

**Americold – New Team Makes Creative Changes to Cold Chain
Management
Atlanta, GA
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By

Richard Armstrong

Key Personnel:

Jos Opdeweegh, President & CEO
Neal Rider, President of International Operations
Tim Oglesby, CIO & EVP Quality
Chris Hughes, EVP Business Development & Supply Chain
Greg Bryan, EVP Transportation and Customer Service
Mark Charles Smith, EVP Operations
Maryam Komejan, EVP Human Resources
Ron Hutchison, CFO

The ownership of Americold changed just over a year ago. The new owner, Yucaipa Companies is interested in creating a world class third-party logistics company. Nine months ago Yucaipa made Jos Opdeweegh, the CEO with a mandate to build a high quality, integrated cold supply chain provider capable of international expansion. Some of the key players Opdeweegh needed were in place. Others were added to remake Americold from the world's largest warehousing company into the world's best cold chain 3PL.

The increased functionality for the new Americold manifests itself in

1. Improving the quality and standardized operating processes at its 104 refrigerated warehouses. All of the warehouses are being ISO Certified to insure uniform quality processes. A 25-person Lean Sigma Continual Improvement team has been established and has identified millions of dollars of cost improvement initiatives.
2. A national temperature-controlled transportation management program emphasizing

- a. LTL mode optimization for multiple vendors from eleven key consolidation points. This optimization is the core of Americold's national LTL cold distribution system.
 - b. End to end matching of loads for continuous movements that lower empty miles by 7-12% and shipper costs by 3-5%.
3. Over the last two years, the utilization of in-house dedicated trucking capacity for local distribution center support and key short haul lane control. This recent dedicated carriage expansion gives Americold increased integrated service solutions for its customers.
4. The i-3PL technology platform. This internet based platform operates real time with integrated WMS and TMS information.
5. A centralized National Service Center (NSC) in Atlanta, GA handling exceptions for order, inventory management and reporting for all customers. Operations are paperless and systematic.

Warehousing – The Core Competency

Americold has 27 million square feet of refrigerated warehousing space in 104 facilities. The average facility is 265,000 square feet with 4.8 million cubic feet of cooler and freezer space. Warehousing activities account for 69% of Americold's \$870 million in yearly revenues. Americold estimates that it has 30% of the U. S. temperature controlled logistics market.

Each warehouse has an information control board which tracks the key metrics.



In the Atlanta area, Americold has six warehouses, five located close together in the Fulton County suburban area southwest of downtown. We visited one, the Tradewater facility, which is typical of many operations.

The Tradewater facility has 455,605 square feet. 255,000 square feet (9.7 million cubic feet) are freezer space at -10°. There are two cooler spaces of 30,000 and 45,000 square feet at 34° and 28° respectively. The ceilings at Tradewater are 38 feet high in the freezers and coolers. There are 40,000 pallet positions and nearly all cooler and freezers space is racked. There are 60 dock doors and 11 rail car positions. The fenced yard has 166 trailer spots.

There are two customers at Tradewater, Johnsonville and ConAgra Foods. These accounts are typical of the customer list for Americold which is a who's who of major food producers. There is an average of 17 customers in each Americold warehouse. Tradewater customers generated 45-90 loads a day. Some are multiple stop loads with as many as eight stops. Tradewater's coverage area is in the Southeast from the Carolina's, down to Florida and west into Alabama.

The warehouse operates two 10 hour shifts six days a week with 110 warehousemen. All warehousemen are towmotor operators. They case pick 20% of orders: – 80% are pallet shipments. For an operation like Tradewater about 50% of costs are labor, 10% are energy related.

Tradewater and the other five Atlanta warehouses daily consolidate LTL shipments. The final consolidated load can move from any of the locations depending on which has the most freight. Coordination of consolidated loads is handled through the Transportation Service Center.

Productivity has steadily increased at the facility since Americold took it over two years ago. Americold can move employees between close locations to maintain peak production.

In the Americold network there are 23 proximate (close to producing plant) facilities. Fourteen of these are pure long term contracted, single customer facilities.

