

The cold, hard facts

How to handle freight with flavor

Designing cold chain logistics solutions for chilled, fresh and frozen products undoubtedly requires a highly involved level of commitment and attention to personal detail. Unlike dry goods, temperature-sensitive commodities *must* be precisely timed — after all, the integrity and sustainability of the product depend on it.

“The high level of service demanded by the perishable industry cannot be overstated,” said Michael Cohan, senior director of the perishable division for AIT Worldwide Logistics. “Since these products have a finite shelf life, an extreme sense of urgency is attached to shipping these unique and delicate commodities.”

Smart Business sat down with Cohan to discuss how to both feed and satisfy customers’ increasing appetites for the most time-sensitive niche in the logistics market.

Do you think that perishable goods customers are more willing to sacrifice cost for quality, given the critical nature of their commodities?

Faced with uncertain economic times, customers are looking to strike a better balance between cost and quality and have become far more conscientious about their spending. The food industry has been challenged as much as any other — revenues aren’t keeping up with the increased cost of ingredients, leaving less than desirable margins and bottom lines.

From the high-profile *Fortune* 500 companies to the local food processors, our customers big and small are being forced to create efficiencies in order to sustain profitability.

It is my view that the lifeblood of any successful company is new product innovation and development, especially in the fiercely competitive food industry.

For example, new product rollouts are a big business for the perishable division at AIT. In coordinating new product development activity between the marketing and sales operations teams of our clients and their food brokers and sales representatives nationwide, it is imperative to consider the ‘soft’ cost of doing business.

When sacrificing quality in the name of



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saving a little, you can potentially expose an organization to a whole host of risk factors: damages not only to the products, but a company’s reputation and good name, lost sales revenues and, most importantly, loss of customer satisfaction.

What kind of message are you sending to a potential client when that new item it has invested tremendous capital in arrives in an unsatisfactory state? How are your brokers and salespeople going to make a splash in their presentation with a smashed cinnamon roll, melted éclair or crumbled Danish?

What are the risk factors involved in shipping perishables, and how do you best avoid and/or eliminate those potential risks?

Service delays are one of the primary risks in the perishable industry — very little wiggle room exists, if any at all, in preventing spoilage, melting and thawing in transit of these temperature-controlled commodities.

No matter how innovative the techniques you use to pack and protect each product,

the responsibility to re-ice the shipment or find a cold storage facility in the event of a service delay falls in your partner’s hands. At AIT, not only must our in-house nationwide network of 36 station locations be trained in our company’s strict packing procedures, they must also use the proper insulation equipment and tools necessary to ensure the safe, fast and economical shipping of perishable products.

For example, meringue has an extremely delicate, frothy composition — if packed in dry ice, the product will deflate. In order to maintain product integrity, the network of partners who handle your products on a daily basis should know to use refrigerator blue ice instead.

Regardless of the inevitable risk factors encountered from the point of pickup to the point of delivery, you are ultimately responsible for the product. Ensuring you have a network of trained agents and partners possessing extensive knowledge of your packing procedures drastically reduces the possibility of service failures.

What are the toughest challenges faced by the perishable industry today, and how do you contend with these challenges?

Fighting for limited cargo space has most certainly become the toughest challenge. The transportation industry has experienced a snowball effect — reduced schedules, smaller planes, ever-increasing port congestion, exorbitant fuel prices and reduced capacity have left everyone fighting for the same cargo pits as passenger planes.

In scrambling to schedule these bookings, you must be creative in working with various carriers to design the most efficient logistics plans for your customers.

It is also absolutely essential, I feel, to remain in touch with the day-to-day operation — because the moment you remove yourself from it is the moment you are no longer capable of addressing the problems, assessing the risks involved and finding the workable solutions. <<

MICHAEL COHAN is senior director of the perishable division for AIT Worldwide Logistics, Inc., headquartered in Itasca, Ill. Spanning numerous nationwide locations and an ever-increasing network of international partnerships, the global transportation and logistics provider delivers tailored solutions for a wide variety of vertical markets and industries. Reach him at www.aitworldwide.com or (800) 669-4AIT.

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