that his candy bar melted. He deduced that the radar transmissions were causing the melting, and he and his colleagues continued the experiment by popping popcorn.

This led to the introduction of the "Radar Range" – the early version of the microwave oven – but consumers stayed away in droves because the name and concept did not resonate with them at the time. But it led to the highly successful microwave oven that is now present in nearly every home.

Tucker posed this question to attendees: "What's the rate of innovation in your company? If the rate of change outside your company is faster than inside your company, there is work to be done."

To facilitate the process of innovation, he displayed the Tucker Process Map that he says will help companies succeed in this area. More information about this can be found at www.innovationresource.com.

#### **Focusing on Success**

Warehouse operators must focus on several key areas to succeed in their businesses. The convention offered a series of Focus Sessions in four key areas: Business and Market Development, Liability and Risk Management, Operations Management, and Human Resources.

#### A few examples:

- Tom Stenzel, President & CEO of the United Fresh Produce Association, spoke about "The Fresh Food Opportunity." He explained how fresh produce sales grew 8.1 percent last year and highlighted the need for PRWs to help growers and shippers meet new demands for just-in-time delivery.
- Joe Howard and Connie Phipps of The **Lockton Companies** delivered a host of ideas for PRWs to lower their risk of loss and exposure and lower their

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What's the rate of innovation in your company? If the rate of change outside your company is faster than inside your company, there is work to be done."

> - ROBERT TUCKER President of The Innovation Resource



- premiums in the process. They covered everything from mitigating the risk of rack collapses to requiring proper footwear for workers to reduce the risk of slips, trips, and falls.
- Tony Leo, President and CEO of RLS Logistics and Marcus Wilcox CEO of Cascade Energy joined forces to highlight ways to increase energy efficiency and foster continuous improvement and operations. They highlighted one example where PRW spent about \$25,000 on energy-saving action items that produced nearly \$200,000 in annual savings.
- **Nicholas Pell of Gramercy Property** Trust and Jonathan Holbrook of Metlife Agribusiness advised members to minimize real estate financing disruptions by anticipating structural limitations. Methods include selecting real estate suited for sale leasebacks, picking the right equity partner, and pushing for maximum flexibility within the confines of a lease or mortgage.
- Patricia Gaudin of Lineage Logistics shared proactive people strategies for members to remain union-free and maintain labor peace. They included maintaining consistency between handbook policies and actions, establishing shift start-up meetings, hosting celebrations, staff appreciation weeks, and social events, and creating safety committees.

#### **Business in the Expo**

The bustling Expo hall, with a record-tying 101 exhibitors, was a strong focal point for business and networking throughout the convention. For the first time in the expo's history, six countries were represented, including Australia, Canada, Pakistan, Taiwan, United Kingdom, and the United States.

#### Scientists Speak

During the past year, GCCA members submitted 242 inquiries on topics including commodity storage, operations, industry metrics, regulatory compliance, and legal issues, nearly half of which were answered by the WFLO Scientific Advisory Council (SAC).

The IARW-WFLO Convention also provided additional opportunities for member engagement with the SAC. The annual "Scientists Speak" Session was a highlight, in which SAC members delivered in-depth presentations on critical issues related

### **SAVE THE DATE!**

# 124th IARW-WFLO Convention & Expo

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to the temperature-controlled logistics industry. A crowded room of warehouse operators listened to discussions on the impact of storage temperature deviations on frozen food quality, an update on the carbon dioxide refrigerant R-744, factors influencing moisture migration, sanitary transportation of food, green construction, consumer perceptions and poultry food choices, and the dairy industry (which included an interactive cheese tasting).

Led by SAC Chair Dr. Michael Jahncke, the SAC members also held a special "Speed Dating with the Scientists" Focus Session that allowed PRW operators to ask pressing questions in person and get immediate answers.

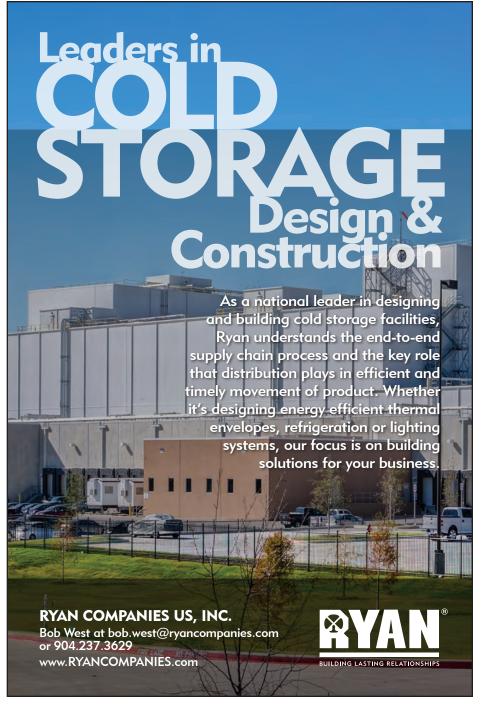
#### **IARW-WFLO Programs and Benefits**

One of the convention highlights was a joint IARW-WFLO Board meeting that included a "State of the Association" report presented by association leadership and staff.

The session highlighted the current strategic plan and alerted members to a strategic planning survey that will be sent later this year, with the results to be analyzed this fall. (For more information about this, see the article, "A Tour of IARW-WFLO Programs and Benefits," on page 22.)

**AL RICKARD** is President of Association Vision and the Editor-in-Chief of *COLD FACTS*.

EMAIL: arickard@associationvision.com



# A TOUR O IARW-WFLO Programs and Benefits

IARW and WFLO offer a wide range of benefits ranging from global connections to scientific advice. Learn about the full range of programs.

By Al Rickard

ne of the highlights from the 123rd IARW-WFLO Convention & Expo was a joint IARW-WFLO Board meeting that included a "State of the Association" report presented by association leadership and staff.

The session highlighted the current strategic plan and alerted members to a strategic planning survey that will be sent later this year, with the results to be analyzed this Fall.

GCCA Vice President of Government and Legal Affairs Lowell Randel kicked off the program updates with an overview of the legislative and regulatory environment facing cold chain companies in the United States.

He called the current political atmosphere in Washington, DC "silly season" since it is an even-numbered year when most politicians are up for re-election. "There are a number of pieces of legislation stuck in gridlock going nowhere," he observed. The situation is not likely to change until early 2015.

On the regulatory front, Randel explained that since the Obama Administration is entering its last two years, current regulations "have one more lap to go - we're going to see a lot of regulatory activity between now and 2016."

He predicted that the U.S. Occupational Safety & Health Administration (OSHA) may soon take a hard look at ladders and stairs and urged members to be vigilant about this and other potential inspection issues.

Randel also highlighted two GCCA initiatives that members can use to stay on top of emerging developments in the legislative and regulatory arenas.

The first is the Government Connection Alert e-newsletter that tracks current legislative issues. The second is Inspections Alert, an alert service that reports on recent inspection activity at GCCA member facilities. This is a valuable tool for members to see what OSHA and other government agencies are focusing on so they can be prepared for potential future inspections.