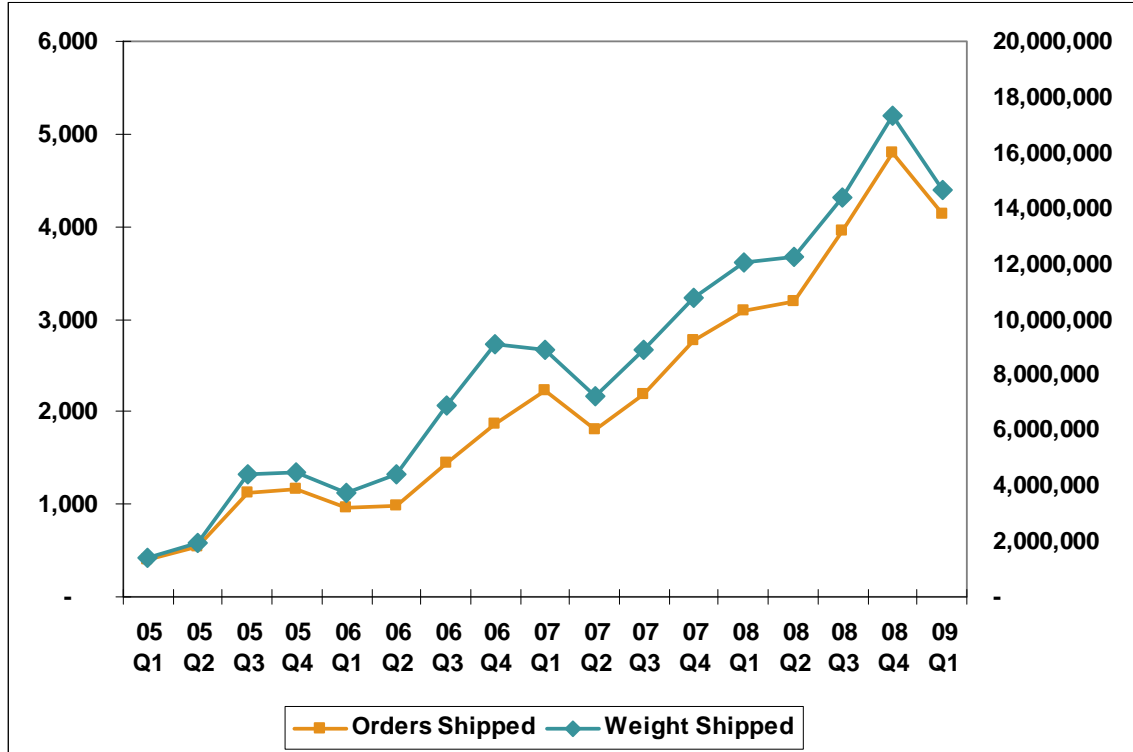
Seventy facilities like Tradewater are considered "public" warehouses. "Public" is used euphemistically at Americold. The warehouses normally have 2-3 customers who have ongoing contracts.

The eleven "consolidation points" often have more than one warehouse. They may have dozens of customers including those involved in multivendor consolidation.

Frozen and cooled product are mixed as necessary for individual loads. Frozen product can be safely left in staging areas for 1-2 hours. Case picking lines are set up in the freezer and in cold rooms.

Transportation

As mentioned above, Americold has a National LTL network using multivendor consolidation as its background. This service has expanded dramatically since 2005.



The average LTL shipment handled weighed 3,539 lbs and consisted of 3.8 pallets in the first quarter of this year. Over 90% of Americold deliveries are to customer distribution centers.

LTL pricing is based on a National three digit zip code tariff. A similar tariff is being put together for a new reverse logistics network based on twelve facilities nationwide. Americold has 400 carriers under contract to provide trucking services as needed. About 130 of these handle 80% of loads.

