

LOSCAM LEADER

Tough business times demand **innovative thinking**

Loscam Managing Director, Mark Daniel's recent trip to the United States, has underlined his belief that there has never been a greater time for innovation than right now.

"The message from two of the largest consumer goods companies in the world, is just that," reported Mark. "We all have to think outside the box. Achieve the right combination for your business - product, people, communication and everything that goes with it – and you'll be a survivor.

"In Australia we are going through tough times too and we have to think positively - there are always opportunities. The Loscam team are working on things they can influence; understanding what they cannot and focusing on delivering continued growth.

"We are examining a range of options that are different to what we have done in the past. We know we have to be different. Now is the time to be working with our customers, to see what they and we can do differently."

He said while the Asian financial crisis of '97 had an impact on production in Asian countries and the Asian financial base, at the time, there was demand in Europe and America for imported products, to pull these countries out of that recession."

Mark Daniel, Loscam Managing Director

So as a consequence, whilst there were currency issues, there was still some underlying demand going offshore.

"What we are seeing now, is that underlying demand has been severely hurt globally. I believe we are going to see a very different economy going forward."

"It is therefore important in these times, to actually work with customers to look at ways of doing things differently."

Mark said American retailing was going through a very tough time.

"It's reflected in the world's largest retailer only growing by 0.1% last year and a review in the 'New York Financial Times' reporting that 20 or so of the largest retailers were in the negative for comparable stores during December 2008.

"From a logistics perspective, volumes are down. One consequence is that retailers are working on much faster stock turns across the board. Major retailers are planning on doing business with up to 20% less inventory than previously. Logistics companies all have the same issues - running a fixed cost business with reduced volumes. Margins, which are small already, are going to be impacted.

"It is therefore important in these times, to actually work with customers to look at ways of doing things differently.



"It is important to attack cost, as opposed to just dropping price. If you are able to work with the supply networks and fully understand the cost base of each network, then you get areas of opportunity to reduce your true costs. But people have to approach it in a co-operative manner and work with the true costs and not made-up figures.

"In saying all of this, we still must maintain and improve the levels of customer service and openness when things are tight. Communication becomes vitally important, because you still need to keep satisfying customers.

"No matter how tough things are, it is important that we remember to say 'thank you' to all our customers, for your continued support."



IN THE CHAIR THIS ISSUE

Interview with Brad Harrison

Brad's confident LAA members will handle tough times



The economic downturn will affect our industry," said Brad Harrison. "There is so much uncertainty in regard to the extent of the impact at present. Many industries, such as mining and the financial sector are already experiencing significant problems and other industries just don't know what this loss of confidence will mean in terms of revenue and job losses to their

business. Mr Average consumer is going to be concerned about keeping his job; however, people still have to eat and drink and a lot of supply chains are involved in moving that kind of product across Australia.

"Compared to the Europeans who transport over shorter distances and closer hub and spoke networks, Australia has large delivery distances. But Australians are as good as anyone in the logistics and supply chain functions. We perhaps don't use our business systems and depth of ERP functionality as well as others, but we tend to be followers of technology and not big spenders in high-end solutions."

With 33 years-plus experience in supply chain, covering industries across the board, Brad is President of the Logistics Association of Australia. "The LAA is primarily a professional membership, professional development and networking organisation that through events keeps members abreast of what's happening in the industry.

"Skills shortages are still an issue and will be high on the agenda for many years within the supply chain/logistics arena. Traditionally, people enter the industry via the warehouse or operational roles, rather than from a formal professional qualification. One benefit from the malaise in mining, is that people who perhaps jumped into the mining sector, are now flowing back to their traditional employment.

"The industry now has training programmes for both full-time and part-time students. I am one who returned to undertake extra study. Formal qualifications are good, but graduate newcomers still need to learn about the business from the bottom up.

"The highlights for the LAA over 2008 included a dramatic growth in membership and good participation at events. Other issues that confronted those in the industry, were the healthy discussion on Australia's infrastructure, the national heavy vehicle regulations and the high cost of diesel."

Asked about the position of wooden pallets in logistics, Brad said:

"The wooden pallet is going to be around forever. Some closed-loop industries buy their own, but tend to lose a lot of pallets, which is costly.

Plastic pallets, particularly in food and pharmaceuticals, also tend to be used in a closed loop environment.

"Australian manufacturers are well-served by pallet providers like Loscam and industries rely on having a good quality pallet for moving and storing product. The wooden pallet is still the standard and will be so for many years to come."

