

# THE MONITOR AND MERRIMACK



Newsletter of the  
Greater Hampton Roads Chapter  
District 02 – Chapter 03  
SOLE – The International Society of Logistics  
July 2009  
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## Chapter Management Committee

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Carl Lilieberg

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### Web Master:

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Jon Jay Buder DML

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## From the Chapter Chairman:

Summer is really here and it is time to celebrate our wonderful country. Recent worldwide developments together with impacts on our local Tidewater area have served to both influence and underline the importance of logistics disciplines to all of us.

Our June Monthly Luncheon featured **Jason Dennis**, of Priority Solutions International. His presentation on "Supply Chain Management and Its New Challenges in Today's Environment" gave us a very definitive look at Supply Chain processes and many current trends and new laws effecting cargo security and container/baggage processing and mode of transportation selection, to mention a few. You can find a copy of his in depth presentation on our GHRC website at [www.ghrc-sole.org](http://www.ghrc-sole.org). Thanks so much Dennis for a splendid briefing.

This month's Luncheon is set for Wednesday, 15 July at the #1 Chinese Restaurant in Ward's Corner, Norfolk and features **Dr. Wayne Talley, Ph.D**, the Executive Director of the ODU Marine Institute's College of Business and Public Affairs who will speak on the Institute program. This is a unique opportunity to hear how ODU is working together with local logistics organizations and commercial enterprises to train our future logisticians. We thank Dr. Talley for taking the time to join us at our July Luncheon. This is a "don't miss it" meeting.

We are very pleased with the addition of **Captain Robert Gantt**, Assistant Chief of Staff for Logistics at the Navy Expeditionary Combat Command as an honored speaker at our December Luncheon. We are also excited about a tour of the Navy Exchange system we are endeavoring to set up for this September.

Details of the **SOLE Headquarters International Conference and Exhibition** are on page 6-7 and 9-10 of this newsletter. This year's theme in the "Logistics of Global Security" a very timely and current topic for all SOLE members and interested logisticians. You can go on the SOLE website at [www.SOLE.org](http://www.SOLE.org) to view all the Conference updates and register to attend (16-20 August in Irving (Dallas) Texas. Our Chapter is sponsoring two attendees.

I look forward to seeing you at our next Monthly Luncheon.

Carl J. Lilieberg  
Chairman GHRC SOLE

## Coming Events:

**15 July**, 11:30 to 1 PM  
GHRC Luncheon  
**Dr. Wayne Talley**,  
Exec. Dir. ODU Marine  
Institute's College of  
Business & Public  
Administration

**19 August**, 11:30 to 1  
PM  
GHRC Luncheon  
Mr. Gerry Gruden, LCE,  
Inc.  
"The Navy's  
Obsolescence  
Program" \*

**16-20 August 2009**  
**44<sup>th</sup> Annual SOLE Intl  
Conference and  
Exhibition, Dallas  
(Irving), Texas**  
"The Logistics of  
Global Security"

**September**  
**NAVY Exchange**  
**District Stores Tour**  
(TBD – penciled in)

**Oct. 21, Mr. Jesse  
Hines, VP of Logistics**  
**and Material  
Management,**  
**Operation SMILE**

**Nov. TBD/**

**Dec. 9, Capt Bob Gantt,**  
**ACOS for Logistics &  
Financial Mgt, Navy  
Expeditionary Combat  
Command (NECC)**

\* GHRC Luncheons at  
Ward's Corner #1 Chinese  
Restaurant

## Certified Professional Logistician Corner



The next CPL Exam  
will be given in  
November 2009

1. The purpose of a national contract is to:
  - a. gain a volume-bargaining advantage.
  - b. to centralize the purchasing function at the corporate level.
  - c. have the individual plant purchasing managers place orders against the national contract.
  - d. have negotiations consolidated at the corporate purchasing staff level.
2. The major advantage of stockless purchasing is:
  - a. sellers are able to perform the inventory function more efficiently and the buyer does not have any capital tied up in inventory.
  - b. obsolescence of inventory is increased.
  - c. the seller may be inclined to make price concessions.
  - d. paperwork is significantly increased.
3. Which of the following is true of an express warranty?
  - a. It rises from direct negotiations between seller and buyer, and indirectly from statements in catalogs, advertising, brochures, or labels.
  - b. It yields easily to standard disclaimer clauses.
  - c. It is a warranty of merchantability.
  - d. It is similar to an oral warranty.
4. For natural products such as lumber, wheat, hides, cotton, tobacco, food products, quality is usually described by:
  - a. market grades
  - b. brand or trade names.
  - c. commercial standards.
  - d. samples.
5. The higher prices paid for name brands are offset by:
  - a. reduced description and inspection costs.
  - b. consistency in quality from one purchase to the next.
  - c. higher quality of name brands.
  - d. none of the above.
6. Purchasing by brand name can be made more effective by:
  - a. avoiding multiple sources of production, including additional limitations such as requirements for interchangeability of repair parts.
  - b. choosing between different wholesalers and jobbers who compete on price.
  - c. buying an item from several manufacturers with each exercising his own quality control.
  - d. having the requisitioning department review all the competing brands.
7. Potential disadvantages of performance specifications are:
  - a. inappropriate use, poor supplier selection and pricing.
  - b. the possibility of poor materials and poor workmanship.
  - c. honest and capable suppliers.
  - d. lack of advanced technical and manufacturing knowledge.
8. Under Material and Method of Manufacture Specifications:
  - a. the vendor is instructed precisely as to the specific materials to be used and how they are to be processed.
  - b. buyers in small companies are dealing with technically sophisticated suppliers.
  - c. full responsibility for the product performance is assumed by the selling company.
  - d. sellers assume that their own organization has the latest knowledge concerning materials, techniques and manufacturing.
9. The disadvantage of blanket orders is that:
  - a. the buyer presents the supplier with unrealistic or inflated data on potential quantities involved.
  - b. there is not enough emphasis on price.
  - c. inventory investment for the buyer is reduced through reliable immediately available stock.
  - d. the tendency is to change suppliers.
10. The main advantages of systems contracting are:
  - a. minimum of items need to be stocked by the buyer, reduced obsolescence risk, and faster delivery.
  - b. reduction of pilferage and standardization.
  - c. orders are filled from a catalog reducing paperwork.
  - d. vendors lack adequate systems knowledge.

