

LOSCAM LEADER

DAVID'S BACK!

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Until 10 years ago there was one very dominant player in the pallet hire business in Australia. That changed when Loscam engaged a fresh management team and set about a renewal programme that established higher standards of service and progressively built its customer base, market share and a reputation for a passionate commitment to customers. It was a David and Goliath situation.

Last month the Management Team that created the 'new' Loscam ten years ago, was involved in a buyout of the company from G.E. Capital.



Neil McBain

I have always had a view that Australian customers wanted two suppliers in the market

While many people who knew the Loscam of the nineties might say *deja vu*, Neil McBain the old/new Managing Director says one word: "Opportunity!"

"I have always had a view that Australian customers wanted two suppliers in the market, and I think when we ran the company - that's the management team - we did some very good things," explained Neil. "People believed there was an option to just 'taking it or leaving it'. That there was a difference in the standard of responsiveness. That they knew the

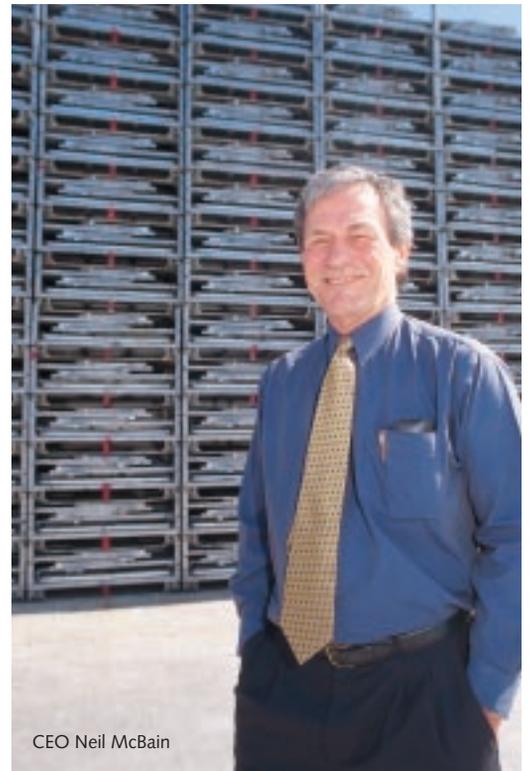
Loscam Team would travel that extra yard to make sure customers were happy.

"And that's the kind of philosophy we're bringing back into the company now. We've attracted back some very experienced personnel who worked with us back then. Keith Dargavel in Victoria; Evan Katsouras in South Australia and Western Australia, and Garry Bachell heading up our Asian Business Development.

"We're combining this experience with younger people like National Sales Manager, Scott Neubauer, Queensland State Manager, Chris Berry and Barry Wellard who has recently been appointed State Manager in NSW. That will give us a blend of experience, enthusiasm and energy which is a dynamic mix when you leverage it."

One of the first moves by the new team is a total review of the company's operational practices. This will cause changes that will flow throughout the organisation. "Our immediate priority is to decentralise the management structure, so our people are closer and more engaged with our customers," added Neil.

"We want to ensure that whenever a customer contacts us, be it for a load of pallets, or a copy invoice, that experience is a good one. All the pallets, bins, crates etc., we may have around Australia mean zilch, if we take our eyes and passion off one focus: our customers. As they say in the movies, 'we're back!'"



CEO Neil McBain



Plastic food bins, one of Loscam's many products

Two companies who have gone bananas over bananas!

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A line-up of Hawkins road transport ready to roll.

In 2002 in Australia, 2100 banana growers produced nearly 17½ million thirteen-kilogram cartons of bananas. The 568 growers in North Queensland supplied many of these. Two of the better known transport companies are Hawkins Road Transport and Blenners Transport of Brisbane. Together they move a tidal wave of produce to the markets of the south.

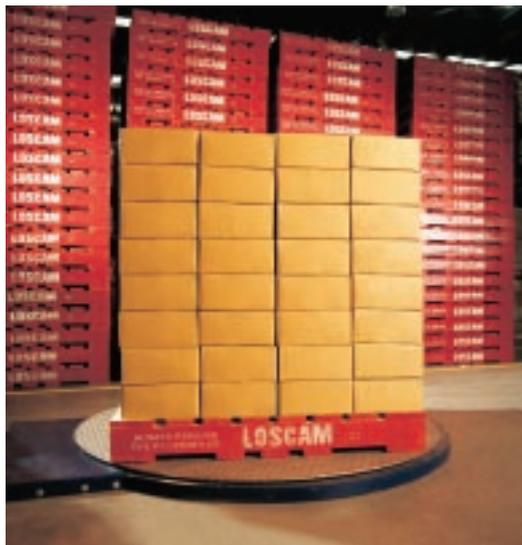
"We've been going as a family company since 1921," said Darryl Edwards, Hawkins' Depot Manager at Tully. "We're now into our 3rd and 4th generation of the family and we're Queensland born and bred with seven depots in the state.