"But the only way the Inspection Alerts

program will work is if members use it," Randel cautioned. "Without reports from our members, we will have nothing to include. You don't have to mention your company or facility name – just enter the information so others can benefit from your experience and you can benefit from theirs." To sign up, visit www.gcca.org/resources/share-your-inspection-experience/.

He also described a new GCCA Employment Law Inquiry Service offered in partnership with the Jackson Law Firm. Through it, members can get basic guidance on labor and employment issues at no cost. If it is determined that legal assistance is needed, members can receive a 15 percent discount on Jackson Lewis rates if they decide to use the firm as their legal representative. For more information about this, visit www.gcca.org/ resources/employment-law-inquiry-form/.

Randel concluded his presentation by highlighting several major trade associations and other organizations that GCCA partners with to expand its influence. These include major players such as the U.S. Chamber of Commerce, National Association of Manufacturers, American Frozen Food Institute, International Institute of Ammonia Refrigeration, and others.

We need to get in the room with end users to explain what we do and how we are different. We had a meeting in Shanghai recently with big players such as Tysons, Starbucks, and others in China and talked about their needs and how we can help."

> - RICHARD TRACY GCCA Vice President of International Programs

#### Global Membership Reach

GCCA Director of Membership, Marketing, and Communications James Rogers highlighted the growth in GCCA membership and its global reach, which now extends to 66 countries, 755 companies, 1,090 warehouse facilities, and 4.4 billion cubic feet of storage space.

He also explained that public refrigerated warehouses (PRWs) are increasing their dominance in the cold chain industry, now accounting for three of every four cubic feet of storage space. PRWs are also finding value in GCCA membership - the member retention rate is more than 95 percent.

Rogers displayed a list of the top 10 GCCA member prospects and encouraged members to help recruit new members whenever possible. "If there is a facility or nonmember company in your area, talk to them about how GCCA is of value to your company," he said. "Call me and I can help set up meetings."

GCCA Vice President of International Programs Richard Tracy spoke about GCCA's international programs and partnerships with other national associations such as the European Cold Storage and Logistics Association, the Refrigerated Warehouse & Transport Association of Australia, and the Associação Brasileira da Indústria de Armazenagem Reigorificada to promote the growth of the cold chain and cold chain best practices worldwide.

For example, he reviewed a successful program held in Shanghai, China called the "Cold Chain Executive Connection" that gathered 30 of the key cold chain players in Shanghai to network with other presidents, CEOs, vice presidents, and other senior personnel focused on supply chain and logistics. At the meeting, Tracy delivered a report on "Global Cold Chain Trends: Automation, Efficiency and 3PL."

"We are also looking at expanding the

cold chain in the Philippines and other growing areas," he explained. "We need to get in the room with end users to explain what we do and how we are different. We had a meeting in Shanghai recently with big players such as Tysons, Starbucks, and others in China and talked about their needs and how we can help."

Tracy added, "Fifty-nine percent of our members are currently in the United States, but we would like to continue expanding

our global membership to get to the point where 51 percent of our members are from outside the United States." (See the chart on page 24, "Global Parent Warehouse Members," for a breakdown of global members by region.)

Debbie Corado, Director of the GCCA Latin American Office, explained, "We have seen a significant increase in members in Latin America because we are holding more events there and tell people about what GCCA does. This year we are launching the first WFLO Institute in Latin America in connection with the 50th anniversary of this event in the United States. It offers the opportunity for companies to send their staff for training at an event taught in the Spanish language."

The WFLO Institute in Latin America will be held on July 7-9, 2014 in Panama City, Panama. Corado also mentioned that a WFLO Institute textbook will soon be produced in Spanish along with a microsite in Spanish.

Corado previewed the Second Latin America Cold Chain Conference, to be held in October 2014 in Cartagena, Columbia. "This conference is an opportunity to address the

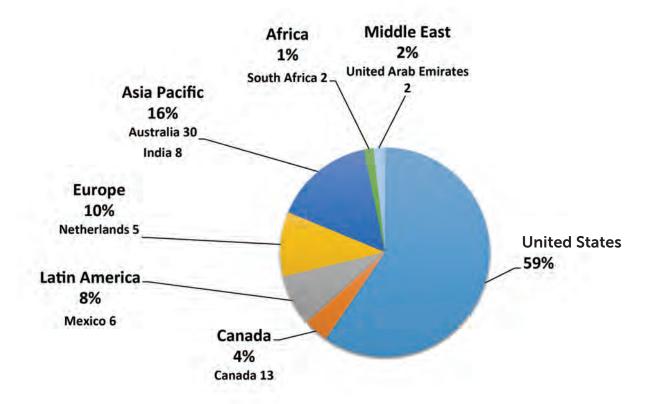




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#### **GLOBAL PARENT WAREHOUSE MEMBERS**



cold chain challenges we are facing in Latin America and learn how these challenges are handled in other countries such as the United States," she noted.

GCCA Director of International Programs Nikki Duncan talked about eight WFLO projects now underway in 10 countries.

"Last year, WFLO was contacted by a large Saudi conglomerate to build a new facility with 27,000 pallet positions," she reported. "WFLO provided construction expertise and

#### **GCCA E-NEWSLETTERS AND BLOGS**

GCCA offers the following useful e-newsletters and blogs:

Cold Connection e-newsletter/blog www.gcca.org/coldcon/

**Government Connection** e-newsletter/blog

www.gcca.org/govcon/

**Member Connection** www.gcca.org/membercon/ as a result of what they gained, they joined the association."

In another initiative, after 14 months of work in Pakistan, GCCA President Emeritus Bill Hudson will go there to launch the nation's first cold chain association.

In Nigeria, WFLO is working with the government to help formulate its first cold chain

Through the U.S. Department of Agriculture's Latin America Cochran Fellowship Program, WFLO is working to encourage the creation of new third-party cold chain operations to serve this growing market.

Duncan also described the new Global Connection newsletter that highlights WFLO activities and international trends. To subscribe, visit www.gcca.org/resources/subscribe/.

Rosenbusch summed up the importance of the WFLO activities within GCCA by noting, "We are creating the cold chain industry in countries where it doesn't exist."

#### **Education and Training**

GCCA Director of Education and Training Catherine Kuber explained, "Well-trained people in the cold chain industry are a priority for us."

In addition to well-established programs such as the IARW-WFLO Convention, WFLO Institute, and GCCA Assembly of Committees, GCCA is also rolling out a series of regional training programs across the United States between May and October 2014 on topics such as energy management, labor management, employee engagement and the Global Food Safety Initiative.

GCCA has also introduced a number of e-learning initiatives that provide opportunities for everyone to learn on their own time from their own locations.

Kuber also reviewed how WFLO will roll out a new Year 2 curriculum at the WFLO Institute in 2015. "Last year we introduced a new Year 1 curriculum and in 2016 we will introduce the Year 3 curriculum, creating a totally refreshed curriculum," she said. WFLO has also developed a Graduate Institute with interactive case study sessions and leadership sessions.

