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## **AUTOMATION:** A TICKET TO INCREASED CAPACITY AND PRODUCTIVITY

Upfront planning enables flexibility for future needs.

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# THE OPTIMAL COLD SERVICE SYSTEM

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The Conestoga Cold Storage Mississauga facility stands 120 feet tall and is fully automated with three AS/RS cranes servicing over 12,000 pallet positions. (Photo courtesy of Conestoga Cold Storage.)



# Delivering Value = Developing Talent

IT'S ONLY BEEN about two months since we concluded the IARW-WFLO Convention & Expo, and already I am seeing strong evidence of how we are backing up the theme of "Delivering Value" that defined the event.

You can read full convention coverage in the article, "IARW and WFLO Deliver Value at Convention & Expo," on page 18 of this issue of *Cold Facts*.

To me, delivering value is largely defined by showing our customers how much they can gain by storing their products in our warehouses. We eliminate the need for capital investment by customers to build their own warehouses, allowing them to invest that money in developing and selling more of their own products. If we do it right, we can make our customers more profitable.

But delivering value is about much more than providing storage space. It's the *service* that really matters.

That's why I am so pleased that the new IARW Strategic Plan (which you can read more about in the convention article) is focused on ways we can enhance and diversify our total logistics services. We will also promote our industry to capture a greater share of the market.

To achieve our strategic goals, we need to do things such as develop new talent to replace an aging workforce, innovate wherever possible, establish cold chain standards, create cost-efficient best practices, use data and metrics to improve productivity, and exercise sustainable and socially responsible business practices.

In particular, I think developing and retaining new talent needs to be one of our highest priorities. I know that many of us in the industry find it challenging to attract good people. Once hired, we need to train them to work effectively in our warehouses. We must address this challenge if we are to deliver the value needed to raise the bar.

The new Global Cold Chain Expo announced at the convention is also important for talent development. Designed for

mid-level managers, the show will provide the educational resources to ensure that cold chain companies continue to innovate and provide superior services. Managers will also gain access to a large tradeshow marketplace where they can develop relationships with the many vendors that serve the cold chain.

These developments will help attract young people to our industry as they begin to see the exciting career paths ahead of them. We are also recognizing young professionals through the new global NextGen Award program launched at the convention.

In my own company (and I am sure in many others as well) we continually support professional development by sending employees to GCCA events and pay for other continuing education.

One of the best moves any cold chain company can make is to contact GCCA and ask about its custom learning and development services. This service provides company-specific learning solutions tailored for long-term professional development of your associates. These learning solutions include custom on-boarding programs, company-wide employee engagement surveys, and leadership development programs; just to name a few. For more information, contact GCCA Director of Education and Training Catharine Perry at [cperry@gcca.org](mailto:cperry@gcca.org).

If we can all maximize our talent development, innovate, and continually look for ways to add value to our customers, the future is incredibly bright for the cold chain industry. ☺



ANGELO ANTOCI  
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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# GCCA LAUNCHES ADVOCACY WEBSITE

*Members can access compliance resources and legislation and contact elected officials.*

By Lowell Randel

**G**overnment policies impacting the cold chain industry are constantly evolving and it is critical that companies stay informed and engaged as new policies are considered.

Congress is currently considering legislation in a number of areas important to the industry such as regulatory reform, food labeling, transportation, and taxes. In addition, the latest Unified Regulatory Agenda released by the Obama Administration includes 3,415 regulations in the pipeline, at least 189 of which are anticipated will cost over \$100 million.

GCCA continues to play a very active role in Washington, D.C. to promote and protect the interests of the cold chain industry. This includes GCCA's direct engagement with federal agencies and Congress on policies impacting the industry as well as participating in coalitions with like-minded partners.

In addition to the current organizational advocacy activities employed by GCCA, the

direct involvement of GCCA members with elected officials can also be impactful. With this in mind, GCCA has been working to develop a mechanism by which members can get easy access to the latest legislative and regulatory developments and provide a straightforward way for members to take action. GCCA is excited to announce a new grassroots advocacy portal [advocacy.gcca.org](http://advocacy.gcca.org).


Through the new site, members can access federal and state legislation and take direct action by contacting their elected officials. The site also provides regulatory information including compliance assistance resources and GCCA comments on regulatory proposals.

This article highlights some of the features of the new site, and how GCCA members can use it to get involved in policies impacting the industry.

## Legislation

Under the Legislation tab, members will be taken to a listing of key bills that have been highlighted by GCCA as having the potential to impact the cold chain. For bills where GCCA has taken a position, a box will indicate either support or opposition. By clicking "read more," members can get additional information about the legislation and its current status in Congress. In many cases supporting materials, such as GCCA-signed coalition letters, will be available to provide additional background on why the legislation is believed to have a positive or negative impact on the industry.





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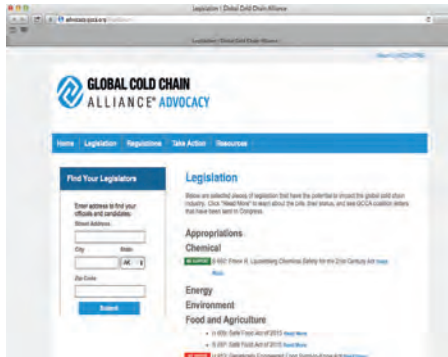


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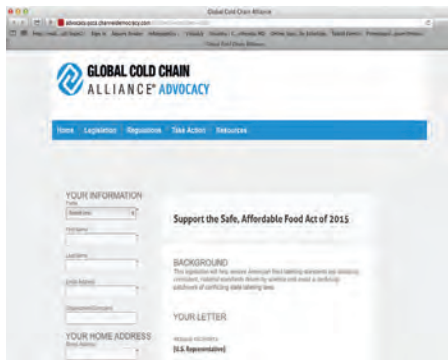
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Legislation is grouped by issue areas including topics such as: food and agriculture, labor, regulatory reform, and transportation. There is also a category for state legislation.



### Take Action

Selected pieces of legislation also have a “Take Action” button, which will allow members to send letters to their elected officials. For these bills, GCCA provides a pre-populated draft letter that expresses support or opposition to the particular legislation. Members are encouraged to personalize the letter to include details about their company such as the number of facilities and jobs they represent in the state or congressional district. Members will need to fill out a simple form with their name and address. The system will then automatically address the letter to the elected officials who represent the member’s address.



### Voter Resources and Find Your Legislators

Members can use the Voter Resources and Find Your Legislators features to identify the federal and state officials that represent their area. The Voter Resources feature allows members to select a state for which they would like information. Once a state has been selected, the site provides information on the federal and state officials from that state. From there, a member can select an official and write directly to them through



The new GCCA advocacy portal provides a user-friendly mechanism for members to learn about legislation and regulations, identify their elected officials, and take action to promote and protect the industry.”

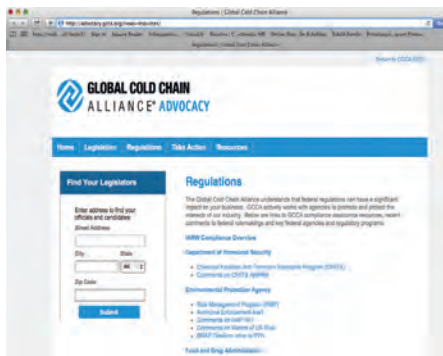
the site. These letters will not be pre-populated by GCCA, but will allow members to write to their officials about any issue of their choosing. The site also provides access to voter registration resources.

The Find Your Legislators feature includes a form where members can input their address. Once submitted, the site will list the elected officials representing the area. Members can select an official from this site and write to them directly.



### Regulations

The new advocacy website also includes resources related to regulations impacting the cold chain industry. The Regulations section includes links to agency sites and documents, as well as resources developed by GCCA including compliance assistance resources and comments submitted by GCCA and GCCA-supported coalitions regarding regulatory proposals. The section is sorted by federal departments/agencies and covers



areas including the Occupational Safety and Health Administration (OSHA), Environmental Protection Agency (EPA), Department of Transportation (DOT), Food and Drug Administration (FDA), and the Department of Agriculture (USDA).

### Resources

Members can also access the latest news from GCCA on the website. The Resources section includes links to GCCA’s Government Connection Blog (along with a live blog feed), eNewsletters, *Cold Facts* magazine, recent webinars and archived presentations.

With myriad legislative proposals and regulations currently under consideration, it is critical that members of the cold chain industry stay informed and get involved. The new GCCA advocacy portal provides a user-friendly mechanism for members to learn about legislation and regulations, identify their elected officials, and take action to promote and protect the industry. The advocacy portal is meant to be a living resource, so please contact Lowell Randel, GCCA Vice President, Government and Legal Affairs at [randel@gcca.org](mailto:randel@gcca.org) with questions or suggestions about the site. ☎



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

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# AUTOMATION: A TICKET TO INCREASED CAPACITY AND PRODUCTIVITY

*Upfront planning enables flexibility for future needs.*

**W**hen Agristo, a Belgian company with three production plants in Belgium and the Netherlands that specializes in the production of potato products, grew from producing 75,000 tons of frozen potato products in 2009 to 160,000 tons in 2013, the company had to use external cold storage facilities for 20,000 pallets.

