



CHEP's MABIO COSTA WINS THE 2004 TRIATHLON WORLD CHAMPIONSHIP

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OUR MISSION

- To be the world's leading provider of innovative solutions in equipment pooling systems
- To use our outsourcing expertise to add exceptional value in the eyes of our customers
- To create superior shareholder value through our people and their enterprising spirit

OUR VALUES

- All things begin with the customer
- We believe in people and teamwork
- We have a passion for success

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MARK LUBY
PRESIDENT, CHEP EUROPE,
ASIA-PACIFIC AND AFRICA

Dear CHEP Employee:

Congratulations on a job well done!! Our overall business demonstrated considerable progress in fiscal year '04, and we have many successes and accomplishments to highlight. Many of these initiatives were ambitious and challenging, but the commitment of the CHEP team, at all levels of the organization, resulted in a year of progress and strong momentum as we move into the new fiscal year.

As we recap some of our accomplishments below, please note that our progress on these key initiatives is helping us to improve both BVA and Customer Satisfaction.

Perfect Trip – Our core, quality program to improve BVA and Customer Satisfaction was aggressively deployed in a consistent manner in all CHEP regions. After training 1,300 employees on basic Six Sigma methodology and completing more than 100 projects, we're beginning to see immediate results: Documented savings of US \$12 million; 50 percent reduction in manual transfer reporting transactions; 2 percent improvement in TRI*M customer satisfaction index, and reduced DSO from 72 to 64 days.

1 CHEP Standardization – With the support of all regions and functions, we achieved an ambitious goal of training all employees on the



DAVE MEZZANOTTE
PRESIDENT, CHEP AMERICAS

ABC model and metrics. We also standardized our Finance and HR policies and published them on everyday.chep.com. Four 1 CHEP employee newsletters were published with outstanding reviews by employees. We standardized our service menu and introduced CHEP STANDARD, PLUS services, a simplified customer agreement and an Activity-Based Pricing Architecture based on our costs and usage of pallets and containers by our customers. Our 1 CHEP culture is now well established!

Talent Pool Management – Our people continue to be key to the success of the company. We remain committed to retaining the best employees and fostering their professional development and success. Accordingly, 100 percent of salaried employees were trained on the PDP process. We also recruited 19 high-potential MBA graduates in our LDP program, and implemented Six Sigma training to improve our problem solving skills.

Innovation – We continue to pioneer new processes and technologies to add value to our products and services. We are proud to be the leader in developing, testing and, through our standard PLUS ID service, offering pallet-level RFID tags. Also, as soon as our customers are willing to pay a small premium, we are ready to



WELCOME



launch the much anticipated, fire-retardant plastic pallet.

Risk Management – Safety in the workplace, particularly in our Service Centers, remains an important priority. Last year's safety initiatives resulted in a 40 percent reduction in Lost Time Injury Severity Rate (LTISR). In addition, the overall control effectiveness rating for the top 10 CHEP risks increased from 6.7 to 7.3. The bottom line is we have made significant progress in ensuring that CHEP is a safer place to work.

Asset Productivity – We made significant progress in improving Asset Productivity in FY04. Our results included: improvement in pool growth efficiency from 70 percent to more than 300 percent; reduction in new pallet purchases by 22 percent and a 7 percent increase in revenue per total stock unit.

Pallet volume and pricing – Although our overall revenue growth was below target, we implemented TRIPS enhancement features to facilitate distributor segmentation and enable channel pricing. As such, revenue per issue (\$/i) increased 4 percent worldwide. We also made progress growing in existing customers, implementing price adjustments where necessary and adding new customers.

Operational Cost Efficiency – Manugistics is now fully implemented in the USA and Europe. This will help us better serve our customers and more efficiently plan delivery and collection. We also developed a global SOP for pallet and RPC conditioning, ensuring high quality CHEP standards for our products. And a global standard service center design has been completed for small, medium and large service centers.

Container Business Growth – We continued to drive revenue growth, margin improvement, and reduced our container business capex by 20 percent. The new RPC global design production is ready for a variety of sizes at a 28 percent cost reduction. In addition, the CCC business had

an outstanding year, delivering 35 percent growth in revenue and 120 percent increase in BVA.

Internal Controls and Processes – Through the 1 CHEP standardization, Perfect Trip initiatives and rigorous decision-making, we were able to reduce overhead costs by US \$25 million. We also initiated and completed many new standards, controls and processes, all of which are posted on everyday.chep.com.

These accomplishments were a result of the perseverance and hard work of all of you who truly believe in CHEP and those standardization initiatives we targeted as most important to our business improvement efforts.

Implementation of change is never easy; it takes commitment and effort by everyone at CHEP. We would like to take this opportunity to thank each and every person on the CHEP team. We should be proud of our accomplishments. In this new fiscal year, we challenge every individual to continue to seek opportunities to enhance our customers' experience through ongoing process improvement. As we improve our reputation for hassle-free services, operational excellence and cost efficiency will follow, as will Customer Satisfaction and BVA – Everyday.

Sincerely,

Handwritten signature of Mark Luby in black ink.

Mark Luby
President, CHEP Europe,
Asia-Pacific and Africa

Handwritten signature of Dave Mezzanotte in black ink.