"At the present time, we run about 85 trucks both interstate and intrastate, and besides bananas we also undertake general and fuel transporting. All the trucks are company-owned and Tully is the only site we transport bananas out of."

Darryl said since it changed over to the "Big Red," Loscam was playing a big part in the company's banana business. "Chris Berry has been instrumental in instigating a smooth changeover, and our pallet standards have improved greatly since the move.

"The pallets we've been getting are certainly of a very good standard and lighter than previously, which has helped us with our gross weights."

He said Chris visited the company every six weeks and was always available on the mobile to sort out problems. "We haven't had any problems with supply, and I liaise with Chris on quantities. Last year we shipped out about 2.5 million cartons, which is about 48,000 cartons a week. That's a lot of banana splits."



Blenners also move "Plenty of bananas"



Blenners new depot in North Queensland.

"We move plenty of bananas through Blenners," laughed Operations Manager, Mark Lindsay, when quizzed about the company's affection for the banana business. "We've been in Tully since 1988, and have depots along the far north coast at Innisfail and Cairns, as well as Brisbane. We mainly cart bananas out of North Queensland and we run our own vehicles.

"We ship about 85,000 cartons a week and employ about 65 people across all aspects of our business. Loscam pallets are used to carry the produce south to the markets, and this is done via refrigerated vans as far away as Perth."

Mark said that Loscam was also using Blenners own pallet repair facility in Tully if the need arose.

"The banana industry - 95% of which grows Cavendish variety - goes throughout the year," said Mark. "With the decline in prices for sugar, a lot of former sugar cane farmers, have been swinging over to bananas as a better cash crop."

Blenners
TRANSPORT

PS IN ADDITION: Loscam wooden pallets are maintained to the highest standard by our automated repair facilities. Pallets are available for issue and dehire through our national network of depots and are widely accepted throughout Australia. Chris can be contacted on : 0419 228 587

Man in the chair

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Experienced public company director and commercial lawyer, Mr Robin Clements, has been appointed to the position of independent Chair of the new Loscam. Rob brings a wide and varied legal and business background to the role, gained over the past 30 years, advising and working with companies both here and in Asia. His experiences include positions as Chair of corporations in the transport, timber and industrial supplies industries.



"I've only been in the seat for just over a month but, prior to accepting the position, I spent some time familiarising myself with the business and its plans in discussions with Neil and the Deutsche Bank representatives," said Rob. "After discussion with all parties involved, I'm very confident about what Loscam can do both here and in Asia."

"Unless I was comfortable with the concepts for the business adopted by the principal shareholders, Neil and his management team, I wouldn't have accepted the position. Their emphasis on upgrading customer service and delivery appealed to me and there is an opportunity for it to be the leader in Asia. I hope to make a contribution from my broader commercial experiences and use my Board experiences to ensure all corporate governance aspects are in place."

Rob said that through the 70's, 80's and early 90's, he worked with a number of Australian start-up companies in the Asian region, which included hotel groups, joint venture finance and industrial companies and he has continued to maintain SE Asian associations.

"Initially, Loscam will maintain a Board comprising four Directors but we envisage appointing another Director in the future with skills and experience relevant to the Loscam business."

"I accepted the position as I feel Loscam has a real growth future and I'm looking forward to being a part of that."



After the final whistles have been pocketed for another season, commentators and supporters will be analyzing the results and asking: "What makes a great team? How is it that one team

did so well but still stumbled at the final game?"

How much was it to do with personnel, and how much was it to do with the hunger to be the best?

Now that a new Management Team is running Loscam, we have a fantastic opportunity to create something which is truly unique. A company that listens to its customers, and focuses on their success.

All the "training" and pre-season conditioning means nothing, if we drop the ball and can't ensure we service the only group of people we have to satisfy - our customers. Having worked for Budget Rent-A-Car in its heyday when you could be reprimanded if you didn't answer the phone after three rings, I learnt very quickly the importance of brilliant service and how customers respond positively when you consistently get it right.

