

# The World Group Outlook

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## WHAT'S New from The World Group

### Merchants Sets The Pace With MVision®, MLogistics®

Over the past two years Merchants Terminal Corporation has undertaken an aggressive strategy of expanding service offerings to its customers. The first initiative was the introduction of MVision® – a web based inventory control tool. This service has received rave reviews and is being used by more than 125 customers. Merchants has successfully integrated its WMS with the logistics departments of these customers allowing the customer to make real time decisions. Soon after the release of MVision® Merchants began marketing a vendor managed inventory program (VMI). Merchants enjoys an enviable location in the Mid-Atlantic close to most of the major retail and foodservice distribution centers such as Giant (Royal Ahold), Sysco, Wal-Mart, and C&S. Leveraging its knowledge of these companies' logistics departments, Merchants gives its customers the opportunity to forward position product for short storage periods and offers delivery of the product to these major distribution outlets.

Merchants' transportation department is also integrating inbound transportation in the VMI program utilizing the UPDS Express Lane rail service from the west coast. The latest offering ties these other services together. Merchants has formed a transportation division called MLogistics® to offer a full line of transportation services focusing initially on a Less Than Truckload (LTL) Consolidation Program. After more than two years of analysis of customer input, Merchants will begin consolidating LTL orders for their customers during the 4th quarter of 2003. The program will focus on the Eastern United States but will offer service to the lower 48 states. With this trans-

portation offering, Merchants is able to leverage its prime mid-Atlantic location by being able to integrate ocean, rail, truck, warehousing, people, and information systems to facilitate its customers' global temperature controlled logistics needs. MLogistics® is a strategic partnership between Merchants and The Arthur Wells Group (AWG), a leading third-party logistics provider.

### American Cold Storage - Active, Upgrading



ACS senior management and sales have been extremely active this year in professional events, including the NPFDA, Poultry Convention, in Atlanta, the Western Frozen Convention in San Diego, USAPEEC in Salt Lake City, AFFI Logistics in Las Vegas and the National Frozen and Refrigerated Foods Association meeting in Las Vegas. At the Poultry, Western Frozen, and AFFI Logistics meeting, World Group members and customers were invited to special functions to encourage the networking that leads to greater success for both parties. American Cold Storage is committed to these meetings as it affords the opportunity to meet with customers at a central location and in a more relaxed atmosphere.

The Tulsa Cold Storage facility of American Cold Storage has relied on refrigerated brine provided by underground pipes from a local power company located across the street. ACS management team determined that the company needed to upgrade this refrigeration technology to significantly reduce operating costs and provide total control of refrigeration. The new engine room consisted of two Frick compressors with a ground level condenser. This new state of the art engine room came on line in July of this year. Long term, the cost savings realized with these improvements will allow ACS to remain the number one public refrigerated warehouse in the area.

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## HCS Announces New Promotions

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Bob Lawyer (pictured left) has been promoted to Regional Manager for the Pacific Northwest region of the HCS cold storage warehouse network. In his new role, Bob will focus on sales and business development for the company's Oregon, Washington and Idaho operations, and will report to Tony Lucarelli. He will continue to work with Chris Henningsen in the

Operations department to help improve efficiencies and processes at all Henningsen facilities. Bob will be based at the Richland operation.

Bill Friend has been promoted to Director of Warehouse Services at the Richland operation. He will now be responsible for the day-to-day operations of the facility and work under the guidance of Bob Lawyer. A long-term Henningsen team member, Bill has most recently held the position of Superintendent at Richland.

Ron Tolman has been promoted to Superintendent at the Richland operation. Another long-term Henningsen team member, Ron will work with and report to Bill Friend.

Michael Rawlings has been promoted to Director of Warehouse Services at the company's Scranton, Pennsylvania operation. Mike has been a member of the Scranton team for the past year and has been primarily responsible for the inventory control and warehouse supervision at the operation.

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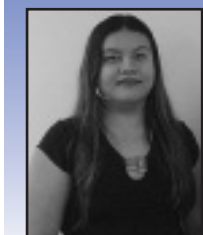
## U.S. Growers is.....Growing!

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With the demand for services at a premium, U.S. Growers Cold Storage has added a new bar code scanning system, new customers and a few new faces to our team.

The addition of a new bar code scanning system came to the forefront several months ago due to a high volume of catch weight items as well as the need to reduce labor costs. The bar code scanning system has exceeded expectations giving US Growers the ability to send weight and product information to our customers via email, which is faster and more cost effective, while eliminating paperwork.

"We've also begun working with three new customers," said Vincent Perricone, U.S. Growers VP of Sales. "One is a Mexican specialty food products producer reaching consumers nationwide. They came to US Growers in need of a service-focused PRW to help them remain a leader in their industry.



*U.S. Growers newest Customer Service Representatives (from left): Glenda Montenegro and Mary Almanza*

"Two of our new customers are meat and seafood distributors specializing in supplying the cruise line industry. These new relationships have expanded our existing cruise line customer base from four to six customers. As a result, we have been able to cut transportation costs to and from the ports by nearly 20% for each customer. We have been successful in attracting cruise line suppliers due to the high service level we deliver on a day-to-day basis, along with the savings in transportation costs. Many of our cruise line customers have come to us from other storage companies that could not sustain the service level demanded by the cruise line industry.

"Due to this increased volume and an expanding customer base, we have decided to hire two new Customer Service Representatives. Mary Almanza and Glenda Montenegro join US Growers with exceptional skills in data entry and the positive attitude necessary to work in the Customer Service environment. We are delighted to have Mary and Glenda as our new family members."