#### **Assembly of Committees Preview**

GCCA Vice President of Member and Industry Affairs Megan Costello joined GCCA Manager of Meetings and Member Services Trier Albanezi to preview the 2014 GCCA

Assembly of Committees, to be held July 27-29, 2014 at the Fairmont Washington Hotel in the Georgetown area of Washington DC.

"We have introduced the theme of Learn, Lead, Succeed for the event," Costello announced. "It begins on Sunday with a series of 'Symposium' education programs, Monday is all committee meetings, and Tuesday is agency visits. We now charge a small fee for the Sunday programs, but it is a strong value with 16 educational programs including a government affairs lunch and a keynote presentation."

Albanezi added that the event is moving from the Four Seasons Hotel to the Fairmont Washington Hotel, but noted that it is still in the heart of Georgetown.

#### **Industry Promotion and Awareness**

An important role for GCCA is to continually promote third-party cold chain services to end-user companies. GCCA Director of Information Services Tori Liu joined Rosenbusch to explain some of initiatives in this area.

"Knowledge is power, and we need to be as

sophisticated as possible to take advantage of the capabilities of our new association management program," Rosenbusch declared. "We can capitalize on the data we own to better serve our members.

"We are using data to defend and represent our members in government affairs and regulatory issues. For example, we can identify the number of facilities in a region storing more than 10,000 pounds of ammonia."

Liu added, "We can use data to promote your services. We often get questions from end-users asking which members offer certain services. One way we do that is through the Global Cold Chain Directory that is sent to more than 2,500 cold chain executives plus end-users."

She also described the new directory mobile app that debuted at the convention. "This app contains all the data that is in the large print directory and it is quickly searchable by location, company type, products and services, and more." Details are online at www.gcca. org/directory and the app can be downloaded by searching for "GCCA Directory" in the iTunes app store (for Apple devices) or Google Play (for Android devices).

Liu also explained that GCCA executives Rosenbusch, Costello, and Tracy are continually speaking at a wide range of industry events around the world to promote thirdparty cold chain services and the growth of the cold chain in developing nations.

GCCA also attends and exhibits at several conferences such as the Supply Chain Conference and Northwest Food Processors Association meeting, and places articles throughout the year in key industry publications such as Frozen Food Digest, Food Logistics, Refrigerated & Frozen Foods, and Progressive Grocer.

#### **GCCA Member Resources**

GCCA Manager of Knowledge & Publications Bsrat Mezghebe talked about the many resources available to members.

She began by highlighting the many member inquiries answered by the WFLO Scientific Advisory Council (SAC), GCCA service partners, fellow members, and association staff.

"We have seen a 65 percent increase in the number of member inquiries during the past



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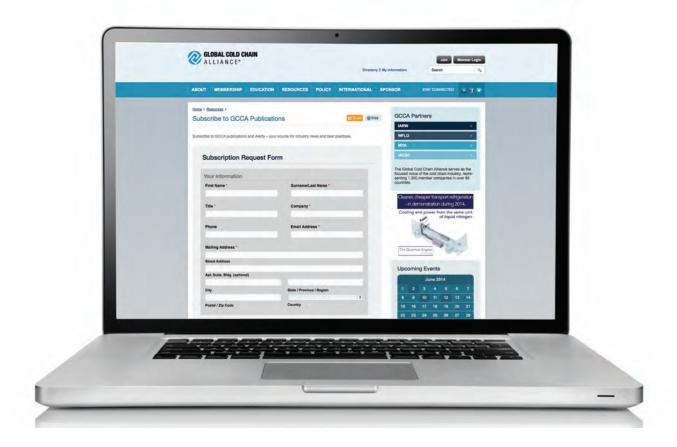
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#### GCCA LAUNCHES ONLINE LEARNING MANAGEMENT SYSTEM

When members of the IARW and WFLO boards identified talent management as one of their biggest concerns at their companies, GCCA staff developed a cloud-based learning management system (LMS) with pre-loaded eLearning content to meet those needs.

The Online Learning Management System was rolled out at the 123rd IARW-WFLO Convention & Expo to facilitate the ability of member companies to not only develop talent within the company, but to also be able to easily track employee participation in the training program.

"This is not just an eLearning course but rather a total training tracking solution," explains Catharine Perry, GCCA Director of Education and Training. "The system allows employers to track employee training from the beginning to the end of their tenure at the company. It greatly simplifies record keeping as management can easily see which employees attended what course and what grade they received if there is a test associated with the course."

The GCCA Online LMS makes documenting and managing training easy by allowing employers to track course completion and success rates through a robust learning management system that can be tailored to fit each individual member company's needs. With GCCA Online

Learning, employers will be able to:

- · Review all employee training records in one central location
- · Create learning plans for job functions, competency models
- Host company-specific resources and courses on the LMS
- Receive reports automatically delivered to your inbox
- Brand the LMS with your company logo and colors

The online learning system launched with 130 individualized, self-paced training courses that can be accessed on-demand, 24/7. The courses currently address critical issues in employee safety compliance, human resources, and career development. There are transportation-centric courses for IRTA members and construction-oriented courses for IACSC members.

"We will continue to add more industry specific courses over time," says Perry. "Four more courses on cold chain management, food safety and warehouse operations will be added this December and we are already planning an additional four courses in 2015."

For more information, contact Catharine Perry at cperry@gcca.org.

year," she explained. "Most questions are about commodity storage, but many are also about regulations, cost to freeze, and energy reduction. SAC members spend about one hour on each inquiry, helping to ensure that members are aware of best practices and can continually provide high quality service to their customers."

The IARW Productivity and Benchmarking Report, a venerable resource for PRW executives, is going online in 2014 with a web-based platform to collect and present data. Since its inception in 1998, the report provides quantitative and qualitative measurements to assist members of the public refrigerated warehouse industry evaluate their operations and performance. The results are based on an industry survey that has been conducted by IARW every two to three years and the report is produced by the IARW Productivity and Benchmarking Committee.

"This change marks the report's transition from a static to dynamic resource," Mezghebe said. "With this platform, members will be able to securely enter data online and create customizable reports,

anonymously comparing their results to that of their peers."

The platform will generate more concise reports, with greater emphasis on visual explanations. Greater participation is also expected, as the online version will take less time and effort to complete than the previous process. Only companies that participate in the survey can access the full survey results.

She also reported on the success of COLD FACTS magazine, which has an increased editorial focus on member interests and industry trends and has attracted strong advertising from GCCA member companies.

#### **Member Engagement**

Liu and GCCA Manager of Membership, Marketing, and Communications Laura Poko highlighted the many ways members can engage with IARW-WFLO and get the most out of their memberships.

Much of member engagement happens online, but Poko noted, "We are all on message overload. I'm sure many of you have already checked emails on your phones throughout today's meeting. Statistics say that the typical worker receives an average of 84 emails and sends 41 emails every day. That's a lot of messages to process!"