Please see answers on page 3

6. Purchasing by brand name can be made

Near term Calendar of Events

<b>ASNE</b>	Dinner Meetings:	Every 3 <sup>rd</sup> Tuesday, Springhill Suites, Newtown Road, Va. Beach, (1800-1900 Social Hour); 1900-2030 Dinner and Program; Reservations: Mary Morgan (757) 495-1970
	20-22 Jul 2009	USN, MC, USCG, ASNE Sponsored Naval Logistics Symposium, Arlington, Va. Contact Megan Sinesiou (703) 836-6727 or msinesiou@navalengineers.org
<b>SOLE</b>	18-20 August 2009	SOLE 2009: "The Logistics of Global Security" Dallas (Irving), Texas
<b>GHRC SOLE</b>	15, July 2009	GHRC Luncheon Meeting, #1 Chinese Buffet, Wards Corners, Norfolk, Virginia Guest Speaker: Dr. Wayne K, Talley, Ph.d, Executive Dir. ODU Marine Institute's College of Business and Public Administration 11:30 to 1 PM Cost: \$15.00 (cash and check only), includes meal and gratuity; (RSVP by COB, Monday, 13 July 2009)

Errata : The date in the writeup for Mike Polands Luncheon presentation should have been May 20<sup>th</sup> vice June 17<sup>th</sup>.



Answers			
1	a	6	a
2	a	7	a
3	a	8	a
4	a	9	a
5	a	10	a



**GHRC June 17, 2009 Luncheon Meeting  
#1 Chinese Restaurant, Wards Corners,  
Norfolk, Virginia**



Our 17 June Luncheon featured Mr. Jason Dennis, National Government Sales Representative at Priority Solutions International, gave our attendees a definitive review of the latest security and computer system updates related to business processes such as Just In Time buying, warehouse and transportation decisions, transportation mode selection, storage decision-making, new Homeland Security requirements, TSA screening and the impact on port cargo processing during his presentation, "Supply Chain Management and Its New Challenges in Today's Environment". Jason provided detailed explanations of new factors such as the 10-2 Initiative (the Safe Port Act of 2006), including detailed impacts of the act including financial penalties and impacts on the container industry, increased TSA passenger baggage inspections, and Customs Trade Partners Against Terrorism (CTPAT) and its impact on container cargo processing. Jason graciously fielded a variety of questions on the many changes in Supply Chain Management business processes described in his presentation. His topic melded nicely with the topic of SOLE Headquarters' International Conference and Workshop – "The Logistics of Global Security." We thank him for a high interesting and time-sensitive presentation. You can see the whole presentation on our GHRC Website at [www.ghrc-sole.org](http://www.ghrc-sole.org).

**SOLE – The International Society of Logistics  
Greater Hampton Roads Area Chapter  
Wednesday July 15, 2009  
11:30 – 1:00 PM**



**#1 Chinese Buffet, 7635 Granby Street  
Norfolk, Virginia  
Phone: (757) 423-8880**

**Dr. Wayne K. Talley, Ph.D**  
Executive Director

International Maritime Ports and Logistics Management Institute  
"Old Dominion University's Maritime and Supply Chain  
Management Program"

To learn more about the Maritime program, please visit the website at  
<http://bpa.odu.edu/port/index.shtml>

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Please RSVP by contacting our Membership Chairman, Mr. Charlie Littleton at [clittleton@LCE.com](mailto:clittleton@LCE.com) or phone him at 757-857-1311 (ext: 4203) or our Chairman, Carl Lilieberg @ 757-896-5335/Carl J. Lilieberg @ngc.com NLT 4 PM, Monday, 13 July 2009. Cost: \$15.00 (Cash or Personal Check ONLY); (Covers meal and gratuity).

Please join us for a luncheon of great food, professional contact, and a timely and informative logistics presentation.

Spouses and guests, bosses, and co-workers are welcome and you DO NOT have to be a SOLE Member to attend!

\*\*\*\*\*

**Driving Directions:** From 1-64 E through the HRT. Take the I-564 exit onto US 460W (Granby St/Naval Base). Take the left ramp to Granby. Turn right onto Granby and the restaurant is on your right after passing the railroad crossing. From 1-64 W: Take I-64W to VA 165-Little Creek Road off ramp onto Taussig Blvd. Turn left onto Granby St. and after crossing the railroad restaurant is on your right.