The LAA can be contacted at www.laa.asn.au



MOVERS & SHAKERS

Paul undertakes OH&S shake-up

Former South Australian State Manager, Paul Hallett, is now Loscam's National OH&S Manager, responsible for not only ensuring that the working conditions within the company's refurbishment sites are the safest possible, but also undertaking a program to make Loscam pallets the best in the industry.

"It's a new position," explained Paul. "Previously, we had outside consultants assisting with this area, but our new MD Mark Daniel, has renewed our commitment that our Quality and Health and Safety, is the best in the industry and has given me that task.

"I've been with Loscam four years this time around and did a four-year stint with them in the late '90s. I cover all of Australia and I'm still based in Adelaide.

"In the short time I've been in this role, we've been focusing on traffic management in our yards. With forklift movements and truck loading, there is a very real safety risk. I have completed organising Sydney prior to Christmas and have recently been in Perth, then Laverton in Melbourne."

Part of his role said Paul, was to undertake in-house training to make sure that Loscam Supervisors and workers are fully-trained in all safety areas.

"It's an ongoing process," said Paul, "and one that our MD is very much on board with. He's stated there will be no compromise when it comes to OH&S. The safety and well-being of our workers is our number one priority."

Paul said the reaction so far had been very positive and he was receiving real co-operation from the senior managers, managers and workers at branches. "It's been terrific. They know that this business is keen to make sure that everything we do is done the right way."

The new Loscam State Manager for SA is Anthony Garrett.



L-R: Paul Hallett, Paul Furlan, Frank Kiely and Michael Nys from North Laverton

Go North Young Man...

A change to Loscam's management structure has seen a number of movements within the executive ranks. One of these has been the move by Michael Collins from Sales Executive Victoria, replacing Chris Berry as Queensland & Northern Territory Manager. (See *Chis's* National Business Development Manager role, covered page 3.)

Prior to joining Loscam, Michael worked for a transport company and through his working history, has always been involved in freight and logistics. While experience counts, having a recognised qualification has seen Michael undertaking a Bachelor of Business in Logistics and Supply Chain Management.

"I was doing it at Melbourne's RMIT, but since coming to Brisbane, have transferred the course to Griffith University," said Michael. "I am in my third year and I love it. The course integrates well with my work, though at the present time, I'm doing more accounting subjects than logistics subjects."

Michael said Loscam gave him an opportunity to take on the position of Queensland State Manager with Chris's promotion. "One of the areas we're

looking at, is how we can standardise the systems here with what we do in Melbourne because some are different. Saying that though, Queensland isn't Victoria. I want to try to improve on what has been established here and promote the people from within the business."

He said Queensland is a Rugby League state but all the family was booked to come up and watch the Bulldogs play the Brisbane Lions during the AFL Season. "With sport, switching codes is definitely not a hardship!" Michael jokes.



Left: New Qld & NT Manager, Michael Collins (left), says he wants to improve on the established base and develop local staff.

Quality abounds on the Darling Downs

While many Australians may not know they have eaten a lip-smacking dessert manufactured by Quality Desserts from Toowoomba, the Quality range is found in KFC, Coles, Woolworths and IGA. Julian Lancaster-Smith, the company's Group Business Manager, tells the story.

"Quality Desserts was founded by my father Barry Smith and me, about 16 years ago. We saw a niche in the dessert market, so we started producing a small range of cheese-cakes and trifles for the likes of KFC. My father had been Group R&D Manager for Defiance Flour.

"We decided we'd be a high-volume bakery, so we stuck with sweet bake products like cakes, puddings, fruit mince pies and tarts."

Julian said business has grown. "This is our third building and we also have pallets of finished goods stored off site." The Christmas peak saw 40 people employed in the factory with another 15 people in the management team. "We have a big challenge - a lot of growth and a lot of opportunities.

"We have close to 200 SKUs at the moment. We are packing for different people, and have core lines -



Julian Lancaster-Smith, Group Business Manager for Quality Desserts, Julie Lancaster-Smith, the company's DC manager and Loscam Sales Executive, Damian Plumpton.



Left: Quality Desserts supplies sweet bake products for KFC, Coles, Woolworths and IGA.

lamingtons being one of them. Christmas is a busy time for us, as we make plum puddings, Christmas cakes, fruit pies and shortbreads."

He said the company had moved to Loscam about two years ago for a number of reasons. "First and foremost, was the quality of the pallets. We had a number of issues with the previous supplier. Most of our packing staff are ladies, who are moving pallets around all day, every day. Changing to Loscam meant a cleaner pallet that was a lot lighter. Plus, we made a substantial cost saving.