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## NOCS Cranks Up New Terminal

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With the opening of its new dockside facility at the Jourdan Road Terminal in New Orleans, LA, NOCS is now freezing fresh poultry and loading breakbulk vessels on a daily basis. In the first two full months of operation, NOCS has already loaded 16 vessels out of the Jourdan Road location. On several occasions, two vessels have been loaded simultaneously. Customers are able to take advantage of the 20 load-per-day capacity of the NOCS Super Blast system that freezes product within 24 hours. NOCS receives fresh product direct from the poultry plants, freezes it, certifies it for export under USDA supervision and loads the product unitized onto breakbulk ocean-going vessels within days of receipt.

Blast freezing product at a port facility is one of the keys to a seamless logistics strategy enabling NOCS to provide their customers with a decided advantage in the international shipping arena. The benefit to this approach is that they can save on costs within their own system as well. By freezing and storing the product at the port facility, the product is already in position to be loaded, with no additional handling or trucking required. NOCS employees simply move the product out of the freezer with forklifts and stage it shipside, then swing it palletized into the vessel.

The customer only pays one trucking bill, instead of paying for two warehouse moves. The freezing charges are a cost the customer incurs anyway, regardless of whether the frozen product is stored with NOCS, stored at their own facility, or with another warehouse company. The final outcome is both significantly reduced warehousing costs as well as good business/logistics sense.

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## Great Lakes Watchful Eye

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“With everyone reviewing their security systems and procedures in light of what is happening in the world today, Great Lakes Cold Storage has implemented a new state-of-the-art digital security camera system,” states William H. Sus, their Executive Vice President. “This system uses in excess of 30 cameras to oversee our entire distribution center. There are a series of cameras that are specifically dedicated and trained on all dock doors allowing us to view product movement in and out of each trailer and railcar. Additionally, the system digitally records and archives onto a massive hard drive all activity at the facility. Recalling specific times and events is fast and very efficient. The events can then be isolated with zoom and slow motion capability as well as be put onto a CD for customer usage if needed. Since we are a multiple shift operation, all of the cameras in non-lighted areas have night vision optics.

**This system uses in excess of 30 cameras to oversee our entire distribution center.**

-William Sus, Executive Vice President, Great Lakes

“Additionally, Great Lakes Cold Storage is pleased to announce the option of web-based computer-to-computer communication. Coupled to our mainframe Accuplus Software System is a module called LogiView. It allows our customers to have the ability to not only submit orders to our distribution center, but also from a PC on their desk, review inventories, open orders, real time shipment information, sales graphs, and direct messages to our management. All the data can be downloaded directly to their computer in Excel files. We have a few of our customers already using this system and they are very pleased with the ease, speed, and wealth of information at their fingertips 24/7.

“Our entire management staff is constantly looking to add meaningful and innovative services and technology to meet our customer’s needs and requests.”

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## Trenton Cold Storage Announces First M.F. (Babe) James Bursary Awards

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Congratulations go out Kristen Sharpe, Nancy Rollins and Katie Keay, the first recipients of the M.F (Babe) James Bursary. They have been presented with checks in the amount of \$3,000

each. TCS has established the bursary in memory of Babe James, who was the second longest serving member of Trenton Cold Storage. It will be awarded annually to dependents of employees with three years of service to help with expenses for their first year of post secondary education.

Kristen Sharpe is the daughter of Steve Sharpe, one of TCS's Maintenance Supervisors. Kristen will attend Algonquin College in the Recreation and Leisure program.

Nancy Rollins' father, Paul Rollins, is another long-term employee. Paul is a warehouse operator at Tri County Apple Growers. Nancy will also attend Algonquin College in the Recreational Facility Management Program. Nancy would like to become a personal trainer and manage her own fitness center.

Katie Keay's dad, John Keay, is a member of the operations team and also has several years of service with the Group. Katie will be attending Nipissing University with the goal of becoming a kindergarten teacher.

Dorothy James (Babe's wife) and Eben James presented each of the young women with the bursary checks and wished them good luck with their educational goals.



*Eben James Jr., Dorothy James, Kristen Sharpe and her father Steve Sharpe.*



*Eben James Jr., Dorothy James, Katie Keay and her father John Keay.*



*Eben James Jr., Dorothy James, Nancy Rollins and her father Paul Rollins.*

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## Mike Henningsen Presents In Bulgaria

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On June 5, 2003, the Office of Agricultural Affairs at the U.S. Embassy in partnership with the International Association of Refrigerated Warehouses and the World Food Logistics Organization, conducted a technical seminar in Sofia, Bulgaria to an audience of more than two hundred local attendees. The seminar, "Maintaining the Cold Chain — The Bottom Line", addressed issues related to the efficient and safe distribution of perishable food products in the country, focusing particularly on refrigeration and its importance in the supply chain from the farm level to the end consumer. Representatives from Bulgarian private sector businesses, government and academia were in attendance.

Mike Henningsen, HCS Chairman and President, traveled to Sofia to assist in the seminar, making his presentation on the cold supply



*Mike Henningsen*

chain to the Bulgarian audience.

This seminar marks the beginning of a three-phased-U.S. government sponsored program to be conducted in Sofia and the surrounding area over the next 18 months. A second activity will bring world-class experts to work one-on-one with select local companies to help them develop their own cold chain improvement plans based upon internationally accepted food processing and safety principles (HACCP). A later activity this year will initiate an effort to form a local cold chain association that will address the needs of the Bulgarian food industry to better communicate and address common, cross commodity cold chain issues. For further information, contact the Agricultural Affairs Office at the U.S. Embassy in Bulgaria.

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