**SOLE 2009**

**“The Logistics of Global Security”**

18-20 August 2009

Omni Mandalay Hotel at Los Colinas, Dallas (Irving), Texas

**Tuesday, 18 August**

**Industry Keynote: General (Ret) John G. Coburn**, President, VT Systems  
**Government Keynote: Admiral Thad W. Allen** (*invited*), Commandant, USCG

*Opening Plenary – “The Many Faces of Logistics in Global Security”*  
 Charles P. Nemfakos, Senior Fellow, The Rand Corporation, Moderator

*Panel 1 – “Designing for Security”*  
 Louis A. Kratz, VP, Logistics & Sustainment, Lockheed Martin Corporation, Moderator

*Panel 2 – “Security in the Manufacturing Process”*  
 Alex Melnikow, Deputy Director, DMSMS, Defense Standardization Program Office

**Wednesday, 19 August**

*Plenary – “Logistics as the First Line of Defense”*  
 MG Michael A. Sumrall, Asst to the Chairman, Joint Chiefs, Moderator

*Panel 1 – “Security in Humanitarian and Disaster Relief Operations”*  
 Joseph L. Spruill, Department of Homeland Security, Moderator

*Panel 2 – “Multimodal Transportation Security”*  
 Colonel Victoria Leignadier, Chair, Dept of Military Strategy & Logistics, CAF, Moderator

**Thursday, 20 August**

*Plenary – “Logistics Technologies Enabling Global Security”*  
 Eric S. Stange, CEO, Accenture National Security Services, Moderator

*Panel 1 – “The Role of Space in Global Economic Security”*  
 Dr. Harley A. Thronson, NASA Goddard Space Flight Center, Moderator

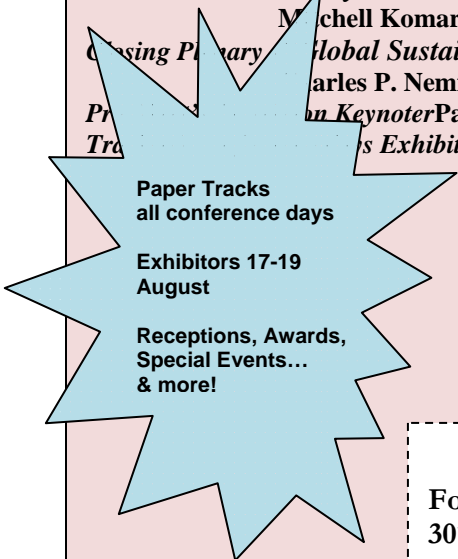
*Panel 2 – “The Security Challenges of Information Security”*  
 Mitchell Komaroff, Director, Globalization Task Force, OASD(NII)/DoD CIO, Moderator

*Closing Plenary – “Global Sustainment”*  
 Charles P. Nemfakos, Senior Fellow, The Rand Corporation, Moderator  
*Plenary – “Keynote”*  
 Paul ...  
*Trade Show Exhibitor*

***Pre-Conference Workshops***  
 16-17 August 2009

**Sunday, 16 August**  
**Developing Logistics Metrics** (0800-1200)  
**Resilient Logistics Chains: Getting from Here to There** (1300-1700)

**Sunday, 16 August**  
**Performing Proactive Obsolescence Management** (0800-1200)  
**Security Through Design Interface** (1300-1700)



For more details, visit [www.sole.org](http://www.sole.org); or contact SOLE HQ at 301-459-8446 or [solehq@erols.com](mailto:solehq@erols.com)

# CALL FOR PAPERS



**SOLE – The International Society of Logistics**

*presents*

**SOLE 2009**

## *The Logistics of Global Security*

*44th Annual International Logistics Conference and Exhibition*

**Omni Mandalay Hotel at Las Colinas**

**Dallas (Irving), Texas**

**16 – 20 August 2009**

**Workshops: 16 - 17 August 2009**

**Conference: 18 - 20 August 2009**

**SOLE - The International Society of Logistics (SOLE)** presents the 44th Annual International Logistics Conference and Exhibition at the Omni Mandalay Hotel at Las Colinas, Dallas (Irving), Texas from **16-20 August 2009**. With a conference theme of “**The Logistics of Global Security**,” the symposium will offer three full days of exciting, educational and topical offerings designed to provide logisticians from all countries a unique understanding of the issues associated with security in logistics processes. Some of the world’s leading subject matter experts will lead the conference attendees in addressing a broad spectrum of issues critical to understanding the significance of logistics in the emerging global security environment. Representatives from Government, the Armed Services, Industry and Academia – both nationally and internationally – will serve as keynoters, plenary and panel participants, and paper presenters.

**SOLE 2009** will offer paper presentation sessions that address the many faces of logistics in global security, to include but not limited to: designing for security, security in the manufacturing process, security in humanitarian and disaster relief operations, multimodal transportation security, logistics technologies enabling global security, the role of space in economic security, and the security challenges of information technology. If you are interested in submitting a paper for consideration, please submit an abstract by **15 April 2009**. If accepted for **SOLE 2009**, the paper must be submitted no later than **31 July 2009** – with the slide presentation to be submitted by **5 August 2009**. For additional information and submissions, please contact either *John (Jay) Erb*, **SOLE 2009 Deputy Chair**, at (703) 246-0756 or **SOLE Headquarters** at (301) 459-8446.