We have quickly put in place a range of initiatives to improve our service and pallet quality. Although the fine tuning will take a little longer, there is a strong commitment from the Loscam team to create a clear difference between us and our competitors by consistently delivering outstanding customer service.

I look forward to meeting as many of our customers as possible over the next few months. In the meantime, if there are any issues you want to bring to my attention, please feel free to contact me via email at : neil.mcbain@loscam.com or by telephone on 03 9843 3757.

Neil

South Australian office catches Tuna processor

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The sale of well-known food brand John West by Unifoods to Simplot Australia, has seen Loscam's South Australian office adding Port Lincoln Tuna Processors (PLTP) to its client list. "Simplot has been a long-term Loscam pallet user," said Logistics Manager Roger McKie. "The purchase of the John West brand could easily see PLTP adding 3,000 pallets to its logistic system."



Lincoln facility is the only canner of tuna in Australia. The facility was opened in 1973 to provide local fishermen with an outlet to process, freeze, and export the locally-caught Bluefin Tuna.

According to Roger, the PLTP logistics team handles all purchasing and deliveries and a traceability system that's in place, ensures every component entering into the process is recorded. One of the newer innovations the company is involved in, is the production of pouches for both the John West and Nestle brands. PLTP is also a source of both fresh and frozen sashimi tuna for the Japanese sushi markets.

Loscam Regional Sales Manager SA/NT, Lee Whitbread, a man known to enjoy the odd piscatory delight, is very happy with the prospects for the new client.

The supply of Loscam pallets started flowing to the South Australian manufacturer mid-July, and PLTP employs around 280 people. It has the capacity to can 30 different products in six different can sizes. With the closing of plants in Eden NSW, the Port



Experienced Asian hand rejoins Loscam

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When it comes to the logistics business in Asia, one of the trail-blazers in the region, and a man with a decade of experience in streamlining the distribution chain is Garry Bachell. Garry recently rejoined Loscam and his card reads: Business Development Manager Asia/Pacific.

"I went to Asia back in May '93, when Loscam at the time was asked by Davids Holdings to look at establishing DC's in Singapore and Malaysia," recalls Garry. "I came back, consulted Neil and we decided to invest in the region. In May '94 I moved my family there. Centralised distribution was not common in Asia then, and it would be fair to say, at that time the concept really didn't exist.

"There were some start-up centralised distribution centres in Thailand but not a lot. At that time Thailand already had a very strong presence of international supermarkets and department stores.

"From there it was into Indonesia, and about the same time we were invited by Procter & Gamble to look at the Korean market and support their business there. We did this, and in about two years we were operating in five countries."

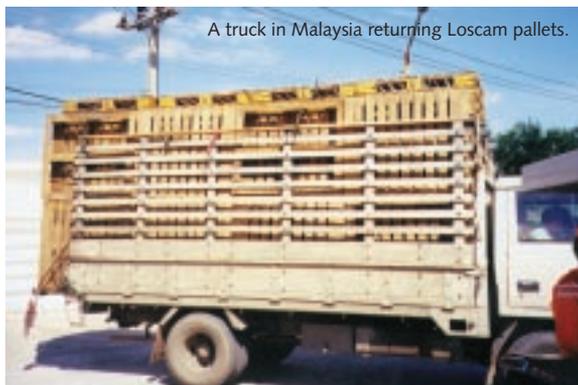
Hong Kong followed and at that stage Davids and Loscam were looking at the Chinese market. After that, the Philippines.

He said the biggest impact on a market that affects a company like Loscam, was third party providers of product and supermarkets. "You have Tesco, Wal-Mart, Macro, Metro the Big C in Thailand, and all of these have a 'pull' affect on logistics, rather than multi-nationals creating a 'push' affect.

"These stores create a mass; a demand, and they are able to dictate terms to suppliers. They say they want deliveries on pallets; they want bar coding; they want standardised packaging. Then the multi-nationals can come into their own and lead the way for the locals."

He said the biggest changes he saw over eight years were with dry goods. "The reason why dry goods has gone so well is it's a cheaper option, it offers a critical mass which can be achieved very quickly. DC providers like Exel, Davids and TNT Linfox are all importing technology, and there are warehouses up there which are equal to anything in Australia.

"Cold storage is probably lagging behind, and with a region of high temperature it's a bit of a paradox. I was talking to some people from IDF Inchcape Services and they are thinking of converting one of their older warehouses to cold storage."



Garry said general merchandise is very much direct delivery, with a little trickling through centralised distribution.