Dave Mezzanotte
President, CHEP Americas

OPERATIONAL COST EFFICIENCY

CHEP & RECALL IN CROSS-COOPERATION

SISTER COMPANIES HELP EACH OTHER IN SALES AND SAFETY INITIATIVES

The CHEP sales team in Toronto, Canada, has become quite familiar with the services offered by sister company Recall. Likewise, Recall's sales force there can cite the features and benefits of pallet and container pooling. Their efforts to learn each other's business are starting to pay off in a cross-selling initiative. It's aimed at generating sales leads to enhance the BVA potential for both organizations, relates Jason Adlam, Director, Sales, CHEP Canada.

"We're trying to leverage the efforts of both CHEP and Recall. When we're visiting a prospective customer and talking about our own products and services, the idea is to determine if there's an opportunity for our sister company to get in there, as well," says Jason. "This initiative is a great way to maximize our sales opportunities and grow the business for both companies."

The Toronto sales teams of both companies have been meeting for monthly breakfasts to discuss mutual prospects. "We spent a lot of time educating each other about what services both companies offer when we first started this project," relates Katharina Van Asten, Senior Sales Executive, Recall Canada's Document Management Division, who personally was familiar with CHEP, having come from a logistics background. "This initiative allows us both to identify appropriate synergies for our customers and leverage our relationships to relay those offerings." She notes that the potential for mutual benefits is so great she expects the initiative eventually to spread throughout Canada, then to Brambles operations in the USA and other areas of the world.

SHARING SAFETY PRACTICES

Cross-business cooperation also contributed to the quick development of Recall's behavior-based safety initiative, called the ReSolve safety system, which was launched in January. Gary Eaton, CHEP's Safety & Risk Manager, was one of several CHEP participants "deputized" into the Recall family by Mark Alvarez, President, Recall North America, for their outstanding support. Gary worked with Recall's safety team to assess the existing situation and show them the benefits of implementing a behavioral safety system similar to CHEP's. "That started the relationship of what I like to call a 'Partnership for Prevention,'" he notes.

Recall, with world headquarters in Atlanta, Georgia, is the global leader in total information management. Recall services include Secure Destruction Services (SDS), Document Management Service (DMS) and Integrated Data Solutions (IDS) to facilitate knowledge sharing.

Recall Corporation understands the value of those assets and, as the global leader in information management, has the resources to comprehensively manage all stages of the information lifecycle. As part of the Brambles family of global support services, Recall operates in 83 cities and 23 countries across five continents.

Recall's offerings include:

- *Document Management Services (DMS), which provides reliable and efficient long- or short- term off-site document storage and retrieval; off-site*
- *Data Protection Services (DPS) that keep your data safe, no matter what, supports contingency planning, and protects your intellectual property assets*
- *Secure Destruction Services (SDS) that ensure the proper disposal of your company's valuable information and physical assets*
- *Integrated Document Solutions (IDS) that unite physical documents and digital data into one automated electronic document and content management system*

"Anytime Brambles can share best practices across business lines, we only become stronger."

— Doug Duskin, VP Finance, Brambles USA

CHEP LOST TIME INJURIES DOWN 36 PERCENT

CHEP's Behavior Safety System is working to reduce the frequency and severity of workplace incidents, reports Gary Eaton, Safety & Risk Manager. The Lost Time Injury Frequency Rate (LTIFR) is down 36 percent compared to last year, and the number of LTI's has been reduced by 36 percent in that period. The Lost Time Injury Severity Rate (LTISR) represents a 43 percent reduction vs. prior year results.



OPERATIONAL COST EFFICIENCY



Katharina Van Asten, Senior Sales Executive, Recall Canada and Jason Adlam Director, Business Development, CHEP Canada



Charles Pusateri, Maintenance Expeditor, CHEP USA and Mike Barton, Maintenance Supervisor, CHEP USA


Michelle Schirm, Insurance Specialist in Recall's Risk Management Department, was a key member of the safety team. The core team included frontline employees from the 17 Recall locations where the ReSolve system would initially be rolled out, she notes. Michelle worked closely with Gary in modeling the system after CHEP's and tailoring it to the needs of Recall.

PARTNERSHIP FOR PREVENTION

"Partnership for Prevention is very appropriate," she says. "I think one of the things that shocked our Core Team was that the CHEP injury prevention team members who presented the SMART team@work process to us were not the ones who had created it. They were third or fourth generation employees. That really hit home with our team members as they realized that the process would continue to grow, mature and live on, and that it does impact the culture and change the fabric of the company," she says.

At the 17 sites where ReSolve was implemented, direct claim costs have been reduced by 71 percent vs. the same period last year, Michelle reports. "As we start reducing our claims, eventually that will impact our insurance premiums as well as our direct and indirect claim costs," she relates. Recall intends to eventually roll the safety system out to all 130 of its sites in North America.

"The kind of cooperation we are seeing between CHEP and Recall is rare in the corporate world," says Bill Murphy, VP, Sr. Consultant and Asst. Director, Aon Risk Services. He served as a facilitator in the development of both CHEP's and Recall's behavior-based safety initiatives. "The wonderful thing is that they are saving time, effort and cost – from a productivity, quality and safety perspective. I give Brambles the credit for encouraging such cross-business cooperation," he adds.

