

ISSUE

70 | Q1, 2016

A QUARTERLY NEWSLETTER PUBLISHED BY
COLUMBIAN LOGISTICS NETWORK

WAREHOUSING | TRANSPORTATION | FOOD LOGISTICS | MANUFACTURING LOGISTICS

WWW.COLUMBIANLOGISTICS.COM



Columbian^{logistics network}

QUARTERLY NEWSLETTER

Controlling Costs In The Warehouse

Process improvement can help
control costs and avoid painful cuts

Page 3



VISIBILITY AND ACCOUNTABILITY

They may seem like buzzwords, but at Colombian Logistics Network, it's a daily drumbeat. At Colombian, we're making investments across our business to continue to improve the visibility of our data in order to drive accountability at every level of the organization. From software implementations and infrastructure outsourcing to labor management and visible KPI displays, we've made it a priority to make sure we have the tools to use data to hold ourselves accountable. Performance is a core value, and absolutely necessary as we look to improve our customers' supply chains.

Robert Christian

Bob Christian
Executive Vice President



CONTENTS

LETTER FROM EVP	1
CONTROLLING WAREHOUSE COSTS	2
LEGENDARY CUSTOMER SERVICE	4
AWARDS & CERTIFICATIONS	5
EMPLOYEE UPDATES	6
EVENTS CALENDAR	7
LEGENDARY CUSTOMER SERVICE AWARD	7

Stay Up To Date!

Visit the Colombian Logistics blog for:

Company News
Employee Updates
Industry Trends
Video Content

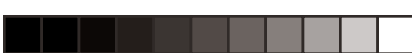


columbianlogistics.com/blog

Controlling Costs In The Warehouse

When cutting might leave painful gaps, process improvement changes can help control costs in the warehouse.





COST SAVINGS IN THE WAREHOUSE **MAXIMIZING YOUR SPEND**

Third party logistics (3PL) relationships come in all shapes and sizes. For as many organizations out there who use outsourced logistics services, there are as many reasons for doing so. Some commonly cited drivers are the flexibility and cost deferral (don't pay until you use it) inherent in not owning your own buildings, trucks, and trailers. Sometimes a lack of capital leads firms to outsource simply for the ability to avoid a big up-front investment into logistics infrastructure. At the end of the day, however, there is no user of 3PL services who says that costs don't matter. Even if savings aren't the main issue at hand when outsourcing, there's no reason to spend more than you need to. Here are a few things to think about when engaged with a 3PL that can help keep out of pocket costs to a minimum.

Inventory

Every third party warehouse operator in the country can tell you horror stories of obsolete, outdated inventory that the customer just keeps paying for. In the most extreme cases, we at Columbian have had to take pictures and show a customer that obsolete goods are still on our shelves, even after they'd long been written off by the manufacturer. Often, there's an internal battle between a quality group who doesn't want to dispose of something, and a planning group responsible for inventory control. In the end, recurring storage costs can completely eat up the margin on a case of goods, especially in notoriously tight-margin businesses like grocery and commodities trading. The "breakeven" point between how much margin your company stands to make on a case of goods vs. the amount you spend to store it in inventory month over month can often be found rather easily. If you stand to eat up your margins by sitting on a shelf, then it's better to cut your losses and liquidate the inventory.

Product Flow

Case Picking, selecting individual cases from a complete pallet, and Each Picking, the selection of unique less-than-case quantities out of a specific case, are the most labor intensive activities in any warehouse. There are a number of providers who sell automated solutions to address this intense activity, but those systems come at significant capital investment and ongoing maintenance and engineering costs. In a business where your customer base or product mix can change quickly, automated systems like Voice Pick or Pick-to-Light have a very low ROI. For consumer goods especially, the reduction of case pick activity can have a tremendous impact on overall costs. For example, let's say you have a 96 cases on a pallet, a pallet handling rate of \$8, and a case pick surcharge of \$.35. It takes case picking of only 23 cases (or 24% of your activity) before you've paid for that pallet all over again. Incenting your customers to order in at least layer quantities can help avoid that surcharge altogether. Even with a nominal charge for handling entire layers at a time, your 3PL won't ring the cash register nearly as much as it does when handling cases. Many organizations find that even offering a small discount for ordering full pallet quantities can have immediate returns.