"I was reluctant to move and didn't know how widely accepted Loscam pallets were. It wasn't until reading a magazine, ("Loscam Leader"), where Woolworths Larapinta DC was featured prominently, with its automated facility, that I realised Loscam pallets were widely accepted. The transition to Loscam was made very easy.

"We're sending a lot of product out frozen, so it's travelling in double-stacked freezer trucks, which takes the weight off the pallets."

Julian's wife Julie, is the DC manager and said Loscam's HMS system is very good. "Loscam's Customer Service has been more than accommodating in explaining all of the features to us. Our monthly reconciliation has been easy and there is clarity through the transaction process," she said.

"Maybe the consumer purse strings have tightened," added Julian, "but our sales have grown. We are getting a lot of opportunities and we have a very bright future with this business."

It's never been a **better time** to try Loscam



Chris Berry, National Business Development Manager,

Recently-appointed National Business Development Manager, Chris Berry, says the new Loscam structure will allow him to concentrate on showing manufacturers and logistics companies, how easy it is to change to Loscam.

"Across Australia, where there is an opportunity, I'll speak to them," explained Chris. "My task is to look at the higher level user of pallets, who believe it's too difficult to change from their existing pallet supplier and show them how it can be done."

Chris said while some people think it is hard to make the change, in reality, it is a lot easier than they think. "I get involved, we work through it, look at major supply chains

and seek out opportunities where Loscam can offer a benefit."

He said there were tough times ahead and every dollar that could be saved would benefit a company. "It's my task to tell people that there are options in these tough business times, and myself and Key Account Manager, Mark Dobson in Victoria, can work through it with them. I'll go wherever the opportunities are, work through supply chains and present some real logistical savings; we partner and work together to ensure the best outcome for all.

"So if there is an opportunity in pallets, bins or Gpacs and people want to save money; we're geared up to partner with them to save supply chain costs."

Gloria Jean's Coffee their Daily **Get Up**

For hundreds of thousands of Aussie workers, their working day starts with a cup of Gloria Jean's Coffee even before their first email is answered. For real coffee aficionados, the rich rewarding aroma that percolates out of Gloria Jean's Coffees can come from the company's renowned special espresso blend or be brewed from select whole beans including the rich Sumatra Dark Roast or very aromatic, Kenya AA.

The Gloria Jean's Coffees stores that we see in any strip or shopping centre around Australia, are a long way from the early days when the first Australian Gloria Jean's Coffees franchise opened in 1996 in Miranda, Sydney.



Loscam's John Vlatko (left) with Gloria Jean's Malcolm Bible and Loscam Sales Executive Gary Hagan.

Today, there are more than 900 Gloria Jean's Coffees stores in 36 countries worldwide, many owned and managed by a franchise partner, just as passionate about coffee as the guests who drink it. The company has won multiple awards for its business success and coffee quality, most recently winning the coveted 2008 Innovation Award at the MYOB Excellence in Franchising for its new e-learning system, Gloria.

Gloria Jean's Coffees sources, roasts and distributes all its own coffee from the company's head roasting plant in Sydney. Coffee beans are sourced from South America, Asia, Africa and even Australia, to provide the key ingredient of the company's 60 exclusive blends.

“Some people don't realise that today, Gloria Jean's Coffees is an Australian-owned global company.”

Keeping the coffee beans flowing to stores, both here and overseas, is the job of Gloria Jean's Coffees Logistic Manager, Malcolm Bible.

“When I joined in 2002, we had just under 70 stores,” explained Malcolm. “Today, we have more than 450 Australia-wide. It's a great success story, a great brand and it has been embraced by the Australian public.”



s give Australians and Go

"Some people don't realise that today, Gloria Jean's Coffees is an Australian-owned global company. Our Australian owners, Nabi Saleh and Peter Irvine, made the decision to purchase the global rights for all countries outside the USA and Puerto Rico in 2004. Since then, we now have more than 400 stores overseas as well as our Australian base. It's a global logistic challenge."

He said the Castle Hill site imported coffee beans from the various coffee-growing areas around the world to their state-of-the-art roasting facility. "We roast and pack fresh here on site and we use a Third Party, Kuhne & Nagel, to do all of our warehousing, domestically and internationally."

Malcolm said the company had DCs in The Netherlands from where product was shipped to all of Gloria Jean's Coffees European Master Franchise partners. "In addition, we have a DC in Dubai, in the Jebel Ali Free Zone, servicing all of our Middle East markets. Currently, we are looking at doing the same in South East Asia - possibly Singapore - as well as in India."

"We don't want to have rejections of deliveries because of pallet quality..."