Only electronic submissions will be accepted at [john.erb@gdit.com](mailto:john.erb@gdit.com).

Greater Hampton Roads Chapter  
SOLE – The International Society of Logistics  
Chapter Business Meeting Minutes

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**Date:** June 8, 2009

**Meeting Convened:** 5:30 PM

**Attendees:**

- Carl Lilieberg, Chapter Chairman
- Charles Littleton, Vice Chairman Membership
- Lee Morris, Vice Chairman Education
- Brandon Cholek, Member
- Rick Treto, Vice Chairman Treasurer

The following subjects were discussed at this meeting:

- Website posting parameters underlining the need to be ever-mindful to ensure all postings followed SOLE criteria for non-profit, non aligned content.

- We reviewed possible future Chapter presentations to the Tidewater Supply Corps Association, the Navy Expeditionary Combat Command and the Navy Operational Logistics Support Center (NOLSC) to pass our goals and mission to area DoD Logisticians. Mention was made re contact with NASA Langley and Ft. Eustis/Ft Monroe.

- Our Financial Vice Chairman briefed the financial status of the chapter.

- We reviewed our slate of speakers and upcoming planned events, including the addition of a possible tour of the Navy Exchange System's operations in September 2009.

- Charlie Littleton briefed the results of our annual election with 15 members in good standing out of 24 total members voting: **Chairman:** Charlie Littleton **Admin Vice Chair:** Carl Lilieberg **Education Vice Chair:** Lee Morris, CPL **Finance Vice Chair:** Rick Treto **Membership Vice Chair:** Brandon Cholek and **Professional and Technical Development Vice Chair:** Akalanka Warusavitharana, CPL. Formal meeting announcement of the results will take place at our 17 June 2009 Luncheon.

- Next we discussed updating our Points-of-Contact List for area agencies, organizations and military command with emphasis on a need for each Vice Chair and the Chairman to contact at least one agency or command and the need to do follow up contacts.

- It was decided that we had no immediate need to procure additional Chapter Tri-folds.

- We briefly discussed and agreed to fund the August Registration Fees at the August SOLE International Conference and Exhibition for both our Education Chairman, Lee Morris and our Field Award Nominee, Ms. Holly Tatem.

- With no new discussion, a move for to close the meeting was seconded.

*More SOLE Internation Conference and Exhibition Details:*SOLE 2009 Pre-Conference Workshops  
16-17 August 2009**Developing Logistics Metrics** (0800-1200, Sunday, 16 August 2009)

The requirement to develop substantive logistics metrics is often essential to meeting technical proposal requirements and in subsequent award determination. This workshop – jointly conducted by Philip T. Frohne, CPL (author of the McGraw-Hill SOLE Press book "Quantitative Measurements for Logistics") and Dr. Kenneth R. Sperry (Oklahoma State University) - will provide helpful tips on how to develop simple metrics for evaluating reliability, maintainability, life cycle costs, trade studies, and other logistics activities. The workshop will include a series of exercises emphasizing the key points. This information is invaluable to program/logistics managers and logistics engineering analysts; and can be applied at all levels of logistics service and support contracts.

**Resilient Logistics Chains: Getting From Here to There** (1300-1700, Sunday, 16 August 2009)

In 2007 Congress directed – through the passage of Public Law 110-53 (Title IX, Section 524) – that all private sector business (to include non-profit, defense contractors, and commercial enterprises of all sizes) voluntarily certify their emergency preparedness and business continuity. As part of this recognition of increased preparedness, there is an understanding of the key role that logistics and logistics chain operations and management play in an organization's resiliency. In this workshop, Donald R. Byrne, CBCP (Certified Business Continuity Professional), North River Solutions, will lead the attendees through the challenges of building end-to-end logistics chains. Drawing on best practices and emerging business practices, he will highlight the challenges and pitfalls in dealing with today's global supply chains and logistics structures. In addition to gaining an understanding of the standards currently in development (i.e., ISO 28000), the class will provide both a framework/model for companies to self-assess their level of preparedness and index of both logistics chain and corporate/enterprise resiliency.

**Performing Proactive Obsolescence Management** (0800-1200, Monday, 17 August 2009)

Taught by Charles M. Marshall, ARINC Engineering Services, this workshop is designed to allow you to understand the fundamentals of DMSMS (diminishing manufacturing sources and materiel shortages) and its relationship to obsolescence management. Topics covered (with supporting exercises) include: performing a DMSMS self assessment; development of a DMSMS management plan; how to develop an Operational Impact Analysis; reduction of hazardous substances and waste electrical and electronic equipment; and recognition of/dealing with counterfeit components and parts. Attendees will be provided a copy of the "hot off the presses" US Department of Defense Standardization Program Office Standard Document SD-22, "The DMSMS Guidebook."