Increasingly, people are also using mobile devices more and more in the business world

Liu and Poko highlighted a few key resources that can be used on a variety of electronic devices to allow members maximum flexibility for when and where they access benefits. Members can subscribe to any of these publications at www.gcca.org/subscribe.

They also talked about the GCCA social media presence on LinkedIn, Facebook, and Twitter, which can all be easily accessed from the www.gcca.org home page. ②

**AL RICKARD** is President of Association Vision and the Editor-in-Chief of *COLD FACTS*.

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# MINIMIZE LOSS AND REDUCE LABOR COSTS

# with Wireless

Access to information supports process improvements.

By Sheryl S. Jackson

nowledge is power and in this era of "big data," cold storage facility owners and transportation companies want access to information that not only helps them ensure the freshness of the product, but continuously improve their processes to enhance productivity and the bottom line.

With systems that measure warehouse temperatures, employee productivity and temperature of product in transit, the advent of wireless sensor technology not only provides more options for use but also automates the collection of information in real-time. However, just because the technology is available, not all owners are purchasing or optimizing the use of wireless technology.

"Most of the wireless sensors in use today are simply replacements of traditional wired networks, thus the wireless feature is essentially a cable replacement," explains Yael Leshem, Vice President of Sales NAFTA for CartaSense Ltd.

"Wireless monitoring systems are rarely used in cold storage facilities today, due to their high price and limited transmission capabilities, especially in transportation mode. Therefore, companies prefer to use the old fashion, low cost data loggers instead," Leshem adds. "Even when companies decide to use wireless sensors in transportation, these sensors are actually wireless loggers that transmit the information to the central office only after the shipment gets to its destination. "Therefore, in both cases, in wired systems or today's wireless, the result is post-mortem analysis of data rather than real-time," she points out.

The demand for real-time wireless monitoring, in warehouses and in transportation, is growing, says Leshem. "To avoid food losses and control pharmaceutical products' quality, regulators are pushing for automated, realtime, system standardization," she says. "In the pharmaceutical market, three independent systems for temperature control, temperature monitoring and temperature excursion alerts have been identified. Humidity monitoring is also edging its way into the main stream for pharmaceutical and fresh produce, where excessive loss of water content weight cause an extensive direct loss."

"Wireless sensors can also provide supervisory personnel with real-time information that drives improved efficiency within a warehouse as well as increased staff productivity," says Arlan Purdy, Energy Product Manager at Raymond. Collection of real-time data within the warehouse enables managers to be sure all trucks in the fleet are used efficiently and employees are productive. For example, using

a lift truck when a pallet truck would work in one area means a lift truck is not available for use in an area in which only lift trucks can be used, he points out. "Having a system that not only shows the location of trucks, but also collects data on idle time, travel time, and battery condition, means a supervisor can not only make adjustments during the day, but also collect trend information to evaluate ways to improve efficiency," he explains.

#### **Cold Chain Challenges for Wireless** Implementation

The steel and concrete construction of cold storage facilities can create problems for wireless transmission within a warehouse, admits Purdy. "In some warehouses, the type of product on pallets can interfere with transmission as well,"



he says. "Pallets of beverages are especially troublesome as are any other heavy, dense product."

Competition for wireless bandwidth is another issue for some facilities, says Leshem. "Many warehouses use WiFi-based systems to monitor forklifts or provide connectivity to handheld terminals, so introducing a new system that shares the same frequency band is always an issue," she explains. "Using a different frequency band for the monitoring system can overcome this issue."

"Sensors can also be installed in a design that relies on redundant connections to create a mesh network of sensors that also function as routers, or extend the network reach when functioning as repeaters," points out Leshem. "Designing a network that can adjust to changes in warehouse storage profiles ensures robust communication between the sensors and the central control system via an access gateway. Pure battery operation of all wireless units also eliminates the need for dedicated power cable installation for power-hungry range extenders," she adds.

Another issue for many cold storage facility or third-party logistics operators is the cost

of installing a wireless monitoring network, admits Purdy. Rather than looking at the cost of the system only, he advises evaluating savings that will be realized through increased productivity, energy-savings, and identification of other cost-savings opportunities. "In addition to reducing labor costs required to manually gather information, automated systems also collect data that can be used to better manage processes in the warehouse," he says. Don't fall prey to "shortcut syndrome," he warns. "A less expensive solution might solve today's problem, but the best investment is a solution that can address issues in the future."

Obtaining customer IT approval and confidence to support appropriate protocols and operate infrastructure in the warehouse can be a challenge in some companies, says Jeff Leshuk, Vice President Food Strategy and Business Development at Sensitech Inc. "First, we have to ensure that the customer meets implementation requirements, such as open network ports, access to facility maps and appropriate personnel available during the installation period." Once a system is installed and tested, the next critical challenge is training for all

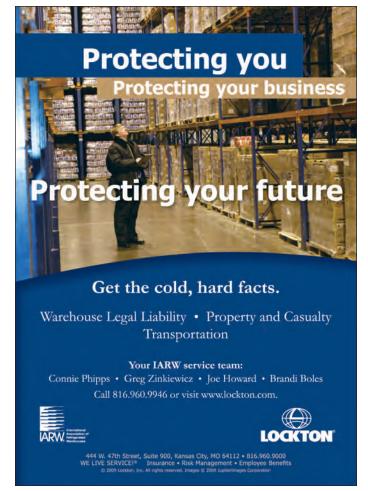
staff who will operate the system, he adds.

"Transportation in the cold chain presents unique challenges that should not be ignored," says Leshem. Real-time monitoring of product while in transport, as opposed to checking product when delivered, provides opportunities to avoid loss with full visibility to the data anytime, during transit, in docking, or at the end destination, she says. "System alerts when temperature or humidity levels are out of range, allowing corrective actions in real time to minimize the damage, reduce waste, retain product quality, and save energy and water."

#### Select Technology that Fits your Needs

Determining the wireless technology that will provide the best return on investment requires careful planning about what you need for your company, says Leshuk. "Buyers should focus on the solution in its entirety," he points out. "Hardware tends to get a lot of attention because it is tangible and because there have been many exciting advances in wireless hardware technology in recently years, but equal consideration should be given to the software and the services provided by the vendor."





A vendor should not only understand the technology, but also understand your business, says Leshuk. "The focus should be on how well the system can fit efficiently and practically into your overall process, not on bells and whistles."

One feature that often represents a missed opportunity is the purchase of a system that can alert personnel to low water levels in batteries, says Purdy. "Although the information is provided, some companies don't allot staff time to take action to address the water levels, which results in a high rate of battery replacements."

Although real-time data gathering and alerts help protect warehouse owners and third-party logistics companies from loss, the greatest return on investment in a robust sensor system is access to information that can drive improvements. "Progressive food companies are monitoring their in-bound shipments and using the data collected to drive continuous improvement, says Leshuk. "By using the data first as evidence to accept or reject a load, and then aggregating the data so they have many shipments over time from which they can spot trends and patterns, they can identify the largest opportunities for improvement," he explains.