Doug Duskin, VP Finance, Brambles USA, was also involved in facilitating the initiative and development of the ReSolve system. "Since CHEP had already implemented an excellent behavior-based safety program – which is a great success story within the corporation – it didn't make sense for Recall to start from scratch to develop its program," he says. "Anytime Brambles can share best practices across business lines, we only become stronger." 

recall

OPERATIONAL COST EFFICIENCY

GETTING BACK ON TRACK

CHEP WORKS CLOSELY WITH STRUGGLING UK DISTRIBUTOR

A distribution company in the UK was struggling financially to stay with CHEP. Investigations had revealed potential surpluses, which generated negative stock. Credit rental was being used to offset other activity on invoices, impacting heavily on the total billed revenue. Money owed to CHEP totaled €181,000 (\$336,020), and the company had not paid anything in 12 months, reports Jean-Luc Guenard, Director, Sales & Customer Service, Transporters and Intermediaries, CHEP UK and Ireland. It was his job to try negotiating a settlement and salvage the relationship.

CHEP placed an implementation team within the distribution company to help set up their individual accounts for different sites and order them to make sure the right number of pallets were in place. That worked for the first 12 months, but slowly the figures started going awry again. "We were keeping our eye on how the actual equipment was moving within their circuit but missing what was happening financially. They had slipped into a major credit balance physically with their pallets, returning more than they actually had on hire," Jean-Luc relates.

After a thorough analysis of the company's financials and enduring difficult negotiations on payment issues, the CHEP team successfully recovered payment owed to the company. "While this was a sensitive

"Instead of losing them as a customer, we were able to get them on the proper course and keep them. It was well worth the extra effort."

– Jean-Luc Guenard, Director,
Sales & Customer Service, Transporters
and Intermediaries, CHEP UK and Ireland

situation, the customer has complimented CHEP on our professionalism; in fact, they've asked us to come back in to redefine their business once again," Jean-Luc continues.

Without the help and support of commercial finance, Jean-Luc feels he would have struggled to complete the deal with the customer. "But today they are in a debit balance and are paying CHEP what they should be for this year as well as outstanding payments for last year," he notes. "Instead of losing them as a customer, we were able to get them on the proper course and keep them. It was well worth the extra effort." [↩](#)

NEW PALLET NAMES

STANDARDIZED PRODUCT NAMING ENSURES CONSISTENCY

A new pallet naming structure that standardizes the names and descriptions of all CHEP pallets was recently developed and introduced. Every pallet now has a standard six-digit product name that identifies the pallet's type and its dimensions.

The new names are built around a naming convention that ensures consistency and shares key information about each pallet directly in the name. This represents a big step forward from the current naming convention and offers significant benefits:

- ➡ One global standard for identifying CHEP pallets
- ➡ Ease of reference, both internally and for an increasing global customer base, externally
- ➡ A unique name for each type of pallet

Prior to the standardization, there was some confusion with duplicate pallet names, and, in most cases, the name did not describe the pallet type. By standardizing, the pallet name now provides more information (type and dimension). It is very important to understand that only the pallet name has changed, not



Bo Sjoeborg, Director, Product and Service Marketing, led the naming convention project.

the product code; the product code continues to reference the pallet name.

The new names are being introduced to our customers gradually over the coming months, with references incorporated into new printing of product and service literature. In addition, our invoices will indicate the existing product code, the new pallet name and its description.

The CHEP intranet hosts several tools that will help employees become familiar with this new standard naming convention, including a PowerPoint Introduction, Frequently Asked Questions and a Pallet Name Reference Guide – which lists the new names for our top 28 pallets. You can locate these tools under Products and Services / Pallets / Tools and Materials on <http://everyday.chep.com> [↩](#)

WHAT'S IN A NAME?

For example, the Code 01 Block Pallet primarily pooled in Europe now becomes known as the B1210A. The first character represents the type of pallet. There are three types: B-Block, S-Stringer and P-Plastic. The next four numbers represent the length and width of the pallet, in this case 1200x1000mm. The last character in the name differentiates pallets with an otherwise identical name. Each type of pallet is assigned a letter, starting with A and continuing through the alphabet as required. This last character is not linked to any specific design characteristic of a pallet.

HANDLING CHEP EQUIPMENT

METRO GROUP TEAM SEES BEST PRACTICES AT VILLINGEN SERVICE CENTER

The CHEP Service Center in Villingen, Germany recently hosted 10 members of the METRO Group Asset Management team to demonstrate inspection, conditioning and standard operating procedures (SOPs) in handling CHEP equipment. Pallet procedures are being standardized at all METRO distribution centers and outlets.

Manuel Benito, Key Account Manager, CHEP, explained the ABC Model, focusing on the operations in Germany. He also used relevant examples, such as peak demand periods in December and January, when service centers typically experience the highest damage rates.

Volker Gebauer of CHEP Operations discussed the Visit Report, which is a special form explaining how inspections and conditioning operations have been performed, as well as the ECOS (European CHEP Operation System) orders process.