**Security Through Design Interface** (1300-1700, Monday, 17 August 2009)

The objective of this workshop - led by Jon J. Buder, DML, Jacobs Technology, Advanced Systems Group - is to provide the participants with an identification and understanding of the fundamental activities and analyses necessary for the effective "designing in" of system security and supportability to achieve system optimization. Activities to be discussed include analysis of alternatives; continuous modernization planning; human systems integration; interoperability, reliability, supportability and maintenance analyses; support system alternatives; and trade-off analysis. Using multiple system/program examples, the workshop will highlight the importance of performing design interface early on in development to maximize program performance and security. Attendees will take away from the workshop both an understanding of and appreciation for managing design interface to reduce program lifecycle, security and design risks.

as of 4-6-09

**SOLE 2009 Registration Form**

Please complete all information – items in **bold** are mandatory. Payment must accompany registration. Payment of the non-member rate does not include membership in SOLE. You are responsible for making your own hotel reservations: they can be made by calling the **Omni Mandalay Hotel at Las Colinas**, Dallas (Irving), Texas directly at 972-869-5583. **Please mention SOLE 2009 to get the group rate.** A generous number of government per diem rate rooms are available – but make your reservation early to save your place.

**Full Name** \_\_\_\_\_ **Badge Name** \_\_\_\_\_  
 (CPL, CML, Fellow, etc.? \_\_\_\_\_)

**Company/Organization** \_\_\_\_\_ **Title/ Position** \_\_\_\_\_

**Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State** \_\_\_\_\_ **Zip** \_\_\_\_\_ **Country** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Fax** \_\_\_\_\_ **E-mail** \_\_\_\_\_

Member No. \_\_\_\_\_ **SOLE Management Position** \_\_\_\_\_

(SOLE Chapter Chair, District Director, Executive Board, Board of Directors, Board of Advisors)

Special Dietary Requirement(s)? (If yes, list.) \_\_\_\_\_

**Conference Registration Rates** (please fill in applicable rate)

*Prior to July 15, 2009*

Member \$695 \_\_\_\_\_  
 Non Member \$895 \_\_\_\_\_  
 Speaker (full conference) \$550 \_\_\_\_\_  
 Student \$450 \_\_\_\_\_  
 One Day\* (non-speaker) \$550 \_\_\_\_\_  
 \*Day \_\_\_\_\_

*After July 15, 2009*

Member \$795 \_\_\_\_\_  
 Non Member \$995 \_\_\_\_\_  
 Speaker (full conference) \$550 \_\_\_\_\_  
 Student \$450 \_\_\_\_\_  
 One Day\* (non-speaker) \$550 \_\_\_\_\_  
 \*Day \_\_\_\_\_

Speaker (one day/day of speaking only) Free \_\_\_\_\_ Day speaking \_\_\_\_\_

*Note: Speakers attending more than the day of presentation will be charged the speaker (full conference) rate.*

**Total Registration Fee** \_\_\_\_\_

Full Registration includes the following: All receptions, unlimited attendance at the technical program and admission to the exhibit hall, continental breakfasts and breaks, lunches, Thursday awards banquet, registration bag and conference proceedings.

**Pre-Conference Workshop Registration Rates**

**Member Non-Member**

**Sunday, 16 August 2009**

0800 – 1200 Developing Logistics Metrics [Philip T. Frohne, CPL; Dr. Ken Sperry, Oklahoma State University] \$125 \_\_\_\_\_ \$175

1300 – 1700 Resilient Logistics Chains: Getting From Here to There [Donald R. Byrne, North River Solutions] \$125 \_\_\_\_\_ \$175

**Monday, 17 August 2009**

0800 – 1700 Performing Proactive Obsolescence Management [Charles M. Marshall, ARNC Engineering Svcs.] \$125 \_\_\_\_\_ \$175

1300 – 1700 Security Through Design Interface [Jon J. Buder, DML; Jacobs Technology] \$125 \_\_\_\_\_ \$175

**Total Workshop Fee(s)** \_\_\_\_\_

**Total Payment All Fees** \_\_\_\_\_

**Payment method**

AmEx \_\_\_ VISA \_\_\_ MC \_\_\_ Diner's \_\_\_ Number \_\_\_\_\_ Exp Date \_\_\_\_\_

Name on Card \_\_\_\_\_ Cardholder phone number \_\_\_\_\_

Check Enclosed \_\_\_\_\_ (No. \_\_\_\_\_) SF 182 \_\_\_\_\_ (Copy of document must be attached)

**Cancellation and Refund Policy:** All cancellations must be in writing and will be accepted not later than **30 July 2009**.

A fee of \$50 will be deducted from all refunds. All payments are final. No conversions to SF 182 will be accepted.

*Please send your completed Registration to:*

**SOLE - The International Society of Logistics, 8100 Professional Place, Suite 111, Hyattsville, MD 20785-2229 USA • Fax 301-459-1522**

Thursday, February 12, 2009

## [Container Origami](#)

(DC Velocity)

### **Folding containers could cut space needed to store empties by three-fourths**

Prototypes of the SIMIIT Four Pack Folding Container, in development for more than three years, will soon be ready for inspection by marine certification authorities. According to the developers, the folding containers are watertight, and a hydraulic-powered base station can collapse the boxes to one-fourth their size in just a few minutes. Because four folded and stacked containers will take up the same amount of space as a single box does now, ocean carriers will be able to transport and store more empties in far less space. That will mean fewer vessel voyages and truck trips to reposition equipment, they say. A number of ocean carriers and freight forwarders reportedly have expressed interest in the foldable boxes.