Not only did this represent higher costs for the company, but it presented logistical issues for a business that prides itself on just-in-time delivery for its customers. The solution was a new warehouse on the site of the production plant.

“In the production plant in Tilburg [Netherlands], we have one manual cold store and two automated cold stores,” says Carmen Wallays, Logistics Director at Agristo. “The manual cold store is only used as a buffer for rejected pallets from the automated cold stores.” The automated warehouses are designed for different purposes, she explains. The first automated cold store is focused on long storage channels and less movement capacity. The second automated warehouse is designed with short channels and faster outflow – in fact, the company averages 40 minutes from the time a truck arrives, pallets are retrieved and loaded, and the truck departs. “A new automated cold store at the

production plant in Nazareth, Belgium, is a duplicate of the short channel warehouse in Tilburg, she adds.

Warehouse automation has been more widely adopted in Europe, says John Ripple, Vice President of Business Development for Egemin Automation. “There are a variety of factors that include cost of labor, land costs, and zoning law restrictions which limit land availability, leading to taller warehouses than typically found in the United States,” he says. “Another advantage European warehouse owners have is a greater number of automation suppliers close to their facilities.” The availability of speedy response for repairs limits downtime when an automated component or system goes down, he points out. “In the United States, there are fewer suppliers and they are spread out over a wide area, which causes concern for warehouse owners who cannot afford lengthy downtimes waiting for a technician to arrive.”

However, as industry awareness of the benefits of automation in terms of cost savings, productivity, worker safety, and efficiency increases, there is a growing trend to automate in the United States,” says Ripple. Owners also realize that automation is more than the conveyor, automated guided vehicle (AGV) or other equipment in an automated system – it is a complete program that includes software that drives equipment, workflow, data, and communications. “The industry is moving to off-the-shelf controls and standardized components for the equipment, and putting more emphasis on software capability and intelligent system design.”

## **Tailor Automation to Needs**

Preferred Freezer Services is building a 455,000 square-foot, 116-foot tall refrigerated warehouse in Richland, Washington, that has three, 104,000 square-foot freezers that are completely automated. The only time a person will enter the freezer is to perform maintenance, says John Galiher, President and CEO of the company. “Because people are not working in the freezers, there is no need for lights, and doors to the freezers are not continuously opened, which helps keep energy costs for the freezers down.”

While Preferred Freezer Services has six fully automated facilities and 40 traditional cold storage warehouses in the United States as well as China and Vietnam, Galiher admits



Conestoga Cold Storage's fully automated Mississauga facility stands 120-feet tall with three AS/RS cranes servicing over 12,000 pallet positions. (Photo courtesy of Conestoga Cold Storage.)

that there is no one-size-fits-all automated solution for cold storage facilities. Technology in his facilities differs depending on the products handled and customers served by the location, he says. Automated storage and retrieval systems (AS/RS) with and without conveyors are in place at some warehouses, while another uses a monorail system with carts to bring pallets to a conveyor.

"We follow a customer-centric approach," says Piet Meijs, Vice President of Business Development for NewCold, a logistics service provider with sites in the United Kingdom, Germany, France and Poland. "The technological building blocks – 130-foot high bay, cranes, conveyors and buffers – are often similar but the configuration, scale and specific technology will be different for each customer's needs." This means that more conventional processes, such as loading trucks via forklift with driver may be used in some situations while other processes are highly automated with AS/RS, for example. The customer's needs and product handles determine the best approach, he adds.

Canadian-based Conestoga Cold Storage operates five cold storage warehouses that operate as full computerized warehouses, with distribution and cross-docks services. Not all five facilities require the same level of automation, explains Gavin Sargeant, Vice President of Automation for Conestoga. "Calgary and Vaudreuil-Dorion are both conventional warehouses with minimal automation but a recent expansion in Calgary houses some automatic moving racks. This small expansion, required for snow load, was built in preparation for a much larger automated facility due to begin construction within the next 12 to 18 months," he explains. "The expansion will boast similar technology to that being used at our Kitchener and Mississauga facilities."

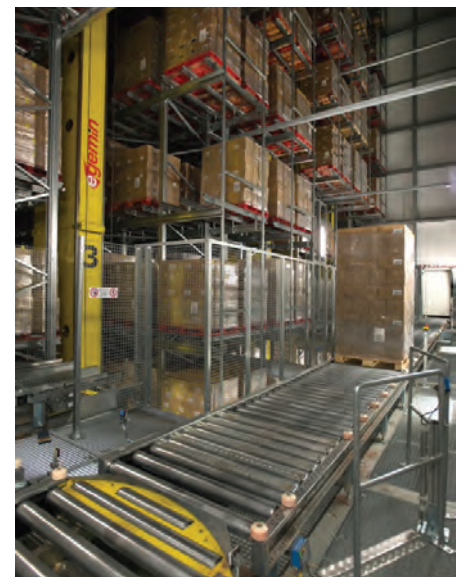
Conestoga's Kitchener facility houses four large AS/RS pallet cranes making up more than 75 percent of the total building capacity and Mississauga currently operates nine large AS/RS cranes with a new fully automated expansion scheduled to open in 2016.

Although most automated warehouses

are new buildings, it is possible to retrofit an existing building, depending on the type of building and infrastructure in place. "The only automation project we have completed through renovation is the building in Dorval, Québec," says Sargeant. Purchased in 2009, the facility's original design was intended for use with man-up, Very Narrow Aisle (VNA) forklifts. With a 60-foot ceiling height, this type of building is typically too tall for standard forklifts and too short for cost effective AS/RS, he points out. "We automated the building by removing the man-up machines and replacing them with state-of-the-art AS/RS cranes to feed product from the dock directly into the automated system with no need to enter the freezer," he explains. "Although retrofitting a fully operational building was challenging, the project proved highly very successful."

"Our industry will see increasing opportunities to retrofit existing warehouses as automation developers begin to design rack systems and technology that are designed for renovation, not just new construction," says Galiher. "I definitely see retrofitting cold storage facilities gaining momentum, especially if the warehouse is in an irreplaceable location and the building's 'bones' are good."

The benefits experienced through automation are significant, says Meijs. Among the most obvious advantages realized at NewCold are a safer work environment, a 50 percent energy savings over conventional cold stores, improved product integrity with almost no product



The warehouse at Agristo's Tilburg, Netherlands cold storage facility has an outbound capacity of up to 240 pallets per hour. (Photo courtesy of Egemin Automation.)

damage, complete insight into stock and product flows, effective tracking and tracing, ability to manage large product volume and last, but not least, cost efficiency, he says.

### Implementation Best Practices

Although automation requires a significant investment, the best way to ensure a good return on the investment is to take the time upfront to design the system to meet future needs, says Ripple.

If the plans for automation capacity are focused on present day needs, with no careful thought to potential expansion or changes in customers or product, the system's value can be limited, he says. "This is a difficult but necessary process because implementing an automated system is a multi-year process from concept to design to funding to implementation," he explains. "It is critical to think about how the business may change in two or three years, and build for the changes at the initial stages."

For example, when designing a system for a yogurt company, Ripple's team was directed to develop a conveyor and crane system that was capable of handling storing 15,000 pallets and shipping 100 pallets per hour. "After two years, the business changed, and the company needed to store 7,000 pallets and ship 200 per hour," he says. "For this situation, we would have proposed laser-guided AGVs and wider aisles to allow more vehicle traffic versus conveyors."

Wallays agrees that paying attention to design upfront is critical and suggests, "Think twice in the design phase because it is easier to

make changes then, rather than adapting the systems once they are operational."

Preparing upfront means having the best data possible, says Galiher. "You can't say that you average 2,000 pallets in and 2,000 out each week then divide by seven days and 24 hours to come up with an hourly average," he warns. "Life doesn't happen that way." One day of the week may have more deliveries or pickups than other days, weather may affect business and a customer may change the volume and type of product, he points out. "The system speed should be designed to operate at above average capacity if needed, but time and motion studies, a review of type of products handled, and order lead times are all necessary to produce an accurate assessment of capacity needed."

Don't forget to pay attention to regulations governing your cold store, suggests Meijs. "Rules and regulations are different in every country, and our technology is often new to authorities that must approve the design and development," he says. For this reason, add time to educate local officials.

In addition to taking time to plan capacity and speed of the system upfront, remember the importance of pre-implementation testing. "Don't take shortcuts in the testing phase of start-up," advises Ripple. Testing an automated system in a cold storage facility does require more time than in a conventional warehouse due to the cold environment. The need for additional clothing and limited time in the freezing environment that requires walking in and out of

a freezer can turn a three-hour system test in a conventional warehouse into four or five hours in a cold storage warehouse. Even with the extra time required, each step is critical to a successful start-up of the system, he adds.

After thoroughly testing the system and training employees, be sure to leave time for a slow and detailed start-up, suggests Galiher. "Don't turn on the system on Monday and then plan to run full speed on Monday." While the equipment and software may have had multiple tests during the installation, all employees need to be tested and be comfortable with their responsibilities before they go full speed. "You would not have your child drive on a busy highway on the first driving lesson, so don't do the same to your employees."

When planning to automate, be sure to consider the workforce if it is an existing facility undergoing a retrofit, suggests Ripple. "Automation does displace workers but due to the phased approach taken by many warehouses, there is time to train and shift workers to other areas." Even if employees must be let go, be sure to handle the process carefully by providing appropriate support for the workers to minimize negative public relations, he suggests.

