

Koch Quarterly

A logistics periodical from people who love logistics.

Pronounced "Cook" Quarterly

Q2 2018
APRIL - JUNE



SMARTER SUPPLY CHAIN CONNECTIONS

Join us as we celebrate **25 years** in business at Koch Logistics!

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FEATURE PROFILE LOFFLER COMPANIES

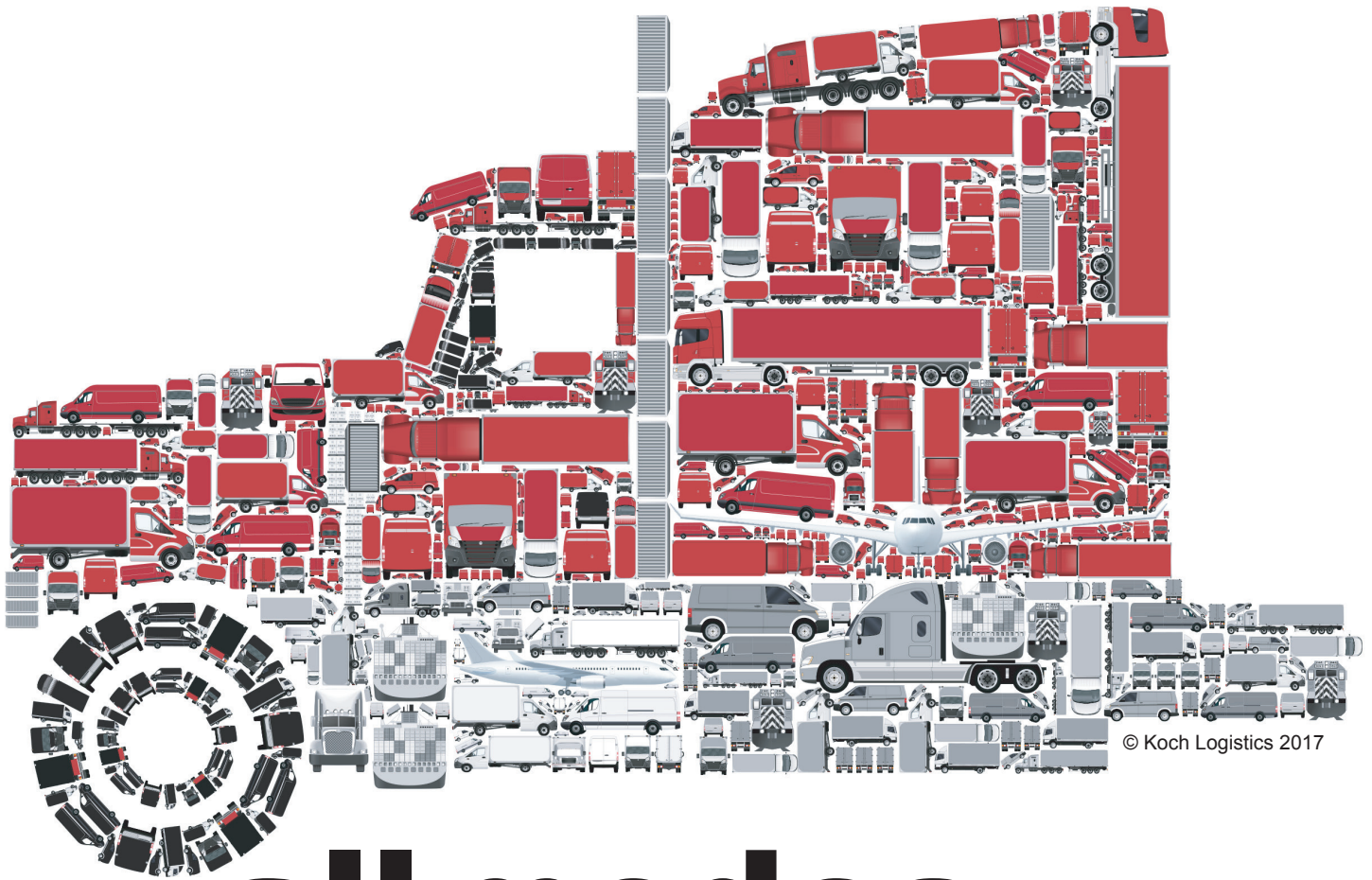
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DON'T WAIT, CONSOLIDATE!