Malcolm has spent the last 16 years in logistics and worked for Amcor Flexibles for a number of years. "Gloria Jean's Coffees has been a customer of Loscam for a number of years and they supply pallets for taking finished product to K&N.

"Previously, we did all of the distribution for Gloria Jean's Coffees stores from the manufacturing facility onto pallets, into our DC and then picked and packed for distribution through the Toll network. It's a pretty basic process, but for us, the key thing is the quality of the pallets. We send a lot of product into the major supermarkets, where the quality of the pallet is a big consideration. We don't want to have rejections of deliveries because of pallet quality. That can be a very costly process. The whole DC area is becoming more automated and the quality of the pallet is paramount to the whole process."

Malcolm elaborated that the stability of the load is another issue for Gloria Jean's Coffees. "The last thing we want is to have broken pallets and issues with unstable freight. Quality is of utmost importance. In the past six years, Loscam's service has progressed both in terms of presence and customer service.



"We've enjoyed the Loscam partnership."

Loscam helped Gloria Jean's Coffees logistics upgrade from manually-written dockets to utilising the HMS pallet-tracking technology.

"Things like that really add value. Obviously pallets are not our core business and we need to make sure we have them under control, or it can become quite expensive.

"The Loscam guys have helped us with pallet reconciliations in the past and creating the environment where we have a tight control. It is critical to our business," Malcolm said.

"We've enjoyed the Loscam partnership."

Big W's Warwick operation is a **cornerstone** for servicing 84 stores

When you say the word "Warwick", it conjures up visions of bucking steers and stampeding rodeo bulls. And the Warwick Rodeo has become the biggest such event in Australia. But besides the stone fruit, wines and other agricultural "green" industries that have sprung up there, Warwick is the centre of the Big W Northern Distribution Centre.

This enormous warehousing and distribution centre, spreads across 16 acres (or 16 football fields) and employs 450 locals 24 hours a day. The centre was opened in 1996 and today, services 84 Big W stores throughout Queensland and all stores located north of Sydney. Heading-up this operation, is Northern Region Distribution Manager, Karen Ware.

"I've been here for three years now," said Karen, "and with Big W for a total of 27 years. I started as a register operator and progressed through a number of Big W positions.

"Currently, I have six direct reports in this role, which includes managers in HR, OH&E, Inventory, plus quite a few Operations Managers. The Lead Operations Manager is Roger Gray, who receives reports from the Shift Managers, Receiving Managers, Dispatch Managers and Cross Dock Manager."

Karen said since starting, she had noticed a number of operational process changes within the DC itself. "Our cross-docking area has grown



(L-R): Loscam Sales Executive, Damian Plumpton and Big W Regional Distribution Manager, Karen Ware at the Warwick DC.



The Big W DC at Warwick ranges across 16 acres, employs 450 people and operates 24 hours a day.

"It's imperative the palletising is right, as we use pallets right from the start of goods entering the DC."

and containers are now de-stuffed off-site at the Port of Brisbane. Goods are then palletised and shipped to Warwick. These are two significant changes.

"It's imperative the palletising is right, as we use pallets right from the start of goods entering the DC. If it's not right from the start, it impacts on the picking side. We've been using Loscam pallets for some years now and have a very good rapport with them. Operationally, our Operations Manager is in regular contact with Loscam. We get together a couple of times a year and thankfully, there are a lot more good things to discuss than adverse things. We have a fairly good relationship and would believe we are a good customer of theirs."

Warwick's operation is labour intensive and one of the features of Loscam pallets - and a benefit to the Warwick employees - is their lighter weight. "Because we do so much in the DC manually, anything done to reduce the weight during manual handling, is appreciated," Karen said.

"Big W sponsors the Warwick Rodeo every year and we have employees who volunteer their time and services to charities and organisations within the community. We applaud that and help out where we can."

De'longhi uses only **de' best pallets**, that's why they use de'loscam!

Every day, thousands of Australians get their "caffeine hit" from one of the DeLonghi coffee machines that have become an essential part of any office. But the thousands of coffee machines, fixed and portable air conditioners, fan heaters and oil-filled heaters, plus their Kenwood range of mixers, blenders and toasters, just don't appear in shops as if by magic. And that's where David Setter, DeLonghi's Operations Co-ordinator and Loscam, come in.

David explains: "I have been here for about 12 months and was brought on board initially, to do some consulting. I realised that it was a lovely company, with some very nice people and they made me an offer to handle the logistics side of their business. We have about 17 or 18 people and we are in the process of reclaiming logistics work from our Third Party logistics provider.

"The pallets Loscam have supplied us, have been first class. They have treated us as a client they want to have..."