Wireless technology can benefit all members of the cold chain but it can be more advantageous for some companies, says Leshuk. "Wireless technologies for transportation monitoring are particularly advantageous in geographies where labor is particularly expensive," he explains. The wireless technologies reduce or eliminate the requirement to locate and download a conventional temperature monitor, he adds.

"Cold chain companies that ship products that are both especially high value and highly temperature sensitive will also find the realtime technologies that utilize cellular or satellite infrastructure particularly advantageous," points out Leshuk. "While more expensive, these technologies allow intervention to mitigate any temperature problems as they occur during transportation."

#### Future of Wireless in the Cold Chain

Leshuk sees two concurrent trends in the future of wireless technology. "First, the trend of shifting from using in-transit temperature monitoring solely for accept or reject decision-making to also using the analysis

of data collected from many shipments over time to continuously improve the cold chain will continue," says Leshuk. "We also expect to see increasing use of real-time technology for in-transit monitoring as the technology becomes more widely known and accepted by the industry, and as the cost comes down over time."

"The Internet of Things paradigm of gathering big data and providing online, real time analytics, supporting timely critical business decisions is the most promising element in the modern logistics revolution," says Leshem. "As supply chains are becoming more complex and inter-dependent, having all the information in the cloud and deriving the right decisions on time, will introduce unprecedented efficiency and quality in temperature controlled supply chains." @

SHERYL S. JACKSON is a freelance writer based in Alpharetta, Georgia, USA who specializes in industry issues and trends.

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# ANGOLA

Robust rebuilding and a growing economy suggest a market ready for cold chain development.

By Alexandra Walsh



frozen food trade data analysis compiled by GCCA in 2013 reveals that Angola is the sixth largest market in terms of the value of frozen chicken exported from the United States.

It might surprise some that a developing nation in Africa provides such an enormous market for American poultry. But a deep dive into this southern African nation reveals that Angola's economy has undergone a period of transformation in recent years, moving from the disarray caused by a quarter century of civil war to being the fastest growing economy in Africa and one of the fastest in the world.

On the other hand, the country now depends on expensive food imports, as more than 90 percent of farming is done at family and subsistence level.

Zelda Sharp, a representative of the USA Poultry and Egg Export Council (USAPEEC) who lives and works in the region, says, "Angola has high unemployment rates, it's estimated that half of the population live below the poverty line, but people eat what they can afford and grilled chicken is a traditional dish and something most people can afford. It's the preferred protein source in Angola."

#### Market Assessment

Angola is a market that offers both high returns and great risks to investors and exporters. Those are the findings of a 2012 Global Agricultural Information Network (GAIN) report prepared by USDA's Foreign Agricultural Service and a private sector Retail Assessment Team that traveled to Angola's capital, Luanda, and met with Angolan importers, retailers and port officials to conduct a market assessment.

The GAIN report adds that following the end of civil war in 2002, the Angolan oil and diamond industries, as well as the intensive infrastructure rebuilding projects, have created business opportunities for food exporters.

Despite the gains and clear opportunities, the business environment remains one of the most difficult in the world. As a result, investors and exporters must factor challenges such as lack of transparency, an underdeveloped but improving financial system, widespread poverty and high unemployment, poor infrastructure and extremely high on-the-ground costs.

In terms of trade environment, Angola's average tariffs are fairly low. The average Most Favored Nation (MFN) applied tariff is 7.3 percent (one of the lowest in Africa). All of Angola's tariff lines are bound under the World Trade Organization (WTO) with an average bound rate of 59.2 percent. The average tariff on agricultural products is 10 percent and 6.9 percent on nonagricultural products.

However, one area that adds high costs when exporting to Angola is clearing imports through the ports and customs system. The GAIN report points out that it can be a slow, complicated, and uncertain process. Angola ranks 142 out of 155 countries in the World Bank's Logistics Performance Index, largely due to inefficiencies in customs.

#### **Production Conditions**

The GAIN report discovered that there is very little food production and processing in Angola (except for a Coca-Cola plant). And while it did not assess production conditions, the team determined that U.S. exports to Angola would not be challenged by a domestic industry any time soon.

During the assessment, the team concluded



The majority of food going into the market is bought at cold storage facilities by market vendors who sell on the side of the road or in open markets.

that some fresh fruits and vegetables are locally produced, cleaned and bagged, however, it was unable to determine how extensive this activity might be. Given the low level of food production in Angola, it is estimated that any such processing activity is limited. One major retailer who does purchase local products stated that prices are far higher than imported goods, quality is low, and product segregation is weak.

In addition, agriculture's contribution to the GDP is less than 10 percent, resulting in opportunities for U.S. agricultural exports in a growing economy.

#### The Retail Market

In Angola, the retail food market is comprised of approximately 20 percent formal retailers (small neighborhood stores, regular grocery stores, hyper-markets), while the remaining 80 percent is informal (street venders and unregulated wet markets.) It is expected that the formal portion will expand significantly in the next few years.

Sharp notes that the majority of food going into the market is bought at cold storage

facilities by market vendors, who sell on the side of the road or in open markets.

"To give you a typical example, if the market vendor is selling chicken from the U.S, she would buy anywhere from one to 50 cartons of poultry to sell in the market. She may rent cold storage from a privately owned warehouse in the area, or have a freezer at home where she stores the products. She either rents a vehicle for the purchase or hires a wheelbarrow to get the products to her selling kiosk or table," explains Sharp.

However, the formal retail sector, which is developing in Angola, is more structured. The large importers do have refrigerated vehicles delivering products to the retail sector.

More than 90 percent of all food products in retail stores, restaurants, and the hotel business are imported, resulting in prices of all foodstuffs (with the exception of wines, some spirits and beer) being very high in comparison to other markets.

Luanda is one of the most expensive cities in the world and the cost of food is reflective of this. For example, the GAIN report notes raw cabbage heads selling for US\$12, a pack

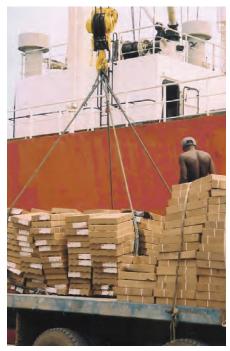
of chewing gum for US\$6, frozen chicken leg quarters for US\$7 per kg, and ground beef for US\$10 per kg.

The GAIN report also confirms that the retail trade in Angola is dominated by Portuguese and other EU products, with a significant amount of South American meat and poultry also present. There is very little variety of products among the different retail chains. This led the team to conclude that this may be a result of the limited number of major importers, estimated at around 20, being unfamiliar with U.S. food and beverage products, and that the market is dominated by only a handful of retailers.

As for U.S. agriculture, currently the United States exports poultry (frozen chicken leg quarters), wheat flour, dry pinto beans and a limited amount of beef and pork to Angola. Some processed products were found in very limited quantities (such as Tabasco sauce and Arizona tea).