The group later toured the service center to get an understanding of the different stocks. Rolf Weidenbach, Dieter Klotz and Gianfranco Voto of CHEP Operations demonstrated the criteria for the inspection of individual pallets and proper handling practices. As a result of the visit, the METRO Group Asset Management were trained in the proper handling of CHEP equipment, which is expected to have a positive influence on future cooperation. ➡



Members of the METRO Group's Asset Management team and CHEP personnel at the Villingen Service Center.

BLUE CODE HERO & HEROINE

Mark Luby, President, CHEP Europe, Asia-Pacific and Africa, presented bottles of champagne to top achievers in the BlueCode, asset recovery program, by offering prizes and recognition to CHEP employees in Europe. Recipients of the awards went above and beyond the call of duty to report stray or misused CHEP pallets. Katia Di Benedetto, Executive, Asset Management, CHEP Italy, was named

a BlueCode Heroine. Diego Barone, Network Administrator, CHEP Italy, was named a BlueCode Hero. Mats Looman, Asset Field Executive, CHEP Norway, received the Silver Award for his dedicated work to the program. ➡



Diego Barone receives BlueCode Hero award from Mark Luby



Katia Di Benedetto, receives BlueCode Heroine award from Mark Luby



Mats Looman receives the Silver Award from Mark Luby



SUPPLY CHAIN

MEET CHEP CONSULTING

SUPPLY CHAIN SERVICES TEAM SHOWS CUSTOMERS VALUE OF CHEP

For two years, a dedicated supply chain services team within CHEP USA sales has worked as business consultants, demonstrating




The CHEP team includes (From left) Mike Boersig, Manager, Supply Chain Analysis; Bill Pregliasco, Director, Supply Chain; Greg Ferraro, Manager, Supply Chain Consulting; Lane Pence, Manager, Supply Chain

to potential customers the savings they can expect by switching to CHEP pooling. "This value-added resource uses supply chain modeling, forecasting techniques and sophisticated cost analysis formulas to help both new and existing customers understand the true value that CHEP provides," explains Kevin Shuba, SVP, Distributor Programs.

"With customers who are willing to disclose to us the costs associated with their current system, we have had a tremendous success rate in showing them what the savings will be by going with CHEP," relates Kevin. The team has worked with CHEP USA in the areas of pallets, RPCs and automotive containers, opening new opportunities for the company. Feedback from customers who have benefited from the consultation has been very positive.

Bill Pregliasco, Director, Supply Chain, CHEP USA, heads the consulting team of three supply chain managers. "We work with prospective customers to develop the value proposition as it exists in their businesses," Bill says. "The value of CHEP resides in at least five different areas. To determine a company's costs, we look at pallet procurement, warehouse efficiency, pallet management, transportation and damage." The team also works with existing customers to revalidate the value CHEP delivers.

Because the CHEP program involves so many facets of a prospect's operation, it's incumbent upon the company to look into each of those areas and make sure the customer understands the true value that CHEP represents to the business. 

CHEP FOR RFID REALITY

TRADE & MEDIA EVENTS PROMOTE PLUS ID PALLET OFFERING

CHEP has been actively promoting the RFID-enabled PLUS ID service offering, hosting an event for the news media in Orlando and participating in events in Brussels and Cologne. The company introduced the PLUS ID value-added pallet offering last November after completing more than five years of research and development work. The result is an EPCglobal standards-compliant, 100 percent read-capable RFID solution for our customers who require electronic, pallet level, tracking capabilities.

In Brussels, CHEP demonstrated the capabilities of PLUS ID and RFID technology at the ECR Europe Conference in late May. More than 3,000 visitors from 50 countries participated in the conference. CHEP's messages of global presence, quality and innovation were promoted through displays in a 258 square-foot (24 square-meter) booth, where the main focus was on PLUS ID.

Andy Robson, Manager, Business Development, CHEP, shared the stage with representatives from Accenture, IBM, Aldata and Checkpoint in a program entitled "RFID Reality in Europe." He noted that the introduction of CHEP's PLUS ID offering serves to position the company as a supply chain innovator. "We see intelligent pallets as a means to provide potential savings to our customers via our superior technology," he told the audience.

Mark Luby, President, CHEP Europe, observed: "RFID technology has the potential

to drive tremendous cost savings throughout the supply chain. CHEP is uniquely positioned to enable manufacturers and retailers to adopt and apply the technology and realize those cost savings." He encouraged CHEP customers to take advantage of our RFID experience and testing facilities.

Also in May, CHEP participated in an RFID Congress in Cologne hosted by the METRO Group for its technology partners in the Future Store Initiative. That initiative involved an integrated RFID system in a prototype retail store and distribution center. RFID applications in the initiative range from tagged CHEP pallets and case tracking/receiving to item-level tracking on smart shelves and self-checkout. About 600 guests participated in the METRO Congress, which included presentations by the Group's technology partners and a video demonstration of the PLUS ID pallet capabilities.

In March, CHEP hosted reporters and editors from newspapers and trade magazines at the CHEP offices in Orlando, Florida, USA. The journalists toured the CHEP Innovation Center and Service Center where they observed RFID pallet tracking in action.

David Mezzanotte, President, CHEP Americas, commented: "Because the pallet is the primary constant as products move through the supply chain to the retail store, CHEP is the natural RFID enabler. Our PLUS ID service is a cost effective, pragmatic first step for companies seeking the collective benefits of this superior technology," he said.