"The next thing we are finding after dry goods in Thailand, Malaysia and Singapore is fresh," revealed Garry. "Processed meats, vegetables and fish, are all being processed in premises that are very close to HACCP approval. We are for example supplying 2,000 Loscam plastic pallets to Davids operation in Thailand for the Big C, because they want wood completely out of their fresh processing area."

With the refocus of Loscam and a change in management, Garry's brief is to grow the business with help from in-country managers throughout the region. "I'm out to identify opportunities and from the last few weeks I think we'll be expanding a lot faster than we thought. We have some very good people up there and I think the months ahead will be very exciting. There's still opportunities and we're out to explore them.

"Another area I'm proud to have been associated with over those years, was pushing for a standardisation association in many of these Asian countries. Some of them have rolled together with the ECR (Efficient Customer Response) movement, and this has snowballed. It was an organisation originally started by Procter & Gamble, to get things through the supply chain, as cheaply as possible.

"A lot of ECR groups which started in individual countries have identified pallet pooling as an early initiative. It's easy to do and shows them that ECR can work."

PS IN ADDITION: Garry is available to advise Australian exporters on how to best reduce their distribution cost in the Asia/Pacific area. His mobile number: +61 438 613 623.

Deutsche Asset Management provides financial muscle for new Loscam

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When Neil McBain learned that Loscam was being sold by G.E. Capital, he conferred with one of the world's largest financial institutions, with a plan to acquire the company and reinvigorate Loscam with a new board and management team. The company was Deutsche Asset Management (Australia) Limited and two of their executives are now board members of the revitalised Loscam.

"Loscam Leader" spoke to Vice President Rob Nichols and Director Gene Lorenz, in Sydney recently.

Why was a company that manages over \$A27 billion on behalf of Australian-based clients, interested in a pallet company?

Rob: "We represent DB Capital Partners, the private equity arm of Deutsche Asset Management in Australia and we firmly believe our business is not to manage companies, but to work in partnership with management, providing strategic and financial direction, as well as resources and know how. We are equity investors who, beyond capital, provide a significant and long-term contribution to building businesses and enhancing value.

With Loscam we saw an opportunity to invest with a proven management team - a factor that we regard as critical. We also recognised an outstanding opportunity to buy a business from a US corporate and work with management to reinvigorate it."

Gene: "To back somebody like Neil McBain - who had previously run the business - and developed it into a very successful company, and a strong competitor to Chep - was fundamentally very attractive."

Who instigated the deal?

Gene: "Neil had looked at the company a number of times since his departure. We became aware of Neil through one of our contacts and that provided the introduction. What was missing in the deal, from our perspective, was the management component, and that's where Neil came in. He brings the industry knowledge and proven expertise, having managed the company successfully in the past, while we, as financial investors, bring financing and structuring capabilities to the table.

How long did the discussion take?

Gene: "We spoke to Neil for the first time before Easter and we closed the deal on August 8th - it was a very intensive 4 months."

Is this the first time that Deutsche has invested in logistics?

Rob: "We've looked at a number of logistics businesses over a period of time, and have a definite interest in industrial-type outsourcing businesses - this industry in Australia and worldwide, has benefited strongly from the business trend of outsourcing non-core activities, and we are confident this trend is set to continue, indicating a positive future for Loscam."



Directors Gene Lorenz and Rob Nichols.

Gene: "Another asset we do have in logistics is that we are 35% owners of the Port of Geelong."

What expectations do you have for Loscam?

Gene: "I'd like to see Loscam as an important part of the logistics chain, and for superior customer service to become a real point of difference for the company. I'd like to think that Loscam's customers - existing and potential - really come to value the service the company provides. Ideally, Loscam will be seen as a desirable alternative in the pallet industry."

Rob: "I agree. I think Loscam will be positioned as a preferred supplier to discerning buyers. Neil has a great commitment to customer service, and if the customer service focus is in place, then sound financial performance will follow."

Is the Asian operation important to the overall business?

Gene: "Yes, we believe that it is important to ensure that we cement the Loscam position in the region. That's not only expanding the existing business, but also entering into new markets if the right opportunities exist."

Rob: "We are very supportive of the management team and have committed considerable financial resources to this deal. We'll look for sensible growth opportunities, either organic or via acquisition. We believe we have the right people, a solid business plan, and the right positioning both in Asia and Australia, for the business to have very good growth."

Business is dicey in Griffith and that's how Allan likes it!