The GAIN report observes opportunities to expand sales of poultry, dry beans, beef, pork and processed shelf-ready products, as well as other products such as rice, soy oil, snack foods, canned vegetables, canned meat, tree fruits, and possibly a limited amount of offal.

In addition, the GAIN report notes that the Angolan market is relatively open, but the government does exert control over retailers through either licensing, promoting Angolan partnerships with new retail chains, or full ownership of certain stores.



Angolans import almost everything they eat.

#### Constraints for U.S. Trade

There appear to be no constraints with regard to fresh or frozen meat and poultry products, with the same true for imported fruits, vegetables and grains.

Even though SPS (World Trade Organization's Sanitary and Phytosanitary measures) does not present a trade constraint, the GAIN report discusses three significant areas identified as hindering or impeding U.S. agricultural trade with Angola.

- Lack of Knowledge of U.S. Products There is virtually no understanding of the type and wide variety of commodities and processed products available from the U.S, with the exception of chicken and dry beans. On a positive note, all contacts are open to attend shows in the United States and would consider U.S. products for their shelves, if pricing makes sense.
- Labeling —All products should be labeled in Portuguese and contain metric measurements. Proper labeling will be a constraint to many U.S. exporters, especially if sale volumes are low.
- Transportation Costs and Logistics While the majority of products are sent in container loads, some goods are trucked from South Africa. Several retail chains are bringing fresh meat by air freight from South Africa, EU, Brazil,

Angolans import everything they eat and with the population growth there has to be a need for more refrigerated storage facilities for various commodities such as fruit, meat, poultry and frozen vegetables. And Angola is also looking at developing its own production of various commodities which will also require cold storage in the future."

> - 7FI DA SHARP USA Poultry and Egg Export Council

Argentina and Uruguay due to the lack of cold storage or reefer plug-in facilities at the port.

Considering these lines of supply, competitors may have advantages over U.S. exporters in terms of time and cost and need for transshipment. Another constraint tied with transportation costs and logistics is the bureaucracy products face once arriving to

Representatives of retail companies mentioned that five separate documentation and payment stations had to be engaged for

clearing a container. However, current renovation projects at the port plan to address issues limiting handling capacity.

#### **Prospects for Cold Chain Development**

"We believe the cold chain industry is growing in Angola," says Sharp. "While we don't have concrete data, the fact that the country's population is growing at 3.12 percent per annum (according to the World Bank) and it produces almost no food, it stands to reason that their importation requirements must be growing too."

Sharp continues, "Angolans import everything they eat and with the population growth there has to be a need for more refrigerated storage facilities for various commodities such as fruit, meat, poultry and frozen vegetables. And Angola is also looking at developing its own production of various commodities which will also require cold storage in the future."

Information from the U.S. Embassy in Luanda confirms there are already companies in Angola specialized in industrial refrigeration and that there is considerable potential for further growth.

The embassy further confirms that Angola needs cold chain infrastructure for food conservation and that currently, Angolan companies use refrigerated containers to conserve food, while other companies have built cold storage rooms.

The embassy also notes that the Angolan government has some infrastructure projects underway to provide cold storage for more than half of the country's provinces and that there are opportunities for U.S. companies to partner with Angolan companies to export various materials for the develop-



Eighty percent of Angola's retail food market are street venders and unregulated wet markets.



Grilled chicken is a traditional dish and the preferred protein source in Angola.

ment of these infrastructures.

Sharp believes the biggest obstacle the country's poultry cold stores are facing right now is a government regulation to move the large cold stores to city limits, to make more space available in the city. "This is causing many problems for our poultry clients as

their customers want warehouses in proximity to the open markets, and it's impossible to move existing infrastructure, so this requires investment."

"We believe there is opportunity for partnerships in Angola," concludes Sharp. One of my biggest obstacles in working in Angola has been cold storage. We cannot increase our volumes without cold storage facilities, and as these are all privately owned, it makes it very difficult."

The GAIN report also found that opportunities exist to develop capacity building in food safety, food production and processing, cold chain and retail development in Angola.

However, the report's main observation and recommendation is the need for informational exchange (travel to trade shows, reverse trade missions, in-store promotions) on the wide range of U.S. products. The report concludes this would be the most appropriate way to enhance partnerships with the private and governmental sectors, and provide the needed exposure and knowledge of U.S. food products.

**ALEXANDRA WALSH** is Vice President of Association Vision and a contributor to *COLD FACTS*.

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### **ASSOCIATION NEWS**

**NEWS ABOUT GCCA CORE PARTNERS** 

The **WFLO** had been awarded a US \$200,000 sub grant by Winrock International to work on the USAID-funded Philippines Cold Chain Project (PCCP) to be implemented over the next two years. The PCCP works directly with agricultural coops and groups, producers, and agribusiness owners to increase agricultural productivity and expand trade. WFLO's role will be to promote development of cold chain infrastructure and agricultural markets and provide support to the Cold Chain Association of the Philippines.

GCCA's annual Assembly of Committees (AOC) brings together over 200 top executives in the temperature-controlled supply chain community to learn, network, and collaborate. This year's AOC will be held from July 27-29, 2014 at the Fairmont Hotel in Washington, DC and separated into three distinct days. LEARN: The AOC Symposium on the first day consists of education sessions. LEAD: The second day is reserved for committee members to participate in closed-door working group sessions. SUCCEED: On the third day, participants will participate in government agency

visits. More information can be found at www. gcca.org/2014-gcca-assembly-committees/.

The **IARW** Supply Chain Operations Committee has developed a new resource called the IARW Pre-Employment Assessment Template. It's a 13-page document that provides a brief overview of best practices in pre-employment testing and contains two test templates. Members can download the template in MS Word and adapt it for their own operations. The template is available online in the Resources section at www.gcca.org/resources/human-resource-management/.

GCCA has launched a partnership with Associação Brasileira da Indústria de Armazenagem Reigorificada (ABIAF), Brazil's leading association for all issues related to the cold chain. The partnership serves to help GCCA broaden its presence in South America and ABIAF strengthen its member offerings by providing services in areas such as communications, training, events, government and international affairs. The partnership will also establish an office in Araraquara, Sao Paul, Brazil.

Cartagena, Colombia is the host city for the **GCCA** Latin America Cold Chain Congress, October 6-7, 2014. The Congress will be an excellent opportunity for over 200 industry leaders to learn from each other and local and international speakers about industry drivers, barriers, and strategies for growth. The event also includes an expo for product and service suppliers. More information can be found at www.gcca.org/esp/events/congreso\_latino-americano\_colombia/.

GCCA is a supporter of the Indian Cold Chain Expo (ICE) 2014, India's largest refrigerated warehousing, cold storage construction, refrigerated logistics and transportation event. ICE 2014 offers a global opportunity to present product and service information to the largest concentration of temperature-controlled logistics and construction providers. The expo will be the singular interactive forum, offering participants the opportunity to avail the benefits of the programs and high quality facilities offered. ICE 2014 will be held from November 21-22, 2014 in Ahmadabad, India. **②** 

### MEMBER NEWS

#### NEWS FROM MEMBERS OF GCCA CORE PARTNERS

ARCO DESIGN/BUILD, INC. will design and construct Phase II for the MTC LOGISTICS Baltimore, MD facility. The warehouse will encompass a 130,000 SF (5 million CF) expansion of temperature-controlled space with over 15,000 pallet positions.