"CHEP has long believed that pallet-level RFID tracking would provide significant benefits for customers who track and acquire real-time data. For this reason, we continue to be actively involved in the global standardization process for supply chain applications of RFID technology," he added. 



CHEP booth at ECR conference, Brussels

SERVING SPANISH SUPERMARKETS

GRUPO EL ÁRBOL FAVORS THE CHEP PALLET POOLING SYSTEM



1CHEP interviewed **Miguel Angel Martín**, **Logistics Director of Grupo El Árbol**, a chain of 430 small to medium supermarkets located mainly in northwest Spain. He discussed the distribution challenges involved in supplying more than 4,500 different products, plus fresh produce, to the neighborhood markets from a network of a dozen warehouses.

1CHEP: How long has the palletization of merchandise been predominant in your supply chain?

Mr. Martín: It may be a complete coincidence, but it is a fact that until the implementation of the first pool of pallets in Spain, which was by CHEP in 1988, the level of palletization was practically none. Yet today I do not believe it would be conceivable to live without the palletization of merchandise.

“The three main things that describe CHEP are: reliability, availability and ease.”

– Miguel Angel Martín, Logistics Director, Grupo El Árbol

1CHEP: What advantages are provided by pallet pooling?

Mr. Martín: If pallets are not managed by a pool, major difficulties appear in full force. They are basically the following:

- Asset Control
- Maintenance
- Compliance with adequate quality standards
- Optimisation of the fleet of pallets in terms of sizing
- Optimisation of logistical costs of their movement while empty in a joint management arrangement

Pooling pallets also protects the environment since it ensures maximum usage of wood by taking special care of it because it is the main asset therein. Pooling also optimizes the rotation of pallets, reducing the size of the pallet fleet that is required.



1CHEP: Why is the choice of pallet type and quality important?


Mr. Martín: It is obvious that avoiding breakages of merchandise resulting from improper adaptation of the pallet to the product it holds are significant, but what cannot be accepted under any terms are the risks to employees which may be produced by deficiencies, whether because stored pallets fall or when they are put into motion by forklifts.

In order to avoid this, the pallets must fulfill the sufficient guarantees, including the raw materials used in them (quality, wood treatment, nails, design, etc.) and the maintenance to perform ongoing correction of the deterioration inherent to their use. Pooled pallets, such as CHEP's, guarantee fulfilment of all these requirements.

1CHEP: Can the CHEP solution contribute to cost reduction in the supply chain?

Mr. Martín: The reduction of costs occurs through decreased losses caused by pallets of inferior quality. Also, the CHEP system helps optimise the logistics of moving empty pallets to where they are needed most. Another factor is that CHEP pallets can be used directly in the sales area for displaying products. This enormously facilitates replacement on sales lines, saving time and increasing Customer Service due to the greater availability of the product by shortening replacement times.

1CHEP: What do you value most about CHEP pallet pooling?

Mr. Martín: The three main features that describe CHEP are reliability, availability and ease. The CHEP pallet pooling service fulfills all of these requirements, which is to be expected of an organization such as CHEP. For Grupo El Árbol, and, as I understand it, for all other Distributors, it is a service which hugely facilitates distribution operations. It is hard for me to imagine what it would mean not to have this service now that we have become accustomed to using it. 



PERFECT TRIP

ACHIEVING BLACK BELT STATUS

FIRST CHEP PERFECT TRIP TRAINING KICKS OFF IN EUROPE

Over the last few months, 27 CHEP employees, selected across various functions and regions in Europe, began a new journey into the world of Black Belt Six Sigma. In order to achieve a Black Belt, the highest level of Perfect Trip, participants completed a 15-day, intense course on Process Improvement through statistics and control.

"Essential to the training is that each participant enters the program having already identified a key CHEP Europe business priority for his/her Perfect Trip project", relates Lando Ferretti, SVP, Sales & Customer Service, CHEP Europe. "Adopting an improvement initiative gives participants hands-on training, rather than just a review of theoretical concepts." Projects focused on Days Sales Outstanding (DSO) Reduction, Reduction of Product Quality Complaints, Invoice Accuracy, Damage Ratio Improvement, Transport Cost Reduction, Time reduction in opening D Accounts, Reduction of defects in the account number translation process, and many more critical initiatives.

"The Black Belts are learning new ways of looking at problems, analyzing data and formulating improvements. We have Black Belts from all functions and countries and the team spirit is incredibly high as they all work closely together on extremely difficult subjects. This is a continual process and we are indeed planning another wave of Black Belt training potentially in January", explains Pranil Vadgama, Director, Perfect Trip CHEP Europe. "Moreover we are extremely proud that we could announce and honor our first CHEP certified European Black Belt



Black Belt Trainees, CHEP Europe

Carlos de Miguel, Manager Perfect Trip", he states.