### Future Trends

One of the most positive trends in automation is the standardization of equipment and software, says Galiher. "There were only three or four players in the warehouse automation field for many years but now there are 25 or more," he says. "This is good for cold storage warehouse owners because prices are more competitive and there is more choice." Because warehouse owners want to pick and choose components of their systems from different vendors, the companies are standardizing their equipment and improving software interoperability to ensure it communicates with a variety of components as well as warehouse management systems and enterprise-wide systems.

"Unlike years ago when equipment was customized for each warehouse, we can mix and match components to design our systems," says Galiher. "You don't have to buy everything from one company – pick proven equipment and technology that fits your needs, then integrate it to form the best system for your needs." 📧



*Agristo estimated a five-year return on investment for the automated warehouse, which uses conveyor systems to move product from production areas to refrigerated storage. (Photo courtesy of Egemin Automation.)*

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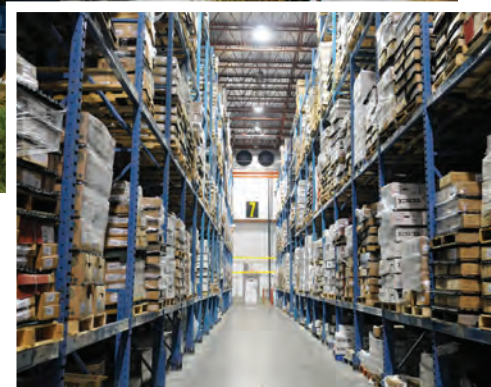
# THE WEST COAST, EAST COAST DILEMMA

*West Coast strikes and other port issues result in altered strategies and lessons learned on both sides of the continent.*

By Karen E. Thuermer



*Americold's warehouses are an integral part of the supply chain connecting food producers, processors, distributors, and retailers to the end consumer. (Photo courtesy of Americold.)*



*Americold owns and operates more than 175 temperature-controlled warehouses in the United States, Australia, New Zealand, China, Argentina, and Canada. (Photo courtesy of Americold.)*

**M**emories hold tight when it comes to delayed shipments. On the U.S. West Coast, the reoccurring theme seems that threats don't get resolved; they lead to shut downs.

We recall too well stories about imported Christmas trees that were not offloaded until January—the result of the ports of Los Angeles and Long Beach longshoreman slowdown due to disputes between the International Longshore and Warehouse Union (ILWU) and Pacific Maritime Association (PMA).

Add to this the perfect storm that was brewing on the East Coast: congestion caused by unprecedented numbers of containers diverted from the West Coast, even more containers arriving due to cheaper imports caused by a strengthening U.S. economy and a strong dollar, and a barrage of bad winter weather that pounded New York and New England.

More nightmare stories abound. The past year was particularly bad since the slowdown that began in November fell over major holidays like Thanksgiving, Christmas, New Year's and Easter. Cold chain shippers importing and exporting between Asia, Australia and New Zealand, particularly felt the impact. Voyage times from those locations are already lengthy.

"When you add two, four or more days because of delays, it makes a difference to shelf-life requirements for commodities," remarks Fred A. Sorbello, President, Mullica Hill Cold Storage, Garden State Freezers in Mullica Hill, New Jersey. Mullica Hill is part of the AGRO Merchants Group – the largest receiver of meat in the United States.

"When we started seeing delays like that, we saw a shift of business going from the West to the East Coast, which put a lot of pressure on East Coast ports," he says.

Consequently, ports like Philadelphia, Newark, Charleston, Savannah and even Houston had to step up and accept the challenge – if space was available on ships. Many of these ports were already facing unprecedented volumes of cargo and congestion issues.

Meanwhile, shippers of sensitive products faced challenges related to time and shelf life. Delivery from Asia to the East Coast via ship can take one to two weeks longer than delivery along the West Coast. And products

like meat and dairy products from Australia and New Zealand were in unprecedented demand due to a strong U.S. dollar, a weak Australian dollar, an improving U.S. economy, and the fact that cattle herds in the United States were at their lowest levels in 50 years because of severe draughts in Western states.

## **Stock and Service Decisions**

Some cold chain executives initially thought a new deal would be struck quickly during the early stages of the West Coast port slow down based on positive feedback.

"We saw customers loading and importing or exporting as normal – expecting containers to clear with minimal delays," recalls Daniel Cooke, Americold spokesman.

But as negotiations dragged on, cold chain companies became greatly affected.

"Container demurrage costs, in particular, became a burden," Cooke says. "Unlike traditional cargo, chilled and frozen items require special containers and a power source and the

number of available containers diminished quickly along with on-dock power sources.”

Of course, not maintaining the required temperature results in complete loss of the product, which jeopardizes customer relationships and costs even more money.

“Export customers resorted to holding product in our facilities rather than risking demurrage and power bills for extended refer container use,” Cooke reveals.

Americold saw some instances where customers resorted to airfreight (meaning they made less money on their shipments) just to maintain relationships with customers. In addition, besides the slowdown of shipments, the port situation also caused clients to miss sales forecasts for the month, quarter and year.

Jeff Hogarth, Senior Vice President of Asia Pacific, Americold, reveals how the primary issue for one supplier of frozen fish and seafood to foodservice outlets, supermarkets and specialist food retailers throughout New Zealand was their inability to secure shipping slots for their containers for their product held at the manufacturer’s site.

“As the slowdown advanced into the new year, an imminent out-of-stock situation in New Zealand triggered produce to be sourced ex Europe,” Hogarth says.

Consideration was given to shipping via Canada and the East Coast. “But their small volume (24 containers, 40 feet in size) meant they were given little priority,” he reveals.

Another Americold customer, an importer/wholesaler of frozen meat products throughout New Zealand that was shipping four containers (40 feet in size), found its containers were delayed in Long Beach by four weeks. This meant it had to source product elsewhere at higher prices.

“[That company] ceased shipping ex West Coast and tried to divert shipments to the East Coast, but were hindered by agreements already in place between Midwest packing houses and rail (to West Coast ports),” Hogarth says. “They

finally settled on ‘fast shipments’ ex Philadelphia.”

Cooke comments that where it made financial sense, customers utilized Houston, Philadelphia, New York/New Jersey and other ports up and down the Gulf and East Coasts.

“Profit margins are already slim and customers were competing with all other types of product for the limited amount of capacity into the other ports,” he says.

This drove shipping costs higher, transit times longer and delivery dates later. Meanwhile, fuel costs were dramatically

## GCCA WEBINAR: WEST COAST PORT STRIKE

GCCA is offering a webinar that will analyze the West Coast port strike on August 27, 2015, from 2:00-3:00 p.m. EDT.

Speakers include:

- **Doug Suddarth**, Senior VP Transportation Solutions, Lineage Logistics
- **Marc Levin**, Senior Vice President of Business Development, Americold Logistics
- **Tavita Sao**, Director of Operations, NZ, Americold NZ LTD

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increased keeping temperatures running longer on containers holding products. This also impacted cost margins on goods sold.

In the case of Americold's two customers, both had to source from Europe, which was unable to meet demand.

"As a result, both companies have reviewed a contingency stock holding, which adds additional costs into their supply chain," Hogarth explains.

The obvious impact on Lineage Logistics of Colton, California, was the reduction of equipment and service capacity in the market, which quickly became an opportunity for Lineage to add assets into the market.

"With the added congestion, freight rates went up as did opportunities for exports and imports outside port-centric warehousing," reports Diogo Lobo, Vice President of International Logistics for Lineage. "We started seeing demand for crossdock and transportation from places more than two hours drive from the port."

In Lineage's case, this meant shipments to the Gulf and Southeastern ports, mainly Savannah and Houston. Increased capacity for Houston was driven mainly by proximity to the West Coast, thereby decreasing the time and cost of

inland freight. For Savannah, the reliable ocean sailing schedules and converting inland freight to rail made sense for large Asia exporters.

"The cold chain didn't play a role in port decisions for us," Lobo says. "While shippers and businesses using West Coast ports struggled during months of slowdowns, East Coast ports picked up diverted cargo."

Along with the East Coast, shippers also diverted cargo to Canada and Mexico. "The number of vessels and containers traveling through the Suez Canal and Panama Canal also increased to avoid costly delays moving goods through the West Coast," Lobo adds.

Most of the larger U.S. shippers made the decision to go east; others continued to ship via the west but with less volume being exported.

"We are seeing slowly the volumes coming back to the West Coast ports," Lobo reveals.

While certain West Coast terminals were more congested and slower than others, Lineage encouraged its customers to use shipping lines that accessed the more efficient terminals, hoping that would help their produce enter the market more quickly.

Beyond capacity issues related to refrigerated warehouse space, the slowdown especially



Lineage Logistics saw demand for crossdocking and transportation from places more than a two-hour drive from seaports. (Photo courtesy of Lineage Logistics.)

impacted the volume of containers coming off the steamship lines, the ability or inability of the ports to store these properly, the ability of trucking companies to move the containers off port and to market, and the ability of shippers to unload and return the containers.

"Steamship lines generally only give shippers so many free days to unload and return empties containers," Sorbello states. "When you see significant increases of volumes coming to the East Coast, unannounced or unprotected, this

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puts a lot of stress on East Coast operations. This means more man power and trucks are needed to clear the cargo off the terminal, remove the cargo from the containers, and return the empties to the terminals.”