"DeLonghi is a multi-national company, and the majority of the shares are owned by the DeLonghi family. They are a world-wide company and their Australian operation has grown through the years.

We are famous for our fully-automatic coffee machines, espresso machines, household goods, major kitchen appliances, like oven cook tops and range hoods. These are all sold through major retail appliance sellers."

David said they moved into a new building in 2008, which was part of a total review of the company's logistics function. One of the areas looked at, was the company's pallet use. "We said: 'How can we do this better, more effectively, more efficiently?'" said David. "So, I caught up with John Vlatko from Loscam and he presented a proposal for review. We could see it would be good for us and it has been a very good relationship."

Because DeLonghi sell and market a premium product, they need to support that. It's not just the sales staff, David said, but also the transport company, the pallet providers etc. Everyone has to ensure that the product gets to the customer in the very best condition. Previously, before Loscam, there had been a concern.



David Setter (left) with ready to use Loscam pallets, sharing a DeLonghi coffee with Loscam Sales Executive John Vlatko.

Product comes from Italy and from manufacturers around the world. From the NSW DC, the company supplies all states except WA, where they use a Third Party warehouse operation. "If we have box damage, we won't sell that item off the shelf," David explained. "So we want to make sure that it gets to the retailer in pristine condition.

"The pallets Loscam have supplied us, have been first class. They have treated us as a client they want to have, rather than just another client. So from that point of view, the service levels and the product we are receiving, have been outstanding.

"Through the transport company, we did research to see if retailers had any problems receiving stock on Loscam pallets and they were more than happy to receive stock on the red pallet. The transition to the red pallet, has been very smooth with no hiccups.

"What interests us is the ability to supply pallets when we need them, the quality of the product and the background of that company and how they support that product. We are passionate about how we support our products and we need to know that our suppliers can support their product and react quickly if there is a problem."

As David added, it's all about De' Product..De' Service and the growing relationship with De'Loscam!



The Italian style the DeLonghi brand is known for.



Greater emphasis on country managers means **faster response** for customers



Sirin Limpaitoon, Managing Director Asia.

The bedding-down of Loscam Asia's new management structure, is already showing big strides improving the level and responsiveness of customer service, explained Sirin Limpaitoon, Managing Director Asia.

"Country managers now have greater autonomy and authority in running their businesses, plus, they have full responsibility for delivering the country's targeted performance. The second important change is ensuring that the Regional teams add greater depth of support."

The entire regional business development team, now reports back in Asia. Another initiative, said Sirin, is creation of a Regional Key Account Manager within the Business Development Team. "We want to ensure all our key regional customers are well looked after and that services rendered, are consistent across the region."

Addressing the world economic downturn, Sirin said a lot of Asian manufacture is exported to US and European

markets. "In some areas, demand has dropped as much as 50%, but luckily, we do not have a very big customer base in this market segment. Our Asian customers are catering to domestic demand.

"Customers are all looking for more value for money. Loscam's challenge is how to add more value to our service, without additional cost."

Another strategy is introducing customised wooden pallets to industries outside the FMCG sector. "That includes chemical, construction and packaging materials. Plus, the company is negotiating a number of contracts for returnable packaging, like plastic pallets and plastic containers for the food and beverage industries in Thailand, Vietnam and Indonesia."

Sirin sees real opportunities in a changing world economy, with companies wanting to invest more in core business rather than non-income-generating activities like pallets.

"Loscam's hire system gives customers the perfect solution.

"There are also some good acquisition opportunities out there that we are keeping our eyes on."

LOSCAM CELEBRATING 15 YEARS IN ASIA



(L-R): Mark Daniel, Loscam Australia Managing Director, Robert Dalziel, Chairman Loscam Ltd and Sirin Limpaitoon, Managing Director Asia.

Another important milestone was reached this year with Loscam Asia celebrating 15 years of promoting and delivering the efficiencies of pallet-pooling in Asia. Loscam Asia has grown in leaps and bounds from humble beginnings in Singapore, with a single retail customer, to now servicing eight countries throughout the region boasting millions of pallets on hire.

Robert Dalziel, Chairman Loscam Ltd said: "Our first 15 years in Asia has been a most exciting journey. A journey in which we have played a role in developing and modernising supply chains across all sectors. During this period, we have worked with many of our customers on a continuous basis and we enthusiastically look forward to continuing this journey in Asia."

This anniversary is a relevant milestone that we wish to share with all our stakeholders, customers, and suppliers.



Mark Daniel, Bob Dalziel and Sirin Lampaitoon with staff at the Loscam Wangnoi depot in Thailand.



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