Also consider order volume and inventory turns. Working with a customer to aggregate orders and shipments can reduce the number of surcharges you pay for things like order or document preparation. There are also transportation savings to be had here, especially in the LTL world, where individual shipment weight plays a large role in total transportation cost.

Manage Your Labor

Overtime is often considered taboo, but even at time and a half pay, the premium that you pay is offset to a degree by the fact that you have already paid the payroll taxes and benefits for that employee. A nominal amount of overtime can be a very healthy way to manage business fluctuations without adding the fixed costs of additional headcount. Shift structure can be important, too. A 24/7 operation has lots of options for how to manage labor throughout the week. A staggered-day crew structure where a crew works 2 days on, then 2 days off, and so on can allow for people to be fully available for overtime, and can reduce the amount of equipment you need in the warehouse. Finally, try to level the workload. Truckers don't like to deliver at 8pm, but if you can even out the workload, you can achieve the same work with less equipment in the warehouse. In a 3PL relationship, labor is your only truly variable cost. Leveling your workload to minimize the fixed costs of space, racking, and material handling equipment will allow you to focus directly on managing the business.

In a 3pl partnership, there should be consistent communication looking for ways to drive costs out of the system completely. A shipper should be focused on what "rings the cash register" at the 3pl, and look to reduce the frequency of those actions. There's an old business adage that says you can't save your way into prosperity, and that rings true for cost savings. Structural tweaks and true business process improvements will be the real drivers of next-level supply chain success.

Questions about controlling costs in the warehouse? Contact Blair Thomas, blatho@columbian.us





COLUMBIAN LOGISTICS CORE VALUES

LEGENDARY CUSTOMER SERVICE

This series details Colombian Logistics Network's Core Values, which include Safety, Legendary Customer Service, Respect, Performance and Agility.

Legendary Customer Service is a leading company value, second only to safety, and indicates our dedication to providing the best customer service possible. Our goal is to satisfy the customer and our employees will do "whatever it takes" to make that happen.

Each employee, in one way or another, helps to provide Legendary Customer Service. Whether an employee deals directly with our external customers or only with internal customers, everyone is involved in the processes and the tasks necessary to provide exceptional service. Legendary Service means consistently delivering ideal service that keeps customers coming back and results in a competitive edge for both our customers and our own organization.

Employees are nominated by fellow employees, supervisors, external customers or other members of management who witness or experience exemplary internal or external customer service from a Colombian Logistics Network employee. Each quarter, two winners are chosen, one nominated for internal service and one employee nominated by a customer or external source. The employees chosen for this award receives a \$500 cash award and a certificate to commemorate the event. The winners are also announced in the Colombian Logistics Network newsletter and blog.

If you have experienced Legendary Customer Service and would like to nominate an employee, visit this link:

www.columbianlogistics.com/legendary-customer-service

Questions about the Core Values series ? Contact Mandy VanHaitsma @ amavan@columbian.us

GLOBAL FOOD DEFENSE MANAGEMENT EMPLOYEES COMPLETE COURSE



Columbian Logistics Network employees recently completed, 'Global Food Defense Management', an eight hour course taught by the Global Food Defense Institute. The course is designed to give participants a comprehensive overview of the fundamentals of Food Defense, including review of security plans and programs, product tampering and treat response, crisis management, and the Food Safety and Modernization Act (FSMA). For more information on the Global Food Defense Institute, visit their website at: www.myfooddefense.com

CLN Ideas

Suggestions For Continuous Improvement



The CLN Suggestion system allows our experts to suggest process improvements to aid in Colombian Logistics continuous improvement journey.

