

The 2014 FSA Conference has come and went, but was informative and enjoyable for all who attended.

The Conference started off with the annual golf tournament followed by an outstanding lunch on Sunday afternoon and more golf to follow.



Sunday Evening's activities included yet another time to socialize, network and eat more great food!



Paul Kramer opened welcomed everyone and then the session got off to an exciting start with

Session 1 -Legendary College Football Coach, Lou Holtz on Leadership and How to overcome challenges

If you have not had the chance to hear Coach Holtz...He was no only inspiring but also timely. He focuses on the challenges of overcoming problems and the possible solutions to resolve those problems. He defined this in 5 points

1. Attitude: How your attitude can help overcome problems or keep you down. How you react negativity is the key.

2. Having a Passion to Win: How getting rid of excuses will remove obstacles from resolving problems
3. Focus on Purpose: i.e.: Great Customer Service and Making a Profit. Instead of preparing for a train wreck, while don't you hit the brakes.
4. Growing or Dying: If you are in "maintain" mode, then there are no new ideas. Must change and grow, or "W.I.N" – What's Important Now?
5. How do you have meaningful relationship with all people: He had 3 major points
 - a. Can I trust you?
 - b. Are you committed to excellence?
 - c. Do you care about me?

Finally, Coach Holtz gave his 3 Rules

1. Do Right
2. Don't be Mean
3. Don't be Bitter

He closed out his session by stating, "You don't get ahead by getting even". Instead focus that energy on improving yourself. Again, all agree...Coach Holtz was a GREAT start to the 2014 conference!



4th Annual John J Murphy Scholarship

FSA - Chairmen of the Board, Larry Cooper awarded the Annual John J Murphy Scholarships. This year Food Shippers Awarded 6 Scholarships totaling \$16,000! Criteria for being considered for the scholarships are you must be a child/dependent of the Supply Chain departments of Food Shippers of America member companies. H.S. Seniors or current enrollees in undergraduate or graduate program. Additional merit given to Business majors, particularly those in Supply Chain management. Maintain a 3.5 GPA

Congratulations to all of our winners this year!

- \$1,000 - Brittany Schaefer - Parent: Jon Schaefer, Johnsonville Sausage
- \$2,000 - Lindsay Upperman - Parent: M. Jane Upperman, Land O' Lakes
- \$2,000 - Dana Barber - Parent: Daniel Barber, Land O' Lakes Inc.
- \$3,000 - Jacqueline Schaefer - Parent: Jon Schaefer, Johnsonville Sausage
- \$3,000 - Mitch Willert - Parent: Scott Willert, Kraft Food Group, Inc
- **\$5,000 – Bryan Greene - Parent: Steve & Sheryl Greene, Land O' Lakes Inc.**



Session 2 - "To Tell The Truth" panel hosted by always engaging, Mike Regan.

The panel consisted of Peter Burke, VP of SC for Land O' Frost. Barton Jennings Professor of SC Management at Western Illinois University. Derek Leathers, President and COO of Werner Enterprises, Inc. and Jeff Silver, Founder and COO of Coyote Logistics. Obviously the beginning of the year has been full of challenges with weather and closings, it was highlighted that this is worst capacity crunch in 30 years. There are 4 calls for every load tendered currently. It was noted that between 2006-2013, overall capacity is down 17.9% however "one-way" capacity was down a whopping 33%. Revenue was also up 112% that indeed illustrates the continued capacity constraints. Inefficiencies in process also highlighted that even though we have incredible technologies today, we still make more than 50% of our appointments by phone! Carrier selection has also become more difficult due to more regulatory issues such as CSA, HOS and CARB, with HOS of service accounting for conservation 2-3% cost increase to as much as 6-7% in extreme cases. Further challenges lie in the increase use of receivers to fine carriers for late and/or missed appointments even when the excuse is legitimate, i.e.: traffic. Finally, several people raised concerns that FMCSA Administrator, Anne Ferro was pushing more action for shippers to pay more detention.