In addition to the training, participants were also required to present their initiative at a monthly review meeting that gauged and evaluated the progress of each trainee. Black Belt recipients will move forward in leading additional Perfect Trip projects, which will further improve operational excellence and cost efficiency, and subsequently, customer satisfaction and BVA. ➡



THE DMAIC MODEL FOR IMPROVEMENT

The DMAIC Model is at the core of Perfect Trip problem-solving methodology. It relates to the various aspects of the process: Define, Measure, Analyze, Implement and Control. Perfect Trip teams follow DMAIC steps to determine the "As Is" portion of an existing situation, advance to the "To Be" portion of how it should be, and end up with process changes for sustainable improvement.

PERFECT TRANSLATION

GLOBAL PERFECT TRIP TEAM IMPROVES MULTILANGUAGE PROCESS

Communicating on a worldwide basis requires contracting for translation services on a large scale. A global team has used Perfect Trip process tools and methodology to improve the quality of translations in a cost-effective manner.

The team followed the DMAIC process, surveying users of translation services in the CHEP regions, analyzing the current process and determining a more effective solution. The team then researched capabilities and obtained cost bids from several translation services before selecting Roevin Translation Services, a UK vendor. The vendor will learn the style used by CHEP in communications and build a glossary of terms, which will ensure standardized terminology and help drive down the cost of translations. Julie Brignac, Director, Sourcing, CHEP Americas, who is a Six Sigma Black

ON-TIME DELIVERY

“PERFECT DELIVERY” PROJECT BOOSTS ON-TIME PERFORMANCE

A recent survey of CHEP USA customers indicated that on-time delivery performance is one of the most important factors in the customer satisfaction equation. “They also told us we weren’t doing very well in delivering on time,” relates Chris Murray, VP, Logistics. In fact, CHEP USA’s deliveries were on time only about 50 percent of the time, he notes. Improving that rate was the impetus behind a Perfect Trip project called Perfect Delivery – with 97 percent on time performance as its goal. Remarkably, the cross-functional team formed for the project has hit 91 percent in less than a year.

The project touched all parts of the organization, including Logistics, Operations, Customer Service, Planning, Sales, and IS, says Chris, who served as executive sponsor. The team identified the root causes that were driving that substandard and unacceptable performance and re-engineered the business processes to improve overall results. For CHEP, it means we are increasing service through increased efficiencies.”

Jay Morwick, Process Manager, Perfect Trip, who served as a mentor, relates that achieving the dramatic improvement meant fixing some



“Improved on-time performance increases customer satisfaction and loyalty, plus it is a key lever to future growth with existing customers through their increased advocacy and expansion of their business with CHEP.”

– Chris Murray, VP, Logistics

systems issues. “We went through the Perfect Trip DMAIC methodology to map out the entire process from when customers first place an order to when they receive it. From that, we brainstormed areas where things could go wrong and gathered a lot of data.”

Pareto analysis and other statistical tools were used to identify exactly where the breakdowns were occurring and to dissect specific markets, distinguishing differences between service centers, customers and transporters.

Bill Wade, Director, Operations, CHEP USA, and leader of the Perfect Delivery project, explains that the team engaged a broad spectrum of supply chain partners, including service centers and transporters, on a common objective. “As a result, we improved our infrastructure so that those who are engaged in the process get accurate information,” Bill relates.

Says Chris, “Improved on-time performance increases customer satisfaction and loyalty, plus it is a key lever to future growth with existing customers through their increased advocacy and expansion of their business with CHEP.”

Key objectives of Perfect Trip methodology are:

- Understanding the Cost of Poor Quality
- Understanding Variation in our process
- Recognizing Waste in our process and how to ‘lean it out’ or reduce it
- Understanding the concept of Value-added work vs. Non-value-added work and eliminating elements that do not add value

Belt and a key Perfect Trip resource, mentored the project.

“This Perfect Trip process is considered a global Brambles benchmark. It is expected to be implemented and utilized by all the Brambles business units,” says Julie. “As a result, we will ensure consistent quality in translations for the best price.”

Other members of the global Perfect Translation team included Silke Simon, Director, Marketing Communications, CHEP Europe and Jorge Schmidt, Director, Marketing, CHEP Latin America. Everyone at CHEP who uses translation services will be introduced to the new process in the near future.



KEEPING CHEP ONLINE

GLOBAL WEB TEAMS DRIVE COMPANY'S NET PRESENCE

More than 300 technical professionals make up the CHEP global Information Systems (IS) organization. Their job, relates Donna Slyster, SVP & CIO, is to focus on systems that make it easier to do business with CHEP.

"Those systems include our www.chep.com website, which we make available in seven languages, and Portfolio™, our Internet-based suite of e-Business tools, used by more than 15,000 companies globally," she notes. "Our web support teams work to provide the highest level of customer interface and information through easy-to-use web-based tools and technology."

Programming, quality assurance and maintenance of the CHEP website requires cooperation on a global scale. Administrative and quality assurance teams in the USA work hand in hand with developers in South Africa. Together they keep the websites and online applications up and running at peak efficiency. Uptime for chep.com is at 99.98 percent for the past year and 99.68 percent for Portfolio, relates Russell Milliner, Global Web Administrator, IS.

"Maintaining that kind of performance takes careful planning and thorough testing of upgrades – both our custom, in-house-built software and off-the-shelf software that our applications run on top of," Russell explains. "We perform thorough testing of applications before implementing any changes and maintain good backup systems for redundancy," he notes. "Multiple proxy servers ensure that access to the applications is secure to keep out hackers and other unauthorized users."