Submit Suggestions via the portal. →

OR email 'idea@columbian.us'



The portal link is on your desktop



DRIVER SAFETY AWARDS COLUMBIAN RECOGNIZES DRIVERS

Columbian Logistics Network recognizes drivers with exemplary safety records at its annual safety meeting.



Columbian Logistics Network is a full service logistics provider, with transportation services ranging from very local shuttle and switching services, pool distribution within Michigan or regional transportation in the Midwest. This year at the annual driver meetings, Columbian Logistics recognized drivers with excellent safety records with the Safe Driving Award. "We have some of the best drivers anywhere, and it's a challenging job, so we want to recognize employees who are providing excellent customer service with safety always top of mind," Said Doug Johnson, Executive Vice President. In 2015, Columbian Logistics Network awarded 37 truck drivers with the 'Safe Driver' awards. The 37 drivers had an average of 2 years of continuous safe driving, and 3 drivers each achieved 7 years of safe driving.

Drivers are presented with a certificate of achievement, as well as a gift card. "We are proud of the attention to safety that our employees put forth in their daily work. A safe workplace allows everyone to perform to their full potential without fear of injury or accident. The Safe Driving Award is just one way that we recognize those contributions," notes Linda Karel, Safety and Compliance Manager at Columbian.

For more information about Columbian Logistics Network's Safety programs, including the Safe Driving Award, please contact Mandy VanHaitsma at amavan@columbian.us or 616-460-5489.



AUDIT EXCELLENCE COLUMBIAN DISTRIBUTION SERVICES SCORES 100%

Our Columbian Distribution Services division recently scored a perfect 100% on a rigorous customer audit. The customer, who prefers to remain anonymous, performs semi-annual unannounced (surprise!) audits of our facility, processes, and systems. The all-day audit covers 8 key aspects of warehouse operations: Physical Security & Monitoring, Electronic Monitoring, Access Control, Product Storage, Operational Documentation, Warehouse Operation Processes, Administrative Operations, and Physical Inventory. While the CDS crew has consistently earned satisfactory marks over the years, this is the second year in a row they've achieved a perfect score. Bill Ekberg, senior facility manager, had this to say about the score: "The audit has changed over the last few years. It used to measure how your operation looked on that day, but now it measures your operational performance over time. It's much tougher to pass, let alone earn a perfect score. This accomplishment is a testament to the day-to-day rigor with which we treat this customer's business."

For more information about Columbian Logistics Network's audit program, please contact Mandy VanHaitsma at amavan@columbian.us or 616-460-5489.



Columbian Cares | Pumped Up for February Heart Month!

Columbian Logistics employees support heart health with a month of fundraising and awareness building activities!

February is designated 'Heart Month' by the American Heart Association, and Columbian Logistics Network employees engaged in a variety of fundraising and awareness activities to help strike out heart disease. A company wide 50/50 raffle, Bowl-A-Thon, and 'Pie Your Manager' challenge raised a total of **\$2,801** for the American Heart Association.

2016 Bowl-A-Thon



50/50 Raffle
Winner: Alisha Nettles

All fundraising efforts
brought in a total of
\$2,801

'Pie Your Manager'

Watch for the video on
Columbian's YouTube
channel!



"Wear Red Day"



Lead Generation Program

The lead generation program is a way for employees as individuals to contribute to the over-all success of Columbian Logistics by identifying potential new business opportunities.

Submit Leads Online: www.columbianlogistics.com/leads
Contact Sarah Mosher-Byer at 616-514-1904 or sarbye@columbian.us

1 See An Opportunity?
Someone who needs
transportation or warehousing?

Submit the lead online or
by phone or email to
Sarah Mosher-Byer.

2 If your lead is
QUOTED
Earn \$25
Gift Card

3 If your lead
PRODUCES REVENUE
Earn \$50
Gift Card



Hold It For The Holidays Challenge WINNERS!