BITZER will offer a new range of compressor units for use with the natural refrigerant ammonia (R717). The Bitzer ammonia compressor packs are available with a capacity range of 100 to 450 TR. The new product series will be launched in North and South America within the next few months, followed by Indonesia, Australia and New Zealand.

**CLOVERLEAF COLD STORAGE** will open a new refrigerated warehouse and distribution center in Monmouth, IL. The 235,000 squarefoot building is adjacent to the Smithfield Farmland Monmouth plant.



IOWA COLD STORAGE, LLC will expand its Altoona, Iowa public refrigerated warehouse. The 1.1 million cubic foot expansion, slated for completion in the fourth quarter of 2014, will expand the footprint of the facility to 7.4 million cubic feet.



LINEAGE LOGISTICS has acquired Loop Cold Storage, Oneida Cold Storage, and Millard Refrigerated Services. With these three acquisitions, Lineage expands its national cold storage footprint to over 544 million cubic feet and a facility network of 102 facilities in 21 states.

**NEW ORLEANS COLD STORAGE will** more than double the size of its existing storage space at the Port of Charleston. This expansion will include an investment of more than \$14 million, of which the South Carolina State Ports Authority has approved up to a \$12 million contribution to the expansion.



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#### WARD/KRAFT

introduced Export Labels that have a proprietary construction/adhesive combination so they won't stretch, tear or

curl in extreme environments. They can also adhere to boxes and can withstand standard freezer temperatures.

### 2014 CALENDAR UPCOMING EVENTS

#### JULY 7-9, 2014

#### **WFLO Institute: Latin America**

Panama Marriott Hotel Panama City, Panama www.gcca.org/events/wflo-institutelatin-america/

#### JULY 26-30, 2014

#### 2014 GCCA Assembly of **Committees Meeting**

Fairmont Washington, Georgetown, Washington, DC, USA www.gcca.org/2014-gcca-assemblycommittees/

#### AUGUST 20-22, 2014

#### 2014 RWTA National Conference and Exhibition

Pullman Cairns International Cairns, Queensland, Australia www.rwta.com.au/news/2014-rwtanational-conference-and-exhibition

#### AUGUST 25-29, 2014

#### **Small-scale Postharvest Handling Technologies Short Course/Study Tour**

Udayana University, Bali, Indonesia www.gcca.org/events/small-scalepostharvest-handling-technologiesshort-coursestudy-tour/

#### SEPTEMBER 17-19, 2014

#### 2014 IARW North Pacific **Fall Chapter Meeting**

Suncadia Resort Cle Elum, Washington, USA www.gcca.org/events/iarw-northpacific-fall-chapter-meeting/

#### OCTOBER 2-4, 2014

#### International Indonesia Seafood & Meat (IISM) Conference and Expo 2014

Jakarta International Expo Jakarta, Indonesia www.gcca.org/events/internationalindonesia-seafood-meat-iismconference-expo-2014/

#### OCTOBER 2-3, 2014

#### 2014 ECSLA Fall Cold Chain **Logistics Conference**

NJV Athens Plaza Athens, Greece www.gcca.org/events/2014-ecsla-fallcold-chain-logistics-conference/

#### OCTOBER 2-3, 2014

#### 2014 IARW Heartland Chapter Meeting

The Alexander Hotel Indianapolis, Indiana, USA www.gcca.org/events/2014-iarwheartland-chapter-meeting/

#### OCTOBER 2-3, 2014

#### 2014 IARW Southwestern **Chapter Meeting**

Gaylord Texan Resort & Convention Center Grapevine, Texas, USA www.gcca.org/events/2014-iarwsouthwestern-chapter-meeting/

### COOL PEOPLE

#### PROFILING INFLUENTIAL PEOPLE CONNECTED TO THE COLD CHAIN INDUSTRY



BENJAMIN L. MILK Former Vice President International Association of Refrigerated Warehouses and World Food Logistics Organization (now GCCA)

### Remembering the Coolest Milk of All

ith the passing of Benjamin L. Milk on April 4, 2014, after a six-month battle with brain cancer, GCCA and the cold chain industry lost a great professional and friend.

Milk served for 13 years as Vice President of the International Association of Refrigerated Warehouses and World Food Logistics Organization (now GCCA). After retiring from IARW and WFLO, Milk was Principal of Milk Associates, a Washington, DC-area management consultancy specializing in the cold storage industry.

Earlier in his career before joining IARW and WFLO, he served as Executive Vice President of Youth for Understanding, an international educational exchange organization dedicated to advance learning across cultures. Before that, Milk served as Executive Director of the US Securities and Exchange Commission.

"There are not sufficient positive adjectives to describe my friend Benjamin Milk," recalls Angelo Antoci, President of U.S. Growers Cold Storage, Inc. "Benjamin was truly one of God's Gentlemen! Quiet and very unassuming but

Benjamin was truly one of God's Gentlemen! Quiet and very unassuming but always there to help. GCCA and all our affiliates were very fortunate to have him on our team." - ANGELO ANTOCI

always there to help. GCCA and all our affiliates were very fortunate to have him on our team.

"Benjamin had a gift of making everyone feel comfortable and welcomed. He will be truly missed for many years to come by all who knew him."

Longtime friend Mike Henningsen, Jr., Chairman and President of Henningsen Cold Storage, recalls, "It was Benjamin who talked me into teaching at the WFLO Institute many years ago in Norman, Oklahoma. Despite my aversion to public speaking, Benjamin helped me overcome my fears, step beyond my comfort zone, and begin contributing to one of the best industry education programs, anywhere, period.

"Benjamin worked behind the scenes to improve upon an already great program and, eventually, introduced the first textbook to the program. When I look back on those initial conversations, it reminds me that some of our best leaders are the quiet, behind the scenes taskmasters. Benjamin was never one for the spotlight, but he sure was good at making others shine – often without anyone really knowing it."

Henningsen adds that he and his friend Benjamin shared a number of personality traits: "Our messy desk: I remember the open house hosted at the GCCA offices where members were intentionally directed around Benjamin's office – it was off limits! Directionally challenged: Norman, Oklahoma isn't a big town - but if you went with Benjamin to find the faculty dinner, it would always be the scenic route. Certified procrastinator: I suspect our cluttered, creative minds may often have gotten the best of us...and probably some ADD as well as perfectionism.

"Benjamin was our friend, our cheerleader, confidant and our silent champion behind the scenes. He was insightful, impactful and relevant in ways most of us can only imagine. His impact on my career, and thousands of others, continues today."