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AND
POOF
IT'S GONE!
REGAIN VISIBILITY TO YOUR SUPPLY CHAIN



all modes. all the time.

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New Store Openings • Remodels • Construction • FF&E

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and some of the biggest retailers in the world have trusted
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experienced operational team dedicated to your transportation solutions.*

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Koch Quarterly is a publication of Koch Logistics. It is a collaborative effort featuring the input of our team of Directors with over 100 years combined experience in Logistics Management.

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What's in a name?

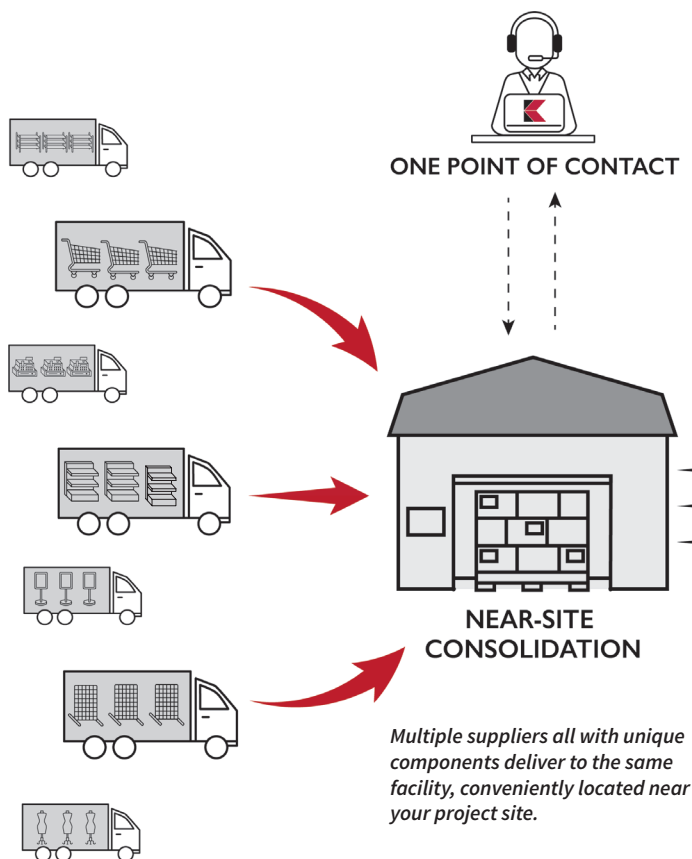
Koch Logistics is a division of Stan Koch and Sons Trucking, founded by Stan Koch in 1978. Koch Logistics was formed in 1992, and is a privately held, family owned business, with 2018 marking our 25th anniversary!

Over the last 25 years we have developed a stellar reputation for second-to-none customer service, and the ability to handle

the most complex logistics, with a core competency in Retail Store projects and long term partnerships with businesses of all sizes.

Usually, the first question we get is in regard to our name. Simply put, our name is pronounced "cook." So the next time you see a Koch truck on the road- think "cook!"

Near Site Consolidation 101



Maximize Efficiency

Trying to organize the arrival or departure of multiple deliveries that each have unique components for your retail store or other projects can be a daunting task. This is especially true when things go "less than planned."

The illustration to the left depicts one of many possible near site consolidation scenarios, featuring one point of contact. Having a central figure manage the transportation and delivery to your project site increases efficiency and can save valuable time and money. This person can coordinate all the deliveries from suppliers, installers, and other vendors to ensure they arrive (and depart) on time.

Only the items needed for the project are loaded onto the vehicle for delivery to the store or project site.

The more complicated or time sensitive your projects are, the more it might make sense using a consolidation model similar to this. Each project has its own challenges and opportunities. To help determine what may work best for your business, contact an experienced transportation logistics provider (3PL) to learn more about your options. You may also reach out to us at: retailservices@kochlogistics.com

Questions or comments about our publication? You can email them to the editor: cgowin@kochlogistics.com, or contact us via our website: www.kochlogistics.com.

Where did it go?