This also means more cost for the importer because a lot of the cargo coming to the East Coast needs to be trucked back to the West Coast.

“Decisions have to be made by the importer,” Sorbello states. “Do I spend the extra days bringing the shipment to the East Coast and truck it back? Is that faster than meat sitting out in the harbor? If I take on the added logistics costs, will I be confident the cargo will be offloaded in a reasonable amount of time? Those decisions are like deciding whether or not — and when — to pull the trigger.”

Sorbello comments that when Mullica/AGRO’s client decided to shift shipment routings from West to East Coast ports, at least they knew the cargo was going to get unloaded on the East Coast and delivered to Mullica’s clients, albeit at a higher price.

“It’s better than not unloading the vessels at all,” Sorbello says.

#### Changed Strategies and Lessons Learned

The situation resulted in altering strategies, and many lessons were learned.

As a result, Americold executives observe that its customers are forging relationships with alternative suppliers based in countries utilizing shipping strings that call on non-West Coast ports.

“Exporters can’t change their customers, but many will be looking for new customers after overseas buyers sought alternative suppliers,” Cooke says. “The knock-on effects of the slowdown may never be fully monetized, but some of the smaller exporters will have been severely affected. Customers are making future changes to be less dependent on the ports of Los Angeles and Long Beach.”

Despite the fact the ILWU ratified a five-year agreement on May 22, 2015, that observers contend stabilizes the port situation on the West Coast, Cooke surmises that the volumes of inventory coming into the United States can only remain consistent if shared among all ports.

“Strikes and delays at ports across a region will inevitably cause bottlenecks and delays as ships either drop anchor or are rerouted to open ports,” he says. “And this won’t be the last labor situation at ports in the United States.”

He contends that customers will need to balance the cost of maintaining higher inventory levels against other supply chain solutions and should diversify to reduce risk.

“This will likely cause an increase to supply

chain costs initially but could be the difference in maintaining product flows and customers or not,” Cooke contends. “Most importantly, clients learned that you must spread your business so you have multiple options to spread business in a tight market.”

Lobo’s advice is to stay close to your 3PLs, especially service providers. “When things go bad, they are the ones that can help on a nationwide level,” he says. “Lock in your rates and volumes with one or two large players in the market to maintain neutral increases.”

Lastly, choose companies that have the entire cold chain under their portfolio making it easier to pick up, store, transport, and export under one roof. “You don’t want multiple vendors touching your cargo during a blame game scenario,” he remarks. ☞

**KAREN E. THUERMER** is a freelance writer based in Alexandria, Virginia who specializes in economic and logistics issues.

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# IARW AND WFLO DELIVER VALUE AT CONVENTION & EXPO

*The launch of a new strategic plan, Global Cold Chain Expo, and NextGen Award program highlighted the 124th IARW-WFLO Convention & Expo.*

By Al Rickard

The exciting future of IARW and WFLO was unveiled at the IARW-WFLO 124th Convention & Expo, held April 26-29, 2015 in Orlando, Florida.

This annual event is the world's largest public refrigerated warehousing and logistics event and this year attracted more than 700 attendees, and 123 companies displayed their products and services in the expo.

"This year's convention theme, 'Delivering Value,' puts the spotlight on the role logistics companies play within the cold chain around the world," said IARW Chair Tom Poe (Crystal Distribution Services) at the Opening General Session. "In today's temperature-controlled logistics industry, companies have advanced to offer services as total supply chain solution providers to address growing customer needs."

WFLO Chair Frank Plant (San Diego Refrigerated Services) added, "This week, we will explore how we can deliver value to customers, employees, and the industry."

The convention offered a powerful lineup of educational programming, business opportunities, and networking. However, the most important news was about the future strategic direction of IARW and WFLO and the launch of the Global Cold Chain Expo in partnership with the United Fresh Produce Association

(United Fresh), to be held in June 2016 at McCormick Place in Chicago. The winner and finalists in the new GCCA NextGen Award program were also honored.

#### **Members Drive New Strategy**

The IARW "State of the Association" session on the opening day of the convention was again a popular event that provided an excellent overview of the direction and programs of the association.

IARW Chair Tom Poe and WFLO Chair Frank Plant led a wide-ranging discussion that began with an early look at the three-year IARW-WFLO Strategic Plan that will be launched later this year.

"We started with a complete shift in mindset," Corey Rosenbusch, President & CEO of GCCA, explained as he described the strategic planning process. "Traditional plans start with a survey. We did that, but rather than asking traditional questions about association programs, we shifted from an inwardly focused assessment to an external assessment. We asked members what keeps them up at night

and affects their bottom line." (The January-February 2015 issue of *Cold Facts* magazine featured an article, "Survey Uncovers Members 'Up-At-Night' Issues," which detailed many of the findings.)

He explained that the plan includes four "pillars" designed to move the association forward.

#### **Grow the Industry**

The first pillar, "Grow the Industry," was described by IARW Board Member Paul Henningsen (Henningsen Cold Storage). It includes these goals:

- Gain and maintain customers by demonstrating the comparative advantage of using third-party logistics providers (3PLs).
- Grow business by serving as a complete global cold chain solution.
- Diversify the customer base to non-traditional sectors.

"Competition has grown dramatically and our business has changed," Henningsen said of cold storage companies. "We wanted to focus on not just competing for a bigger piece of the pie, but asking what we could do to improve upon that? Let's make a bigger pie. We also want more pies. We also want to look at the complete supply chain and offer more to our customers, such as services for chemical products, pharmaceuticals, flowers, etc. We want to



The convention exhibition featured booths representing 123 companies serving the cold chain industry.

- Differentiate our value.
- Articulate the critical role the cold chain plays in delivering safe, high-quality food and other products to consumers around the world.

“We constantly fight the commoditization of our services,” Stuver noted. “That is the best place where GCCA can have an impact.”

Rosenbusch added, “In the survey everyone talked about the constant pressure to cut costs – they want to add value instead to avoid commoditization. We recently heard about the American Frozen Food Institute developing cold chain standards and it gave me chills because we have been the authority on that for 70 years. Food processors need to turn to us as the cold chain leader and we need to find ways to bring stakeholders under our tent and achieve global recognition.”

grow the industry through more offerings and get into more product lines.

Rosenbusch added, “Members said they want more revenue opportunities. They say they are only capturing 20 percent of potential revenue from each customer. They want to capture that other 80 percent.” He gave the example of some warehouse customers asking warehouse operators for references for storing produce, not realizing that the warehouse itself is the best storage option for those products.

### Lead the Cold Chain

The second pillar, “Lead the Cold Chain,” was covered by IARW Board Member Dave Stuver (Americold). It includes these goals:

- Drive the development of cold chain standards.
- Convene with stakeholders and lead the dialogue on issues impacting the cold chain.
- Achieve recognition as an expert and innovator in the cold chain.

### Develop Talent

The third pillar, “Develop Talent,” was articulated by WFLO Vice Chair Greg Brandt (Nor-Am Cold Storage). It includes these goals:

- Create and promote an industry brand that attracts technical, operational, and managerial talent.
- Effectively recruit and retain high-quality talent.
- Enhance performance through industry-

## IARW AND WFLO ELECT NEW OFFICERS AND BOARD MEMBERS

IARW and WFLO elected new officers and board members at the 124th IARW-WFLO Annual Convention & Expo in late April 2015.

**Angelo Antoci** (U.S. Growers Cold Storage, Los Angeles, California, United States) was elected as the 2015-2016 Chairman of the IARW Board of Directors.

Other new IARW officers elected for the coming year were Vice Chairman **Eben James** (Trenton Cold Storage, Trenton, Ontario, Canada) and Treasurer **David O’Brien** (Doboy Cold Stores, Hemmant, Queensland, Australia).

New directors-at-large members elected to serve three-year terms on the IARW Board include **Fred Boehler** (Americold Logistics, Atlanta, Georgia, United States) and **Paul Hendricksen** (Lineage Logistics, Colton, California, United States).

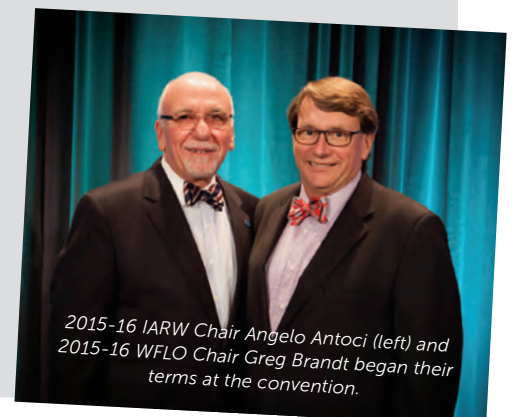
**Ron Buford** (Premier Refrigerated Warehouse, Fort Worth, Texas, United States) was elected to represent the Southwestern Chapter, and **Charles Newell** (Minnesota Freezer Warehouse, Albert Lea, Minnesota, United States) was elected to represent the Heartland Chapter.

**Greg Brandt** (Nor-Am Cold Storage, LeMars, Iowa, United States) was elected as the 2015-2016 Chairman of the WFLO Board of Governors.