Food Shippers of America gives back

On Behave of FSA, Paul Kramer – President, gave donations to “Feeding America” and “Second Harvest of Central Florida”

Representative in attendance to receive checks were Kirsten Langan from 2nd Harvest - \$10,000 and Peggy Sarinyamas from Feeding America received \$5,000



Session 3’s Speaker, Mike Abrashoff, picked up where Lou Holtz left off...

Mike’s story was about how through the right cultivation, trainings and leadership, he was able to take one of the worst ships in the Navy and turn them into an Award winning ship! He focused on the little things he could control, like attitude. He changed himself from a manager to a leader. He stopped micromanaging other people’s jobs and let them be accountable for their own work. He gave praise when it was doing. Focusing on the positives people do on the ship instead of “looking to catch people doing something bad”. He leads by giving them goals and clear direction. In the end, he earns respect by talking and caring for his people success. In the end, HIS ship went from only 8% retention to over 96% retention.

Session 4 – “Bridging the Gap Through Supplier Integration”

This panel was led by Miguel Gonzales – Director of Procurement, Transportation and Logistics for Kraft Foods. Joining him was Coby Bullard – President of Intermodal for CR England, Adrian Potgieter – SVP of Sales for Peco Pallet, and Kevin Coleman – VP of Sales for DSC Logistics.

The focus of this panel was the mantra, “The Power of One”. Focusing on how savings can truly be obtained through honest and open vendor collaboration. Transition from a transaction cost to a Total cost model was the key to their successful teamwork. Miguel stated, “we shared in the wins”, and “we are better together,” when he illustrated how the team came together and that more than just Kraft would benefit. They kept it simple, inspired trust, shared a strategic vision and used a focused action to

drive change, not a large “shot-gun” approach. In the end, Value is more than just price...it’s a long term view of the Supply Chain that is sustainable and replicable.

Session 5 – Look at the question: “Who will make up the next Generation of Logistics?”

This conversation included Timothy Fischer – SVP of Supply Chain for Bumble bee Foods and Joel Sutherland – Managing Director of the Supply Chain Management Institute at the University of San Diego.

The obvious concern within many logistics circles revolve around SC costs, however it is also recognized that to obtain and sustain cost efficient supply chains, it will require talented people. Currently the supply chain talent is aging (60% retiring in the next 5 years) and new talent is needed quickly to have them ready for the coming decade. Not only within Logistics, but as leaders of companies where it’s expected that as much as 40% of corporate leadership will come from a Supply Chain background. Future talent will have to understand and be able to use “Big Data”, communicate well and be able to execute. Real World experience will matter. Tim from Bumble Bee says his new generation will include people with a firm knowledge of the global supply chain, not just domestic. They will be life-long learners and will have multiple disciplines to include, HR, Financial to Transportation. Most importantly they must be flexible and adaptable to the environment and to changing technologies.

Session 6 – Food Industry Update from Michael Sansolo

Michael again challenged us with 3 principles that will drive the coming economy. His ability to integrate humor and candor in his presentation is second to none!

- Known – knowns
 - What companies like Wal-Mart are and will be doing in the future
- Known – unknowns
 - What companies like Amazon are currently doing, but what new and innovative approaches will be taken that we do not know about or aware of at this point.
- Unknown – Unknowns
 - What are things we cannot predict or even in cases, not prepare for because they are just not known, i.e.: the Polar Vortex, Consumer buying changes.
 - What could be in the future that will change how we shop in the future
 - There is No blueprint for what is coming next

Michael further went on to discuss that today more than 76% of all household live paycheck to paycheck and how that is affecting the growth in the Dollar / Aldi Channel type stores. Using the methodology that you find out what is unimportant then you eliminate the unessential.

We end the day with yet another Outstanding Meal and Networking time that included Illusionist Drew Thomas and the Beatles-style band, “British Invasion”.