GETTING BACK ON TOP OF YOUR SUPPLY CHAIN'S BOTTOM LINE

With today's world of GPS, location tracking, and the whole *Internet of Things*, it's hard to imagine losing anything, especially something as valuable as your supply chain. Sure, you may know when something has shipped and when it arrived- but that is usually only the very surface. Your true supply chain, and how it is either saving or costing you money, can be buried layers deep- lost in countless bits of data, people, and processes. Often in the "*speed of light*" business climate we work in, it can be difficult from a resource perspective to give your supply chain the attention it deserves. Over time, this can cause a lack of transparency and visibility, until one day you realize, "*poof it's gone.*"

In the past ten years, there have been leaps and bounds in technology, education, and equipment to help us to manage our supply chains more effectively. Businesses that have the capital are hiring new talent dedicated to logistics, or outsourcing to professional firms who already have the infrastructure and experience in place. In just a decade, supply chain visibility has gone from an afterthought to one of the highest priorities in nearly all manufacturing or industrial segments. Yes, it's true- **logistics have become pretty cool!**

So how does one achieve transparency, and gain the insight necessary to adjust and reposition your supply chain in an effective and efficient manner? How do you see the hidden costs (and savings) that successful companies are using to help prevent margin erosion and use as a competitive advantage?

The following are four simple things anyone can do to start digging into your transportation supply chain.



1. Ask Questions- A Lot of Them.

If you know how something works, it's easier to make informed decisions when you want to change it. In many cases, the only thing you may see regarding your transportation or supply chain costs is the yearly or quarterly spend- just a number. That number may be great for getting a sense of overall budget, but it certainly will not shed much light as to whether or not your supply chain is working for or against you. We have all heard the phrase "knowledge is power" and in this case it especially rings true. Ask yourself what your business needs from its supply chain. Are there better ways of routing, consolidating, or repositioning your supply chain that might lead to more efficiency and reduced costs. If you are shipping paper towels, your needs are going to be very different from someone shipping large or sensitive parts for NASA. You may also want to ask yourself if you are using the right provider for your loads. If you have time critical projects, the degree of customer service and expertise required might be greater than it would moving a pallet of goods from one location to another. Most importantly, ask yourself "**what happens when something goes wrong?**" Will you be left trying to fix the issue yourself, or is your provider prepared and experienced at handling problems as they arise. If you need to make a call to track a critical delivery at midnight on a Saturday, will someone pick up the phone? As the old saying goes, "**it never hurts to ask!**"

2. Seek Out Experts.

Full disclosure, this is another way of suggesting that you consider partnering with a good 3PL firm. (Third Party Logistics) We are obviously biased because we have seen first hand the difference effective 3PL's can make to the bottom line. However, not all 3PL's are created equal. Some specialize in complex logistics while some are volume based shippers focused on getting packages from point A to B as quickly as possible. The best way to find one that is right for your organization is to go back to step one- **ask questions**. A good 3PL will not only have sales reps that are able to answer your questions, they should be able to provide insight into your supply chain regardless if

you use them or not. One of the easiest ways to vet a potential 3PL is to ask for references. The best firms have a quality list of longtime (or new) customers that would be happy to share their experiences, making it easier for you to make an informed decision. If your supply chain requires specialization or customization, try looking for a 3PL that has experience working in similar industries or with similar projects.

Another, often overlooked, thing to keep in mind is the core values of the 3PL (or any company) you may be looking to work with. If your company values integrity and teamwork- find a firm that aligns with that philosophy of doing business. Working with people that share your values can aid in building trust and communication for everyone involved.

3. Read the Fine Print

Part of regaining visibility to your supply chain includes knowing and fully understanding all the costs associated with a delivery. This is true regardless if manage your own transportation or outsource to a 3PL. When you get a transportation quote ask how that number was derived. For example, how much does the quote cover

"Your true supply chain, and how it is either **SAVING or **COSTING** you money, can be buried layers deep; lost in countless bits of data, people, and processes."**

for insurance and liability? Different transportation providers often have different policies. You would be surprised at the difference in coverage depending on the value of your load. Are all the service fees and additional charges included? (Usually these are called **accessorial charges**) These can include inside delivery, unloading and loading, wait time, fuel surcharges, storage fees and more. If you get a quote that seems "to good to be true", make sure all the services you require are included so you won't be surprised when it comes time to pay the invoice. Making sure you are aware of ALL the costs associated with a load before it is picked up will go a long way in providing more transparency to your transportation spend.