Other new WFLO officers elected were Vice Chairman **Fabio Fonseca** (Friozem Armazens Frigorificos Ltda., Jandira, São Paulo, Brazil) and Treasurer **Nick Pedneault** (Congebec Logistics, Québec City, Québec, Canada).

New board members elected to serve three-year terms on the WFLO Board include: **Drew Greenberg** (Newport-St. Paul Cold Storage, Newport, Minnesota, United States), **Greg Laurin** (Conestoga Cold Storage, Ontario, Canada), and **Mike Lynch** (United States Cold Storage, Voorhees, New Jersey, United States).

**Brian Beazer** (Winchester Cold Storage, Winchester, Virginia, United States) and **Dave Stuver** (Americold Logistics, Atlanta, Georgia, United States) were re-elected to three-year terms.



2015-16 IARW Chair Angelo Antoci (left) and 2015-16 WFLO Chair Greg Brandt began their terms at the convention.

specific education and training.

- Develop leaders to ensure business continuity.

“How do we develop good quality young people?” Brandt asked. “We need to get them to know about our industry, get into our industry, and make it a career that allows them to raise their families.”

“The median age of a warehouse worker is 55,” Rosenbusch observed. “We will see a mass exodus of talent and we need to replace them. When we look at the candidates for the NextGen Leader award, people say we have few people under 30 working in our business. How do we train them to be leaders? We want to get to the point where people want to go into the cold chain when they graduate from college.”

### Drive Profitability

The fourth pillar, “Drive Supply Chain Profitability,” was explained by IARW Treasurer Eben James (Trenton Cold Storage). It includes these goals:

- Achieve operational excellence through cost-efficient best practices.
- Identify and evaluate industry innovations to increase value.
- Utilize industry data and metrics to improve productivity and guide decision-making.
- Mitigate the cost of regulatory compliance.
- Lead the industry in sustainable and socially responsible practices.

“Profit is good and we are all here to earn



2014-2015 WFLO Chairman Frank Plant (left) and 2014-2015 IARW Chairman Tom Poe (right) pictured with the 2015 GCCA Global NextGen Award winner Joey Williams.

profit,” James declared. “Over time our business has been commoditized. Our success depends on driving the supply chain, and if we can make our customer more profitable, then we will be more profitable. We can do it through best practices and innovation.”

Rosenbusch added, “A lot of this is cost-based, especially in regulatory costs. OSHA fines are up 300 percent under the current administration. There are also costs associated with audits conducted by SQF, BRC, and others. We need to look at our industry data and metrics and identify best practices and operational excellence.”

Rosenbusch summarized the strategic plan discussion by explaining that the strategic plan

will be finalized with metrics and a budget and implemented in 2016.

### Global Cold Chain Expo

The Global Cold Chain Expo will be a one-stop-shop for all cold chain needs with 25,000 square feet of trade show space featuring hundreds of exhibitors from every sector of the cold chain, including material handling, warehousing, construction, supply chain/logistics solutions, and transportation providers. Co-located with FMI Connect, the International Floriculture Expo, and United Fresh, the Global Cold Chain Expo will attract more than 15,000 key decision makers from retail, foodservice, processing, production, distribution, logistics, and transportation. Attendees will represent frozen, refrigerated, ambient, and fresh operations.

Tom Stenzel, President & CEO of United Fresh, and Rosenbusch appeared together at the Opening General Session to announce the new tradeshow.

“We need to think about the future leaders of our companies,” Rosenbusch said, noting that the IARW-WFLO Convention is primarily geared to the top executives of member companies. “We need to create a space for mid-level managers who are so important to our industry.”

General managers, facility managers, and supervisors of cold storage companies will attend the Global Cold Chain Expo to take advantage of educational programming on operational and technical subjects and visit the many exhibitors that serve their businesses, including those that have traditionally exhibited at the IARW-WFLO Convention. Some cold storage companies may also choose to exhibit to reach their customers in



Monica Frackelton of U.S. Growers was one of more than 700 attendees at the convention.

the food processing, foodservice, and other industry sectors.

Stenzel explained the value that the partnership brings to both the fresh produce industry and the cold chain sector.

“What an opportunity we have before us in the cold chain, not only in the United States but globally,” he declared. “This is a tremendous time to be in your sector of the business. Demand is increasing for storage of fresh temperature-controlled produce, and this show offers business value to everyone. There is tremendous growth in the demand for local produce, and that complements the huge volume of produce that is constantly moving across the country and around the world. We need third-party logistics in many markets – new local operations, major growing regions, distribution centers, ports, and throughout our global supply chain.”

The IARW-WFLO Convention will remain a place where owners and top executives of cold storage companies meet and will continue to serve as the IARW annual meeting. In the process, it will become a high-level leadership conference and the tradeshow portion of the convention will move to the Global Cold Chain Expo. IARW Warehouse Members and IARW Associate Members will all continue to attend the IARW-WFLO Convention. See the sidebar, “Global Cold Chain Expo Seizes New Market Opportunity” on page 22 for more information about these developments.

### Global NextGen Award

To support the IARW strategic goal of developing talent, GCCA this year launched the NextGen Award, a global award that recognizes outstanding young professionals in the global cold chain industry.

The finalists for the NextGen Award were recipients of industry awards that recognize exceptional achievement by young professionals in the cold chain in a specific region or country.

Ivan Sutic, Financial Director at Chilleweni Cold Storage, represented South Africa as the first-ever recipient of the South African Refrigerated Distribution Association’s (SARDA) Peter Worthington-Smith Award, which recognizes exceptional achievement by a young person in the South African cold chain.

Jeffrey Tusa, Project Manager, Polar Fresh Cold Chain Services, was the recipient of the Refrigerated Warehouse and Transportation Association of Australia’s (RWTA) 2014 Frank Vale Award, acknowledging talented young people in the Australian cold chain industry.

Representing North America was Joey Williams, Warehouse Manager at Nordic Logistics & Warehousing LLC. He was also the recipient of the 2015 IARW-WFLO Don Schlimme Future Leader Award, recognizing outstanding young professionals in the North American cold storage industry.

Williams was selected as the NextGen Award winner after each nominee was interviewed and judged by a panel of industry leaders from around the world. Candidates were judged on their knowledge level of the industry, track record of excellence, communication skills, and leadership skills. In addition, each candidate delivered a five-minute presentation to the panel of judges and the IARW-WFLO Convention attendees.

Williams will receive a travel stipend of up to \$2,500 to attend a GCCA or GCCA partner event anywhere in the world in 2015-2016 and was presented with an engraved 2015 GCCA NextGen award.

### Foresight Into the Future

At the Opening General Session, global futurist Jack Uldrich helped attendees step back from their focus on day-to-day business concerns and take a glimpse into some of the technology trends that may soon reshape the business world, including the cold chain industry.

He explained that most new technology trends start out slowly, and then rapidly gain momentum as they begin to double, which pushes growth ahead at an exponential rate. For example, he noted that the first time a number doubles, it goes from 1 to 2. But the tenth time it doubles it reaches 1,000.

“We have to learn how to jump the curve,” he urged, meaning that businesses need to track and take advantage of new trends in the early stages when few companies know about them, rather than later when thousands may have already jumped on board.

He cited “additive manufacturing” (often called 3D printing) as an example. “Ten years ago a 3D printer was \$100,000, but now you can get them for as little as \$299. Boeing expects to soon start printing airplane engines. This technology is radically changing manufacturing. In China they are printing houses. If you are in construction you absolutely need to know about this.”

Uldrich also talked about new packaging technology for perishable products that includes a nanostructure carved by lasers in a surface that allows it to repel water.

“Robotics is another trend that is doubling,” Uldrich observed. He showed a photo of a robot named “Baxter” that is now available



At the Opening General Session, global futurist Jack Uldrich offered a glimpse into technology trends that may soon reshape the cold chain industry.

for \$20,000 to stay competitive with low-cost labor abroad. He added that “robots are getting really good at sensing where humans are and working in close proximity with them.” He also spoke about robotic cars, noting that Google has driven them more than 1 million miles without an accident.

Another machine with a name – “Watson” – is a computer that can scan 200 million pages in the blink of an eye. “Companies have hired Watson to determine optimum delivery routes,” Uldrich said. “One transportation company saved \$1 million in fuel costs alone.”

“Big data” is another area of exploding innovation. “Just through the collection of data, Amazon has made the storage of their inventory twice as efficient in just five years,” he declared. “They are in the data business, not the storage and delivery business. Their goal is to provide anything that people want on Earth. They have now applied for a patent on predictive technology to predict what people want before they even know they want it.” This trend holds tremendous potential for warehouses.

“When your way of viewing the world is so established, it is hard to recognize something new,” Uldrich explained. As a simple illustration of this, he asked the audience what color Yield signs are – most people said yellow and black.

“Yield signs have actually been red and white since Richard Nixon was in office,” he reminded them. “Give yourself permission to see changes so you are adaptable enough to steer your business into the future. I subscribe to the MIT Technology Review, which is free. Each article can be read in less than three minutes. At least one or two per week will affect your business. Take the time to step away and reflect and rewind.”

## The Evolving Workforce

The second-day keynote address featured IHS Economist James Gillula, analyzing workforce and labor trends.