In 2008, Americold launched a dynamic national continuous move truckload program. Optimization to identify potential open- and closed-loop lane matches is done daily at midnight and offered to select preferred carriers. Currently, anywhere from 10-20% of loads are optimized for end-to-end matches. Later this

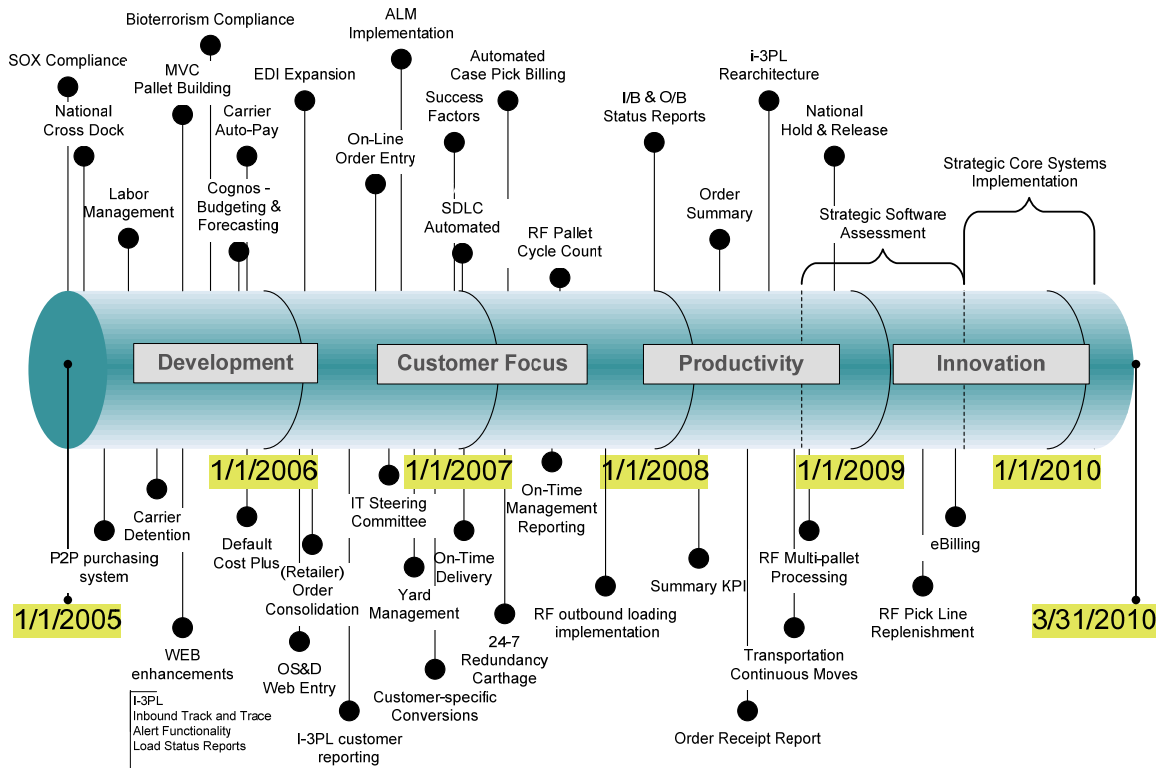
year, this activity will be expanded to identify lanes where Americold is not controlling the transportation from their warehouse sites.

Americold has added its own trucking assets to provide dedicated contract carriage and dense lane management. This service will be expanded over the next few years. Currently there are 59 day cab tractors and 185 refrigerated trailers.

i-3PL – Technology

i-3PL is the web based portal which integrates information for users. Major components are a dashboard, track and trace, event management and performance measurement. A significantly personalized i2/ITLS platform is used for TMS. The WMS is a proprietary system tailored for the specific nature of Americold operations. A labor management module was added two years ago. Seventy facilities use RF with the WMS which has directed putaway and picking. Batch picking, lot and date code tracking features are also used. Americold is working on voice picking and automated pick line replenishment.