4. Shake Hands

Sounds simple, right? Although, in the modern world, everything seems set up to limit human contact. Digital transactions and email correspondence have become standard. However, at the end of the day, it's people that drive success. Get to know your carriers, the drivers, and the people behind the companies you work with. It is amazing what a "personal" touch can do for business relationships, and running an efficient operation. When you know the people you are working with, it creates a more constructive environment for collaboration and problem solving. (and transparency) People are often willing to go the extra mile for someone they know and respect. An impersonal email can often be misinterpreted and lead to assumptions that escalate small problems into bigger ones. If you have taken the time to get familiar with the person behind the emails, there is less "gray area" in your correspondence. And finally, in our industry, it never hurts to thank a trucker- they deserve it!

Koch's Corner: NEWS FROM INSIDE

Employee of the Quarter:

Congratulations to Der Thao- Employee of the Quarter!

Der continues to receive consistent praise and recognition both internally with co-workers and managers as well as externally with customers for both her superb job performance and positive attitude. Thank you Der for being such an important part of our success and congratulations. Well Done!



Charity Events & Happenings:

2018 Polar Plunge

Some of our employees were brave enough to take the plunge this March into the icy waters on Lake Calhoun in Minneapolis, MN. A great event that raises money for charity. Brrrr! Way to go team!



Team Koch

2018 Kickball league

Since the most common question we get is *how do we pronounce our name-* we made our jerseys answer the question for us. Great marketing and good looking uniforms all in one! Now we just need to work on our base running logistics.

CSCMP:

2018 Minneapolis Roundtable

Koch's own Sonya Stoner helped kick off the day's events which included many great industry speakers. Topics included Super Bowl logistics, building trust, and a panel discussion regarding supply chain issues and opportunities.



Profile: Loffler Companies

If you work in the technology sector, your business certainly needs to be prepared for change. *Loffler Companies*, which has seen the evolution from dictation machines to cloud based IT, is certainly no exception. Luckily for owner and founder Jim Loffler, who moved a remarkable 17 times by 8th grade, change is not a problem. Embracing change has enabled Loffler to grow from a small startup in 1986 to the largest privately owned company in the Upper Midwest for providing integrated business technology and services. With almost 500 employees in 8 locations, Loffler Companies has not only adapted to change- it's ready for more!

To help better understand their present success, we sat down with Jim Loffler and VP of Marketing Gary Volbert to learn more about their past. Of course, like many stories you hear about the start of something big, this one begins in a garage.

Um, what's a dictation machine?

That would be a likely response from anyone under the age of 50 if you mentioned that it was a product you used to sell for a living. However, if you asked Jim Loffler what they were, he'd tell you it's one of the biggest reasons his company exists today.

What they actually are, were machines that recorded speech onto cassettes so conversations could be "dictated" back at another time. They were used by doctors, lawyers, and other professions that required a record of dialogue. Digital technology has since rendered these particular machines obsolete long ago, but back in the 60's-80's they were a pretty big deal.

Jim started selling dictation machines at just 20 years old- a job his dad obtained for him with a local company. Knowing nothing about the industry, he quickly learned the ropes as he worked his way up to Sales Manager, VP, and eventually became a part owner. Over time, the business relationship with his partner came to a cross-roads, and he decided to strike out on his own. Jim sold his 30% stake and set about creating a new life. (In a serendipitous twist of fate many

years later, Jim purchased back that very same business.)

After working in sales for almost a decade, Jim was looking for a change of pace. The idea of being a stay at home dad was appealing- and besides, how hard could it be? Well, it turns out managing a one and three year old was the toughest job he has ever had, and after one summer he was ready for something much easier- like starting a new company from scratch. So with the support of his wife Darcy, whom he credits for keeping him humble and grounded, Jim started Loffler Companies from his garage.

“You watch for the next big wave, get in position, and paddle like crazy to catch it.”

It did not take long to outgrow the garage, so he decided to make it official and lease an office that came with a secretarial service. Since many people he had been in contact over the years already knew and respected him, "Loffler Companies" seemed like as good a name as any to put on the front door.

Jim recalls the first day at his new location on Oct 1, 1986. "I sent out 250 mailers to prospective clients." To accomplish this he had to pay \$.05 per copy, which is a bit ironic considering Loffler now sells and manages 2.3 billion copies a year. After getting those out the door he immediately started dialing prospective clients. It was that sort of work ethic that would later pay big dividends as his customer list steadily began to accrue. People that purchased from Jim knew that not only were they getting quality equipment, they were getting even better service after the sale. The

notion of steadfast customer service is still ingrained into Jim and the company to this day, and is a primary reason for its success.