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Loscam Area Business Manager, Allan Smith, looks after Rinaland Investments, one of the biggest growers, packers, and suppliers of pumpkins, butternut and watermelons in the MIA. The company dices beetroot, cabbage, carrots, pumpkin, spinach, onions and a host of other crops from the rich areas of the Murrumbidgee.

To understand the size of the company's produce, last year it handled over 6 million kilos of citrus; 5 million kilos of pumpkins, and about 2 million kilos of onions. Like all things it's not just one diced size fits all, and Rinaland tailor-cuts to its customers' requirements.

"We supply wooden and plastic pallets and plastic Mega bins to Ross Grillo, the company's General Manager," explained Allan. "And almost all the company's produce is sold to wholesalers and process manufacturers, like SPC and Campbells Soups in Shepparton, and Simon George Home Fresh in Brisbane.



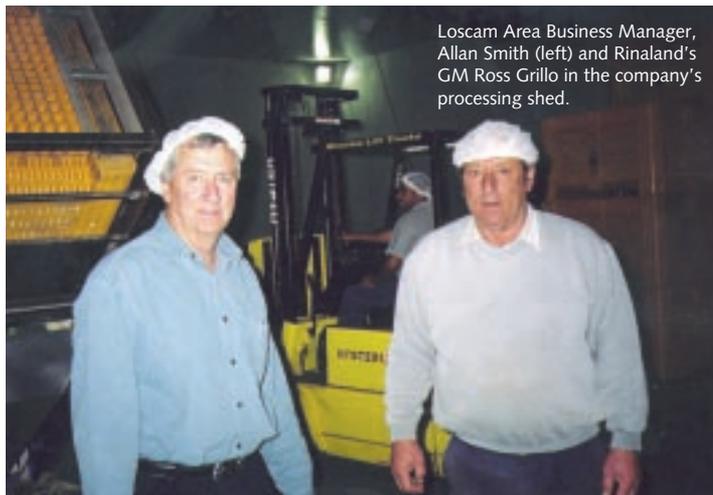
Allan Smith

Loscam became a key supplier, with more than 3,000 Mega bins being used each year. "They've been a great customer to work with..."

"The Mega bins can carry half-tonne loads and are picked up from the Loscam depot in Griffith. They're then taken to the fields where they're filled. From there the produce is transported to the process sheds where it's tipped, graded, and dispatched to the processors. Our Mega bins are also used to ship the fruit and vegetables to Rinaland's customers."

Allan said the business has grown considerably since Loscam became a key supplier, with more than 3,000 Mega bins being used each year. "They've been a great customer to work with, and over the years there's been a shift to a greater reliance on vented to solid plastic bins, plastic and wooden pallets, and collar surrounds.

"Our depot in Griffith provides a 7-day a week service and we're always ready to assist with Rinaland's or any of our other valued customers."



Loscam Area Business Manager, Allan Smith (left) and Rinaland's GM Ross Grillo in the company's processing shed.



Loscam bins are inverted to empty produce at Rinaland.



Grower Victor Pittari bringing his crop for weighing.

PS **IN ADDITION: Mega Bins can be easily cleaned and sanitised and their excellent ventilation allows for fresher fruit and vegetables. Mega Bins safely stack to help reduce storage cost. Allan can be contacted on : 0408 228 596**

Partnership produces solution for Holden parts movement

When you are one of the most successful automotive vehicle manufacturers in the country, and have a chain of dealers selling thousands of spare parts nationally, how do you get that myriad of parts to the dealers? Holden Service Parts Operations six years ago had such a problem.

Holden Service Parts Operations Logistics Manager, Mr Keith Shepherd had been using a cage-like container supplied by another company for some time, but he knew it wasn't the best way to transport product from the Melbourne warehouse. It wasn't until he started exploring the possibilities with Mark Dobson from Loscam, that a superior and uniquely different container system was created.

Keith explains: "We have a 55,000 sq metre warehouse distribution centre at Dandenong, Victoria. Here we distribute nationally as well as for export. We dispatch daily between 10-15 truckloads. Prior to Loscam, we basically used a pallet-based unit with cage sides installed around it.

"That presented us with a couple of issues. One, in order to erect the cages, we needed a significant amount of labour. Secondly, the wire around the cages wasn't stopping parts from falling out and causing quite a significant OH & S risk.

"We started talking to Mark and developed together what we called the Gpak unit. It was able to be erected by a single person and was much safer than the equipment we were using.

"I think it was a great example of supplier and customer working together," added Mark. "We came up with a product we took from the ground up. It was trialled through their facilities and their supply chain, to maximize the criteria we were given to work with.