"Benjamin Milk was a terrific human being," says Ken Johnson, Senior Vice President of Operations at MTC Logistics. "I had known him since he started in the industry. Because of my company's proximity to the GCCA offices and my penchant for 'volunteering' for industry functions, I ended up spending a great deal of time with Benjamin. I met him when I was fairly young and he always treated me with a respect beyond my years. It's funny, I have never referred to Benjamin as Ben as others did. I am not sure why but I believe it was done out of our mutual respect. As we spent more time together, and we got to know each other further, it became apparent that we viewed the world and people the same way.

"What I want is for Benjamin to be remembered as a humanist. He cared about people. It's not always easy in a business environment to consistently think of the human side over efficiency and profits, but that is what Benjamin always did and I want him to be remembered as that guy.

"We worked on a number of special projects together for GCCA and shared many an afternoon over lunch, and I will always remember those days fondly. I already miss my buddy and I am sure that many members of our fine industry association would say the same thing. I will always carry a small part of Benjamin with me every day and try to live up to the high standards that he set."

"Benjamin Milk was a scholar, a mensch, and an excellent friend," offers Gerry von Dohlen, President of Port Newark Refrigerated Warehouse. "People liked and admired Benjamin because he was a man of extraordinary character with a generous and kind heart. Benjamin was an intellectual who cared about

the condition of the world — truth, justice, freedom, love for his family and friends were important issues for him.

"Benjamin wrote well because he researched carefully and could summarize complex thoughts in simple and concise English. He was an excellent staff member of GCCA because he was conscientious, responsible, and insightful. He was a man who people wanted to cooperate and work with. Consequently, he got things done quietly, pleasantly and efficiently.

"We will all miss Benjamin and pray that God gives his loved ones solace. He was a very special human being and we are blessed for having had Benjamin as a friend."

"One aspect of Benjamin that truly stood out is that he was a fabulous writer," says Bill Hudson, GCCA President Emeritus. "He excelled at communicating what the association was doing and the value that represented to the membership. He could have come to the position and just rehashed what had been written before or delegated the job to someone else. But he truly loved to write and he loved the history, value, and growth of the industry and that was reflected in everything he wrote.

"He was a gentleman. He had an air about him that generated absolute trust in him and his abilities, and he demonstrated great personal and professional values and ethics every day."

Milk's longtime assistant, Susan Shores, adds, "Benjamin was a brilliant man and a great asset to GCCA. He served the members

well with his knowledge of all aspects of the industry from government affairs, to warehouse operations, to education. He demonstrated this with humility and kindness. He was thoughtful and witty and loved to play up his last name...staff would dress up on Halloween and one year he came as a cow! It was truly a privilege to have had the opportunity to work with Benjamin and to get to know him and his family. He loved his family dearly and they always came first."

Milk is survived by his wife, Leslie Berg Milk; a brother, Richard Milk; his children, Meredith Milk and Jeremy Milk; and grandchildren, Drew Zaslav, Trey Zaslav, Kaya Milk and Kaeden Milk.

### **NEW MEMBERS**

#### NEW MEMBERS COMPANIES OF GCCA CORE PARTNERS





#### **IARW-WFLO WAREHOUSE**

Arfrio S/A Armazéns Gerais Frigoríficos São Paulo, Brazil

**Bangladesh Cold Storage Association** Dhaka, Bangladesh

Bomfrio Rio Serviços de Logística LTDA Rio de Janeiro. Brazil

Columbia Cefrinor Centrais de Armazenagem e Distribuição do Nordeste LTDA Simões Filho, Bahia, Brazil

Comfrio Soluções Logísticas LTDA São Paulo, Brazil

Fresh Mark, Inc. Massillon, OH, US

Friovale Operadora Logística

São Paulo, Brazil

**HTC Logistics** Holland, MI, US

Indústria e Comércio Alimentício Sun Plant LTDA

São Paulo, Brazil

Log Frio-Logística LTDA São Paulo, Brazil

Log Park Armazéns Gerais LTDA São Paulo, Brazil

#### Logística Frigorificada LTDA

São José dos Pinhais, Paraná, Brazil

**Rigas Universalais Terminals** Riga, Latvia

Samil Cold Storage Co., LTD Busan, South Korea

Serbom Armazéns Gerais Frigorificos LTDA São Paulo, Brazil

Shaw's Southern Belle Frozen Foods, Inc. Jacksonville, FL, US

Standard Logística e Distribuição S/A Curitiba/PR, Paraná, Brazil

Superfrio Armazém e Logística São Paulo, Brazil

#### **IARW ASSOCIATES**

#### **BASF**

Wyandotte, MI, US

Carmichael Engineering, Ltd Mississauga, Ontario, Canada

CT-Technologies ApS Vedbaek, Denmark

Infratab Oxnard, CA, US

Lighting Plus Wholesale Amherstburg, Ontario, Canada

#### Shaler

Holly, MI, US

Stego Industries, LLC San Clemente, CA, US



#### WFLO MEMBERS

#### Danone de Mexico

Cuajimalpa, Mexico



#### **IRTA**

#### On a Roll Trucking, Inc.

Buffalo Grove, IL, US

#### Traffix

Milton, Ontario, Canada



#### **IACSC MEMBERS**

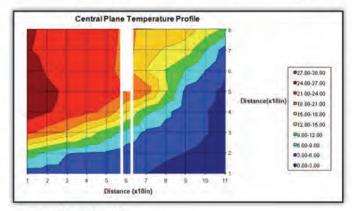
#### SimplexGrinnell

Santa Fe Springs, CA, US

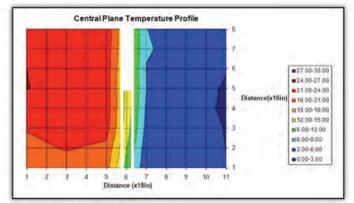
## **JAMISON: INDEPENDENT THIRD-PARTY TEST LAB RESULTS**

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Temp profile: air door off



Temp profile: air door on

HCR pioneered the air door market 37 years ago and now has over 4000 worldwide installations. Until recently there was no authoritative, independent third-party test lab data that documented the efficiency of the unique HCR air door. A three-month evaluation was recently completed, and those



The HCR calorimetric environmental test chamber at CTS Labs in Urbana, IL

results are now available to the marketplace.

Creative Thermal Solutions (CTS) is a leading test lab for products in the HVAC and refrigeration industries. They test products that claim to offer increased energy efficiency, reduced energy consumption, and environmental sustainability. CTS labs recently conducted an extensive thermal performance analysis on HCR air doors. The results verified that the HCR Model AC (Single Air Door) is 80% energy efficient\* when stopping air infiltration and energy transfer between rooms with different temperatures.

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For more details about the CTS test results, visit www.hcrairdoors.com

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\*For details and the lab performance report visit www.hcrairdoors.com, contact your Jamison or HCR representative, or call 800-326-7700. Request the White Paper on the Evaluation of Horizontal Recirculatory Air Curtain Efficiencies — Cooler to Conditioned Space, D. Rhyner, HCR, Inc.

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