**NASSTRAC Shipper of the Year**

**Dole Keeps Its Cool Under Pressure**

When it comes to keeping cool under pressure, Robert Engle is your man. As Vice President of Supply Chain for Dole Fresh Vegetables, Inc. in Monterey, Calif., he found himself at the center of a health scare capturing the nation’s headlines. His response: examine core competencies and control collateral damage.

“When the E. coli outbreak linked to California spinach was first discovered last year, we had to act quickly to make sure our house was in order,” Engle says. “That event was a major wake-up call for all produce shippers. Even when your company is not involved, it’s something that taints the whole industry.”

It was his work over the past year in creating a more seamless and transparent supply chain that earned Engle and Dole the 2007 NASSTRAC Shipper of the Year award. The award is given in recognition for outstanding achievement in transportation and distribution and is presented annually to a member of NASSTRAC, an organization that provides education, advocacy, and networking for professionals in all areas of transportation, and Logistics Management magazine.

Following last year’s outbreak, Engle’s steps to action became quite clear. “We began looking at both our inbound and outbound shipping operations for vulnerabilities and soft spots,” recalls Engle. “Like all produce shippers, we were concerned about loads that would arrive warm or product that might not hold up as well as we would have liked.”

Engle’s first move was to examine the chain of custody. He conducted extensive interviews with everyone in the network, and started outlining “failsafe” strategies that could be put in place immediately, and for the long-term.

Compounding the challenge was a new set of guidelines and regulations passed down by state and federal regulatory agencies forcing produce shippers to make their supply chains more transparent. At the same time, several major supermarkets also gave growers a deadline for establishing new safety rules to prevent future outbreaks.

The consortium of stores (Vons, Ralph’s, and Albertsons grocery chains, along with the Costco Wholesale Corp.) wanted growers to work with federal regulators, academia, and industry research scientists to standardize food safety requirements. The group also called for a process for updating food safety rules.

“We were going in this direction to begin with,” notes Engle, “so we really welcomed these initiatives. And with hours of service extending some of our delivery windows, it was important to monitor the cold chain even closer then before.”

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Increasing Customer Value By Applying The Perfect Order

Forward thinking companies continually strive to add value for their customers. As companies drill down into their customer satisfaction metrics, they often find that they are measuring the wrong things or missing measures that accurately reflect customer satisfaction.

Many suppliers have relied solely on fill rates as a measure of delivery performance and have worked hard to improve their fill rates—only to find that customers are still not satisfied. How can this be? The answer is simple: Just because a supplier shipped product on time does not mean that it got to the customer when they wanted it, that the customer received what they wanted, or that the order was delivered how they wanted. In essence, fill rate is just one part of the overall customer satisfaction equation. Companies should be utilizing the “Perfect Order”—a measure of an on-time, complete, damage-free shipment supported with accurate documentation.

What makes the perfect order unique is that it encapsulates the total impact of an incorrect order in a single metric. The Perfect Order Index (POI) is established by multiplying each component of the perfect order to one another.

For example, if a firm is experiencing a measure of 96% across all 4 metrics of the perfect order (on time, complete, damage free and accurate documentation), the resulting perfect order index would be 84.9%, clearly below the 96% for each metric alone. The traditional approach of looking at each KPI separately often lulls organizations into a false sense of good performance. By utilizing the holistic POI, the total effect of a supplier’s performance can be measured.

How can companies apply a perfect order philosophy to their suppliers? The good news is that many companies are already collecting data for many of the components involved in a perfect order. To start the process, here are six recommended steps:

- Find out what metrics are currently being employed within your organization.
- Determine the definition of the metrics and communicate across the organization.
- Determine how often the metric will be calculated (by week, month, customer, etc.).
- Put someone in charge who will be responsible for the measure.
- Develop a collaborative relationship between the company and the supplier.
- Set a realistic goal.

The satisfaction of the customer is the paramount goal of any successful business. Traditional metrics for gauging this satisfaction often prove inadequate and misleading. Many operational metrics such as traditional fill rate simply are not aimed at linking customer requirements to quantifiable operational measures. Suppliers have fallen into the fill rate trap and often believe they are achieving high service levels when, in fact, they are not. Many leading companies are starting to look at their suppliers from the Perfect Order point of view. It helps them focus on the big picture of their entire supply chain and to better understand the impact of poor performance.

What really matters in today’s customer-driven economy is “Did the customer get what they wanted, when they wanted it, how they wanted it?” and not how well a supplier ships. Achieving the Perfect Order is an important step in improving overall customer satisfaction and increasing customer value.