"Uptime for chep.com is at 99.98 percent for the past year and 99.68 percent for Portfolio."

– Russell Milliner, Global Web Administrator, Global IS

Multiple development teams around the globe work on different projects. Their applications are sent to the Quality Assurance team, also in Orlando, headed by Tim Arnold. "All the applications from developers go through our QA team to be checked out for any problems or issues to make sure everything works the way it is supposed to, including any new functionality," he explains. "It's our job to make sure the applications we put out will work as advertised."

ORLANDO-AFRICA LINK


In South Africa, Dale Tuck, Program Manager IS, project manages the CHEP Internet and Intranet - everyday.chep.com. Once requirements are completed and signed off they are handed over to the development team, headed by Wayne Trollip, Project Leader IS. The team handles all the development of the company websites in addition to other online projects.

"The pace is fast," says Dale. "We develop, test and deploy a new version of www.chep.com every four weeks and a new version of everyday.chep.com every 10 weeks," says Dale. In a month's time, chep.com has nearly 200,000 visits and everyday.chep.com has about 146,000 hits.

The Africa team has also become involved in developing environments for delivering content-rich knowledge management

systems over the Intranet, Dale notes. An example is a content management system, designed to stringent ISO standards, to support CHEP's ISO accreditation in Europe, UK and Iberia.

The system, called Eptelo, handles key aspects of document management such as dynamic document generation, automated review and approval cycles, as well as supporting the ISO audit processes. "Once complete, other CHEP (and even Brambles) business units requiring ISO accreditation will be able to use the system to satisfy the document management requirements of ISO."

According to SVP Slyster, Information Systems is a key enabler for CHEP to deliver value-added services to customers. "The effective application of our technology can be a differentiator in establishing supply chain value for our customers," she says. "We will continue to enhance our web-based and other business systems to ensure that consistently reliable information and services are delivered to our customers. Everyday. 



Customer Management System, CHEP, Africa rollout team - Brett Stoop, Siphesihle Madela, Ray Bartho, Fay Glennie and Grayson Govender



PORTFOLIO, CHEP, Africa team - Jose Soeiro, Russell Liss, Jacques Botha, Melanie Sim, Wayne Trollip, Dale Tuck and Karl Fischer

DISTINGUISHED AS CHAMPION TRIATHLETE


Mabio Costa, a member of the CHEP Global Support Center team, is the 2004 Triathlon World Champion. He earned the title by winning the gold medal in his category – Lower Extremity Single Below-Knee Amputee – during the recent competition in Madeira, Portugal. Mabio also won the Triathlon World Championship in 1996, and he is currently ranked among the top five in the world in his category.

He has always been a tough competitor, even after his left leg was amputated below the knee at age 12. A prosthesis enabled Mabio to continue to excel in athletic events. He represented his native Brazil in international swimming competitions, including the 1986 Pan American Games, where he earned two medals.

The next year he earned five medals in another international swim meet and later became a coach of the Brazilian swim team. Three years later, he became the first physically challenged athlete in South America to compete and win a medal in a triathlon race.

Mabio emigrated to the U.S. in 1990 to pursue his dream of making the triathlon a world class sport for physically challenged athletes like himself. He was a commission member of the International Triathlon Union of Physically Challenged Athletes from 1996 to 1999, when he helped create the standards and rules of the sport.

He is a motivational speaker for physically challenged people, making regular visits to schools and hospitals. “I really enjoy being a role model,” he relates. “The feeling I get when I can motivate people and make their lives better is greater than the joy I feel when I’m standing on top of the awards podium.”

In Portugal, he represented the USA because he feels he must “give something back to this country that has given him so much,” he says. What’s next for CHEP’s star athlete? He says he is looking forward to defending his title in 2005. 



Mabio Costa of the CHEP Global Support Center is a physically challenged triathlete who won a gold medal while representing the USA in the 2004 Triathlon World Championship in Portugal.

OUR PEOPLE

AFRICA'S TOP ACHIEVERS ON SAFARI

As part of an annual recognition program in CHEP Africa, 12 "Top Achievers" were rewarded for outstanding efforts in 2003 with an expenses-paid safari. The group visited Victoria Falls in Zimbabwe and the Chobe National Game Park in Botswana.

Nominated by their peers in the recognition program, the winners were selected by an executive committee. Any staff member can nominate another who is deserving of recognition. Selection is based on the impact made to CHEP's business relative to revenue, productivity, efficiency or overall performance, which must align with CHEP values:

- All things begin with the customer
- We have a passion for success
- We believe in people and teamwork



FROM LEFT: Elephants were everywhere at the Chobe National Game Park in Botswana, home to 65,000 elephants. The group also saw buffalo, lions, leopards and a wide variety of antelope; Top Achievers visited Victoria Falls, one of the Seven Natural Wonders of the World and the largest falling curtain of water on Earth.