Continual Innovation in Technology



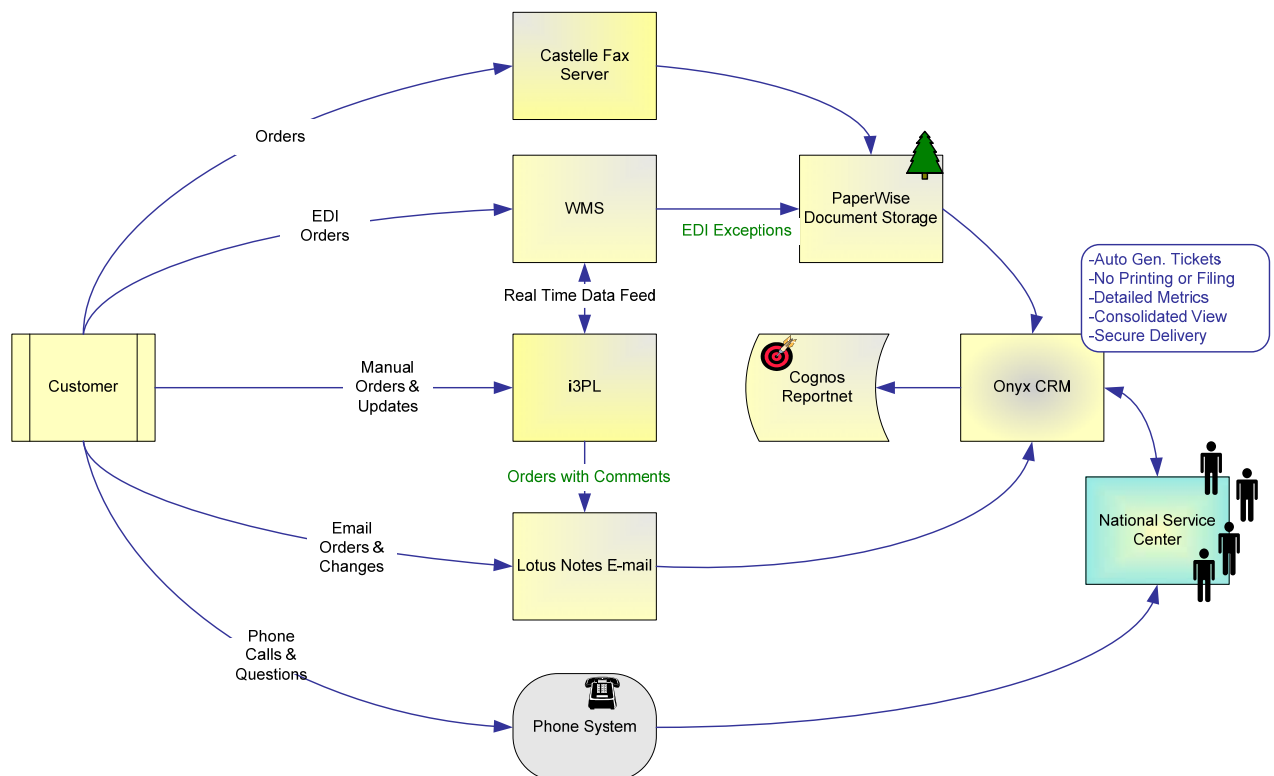
National Service Center (NSC)

A key component for gaining coordinated control over operations is the NSC. There are 59 employees in the Atlanta NSC. Over the last two years productivity has more than doubled as Americold redesigned operations and transitioned to paperless order management processes. The NSC handles exceptions for order management, inventory, OS&D, detention and special tracking requirements.

88% of orders are now received by EDI, 10% are entered by customers online via i-3PL, and 2% are entered manually. In 2008, 1.3 million orders and 676,000 individual customers service actions were handled through the system. Each NSC employee handles about fifty service actions per work day.

ONYX is used for customer relationship management (CRM) and related processes.

NSC personnel utilize two computer monitors and split screen technology to enable multi-tasking between systems and to support a paperless order processing environment. This approach makes employees more effective and quickens responses.



The Future

As part of its new direction, Americold has beefed up its sales team and particularly its National Accounts capability. Surveys of and meetings with customers are more frequent and granular. This greater attention to customer supply chain needs bodes well for the ongoing development of more business for existing customers.

President of International Operations, Neal Rider is spearheading Americold's global expansion efforts. Except for "old" Europe, the market is underserved globally and prospects look good for Americold. Like most high quality operations, the core team at Americold is headed in the right direction.

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