He presented extensive data illustrating the shifting makeup of the workforce, dominated by the continuing retirement of baby boomers and the surge of millennials entering the labor market.

Millennials comprise about one third of the workforce in the United States, Gillula



Closing keynote speaker Paul Mercurio and Bill Bishop of Sodas Cold Storage had some fun on stage during a session that left everyone laughing to end the convention on a lighthearted note.

## GLOBAL COLD CHAIN EXPO SEIZES NEW MARKET OPPORTUNITY

The new Global Cold Chain Expo, launched by the Global Cold Chain Alliance (GCCA) and United Fresh Produce Association (United Fresh), that will take place in June 2016 McCormick Place in Chicago, is designed to capitalize on the changing market demand for cold chain services.

"The cold chain industry has evolved — the pallet-in, pallet-out storage business of yesterday has transformed into a total logistics solution," explained GCCA President & CEO Corey Rosenbusch. "Today's customers place a higher value and priority on total cold chain solutions, no matter which industry and anywhere in the world."

The expo will be co-located with some of the largest food shows in the world — FMI Connect, the International Floriculture Expo, and United Fresh — and is an opportunity to spotlight the cold chain industry as a critical component in feeding the world's ever-growing population by connecting farmers and producers to consumers — all while maintaining food safety and quality.

While it means that the expo portion of the IARW-WFLO Convention will now become part of the Global Cold Chain Expo, the convention will be elevated to a leadership-oriented event where warehouse members and industry suppliers can connect in a more social setting. Other events, such as the GCCA Assembly of Committees, will continue to be held in their normal time frames. The Global Cold Chain Expo will typically be held in June each year.

A task force of warehouse operators and industry suppliers worked for nearly two years to investigate the growing importance of total cold chain solutions and how this affects IARW. The group's mission was to conduct an environmental scan and determine how to respond to the evolution of the cold chain. The task force put forward the Global Cold Chain Expo concept to the IARW Board and it was approved in October 2014.

The Global Cold Chain Expo aligns with the new Strategic Plan and places IARW on a global stage where it can garner the recognition and awareness the industry needs to help it grow, improve the profitability of the entire temperature controlled supply chain, attract future leaders, and lead the cold chain into the future.

explained. Many of them work in foodservice or retail jobs, as young people have historically done before shifting into other careers. At the same time, many of them have higher levels of education that have led them into higher-level technology industry jobs.

"If you zero in on the occupational snapshot for 2014, millennials account for 44 percent of the workforce in the warehousing and storage industry," he observed. "You might be concerned about attracting and retaining them in the workforce, but you're doing a pretty good job. You're over-indexed in terms of your share of millennials."

Immigrants are also a significant factor in the workforce, and Gillula projected that about 1 million immigrants per year will generate a large number of workers — mostly Hispanic.

He also projected that over the next 10 years, approximately 31 percent of cold chain workers will need to be replaced, placing a strong premium on developing strong, innovative recruitment and retention programs.

## Comic Relief

After three days of learning and networking, the convention concluded with a bit of comic relief from Paul Mercurio, a comedian, speaker, and writer for The Daily Show and for Jay Leno when he hosted The Tonight Show. He is famous for leaving a career as a Wall Street mergers-and-acquisitions lawyer and investment banker to pursue comedy full-time, and his musings about the business world left attendees roaring with laughter as they departed the event. @

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

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Tom Stenzel, President & CEO of United Fresh (left) and Corey Rosenbusch, President & CEO of GCCA, announced the launch of the Global Cold Chain Expo at the Opening Session of the convention.



A large public cold storage facility in Johannesburg. (Photo courtesy of SARDA.)

# SOUTH AFRICA: GATEWAY TO THE CONTINENT

*A diversifying economy sets the stage for cold chain expansion in this key nation.*

By Alexandra Walsh

With its sophisticated banking system, the region's biggest economy and stock exchange, and an infrastructure that's by far the best in the continent, South Africa is widely viewed as the "Gateway to Africa," and the ideal launch pad for foreign capital into the fast-growing but chaotic markets to its north.

## **A Big but Sluggish Economy**

South Africa has moved from an economy predominately based on mining to one driven by manufacturing and services, according to James Cunningham, Managing Director of Barpo Storage SA. He points out that the country is classed as a developing nation and forms the "S" in BRICS, the acronym for an

association of five major emerging national economies: Brazil, Russia, India, China, and South Africa.

"However," adds Cunningham, "the country's current economic growth is sluggish with GDP estimated to expand by only 2.0 to 2.5 percent this year. It's being adversely affected by the global economy as well as by con-

straints on the supply of electricity."

Richard Owen, Vice President of Global Business Development for the Produce Marketing Association (PMA) notes that the economy is impacted by political events. "The attacks on foreign workers were very isolated. Nonetheless, they make international headlines and can make foreign investors a little nervous as they contribute to the perception of an unstable local environment. Fortunately, it's not casting a huge shadow. And although it has now been eclipsed by Nigeria as the largest economy on the continent, South Africa still stands out as a leader and the primary entry point into Southern Africa"

Owen adds that weak private investment and household spending, despite large

amounts of public investment, also dragged down the economy. In addition, there is a lack of managerial expertise and skilled workers, but wages continue to rise. According to PMA research, unemployment, 25.1 percent in 2013, remains exceptionally high.

### Exports, Imports and the Cold Chain

South Africa shares borders with Namibia in the northwest, Botswana and Zimbabwe in the north, Mozambique in the northeast and Swaziland in the east, and the climate is warm and dry but well suited to agriculture.

The cold chain in South Africa is driven by the consumer market and a large export trade in perishables such as fruit, fish, cut flowers and a small amount of meat, reports John Ackermann, President of SARDA (Southern African Refrigerated Distribution Association) and owner/editor of the Cold Link Newspaper. “The export of perishables is good because of poor currency exchange rates and new export markets for perishables are being opened. For example, the first export of apples to China shipped in March 2015.”

“That export trade,” says Ackermann, “is well-regulated with regards to quality control and cold chain management of temperatures under the control of the PPECB (Perishables Product Export Control Board).”

## GCCA COLD CHAIN SUMMIT: Cape Town, South Africa

October 18-19, 2015

Join cold chain leaders from around the world as GCCA executives present the latest global cold chain productivity, benchmarking and capacity data. Panel discussions will focus on strengthening the global supply chain and energy management, and other sessions will examine the South African market, economy, trade opportunities, infrastructure and retail drivers. The conference will also feature an expo and tours of local cold chain facilities.

For more information visit [www.gcca.org](http://www.gcca.org).



Locally grown fresh produce displayed in a South African supermarket. (Photo courtesy of SARDA.)

South Africa is the second largest citrus exporter in the world behind Spain with 80 percent of citrus industry revenue coming from exports and 60 percent of product going to export markets, the in the traditional markets being Europe, reports Owen. “South Africa’s modern export-oriented farms can compete with produce growers anywhere in the world, and some farm owners have control over their product branding throughout the distribution system.”

“Because so much produce is exported to Europe, the United States and Asia, the South Africans have a very well developed system of packing and ripening and the product is in very good condition by the time it gets to the shelf,” explains Owen.

“There are cooling facilities in the field and temperatures are maintained as the produce is moved to processing plants and then on reefer trucks to retail markets around the world,” continues Owen. “You also have some small producers who pick product ripe and transport it, without the benefit of reefer trucks, directly to the wholesale market or local corner market for immediate consumption.” Owen adds that in addition to the transportation of perishable product, the cold chain is well developed in the supermarket and wholesale channels, as well.

The import of perishables such as poultry, meat and a growing range of fruits including grapes, deciduous plums and nectarines is on the rise, says Ackermann, mostly driven by consumers who want their choice of fresh fruits throughout the year. And, he adds, “The high influx of foreign tourists also impacts the

demand for, and variety of, fresh perishables.”

“The domestic market, which drives the local demand for perishables, is a mixture of an emerging middle class with a growing appetite for a healthy lifestyle and fresh product,” advises Ackermann. “And because of the modern pace of life and the increasing number of working women, there is a growing market for prepared meals and convenient foods that are transported to retail by cold chain.”

Cunningham agrees that as the South African middle class grows, so will the need for cold storage. “That growth started around 15 years ago and has been maintained ever since, but the growth in the number of stores has slowed somewhat due to electricity constraints.”

Cunningham says South African cold storage facilities mainly use mobile racking for the storage of pallets. “Energy management could be greatly improved as could labor efficiency. Cold stores are still designed for bulk storage or for case picking and distribution, with most stores offering storage and some case picking, and labeling can be done if required.”

### Getting Around

Transportation costs, challenged by oil prices and a weakening exchange rate, are a big factor for South Africa as so much product is exported, says Owen.

Officials in South Africa identify infrastructure as one of three priority areas, and improvements in the country’s port and road networks, valued at several billion dollars, are



underway, indicates Owen. “The projects are regarded as crucial for economic growth and social development.”

South Africa has an extensive rail network – the 14th largest in the world – connecting with networks in the sub-Saharan region, but it is not heavily used by the agricultural community, according to Owen. “Improving the country’s rail infrastructure, which connects the ports with the rest of the country, is a top government priority with projects aiming to increase freight rail volumes and increase market share of container traffic.”

South Africa has the longest network of roads of any African country. Cunningham adds that the roads are in reasonable shape although they need upgrading. Tolls are being introduced to raise the necessary funds but there is pushback from motorists.