Day Two came and went a quick as the first day, with the speaker again not disappointing the attendees.

Session 7 – The Champion’s Code with Author, Ross Bernstein.

Ross introduced us to a book that looked at what 9 things all Champions have in common. The list was very practical and useful to apply to our day-to-day life and work.

- Passion – What drives us?
- Unselfishness – Helping others benefits more than just ourselves
- Work Ethic – Doing what it takes to win, include studying and knowing your competition
- Set Goals and Visualize Success – Write them down and review often
- Consistency – Do the fundamentals, Long-term, repetitively.
- Come through in the Clutch – You are known as the “go to person”. You are in a zone!
- Killer Instincts – You are known for succeeding, winning.
- Galvanizing – You lead by example and you bring people / teams together
- Humble – People know it’s about others and not yourself.

He stressed that it costs 800 times more to get a new customer than trying to keep the one you have! Everyone has a story. Be known as problem solver, someone who can motivate and be motivated, and Make sacrifice and change the momentum. Finally, have a “Dynasty Mentality”. Build and Believe you will always, somehow, find a way to win! In the end, it’s all about “QTL” or Quality Time Left.

Session 8 – The Legal Update

This session was by two seasoned industry veterans, Governor Bill Graves – President of the ATA and Steve Gordon – COO of Gordon Trucking.

Obviously there are several areas that have or will impact the industry for the coming year and following years.

- CSA Program – A very sound and supported program, but still has a large amount of gaps on the data that is preventing usefulness.
- HOS – 34 hour re-start is still an unsupported issue that the ATA continues to challenge. Drivers are creature of habit that like to drive at night, not to mention the added congestion potential
- EOBR – 2017 seems to be the next logical regulatory implementation for EOBR’s
- Truck Efficiency and Fuel Economy – President Obama’s proposing Round 2 that could cost a lot more for the carriers but provide little to no benefit.
- Nat Gas Future – Still an upside even with an uptick in recent pricing due to weather, however it’s here and working. Coal is still under pressure by the current Administration.
- Drivers / Contractors / Owner Operators – Teamsters are trying to redefine what a “contractor” is. It’s getting more gray and the Teamsters want to try regulating.
- Federal Drug Clearing House – Commercial carrier industry supports a mean to be able to see drug testing results across state lines. Ideally to know when a driver fails and then moves to another state.

Finally there are on-going concerns for Anne Ferro’s thoughts on strict qualifications for Doctors to sign off on driver’s physicals. The concern is that process could slow and further exacerbate the driver problem.

Session 9 – The Economy Update

The final session has become the hallmark of the FSA Conference every year. This year it was no exception, with again we welcomed Bob Costello – Chief Economist for the ATA. This year Bob again went through the empirical data that help us see and track trends not only within the economy, but within our industry. Bob told us not to panic because, “Bad Weather equals a Bad Economy” and that 2014 could be the year that total jobs finally pass the 2007 mark. We still loss 5 million jobs, but we should anticipate that we will bring back as much as 200,000 per month.

Bad news continues to be that capacity is still tightening and that people are keeping their equipment longer, which in turn will be a component in modest rate increases. Temperature freight is expected to be up 4.0% this yet; however miles continue to go down, with number of loads increasing. Bottom-line

is, he sees driver's pay to continue to rise, as driver turnover in line haul drivers continues to be above 87%, while private fleet drivers are less than 10%.

Overall, Bob sees the economy still chugging along, however he did mention that the economy needs to be more consistent, and several quarters in a row, to be able to sustain growth in the industry.



In Summary

Adam and I would again like to thank everyone for attending and for the incredible positive feedback about the conference. There are so many hard working people that have made this conference the success that it has been...so again, a heart-felt "Thank-you" from all of the FSA Board and Team!

Until next year, have a prosperous and safe year. Remember, Ross Cook and Kelly Stoeckigt/JVF are your co-chairs for next year...lets give them the same level of support! See you in San Antonio!