Those towering piles of empty containers at shipping terminals around the world may eventually be cut down to size, and it won't be because there are fewer of them. If a venture by a pair of engineering professors from the Indian Institute of Technology and a former banker succeeds, ocean carriers and equipment leasing companies will be able to fold up the big steel boxes for storage

(Reprinted from Sea Air Cargo Logistics, Inc e-News: Intl. Trade and Transportation)

## News

### Pallets move the world

The timber pallet industry is facing tough times. Besides having to deal with the ongoing issues related to health and safety and environmental concerns, the effects of an unavoidable global economy is shaking the way traditional timber pallet manufacturers operate. With international trade came the need to standardize the supply line and to increase pest controls across frontiers.

This export related initiatives are having major consequences as the Animal and Plant Health Inspection Service (APHIS) — with the UN and WTO's support — is contemplating the introduction of a final rule to entirely eliminate the use of wood packaging materials. In response, Mr. Bruce Scholnick, president of the National Wooden Pallet and Container Association (NWPCA), pointed out that if such a goal is reached it would not only destroy an industry, it would significantly increase costs for shippers — which would ultimately be passed on to consumers — and that these replacements would be an environmental disaster.

What are the alternatives? Metal pallets are currently in limited use for transporting goods by air, are extremely heavy and expensive and would not likely be used in any large quantity. Plastic pallets on the other hand are approximately four times the cost of wood pallets and are not biodegradable or easily recyclable. Generally corrugated pallets are not weather resistant and have load carry limitations. Cost arguably remains the largest concern when it comes to comparing wooden pallets to any other type of handling material. But even with the cost advantage of traditionally large volumes, can the timber pallet survive a more global and strict focus on pest control?

Talking about corrugated the present situation of this industry, which, at least in the United States, is facing its toughest set of industry dynamics in fifty years? The International Corrugated Case Association (ICCA) indicated that the 2002 regional share of corrugated production/shipments was evenly spread out amongst the US, Asia and Europe, sharing almost 30 per cent of the market share each. According to the European Federation of Corrugated Board Manufacturers (FEFCO), in Europe corrugated demand will grow from the current

level of 29 billion sq.m and reach 33 billion sq.m by the year 2006 and anticipate that corrugated will continue to succeed in displacing wooden packaging in a variety of sectors. Choices for corrugated box makers are daunting, with overcapacity, plant closures, reduced profit margins, and the loss of customers to overseas locations. Once again the effects of the global economy are shaking the roots of a solid industry. Internal challenges for the corrugated industry include venturing into new markets, introducing new products, embracing new technology, increasing margins and reducing prices.

### Evolving challenges

Retailers, as well as pallet purchasers, are driving the decision-making for pallet requirements. Pallet providers need to play a consultative role with their customers to discover the real needs of not only end users, but also their customers. As presented during the "Deliver the Goods End User Panel" organized by the NWPCA at their Annual Leadership Conference here is some insight of what the future holds for the packaging industry.

- Mr. Ronald Ree, Corporate Manager of Packaging, Wal-mart Stores Inc. commented "We're looking at safety, cleanliness and durability. We do not want any metal crates, wood crates and those kinds of platforms coming into our distribution centers."
- Susie Burleigh, Staff Engineer, IBM Corporate Packaging stated, "I see us using different platforms, for example maybe different alternative designs or different handling equipment will be available. We may also move toward alternate materials."
- Mr. Robert Rankin, Manager Packaging Procurement, Armstrong World Industries, Inc. pointed out, "I think we're all going to be looking for ways to reduce cost by looking at alternative products and materials to use."

Australia's supermarkets giants are striving to reduce cost that can be reflected on the customer's bills. The logistics and packaging areas of the supply-chain are under severe scrutiny to implement efficiencies to change the way suppliers supply into retailers distribution centers. For Woolworths and Coles Myer the objective is to reduce inventories, increase transport efficiency and bring on-shelf availability to best world

(Continued on Page 14)

**GHRC Executive Board Officers:**

**Carl Lilieberg 757-896-5335  
Chairman**

**Charlie Littleton 757-857-1311(4203)  
Membership Vice Chairman**

**Rick Treto 757-578-3338  
Finance Vice Chairman**

**Lee Morris 757-464-5252  
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**SOLE Information**

**SOLE-The International Society of Logistics is a nonprofit professional society composed of individuals devoted to enhancing logistics technology, education, and management. For further information on SOLE or this chapter, contact any of the individuals listed on the front page of this newsletter.**

(Continued from Page 12) : **Pallets Move the World**

practice. According to these retailers there is room for improvement when it comes to moving the goods straight from distribution centers on to shop floors. Moving the goods from the store's dock and stacking the display shelves represent the most expensive 50 meters of the supply-chain. Hence, there is a latent need to more efficient shelf-replenishment systems to cut out product handling and get goods to the point of sale faster. For example, according to BRW, Coca-Cola Amatil is testing direct-into-store pallets, which present merchandise without boxes having to be opened or handled. In other words there is the need to develop multi-purpose packaging and handling materials that can have more than one application to simplify the supply-chain, from transport and storage items to merchandising and display devices.