As technology was becoming more accessible, the need for customer support became even more important. The first fax machines required a special thermal paper which made them more expensive and complicated to operate. Jim saw the need for a machine that used non-coated paper and was one of the first to offer those models to customers. These versions made it much easier for companies of all sizes to use. Sales of the new fax machines took off and helped provide the economic foundation Loffler Companies used to expand into other services.

Copy that.

Loffler Companies makes a point of mastering one technology before moving on to the next. With fax machines now a core competency, it was time to transition into copy machines. Using the same business model of providing the best equipment with the best service, Loffler quickly developed an expertise in all things copy related. By making sure his customers were offered the right equipment without leaving them to fend for themselves after it was installed, Loffler has created a sense of trust that is not easy to obtain. Copy machines (and printers) require maintenance, and not all companies want (or can) dedicate internal staff to managing them, so Loffler made it easy. They were one of the only companies in the Midwest to provide fully integrated equipment service including installation, maintenance, and management. This allows a business to concentrate on what they are good at, without losing time or resources dealing with technology infrastructure. Today, in 2018, they even have full time in-house staff at some of their clients who require a high degree of tech management. Eventually, Loffler Companies became what is known in the industry as a "Mega Dealer", one of the few in the Twin Cities area. It gives them unfettered access to the best brands and most relevant technology from the manufacturers, so they are able to get ahead of the curve when offering the newest products.

Catching a wave.

Since the days of the garage, Loffler has seen many forms of technology come and go, and has developed an eye for knowing



Standard cassette based dictation machine circa 1977



Top Left: Loffler headquarters, Bloomington, MN Above: Striking samples from various printing machines.

Top Right: Jim Loffler. Above: Loffler team members hard at work.

which ones are for real and which ones are simply passing by. It's easy to get distracted by every shiny tech object that comes along. According to Jim, you need to have the patience and knowledge to know what is real and what is a fad. He compares the process to a surfer trying to catch a wave in the ocean. For anyone who has tried it, there is no shortage of waves, but finding the right one is key to making the most of your experience. You have a limited time so you can't waste it chasing the wrong waves. "You watch for the next big wave, get in position, and paddle like crazy to catch it." When the right wave comes along, Loffler makes sure they ride it to the finish before looking for a new one. As mentioned earlier, in order to give their customers the most quality service possible, they make sure to become experts at one technology before moving on to another. This philosophy is another key component to building the trust that has positioned them as leaders in the industry.

The more integrated technology is, the more efficient an organization can perform. When you hire Loffler, you now have one point of contact for your entire technology infrastructure. This eliminates the hassle of dealing with multiple equipment vendors each time a piece of equipment needs maintenance or upgrading.

Today, a big part of Loffler's business revolves around making business technology seamless, including network security and cloud based IT. Many people may not realize that most modern printing equipment is connected to the internet, and vulnerable to data breaches. Not only can their customers feel good about how their information is managed, they also have the peace of mind that it will be kept safe from hackers and disruptive malware.

People at the core.

Jim acknowledges that hiring great people is critical to success, and if he could go back in time the one thing he would change is to hire experts sooner. "If you have a weakness, the best thing you can do is hire a pro and let them do what they do best", he stated.

Jim is proud of the family-like atmosphere that has been created at Loffler which has also led to outstanding employee retention. The goal at Loffler is to help **everyone** succeed; including employees, customers, suppliers and the community.

If you apply at Loffler, be prepared to discuss your core values. One of the first things you see when you enter the building is a framed value statement. (see inset, right) If you disagree with what you read, chances are you will not be a good fit at Loffler. Integrity, posi-

tive attitude, professionalism and trustworthiness are not optional. Employees at Loffler are reviewed based on how they perform in regard to these shared values. It is not good enough just to do business, you need to do business the right way. From the top on down, everyone is held accountable for living up to these ideals, with no exceptions.

While no one can entirely predict the future, Loffler has positioned themselves nicely to handle whatever may come. By using an effective combination of people and technology, they are ready to catch the next big wave.

Loffler Companies is a valued customer of Koch Logistics. To learn more about the company, please visit www.loffler.com.



Value statement on display at Loffler Companies headquarters.

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(that's a good thing)



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- Multi-Vendor and Multi-Country Consolidation
- FCL and LCL Ocean Freight Forwarding
- International and Domestic Air Freight
- Online Shipment Documentation
- Ocean Import/Export Shipping
- Multiple Service Contracts
- Project Cargo Services
- Web-based Tracking
- Customs Brokerage