TOP ACHIEVERS FOR 2003

Melissa Bolt, Hire Ledger Controller

Trevor Drury, National Manager, Customer Relations

Yolandi Gerber, Customer Support Representative

Fay Glennie, Data Base Administrator

Chris Goldschmidt, Manager, Product Marketing

Johann Le Roux, Business Manager

Tamryn Ouzman, Customer Support Clerk

Richard Redl, Manager, Supply Chain

Beth Samuel, Receptionist

Tonia Van Jaarsveld, Cash Book Administrator

Debbie Van Wijk, Manager, Customer Support

Laurie Wright, Management Accountant



PRESIDENT'S AWARD

In addition to being named a Top Achiever, Trevor Drury, National Manager, Customer Relations, was selected for the annual President's Award, which was presented to him by Jurie Welman, President, CHEP Africa. Trevor's outstanding contribution to the organization included dedicated and enthusiastic handling of the Activity-Based Pricing Architecture, which he and others on his team implemented and managed within the major FMCG sector of the business.

CEO AWARD IN ITALY

Paola Floris, Manager, Customer Service, CHEP Italy, received the CHEP CEO award during a presentation in Milan. Paola earned the high honor for outstanding contributions to Asset Productivity. Also present for the ceremony, held during a Trip Report, was Mark Luby, President, CHEP Europe, Asia-Pacific and Africa; Miguel D'Cotta, SVP, Asset Management; and Lando Ferretti, SVP, Sales & Customer Service. ➤



AWARD FOR LIFESAVING


Mike Dimond, President, CHEP Canada, received a Community Member Award from the City of Toronto to commemorate an incident he won't soon forget – saving the life of a drowning man. During an air show at a waterfront amusement park, Mike was in his inflatable dinghy, heading back to his boat, when he noticed a crowd of people gathered around the end of a fuel dock. They were waving their arms excitedly.

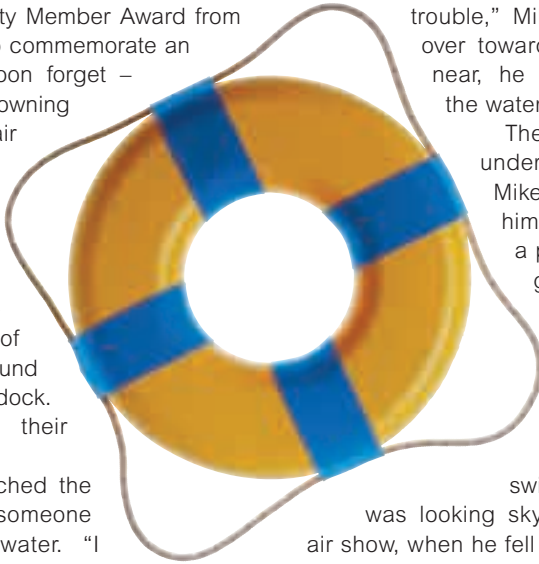
As Mike approached the crowd, he noticed someone splashing in the water. "I thought it was a rather unusual place to be swimming with so much boat traffic. Then I saw it was a young

man struggling and obviously in trouble," Mike recalls. "I raced over toward him, but as I got near, he disappeared under the water."

The man was four feet under the surface when Mike dove in and pulled him up. Two people on a passing boat helped get the man aboard and to shore, where a lifeguard performed CPR and revived him.

As it turns out, the man, a non-swimmer in his mid-20s, was looking skyward, watching the air show, when he fell off the dock.

In recognition of the lifesaving effort, Mike and the two other men who helped during the incident received awards from the Toronto Chief of Police. Says Mike, "I just happened to be in the right place at the right time. I'm glad I was able to help." 



Mike Dimond, President, CHEP Canada

PUTTING OUT FIRES IN HIS OFF TIME


Rob Hilberding leads two lives. By day, he's a Systems Administrator with CHEP in Orlando, Florida. By night and during other off time, he's a volunteer firefighter with the Osceola Fire/Rescue Service in his hometown of Holopaw, Florida.

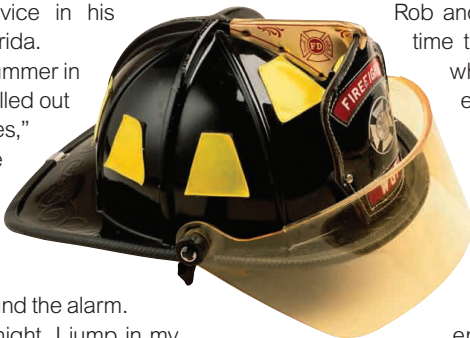
"It's been a long, hot summer in Florida, and we've been called out to fight plenty of brush fires," says Rob, noting that one kept him on the fire line for over six hours. Like the other volunteers, he carries a pager, which the fire department uses to sound the alarm.

"When it goes off, day or night, I jump in my car and rush to the fire station to help deal with the emergency," he continues. The fire company responds to all types of emergency situations in the community, including car accidents, medical emergencies and fires, he explains.

Rob was motivated to join the volunteer company about two years ago after lightning struck a tree about 150 yards from his home during a thunderstorm and caught fire.

Rob and his son spent a lot of time talking to the firefighters who responded to their emergency call. Rob and his son liked the idea of becoming volunteer firefighters and enlisted in 260 hours of training in firefighting, hazardous materials handling and emergency response operations.

"Now, the minute I come home from work, I'm available to be called out – 24/7. It gives me a good feeling knowing I'm doing my part to make the community safer." 



Rob Hilberding, Systems Administrator, CHEP