Walmart on the other hand, is requiring its top 100 suppliers to use EPC (electronic product Code) technology at the case and pallet level by 2005. It has been estimated by Allied Business Intelligence that the global RFID market will grow to more than \$3.1 billion by 2008. Retailers are obviously not only seeking the benefits of inventory and labor cost savings but also to have more control over the product distribution channels. But, what would be the implications for pallet makers? Beyond the obvious financial expenditure impositions there would be technological issues to overcome. Mr. Ralph Rupert, research associate with

Virginia Tech's Center for Unit Load Design, said, "Putting an RFID tag on a wood pallet is like attaching a license plate to a car in a demolition derby." Virginia Tech's initial research shows that the tags might last multiple trips but would certainly not survive 10 trips."

Since nobody knows when a tag might give out due to forklift damage, the poor impact resistance of RFID could affect the reliability of technology. Researchers have worked with encasing tags in polypropylene and polyethylene plastic sleeves because more durable plastics affect signal strength. Mr. Rupert added, "It will be difficult to make these tags truly durable and cost effective for wood pallets at this time. Beyond protecting the tag from damage, the moisture in wood pallets tended to act as an energy sink for the radio frequency

On the other hand, there is news that product has been contaminated during transport because of the chemicals used to treat the pallets/containers e.g., Coca-Cola's Belgium recall in 1999. To prevent this, the Food and Drug Administration (FDA) and HACCP are adopting new food safety measures to assure packaging does not adversely affect the quality of food. Although these measures have not yet reached the status of a rule, more and more customers are demanding that manufacturers utilize FDA approved products and that food safety programs are in place at their plants.

(Reprinted from Green Pallet Inc. Internet Article)

#### **TRANSCOM MERGING ARMY AND AIR FORCE PORT AND TERMINAL SYSTEMS**

The Department of Defense is merging existing Army and Air Force systems to create a single port and terminal processing and management system. Under the U.S. Transportation Command's Port Management Automation project, the Worldwide Port System (WPS) used by the Army's Military Surface Deployment and Distribution Command will migrate into the Global Air Transportation Execution System (GATES) used by the Air Force's Air Mobility Command. WPS and GATES have worked separately to provide different services to the same cargo and military passengers. The new system will reduce duplication, provide cost savings, and enhance capabilities.

During the first phase of implementation, in November 2008, regional databases at Fort Eustis, Virginia; Wheeler Army Air Field, Hawaii; and Rotterdam, the Netherlands, migrated into the GATES central site at Scott Air Force Base, Illinois.

In the second phase, the WPS terminals at SDDC surface ports will be replaced with remote and deployable GATES servers and the SDDC business process servers at four sites will be replaced with GATES architecture. This phase is scheduled to begin in November. GATES then will support surface terminal, aerial port, and Defense Courier Division cargo and passenger processing and manifesting operations to the joint warfighter.

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## Defense Acquisition Human Capital Challenges and Opportunities

Anita K. Blair

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About 25 years ago, I spent 11 months in trial on a case involving the procurement of the High Mobility Multipurpose Wheeled Vehicle, or HMMWV. The dispute in our case centered around the design of the armored version of the HMMWV.

At that time, nobody was thinking about improvised explosive devices. To the extent anybody thought about the threat of mines or rocket-propelled grenades, they probably thought, “No way could we produce a vehicle armored against those threats within the weight bogey and the other specifications we’re required to meet. That would be another vehicle altogether.”

Although the Jeep had been in use for 40 years before it was replaced, I don’t think the designers of the HMMWV believed their vehicle would be used for 40 years. Yet here we are, almost 30 years later, still using HMMWVs.

What has that story got to do with human capital? My intense experience learning about the original HMMWV armor design and engineering actually taught me about the extraordinary importance of people in the national defense.

Working on the case, I needed to formulate what lawyers call “the theory of the case,” or what others might just call “the big picture.” When I asked myself some basic questions to understand what was really going on, the narrative always led back to the human element.

First, why put armor on a vehicle at all? After all, it would be a lot easier and cheaper to leave the armor off. But vehicles—just like airplanes, ships, and submarines—have people inside them. We have to care about their safety and protection. Second, why put people in vehicles? Because it really is true that “In the 21st Century, our most sophisticated weapons system is the human brain, and our most valuable asset is our people,” as noted in the 2007 Department of the Navy human capital strategy. Artificial intelligence and unmanned vehicles are getting to be pretty good, but here is still no substitute for the human operator.

That is even truer today than in the past. Today’s conflicts demand tactical competence as well as tact and sensitivity on the part of our warfighters. Their job is not only to defeat the bad guys, but also to win over people and behave in such a manner that the folks back home—and across the world’s stage—will approve.

That applies to the warfighters on the front lines, but what about those of us in the acquisition workforce? One big lesson I learned from my adventures in acquisition is that it takes a village to build a truck. Warfighters are the users, but they are not the only people involved. Vehicles don’t conceive, fund, design, manufacture, distribute, and maintain themselves. The whole supply chain is populated with people who specialize in those roles. I would venture to say that defense acquisition is one of the most complex business ecosystems in the world. Acquisition stakeholders include just about everybody in America, and many outside America as well.

Even though we tend to think of the acquisition “business” as focused on things, the real core competency of defense acquisition is, it seems to me, exercising judgment—analyzing needs, developing rules, assembling options, understanding tradeoffs, and making good choices. It is all work that may be aided by technology, but it’s work that fundamentally requires people to do it.