"Gpak was developed with our engineers and Holden, to meet their needs. Since then, and once we were comfortable with the supply to Holden, we've been able to take it out to market."

Keith said the beauty of the Gpak was it was available in several sizes. "We have the single pallet based G1 and then a double pallet double height. It enables us to mix customers' products from small parts like washers and nuts, right up to panels. We can carry and transport in a uniform material-handling module. It operates as an outer case and keeps the material together, while protecting parts from moving about in the back of a truck. Previously, damage was a big issue. Security is another feature as you can't see what's inside the Gpak unlike an open cage."

With the cages used previously, there were several components that had to be accounted for or put together prior to shipping. The Gpak is one-piece, collapsible, with no parts to worry about. So, for a hire and de-hire situation, it's one product that's off the account.

"From a dealer's point of view," said Mark, "they can get 5 G1's collapsed in the same space previously taken up. It's made a big difference."

Holden Service Parts Operations ships a considerable amount of Gpak units a month mixed across 4 sizes. The G1 is 1150mm square x 1200mm high; G3 is 2300mm x 1150mm x 1200mm high; G4 is 2300mm x 1150mm x 600mm high and the G5 is 2300mm x 1150mm x 2 metres high. All are modular and can fit together as needed.



Loscam's Mark Dobson with Keith Shepherd. Behind them collapsed Gpaks.

Mark said from start to finish, the project took about 15 months. "From the original prototype to the unit available today, there were about 135 changes, and I spent a lot of time on the floor at the distribution centre getting an understanding of what Holden needed."

"And the design hasn't stayed still over that time," said Keith. "As the business has changed so has the Gpak. Our customers are happier because of the OH & S improvements and because the collapsibility and stackability is space-saving. All units are rated at 1.5 tonnes.

"From a pure productivity point of view, we need less people to put these together than we needed with the cages. That's a big win for us as we can have more people picking than assembling. We run a 3-shift operation and we have around 200 people."



Gpaks also reduce the risk of pilfering.

PS **IN ADDITION:** Loscam have approx.10,000 units in their pool and these are used by automotive spare part, tobacco distribution, apparel distribution companies - items that are expensive and vulnerable to theft. Mark's number is : 0408 228 570

“Ease of Operation a key factor” says CHH Systems Manager

LOSCAM

At Carter Holt Harvey's Consumer Brands warehouse on Melbourne's fringe, thousands of pallets pass through the 15,000 sq m building each year. According to Mr Sinisa Struklec, the site's Systems Manager, there's room for 32,000 pallets to store Carter Holt's range of Sancella, Experko, Deeko, Purex and Sorbent products.

“This is the largest CHH site in Australia, and was created with national distribution in mind,” explained Sin. “We handle around 60% of products distributed nationally.

“Introducing Loscam's HMS program was the perfect avenue to maintain our data integrity for pallets. Without good control, it's an easy way to lose a lot of money.”



CHH's Sin Struklec with Loscam's Robert Banes.



Sin Struklec

The thing that really impressed me about HMS is its ease of use without any complicated screens. The whole package is fantastic.

“As well as having traceability through HMS it has also made processing our pallets easier. We didn't have to wade through hundreds of lists on paper or dockets. It is all in one system, easy to download and user-friendly.”

He said there wasn't a great deal of training required, and all his people quickly grasped the system after a couple of minutes with the various screens. “We have two separate operations, where the guys just key in the dockets themselves and Rachel Dionisopoulos does the admin. After 2-3 minutes we were up and running with HMS.”

He said that once the system was operational it only took a couple of weeks to show how useful it was.

“The thing that really impressed me about HMS is its ease of use without any complicated screens. The whole package is fantastic - especially when you introduce it to a site like this, which has a lot of different software packages. The last thing you want to do is confuse the users.

“Another thing is its versatility. We initially trialed it on a localised machine, which isn't an ideal situation, but when we wanted to change it to an altered environment, there were no major issues. Certainly the biggest gain we got out of it was time-saving. And time saved in this fast-paced industry is vital.

“The last thing we need is to hold up drivers waiting to clarify documentation, so HMS has helped us out immensely. With no manual writing and the system being so simple, it just takes a few seconds. It's easy to find out how many pallets you have de-hired and how many you have hired back. It's been fantastic.”

The largest CHH Distribution Centre is located in Melbourne



LOSCAM

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PS IN ADDITION: HMS is designed for tracking equipment. It allows electronic management of your account and has reporting capabilities.
Robert is available to discuss HMS, his mobile number is : 0417 228 589