To read Sutherland’s article in full, visit us at NASSTRAC.org and click Thought Leaders.

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The Perfect Order Index (POI): % On Time ∗ % Complete ∗ % Damage Free ∗ % Accurate Documentation = POI

A Perfect Order is characterized as being on time, complete, damage-free, and having accurate documentation. The Perfect Order Index (POI) is a measure of these four performance attributes. The POI strives to capture the needs of the customer from their perspective and is a better measure of customer satisfaction than order fill rate alone.

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Track-and-Trace Race

Engle had long believed that a fully automated track-and-trace process, that could be integrated into Dole’s cold chain management, was needed. Unfortunately, such a system had yet to be introduced by an outside vendor. “Dole had to take the initiative to develop such a process,” says Engle. “The big question, though, was how complex and how integrated would we be able to go with it? We were also concerned about compliance. Would the process answer the government’s call?”

By partnering with Lowery Computer Products, Inc., a Brighton, Mich.-based RFID applications manufacturer and systems integrator, Dole’s transport specialists found a reliable technological piece of the puzzle. Together, the two companies developed a RFID/GPS track and traceability program utilizing cell-phone technology starting at the harvest field and running throughout the supply chain.

As Engle recalls, the key aspects of the initial project involved tagging products as they left the field and scanning them as they entered and exited various points along the supply chain. This journey included stops through cooling centers, warehouses, and sorting plants. The pilot plan was not cheap—more than $2 million—and Engle adds it will cost several million more to get other plants on the system. However, a big portion of the expense are the RFID tags themselves, which cost 35 cents each. They can only be used once, and are applied to as many as 2,000 bins moving through product each day. “Today, Dole tracks time and quantities, and is also adding temperature to the mix,” says Engle. “This allows us to understand how the product moved throughout the system and alerts us to any possible time and temperature abuse.”

Furthermore, he says, it answers vital questions about accountability: Did the trucker delay delivery and hold the product at an unacceptable temperature? Was the trailer cooled properly?

Engle says that he now knows how long a truck has been waiting at the docking station with the doors open, and if the product was cooled down sufficiently prior to loading. He can even tell how long the loading and unloading process had taken. “Thanks to our own proprietary web based management system, warnings go off at various trigger points when something goes wrong or a product is in trouble,” he says. “If we have quality issues, there is enough data provided now to narrow down the cause, making it easier to remedy.”

(Outsourcing, continued from page 1)
Indeed, the tracing ability now in place that allows Dole to track vegetables from the time they’re picked also takes care of product liability issues. “Given all the ‘read’ zones, we have a clear picture of why some loads may be rejected on a quality basis,” says Engle. “There’s a transparent audit trail that lets everyone know who is at fault and where the breakdown occurred.”

Keeping Score

In recognizing Dole’s achievement, NASSTRAC Executive Director Brian Everett, notes that Engle made a significant contribution to the association’s mission: ongoing education.

“Dole’s nomination was welcomed for a variety of reasons,” says Everett, “but we were chiefly impressed with his problem-solving abilities. This was a truly innovative solution that can be passed on to other members of the transport community. And it’s an example of how learning is an on-going process.”

Engle is not through learning, however. He maintains that Dole continuously updates its customers on new practices, policies, or programs being implemented. “We work very close with their in-house logistics departments to develop comprehensive ‘best-in-class’ programs,” says Engle. “That way we can meet their objectives while also meeting our own.”

To that end, Dole maintains scorecards on various service related measurements including on-time shipping and receiving along with fill rate, detention, and various quality aspects. “Our customers participate heavily in the development and implementation of various programs,” says Engle. “That’s why we communicate results via scorecards. These are project management templates read and studied by Dole’s management team. We also want to stay well ahead of the curve when it comes to technology enhancements that would allow us to achieve a higher rate of service or quality.”

Dole’s senior executives, meanwhile, have stated that the company does not intend to “compete on safety.” Such a negative campaign, they say, would be counterproductive and potentially embarrassing in the event of another setback.

Dole’s focus, as Engle was quick to point out, will continue to be on leadership. “We have a positive message, and it’s been embraced by the whole company,” adds Engle. “From a business standpoint, the ROI is pretty transparent too. Greater product visibility drives increased sales; and that spells bottom-line rewards.”

Contributed by Patrick Burnson, Executive Editor at Logistics Management magazine.
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