Over the holiday season, Columbian invited all employees to give themselves a gift that they would appreciate long after the holidays were over – maintain, don't gain weight during the holiday season. We had 67 employees that participated in the challenge and 49 that held their weight (or lost weight). Congratulations to the following employees for winning the prize drawings:

Juan Rosario
Huston Rodriguez
Susan Travis

**Congratulations to everyone
who participated!**

Events Calendar

Columbian Logistics Network will attend the highlighted events. We look forward the the opportunity to connect, and encourage you to contact Blair Thomas, Director of Customer Care at blatho@columbian.us or by phone at 616-514-5977 to schedule time to meet.

Midwest Supply Chain Management Conference	March 17th	Grand Rapids, MI	rightplace.org
IWLA	March 13-15	Orlando, FL	IWLA.com
Michigan Safety Conference	April 19-20	Grand Rapids, MI	michsafetyconference.org



Columbian Logistics Network Presenting

Columbian Logsitics Network is pleased to announce that it will present an educational session at the 86th annual Michigan Safety Conference, held on April 19th - 20th. The conference, which will be held in Grand Rapids, Michigan, is a two day health and safety training event with content divisions that include Industrial, Chemical, Transportation, Construction and many more. Executive Vice President Bob Christian will be presenting.

For more information about the event, visit:
www.columbianlogistics.com/event/michigan-safety-conference/
or contact amavan@columbian.us

Legendary Customer Service The Award Winners



Supervisor Emilie Battenfeld & Derek Kent

Columbian Logistics is pleased to announce the Legendary Customer Service Award winners for the fourth quarter of 2015 are Derek Kent and Candy Starr!

Derek Kent - Internal Nomination

Derek Kent, Warehouse Lead at Columbian Logistics Kentwood Campus, was awarded the internal nomination for Legendary Customer Service. Supervisor Emilie Battenfeld had this to say about Derek's contributions: "It is really hard to narrow down what Derek does because he does everything, and is always willing to learn more so he can do more. He is an important part of our team. His priority is always to do the best job possible in the most cost effective way in order to satisfy our customer. He is one of those behind the scenes employees who isn't always seen, but without him, we wouldn't be so successful."



Facility Manager Dan Bottrell & Candy Starr

Candy Starr - External Nomination

Candy Starr, Administrative Support at the Grand Rapids Distribution Center, was awarded the external Legendary Customer Service Award. Candy received not one, but two customer nominations for her attention to detail and customer centric service. "Candy Starr has consistently exceeded my expectations, she is a joy to converse with on the phone, she makes me feel as though my account is important and also demonstrates such thorough, consistent A+ performance." Another customer noted: "Candace especially has really become the go-to person for the drivers and me, we can count on her to know whats going on and to get answers quickly if needed."

Congratulations to both Derek and Candy, for all of your hard work and dedication!

If you have experienced Legendary Customer Service from a Columbian Logistics Employee, please take a few minutes to nominate them! Fill out a nomination form online at 'columbianlogistics.com/legendary-customer-service' or contact Jilia Hagen at jilhag@columbian.us, or 616-514-1934



2900 Dixie Ave SW Grand Rapids, MI 49418

www.columbianlogistics.com Phone: 1-888-609-8542

Prsrt Std
US Postage
PAID
Grand Rapids MI
Permit 1

Q1 NEWSLETTER

LETTER FROM EVP

1 CONTROLLING WAREHOUSE COSTS

2 LEGENDARY CUSTOMER SERVICE

3 AWARDS & CERTIFICATIONS

4 EMPLOYEE UPDATES

5 EVENTS CALENDAR

6 LEGENDARY CUSTOMER SERVICE AWARD

7

Controlling Costs In The Warehouse

Process improvement can deliver results and help avoid painful cuts.

A QUARTERLY NEWSLETTER PUBLISHED BY
COLUMBIAN LOGISTICS NETWORK
WAREHOUSING | TRANSPORTATION | FOOD LOGISTICS | MANUFACTURING LOGISTICS
WWW.COLUMBIANLOGISTICS.COM

logistics network
Columbian