The country’s ports provide a natural stopover for shipping to and from Europe, the Americas, Asia, Australasia, and both coasts of Africa. Approximately 96 percent of the country’s exports are conveyed by sea and eight commercial ports are conduits for trade, Durban being a world-class port and Africa’s busiest and the largest container facility in southern Africa. Cold storage at the ports is privately owned.

Ackerman points out that an imbalance in the volume of imports and exports of perish-

ables creates logistical challenges for operators of marine reefer containers.

The air cargo system is well developed, says Owen, and private industry steps in to complete the last mile or customization requests for that particular industry.

### Challenges and Advantages

Energy costs, of both electricity and fuel, top Cunningham’s list of challenges facing the South African cold chain. But other challenges on that list are labor efficiencies, reliability and experience, as well as the cost of spare parts. “As the availability of cold storage space increases, there will be more need for increasing and maintaining higher levels of service and currently those service levels are generally low.”

Ackermann cites energy as a major challenge as well. “All sectors of the cold chain industry are faced with a common challenge to improve efficiency, reduce carbon emissions and find alternative sources of energy to that of the national grid.” He points out that electricity tariffs have increased by an average of 15 percent per annum over the past four years and high increase rates are expected to continue. “Users are looking towards alternative sources such as solar systems. And because of load shedding and interrupted supply, many users have also invested heavily

in diesel powered standby generators.”

Ackermann adds also, “South Africa is a net exporter of perishables and continues with innovative marketing initiatives to remain a major global player in the face of strong competition from South America.”

A major advantage for international companies looking to do business in South Africa is that it is relatively easy to do so and the country is generally welcoming of foreign investment, according to Owen.

“The banking system is well developed, a number of South African banks have offices in the United States and other foreign countries, and security in their banking system can exceed other modern economies in terms of protections against fraud and misuse,” explains Owen.

“The country’s import and export offices are certified and all exports are required to meet sanitary as well as quality inspections — government oversight is pretty robust,” contends Owen. “According to PMA members, phytosanitary issues are critical in maintaining market access. Market protection is no longer through tariffs but through phytosanitary issues.”

Owen also points out the imminent renewal of the African Growth and Opportunity Act (AGOA), a nonreciprocal trade preference program that provides duty-free treatment to U.S. imports of certain products from eligible sub-Saharan African (SSA) countries including South Africa, which accounts for the bulk of U.S. imports under AGOA. The purpose of this legislation is to assist the development of economies of sub-Saharan Africa and to improve economic relations between the United States and the region. Legislation to renew the overall AGOA preference program for 10 years was introduced in the House and Senate in April 2015. “Renewal of AGOA will continue the stability and confidence to the trade relations between the United States and South Africa.”



Table grapes from South Africa’s Northern Cape region en route to Cape Town Harbor for export. (Photo courtesy of SARDA.)

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

**EMAIL:** [awalsh@associationvision.com](mailto:awalsh@associationvision.com)

# MEMBER NEWS

## NEWS FROM MEMBERS OF GCCA CORE PARTNERS

**ALTA REFRIGERATION, INC.**, debuted its Expert Refrigeration System at the 124th IARW-WFLO Convention and Expo. It is a robust, self-contained refrigeration system that is manufactured with industrial-grade equipment, piping, and materials.



**BROOKFIELD COLD STORAGE** acquired Nova Cold Storage, the operator of three cold storage facilities in Halifax, Nova Scotia, Canada. Brookfield Cold Storage gains more than 130,000 square feet of cold storage properties, including a brand new state-of-the-art facility in the Halifax Gateway Logistics Park.



**DATEX** formed a technology partnership with Wavelength Logistics, a third party logistics provider with dry, temperature controlled and cold storage warehouse facilities across North America. The company also completed a successful 3PL WMS software implementation for Mid-Atlantic Cold Storage, a new refrigerated warehouse facility in Suffolk, Virginia.



**DEMATIC** hired Fernando Meneses as a Senior Operations Planner and Consultant in its Mexico City Regional Office. He is responsible for consulting services and operations planning within Mexico.



**EVAPCO, INC.** launched the Evapcold Packaged Refrigeration System. It is a factory-assembled, low-charge ammonia refrigeration system that requires just 2.5 to 3.0 pounds of ammonia per ton of refrigeration for an entire system, a fraction of the refrigerant charge associated with traditional field-built systems.



**FLORIDA FREEZER** added two new people to its management team. Mackelvie "Mack" Jno-Chares is the new General Manager, bringing more than 25 years of experience in international shipping, warehouse operations,

and supply chain management from companies such as Nippon Express, Home Depot, Starbucks, and Chik-Fil-A. Aaron Danowit is the new Operations Manager responsible for the day-to-day operations of the warehouse, delivery routes, and client service. He has more than 12 years of experience in transportation and warehousing, most recently with Blue Bell Ice Cream.



**HIGHJUMP** announced the availability of HighJump Pulse for its HighJump Supply Chain Advantage products. HighJump Pulse is a supply chain intelligence solution that increases the availability and visibility of a business' key performance indicators.



**NORTH AMERICAN COLD STORAGE, INC.**, Woodburn, Indiana, has started phase two of its current 100,000 sq ft facility. The expansion will create 7,000 more pallet positions and is expected to be completed by July 2015 at a cost of about \$6 million.



**POLYGUARD PRODUCTS' MECHANICAL DIVISION** hired Raj Patel as Technical Sales Manager. He has 30 years of experience with Dow Chemical in hydrocarbons, plastic and chemical sales. He spent the last 20 years in the building industry, including the fabrication industry for cold and chilled process applications.



### PREFERRED FREEZER SERVICES

announced its newest facility in Woodbridge Township, New Jersey. PFS began with a single warehouse in New Jersey 25 years ago and this facility is the company's eighth cold storage facility in New Jersey and its 35th worldwide. PFS is also building a new warehouse in Lynden, Washington, that will include 292,396 square feet of freezer space, 31,092 square feet of temperature-controlled loading docks, and 8,080 square feet of support area for a total initial phase of 331,568 square feet.

**PRIMUS BUILDERS, INC.** promoted Matthew Hirsch to President. He was previously Vice President of Sales. Chief Executive Officer and Founding Partner Richard O'Connell will continue at Primus as Chief Executive Officer.



### THE RAYMOND CORPORATION

appointed Michael Field as Chief Executive Officer and Tim Combs as President of Sales and Marketing. Since he joined Raymond in 2004, Field has served as the Vice President of Engineering and, most recently, President of Operations and Engineering.



**SUBZERO CONSTRUCTORS, INC.** opened a new office in Portland, Oregon, and hired Chris Bye, P.E., to manage it.



**UNITED STATES COLD STORAGE** completed a Phase III expansion at its facility in Wilmington, Illinois. It added 3.9 million cubic feet and 17,825 more pallet positions of storage in three rooms, which can be computer controlled at temperatures from -5F to +50F. The investment brings the current storage handling capacity at this warehouse to 14.3 million cubic feet with more than 55,000 pallet positions. The company will also work with **MANGAN RENEWABLES** to install a 2.7 megawatt ground-based solar array at its Lumberton, North Carolina, refrigerated warehouse.



**WAGNER** named Rainer Fano as its new Business Unit Manager, America. He will help further expand the company's business in the Americas. ☎

# NEW MEMBERS

## NEW MEMBER COMPANIES OF GCCA CORE PARTNERS

### IARW ASSOCIATES

- ALTA Refrigeracion**  
Guadalajara, Jalisco, Mexico
- BioMerieux**  
Saint Louis, Missouri, United States
- CRT Design and Engineering, Inc.**  
Jacksonville, Florida, United States
- DEEM, LLC**  
Indianapolis, Indiana, United States
- Lux & Lumens, Inc.**  
Monterey, California, United States
- Zethcon Corporation**  
Lombard, Illinois, United States



### IARW-WFLO WAREHOUSES

- Base, Inc.**  
Tulsa, Oklahoma, United States
- Fresh Pack Freezers**  
Saskatoon, Saskatchewan, Canada
- NovelAire Technologies**  
Baton Rouge, Louisiana, United States
- Polar Fresh Cold Chain Services**  
Laverton, Victoria, Australia
- Precisa Frozen Ltda**  
Requinoa, Cachapoal, Chile
- Preferred Freezer Services**  
Lingang New City, Shanghai, China
- Preferred Freezer Services of Vietnam**  
Ho Chi Minh City, Vietnam
- Procesadora Nacional de Alimentos C. A. Pronaca**  
Quito, Pichincha, Ecuador
- Stow Australia**  
Melbourne, Victoria, Australia



### WFLO MEMBERS

- Blue Bunny/Wells Enterprises, Inc.**  
Le Mars, Iowa, United States
- British Columbia Institute of Technology**  
Burnaby, British Columbia, Canada
- SolerCool Ltd.**  
Terrace Park, Ohio, United States



### IRTA

- China Merchants Americold**  
Shenzhen, Guangdong, China
- Lawgistics, LLC**  
Naples, Florida, United States
- Miami International Airport**  
Miami, Florida, United States

### IACSC SUPPLIERS

- ALTA Refrigeracion**  
Guadalajara, Jalisco, Mexico
- Convenience Products**  
Fenton, Missouri, United States
- Storage Solutions**  
Lenexa, Kentucky, United States



### IACSC CONTRACTORS

- AECOM Contractor**  
Seattle, Washington, United States
- O'Connor Construction Group**  
Poolville, Texas, United States
- Rice Building Systems, Inc.**  
Sauk Rapids, Minnesota, United States



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# ASSOCIATION NEWS

## NEWS ABOUT GCCA CORE PARTNERS

**IARW-WFLO** unveiled a new strategic plan for 2016-2018 focused on growing the industry, leading the industry, talent management and supply chain profitability. The IARW "State of the Association" session on the opening day of the convention was again a popular event that provided an excellent overview of the direction and programs of the association.