### Seeing the Whole Picture

The challenge for the acquisition workforce is a common one in the so-called human resources realm: to ensure that the institution manages its human capital like an asset and not just as overhead expense. To do this effectively, leaders and managers need to see the whole picture.

You may remember the fable of the six blind men who asked to meet an elephant because they had heard so much about the mighty beast. They were led to the place where the elephant was kept, and each one grasped a part of the beast and thought, “This must be what an elephant is.” The blind man holding the trunk said the elephant was like a snake; the one gripping the tusk said the elephant was like a spear; the one touching the ear said the elephant was like a fan; the one feeling the body said the elephant was like a wall; the one clasping the leg said the elephant was like a tree; and the blind man clutching the tail said the elephant was like a rope. But, of course, the elephant is none of these things; it’s an elephant!

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in the same way, we need to grasp the whole picture of our enterprise or else we will mislead ourselves. We will fail to define the right issues and we will adopt solutions that don't will allow problems to persist and grow.

### An Organic Human Capital System

Working on the Department of the Navy human capital strategy, I found a persistent theme of the silver bullet. Here and there were lone rangers who believed they had the one and only answer. They would say, "If only we can fix compensation," or "If only we can get the IT system we need," or "If only we can define competencies ... then that will solve everything!" In fact, we need to do all those things, and we need to do them in a coherent and coordinated manner.

During my time in the Department of the Navy, we developed basic model for the elements of the total system of human capital management. We found that there are five basic categories of issues that always need to be considered:

**What is the work?** We define work in many ways: mission, capabilities, requirements, tasks, conditions, and standards. The mission is top priority, so we always start with the work.

**Who are the workers?** We operate with a total force of military (active, reserve, and National Guard) and civilian, including government employees, contractors, and nongovernmental organizations and volunteers. Workers have various qualifications and competencies, including aptitude, experience, education, certifications, knowledge, skills, and abilities.

**How is the workforce structured?** Organizational design helps identify the right rules, roles, responsibilities, relationships, accountability, and authorities.

**What processes apply?** Processes help us measure and move work and workers through the system. Processes include:

- Inputs (data, information, knowledge)
- Applications (e.g., to define, measure, analyze, improve, control)
- Outputs (products, measurable effects).

**Why do workers work?** What motivates them and the system? Compensation is often the first thing people reach for when they want to manage a workforce, but that's like assuming the gas pedal is the key to driving a car. It's necessary, but not sufficient. And in the case of compensation, other motivators and rewards—inspirational leadership, development opportunities, a

desire to serve—may be as good as or better than money for a lot of people

An excessive focus on compensation can lead to results that are not only nonproductive, but counterproductive. Workers will accept the extra money, but they won't change their ways. Some may even feel insulted or angry that their higher motives were devalued by management. So in the Department of the Navy's case, when we wanted to see the elephant of our human capital strategy, we acknowledged that we weren't dealing with a snake or a wall or a rope, but an organic system.

For example, competencies are key, but they must relate to the work, so you have to understand what the work is. You need processes to keep track of where competencies reside in your organization, you need an organizational structure to be able to distinguish levels of competency, and you need motivational tools such as compensation and benefits to get workers to acquire the right competencies. Merely adopting a list of adjectives and declaring them competencies is insufficient without attention to all the other elements of the system

### Guiding Principles

The other big-picture tool that was important in developing and executing the Department of the Navy's human capital strategy was providing sets of guiding principles. I mentioned earlier that there are some things we can't rely on machines to do, and exercising judgment is one of those things. As we sought to manage the elements of human capital, we found that we needed some guiding principles to aid our judgments; those principles fell into four categories:

- **Mission:** The mission defines and determines what we do. We concentrate on excelling in required capabilities and core competencies.
- **People:** People make the difference. People are our most valuable asset. We invest in, cultivate and develop people in a lifetime of service.
- **Change:** A rapidly changing world demands that we be agile, flexible, and adaptable. We pursue continuous improvement and encourage lifelong learning.
- **Value:** We cannot afford to waste time, money, or lives. We make well-informed choices in managing our total force to provide the best value for America.

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For the acquisition community, the challenge is real and it's big. Recently, the secretary of defense singled out acquisition and contracting reform as one of the principal objectives of the DoD budget. He said, "Fully reforming defense acquisition also requires recognizing the challenges of today's battlefield and constantly changing adversary. This requires an acquisition system that can perform with greater urgency and agility."

As I hope I've demonstrated, the acquisition system is not a collection of stuff. It isn't run by machines; and it isn't a snake, a fan, a wall, a tree, or a rope. The system is you; the system is us. The system is people engaged in a big, important enterprise, in a coherent and coordinated manner, judgments in a principled manner.

The good news is, you can do it. I have the highest respect for the people in the acquisition community. You have a huge responsibility, major challenges, and many critics, but much to be proud of. I don't believe you get the credit you deserve, but I know you will continue to perform your duties, and you'll rise to any challenge, including the challenge of mastering change so that it's change for the better, not for the worse.

*Note: This article is based on remarks the author gave at the 2009 Defense Acquisition University Alumni Association Acquisition Community Symposium, held April 14, 2009.*

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Happy Independence Day