**IARW** Chair Tom Poe and WFLO Chair Frank Plant led a wide-ranging discussion that began with an early look at the three-year IARW-WFLO Strategic Plan that will be launched later this year. "We started with a complete shift in mindset," Rosenbusch explained as he described the strategic planning process. "Traditional plans start with a survey. We did that, but rather than asking traditional questions about association programs, we shifted from an inwardly focused

assessment to an external assessment. We asked members what keeps them up at night and affects their bottom line." He explained that the plan includes four "pillars" designed to move the association forward.



**GCCA** and United Fresh Produce Association (United Fresh) announced their partnership to produce the inaugural Global Cold Chain Expo, to be held in June 2016 at McCormick Place in Chicago. Corey Rosenbusch, President & CEO for GCCA and Tom Stenzel, President & CEO for United Fresh, jointly made the announcement during the IARW-WFLO Convention & Expo held in April 2015. The Global Cold Chain Expo will be a one-stop-shop for all cold chain needs with 25,000 square feet of trade show space featuring hundreds of exhibitors from every sector of the cold chain, including material handling, warehousing,

construction, supply chain/logistics solutions and transportation providers. Co-located with FMI Connect, the International Floriculture Expo, and United Fresh, the Global Cold Chain Expo will attract more than 15,000 key decision-makers from retail, foodservice, processing, production, distribution, logistics, and transportation. Attendees will represent frozen, refrigerated, ambient and fresh operations.



The **GCCA** South Africa Cold Chain Summit will be held October 18-19, 2016 in Cape Town, South Africa and bring together more than 100 cold chain professionals from around the world to discuss the South African cold chain industry, its global impact, and how to operate successfully within the marketplace. This two-day event features a keynote presentation, education sessions, networking events and a tabletop exhibit. ☎



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# 2015-2016 CALENDAR

**JULY 26-28, 2015**

**GCCA Assembly of Committees (AOC)**

Washington, D.C.,  
United States

**AUGUST 26-28, 2015**

**RWTA National Conference and Exhibition**

Glenelg, South Australia,  
Australia

**SEPTEMBER 9-11, 2015**

**IARW North Atlantic Chapter Meeting**

National Harbor, Maryland,  
United States

**SEPTEMBER 16-18, 2015**

**IARW North Pacific Fall Chapter Meeting**

Stevenson, Washington,  
United States

**SEPTEMBER 27-29, 2015**

**IARW Southeastern Chapter Meeting**

Fort Lauderdale, Florida,  
United States

**SEPTEMBER 28-29, 2015**

**Latin America Cold Chain Congress**

Guadalajara, Mexico

**SEPTEMBER 30-  
OCTOBER 1, 2015**

**IARW Heartland Chapter Meeting**

Kansas City, Missouri,  
United States

**OCTOBER 1-2, 2015**

**IARW Southwestern Chapter Meeting**

Austin, Texas,  
United States

\*For more details go to [www.gcca.org/events](http://www.gcca.org/events)

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# COOL PEOPLE

PROFILING INFLUENTIAL PEOPLE CONNECTED TO THE COLD CHAIN INDUSTRY



**ANDREW JANSON**  
President  
Hanson Logistics

Andrew Janson is President of Hanson Logistics in St. Joseph, Michigan and a member of the IARW Board of Directors. In addition, he served as the IRTA Chairman from 2011-2013.

**CF:** With 27 years of experience in food logistics, what's the most significant change that you've seen in the cold chain industry?

**ANDY JANSON:** Technology, without question, both in the warehouse and transportation. When I started in this industry, we were picking with paper and pencil. Applying labels to cases of produce was a big advancement at the time. Today we have computers on forklifts and many warehouses are completely paperless—scanning pallet IDs, directed put-away, EDI, satellite tracking of trucks, trailers and reefer units, energy management systems and on and on.

**CF:** What factors impacted Hanson's decision to enter the 3PL market in 2004?

**AJ:** Customer demand for transportation services caused Hanson Cold Storage to rebrand our organization as Hanson Logistics and offer transportation services utilizing both asset and non-asset based solutions.



Customer demand for transportation services caused Hanson Cold Storage to rebrand our organization as Hanson Logistics and offer transportation services utilizing both asset and non-asset based solutions.”

— ANDREW JANSON

**CF:** As Hanson has its own fleet, what are your views on shipper/carrier responsibility for pre-cooling and FSMA?

**AJ:** Our team is working really hard to understand this issue and find the most practical way to tackle it. Hanson Logistics fully complies with government regulations, regardless of our opinion about those regulations. We will remain on the innovative edge in terms of using technology to achieve regulatory compliance in the most effective and efficient manner possible in order to be in a position to help our customers.

Hanson Logistics does not support regulatory measures that offer a façade of protection to make the supply chain more secure or sanitary for consumers, but do not do so in any material way. Often, such measures only add cost and bring no real incremental benefit.

Secure and sanitary food is an issue for the entire supply chain, not just the warehouse and transportation links in that chain. Today, as you consider the hand-offs between the ground and the consumer, there are so many gaping holes in terms of potential security and sanitation breaches. Implementing tough new regulations on a few links in the supply chain does not solve the overall challenge that we have of safe and sanitary food.

**CF:** What do you think are the biggest logistics challenges facing the industry?

**AJ:** Finding good people (drivers and warehousemen) and managing all of the government regulations.

Looking to the future, I think automation and continued advances in technology will drive this industry forward—automated forklifts throughout warehouses as well as AS/RS systems. If we can't find the people to fill the jobs, technology and automation will fill the role. That said, we are going to need some very bright and computer savvy individuals in our industry.

**CF:** You have a big family—would you like your kids to follow you into the industry and what do you think the 3PL world will look like then?

**AJ:** Interesting question. I grew up in St. Louis, Missouri and my father was Vice President of Distribution for Ralston Purina and Ralcorp before they used the terms Logistics, 3PL or Supply Chain Management. My Dad was very involved in developing and fostering one of the first Supply Chain Management programs at a major university in the country. If I was a betting man, I would say that at least a couple of my five boys will find their way into this industry. Keep in mind, I am only “Janson at Hanson” and it would be quite presumptuous to assume that any of my boys would find a role within the Hanson Family business. They would certainly need to earn their position, which would require finishing college and spending a few years gaining valuable experience outside of Hanson Logistics.

The 3PL industry has been very good to my family and me and I have had the good fortune and blessing to make many friends. There are probably easier ways to make a living but if you enjoy working with people, taking on challenges of all kinds, and solving customer problems, this can be a very rewarding career. ☺

# JAMISON: INDEPENDENT THIRD-PARTY TEST LAB RESULTS

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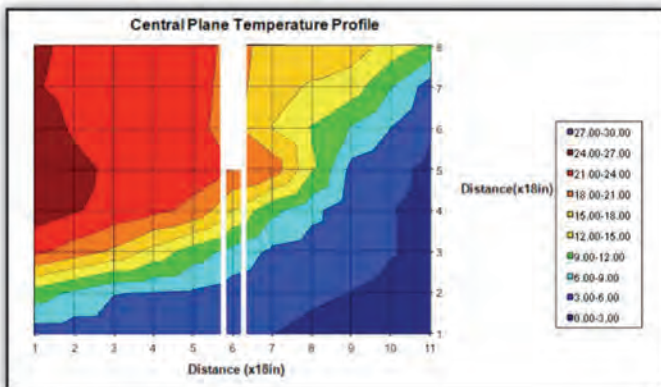
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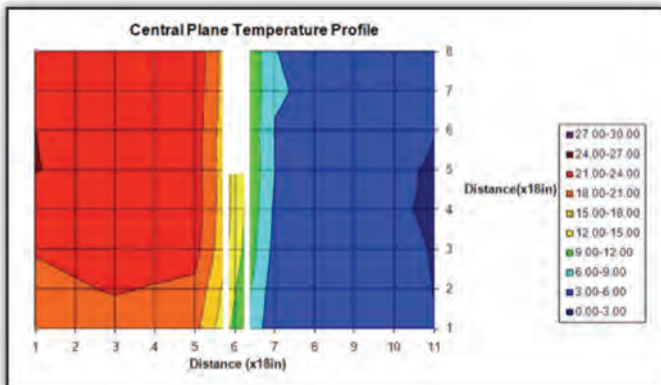
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\*For details and the lab performance report visit [www.hcrairdoors.com](http://www.hcrairdoors.com), contact your Jamison or HCR representative, or call 800-326-7700. Request the White Paper on the Evaluation of Horizontal Recirculatory Air Curtain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



Temp profile: air door off



Temp profile: air door on

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