

MOVING *forward*

Looking Ahead to 2016

While looking ahead to 2016, we need to keep our eyes on the rearview mirror since many of the issues that we dealt with in 2015 will need to be addressed in 2016 as well.

2015 was an excellent year. National Forwarding Co., Inc. was very busy over the summer and we managed to avoid severe service failures. The year ended on a very high note which is continuing into 2016. We attribute that to an excellent Operations and Move Management team working in partnership with a loyal network of agents and haulers to make sure we provide the best moving service available to our men and women in uniform. It is an honor to serve them.

In 2016 we will continue our focus on operations, move management and our customer service assessment tools. Our emphasis is avoiding unnecessary SIT, delivering shipments on time and keeping our customers (and the PPSO is also our customer) informed. In other words, basic customer service.



Here are some critical issues which will also be at the forefront in the coming year as well as a couple of initiatives which were satisfactorily addressed in 2015.

Shipment Refusals and Increased Late Deliveries

Operationally speaking, the most significant change in the 2015 peak season was the inability to refuse shipments. It seems apparent to us that the increase in missed RDDs noted at the last "Hot Wash" is the result of the TSP's inability to refuse shipments that it knows it cannot service. It looks as if the inability to refuse shipments will continue

through the 2016 peak season. We think this had a negative impact on customer service (note the decrease in the average CSS set forth below) and capacity. We expect that to continue into 2016.

We note that a DPS change was implemented (SCR 6975) which alleviated the additional work imposed on the PPSO when a shipment is refused by automatically awarding the shipment to the next TSP. This program change was inadvertently tested in December when intermittent DPS access issues prevented TSPs from accepting shipments in a timely manner. It apparently works since shipments which were not responded to within 24 hours were automatically awarded to the next TSP. In light of this program change, we are hopeful, but not optimistic, that shipment refusals will be allowed in 2016. The bottom line is that our agents must give us prompt notification of saturation so we can enter blackout dates in a timely manner.



National Forwarding Co., Inc.
2800 Roosevelt Road
Broadview, IL 60155
Ph: 800-722-9144
nfcnewsletters@nationalforwarding.com

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Blackout Capability

We appreciate the fact that DPS blackout capability has been greatly enhanced over the last few years. However, it still does not take the place of the ability to refuse shipments during periods of peak demand and it does not give TSP's the ability to target blackouts effectively as the following scenario demonstrates.

TSPs should have the ability to blackout to a particular state rather than an entire multistate region. For example, a TSP may have an agent in Florida-North who provides short-haul service on shipments moving to Alabama and Mississippi in Region 11. However, they may not be equipped and their drivers may be unwilling to handle shipments moving up to Fort Knox, KY or Clarksville, TN which is also in Region 11. During periods of peak demand, the TSP may be forced to blackout all shipments moving from Florida-North to Region 11 in order to avoid receiving shipments moving up to Kentucky and Tennessee which it knows it cannot service. As a result, valuable capacity will be lost just where it is needed most.



This is a complex issue. The inherent shortcomings of even the most robust blackout capabilities will be discussed in detail in a future newsletter.

Our apologies to our friends at SDDC and PPSOs for editorializing and advocating a position counter to theirs. However, we feel that we need to be honest in our assessment of the program and those elements of it that impact our ability to provide high levels of customer service and the capacity that is needed during peak season.

Short Fuse Shipments

We expect the short fuse timeline to be extended earlier again in 2016, as it was in 2015. We think it is an appropriate remedy to address peak season capacity issues; especially if TSPs are not permitted to refuse shipments and they blackout aggressively to avoid service failures.

DPS Stability

We had some severe DPS outages in 2015. We are looking forward to more stability in 2016 and hope SDDC's resources can be directed to ensuring program stability as opposed to upgrades which seem to result in unintended consequences. The planning schedule, briefed at the "Hot Wash" and Industry Association meetings has, understandably, been somewhat delayed.

Code 2 Service

We saw an increase in Code 2 service which we expect to continue and perhaps accelerate in 2016. As long as Code 2 service is used primarily on smaller shipments which will require SIT at destination, we think it is an effective means of obtaining additional capacity. It is counterproductive for larger shipments and for shipments for which there is a destination address. Code 2 service is not practical if the customer will be available for direct delivery to residence.

The National Motor Freight Traffic Association changed the classification of crated household goods from Class 100 to Class 150. Since this change was enacted, our costs of acquiring linehaul transportation on crated shipments has increased by 32%.

Looking Ahead continued...

Average CSS and Minimum Performance Score (MPS)

The average (mean) CSS for domestic shipments has declined considerably. The following table compares the average CSS and the corresponding MPS along with the average CSS that is required to meet the MPS for all markets. Looking at dHHG, we see that the average CSS has fallen from 87.19 to 85.66. At the same time, the MPS has increased from 50.10 to 51.67. As a result, the minimum average CSS required for a TSP to be eligible to receive shipments has increased from 71.57 to 73.81, an increase of 2.24 or 3.13%.

The comparison to iHHG is interesting in that the average CSS increased from 83.39 to 84.00. The MPS also increased from 52.80 to 54.25, which means that the minimum average CSS required for a TSP to receive HHG shipments in the International Program increased from 75.43 to 77.50. That is an increase of 2.07 points or 2.7%.

Looking at iUB, we see that the average CSS dropped slightly from 86.80 to 86.72. However, the MPS increased from 57 to 57.77 requiring TSPs to maintain a minimum average CSS of 82.53 in order to remain eligible to receive international unaccompanied baggage shipments.

Market	January 2015			January 2016		
	CSS	MPS	Req. CSS	CSS	MPS	Req. CSS
dHHG	87.19*	50.10	71.57	85.66*	51.67	73.81
iHHG	83.39*	52.80	75.43	84.00*	54.25	77.50
iUB	86.80*	57.00	81.43	86.72*	57.77	82.53

**Our scores are well above these industry averages.*

Note: The CSS represents 70% of the Best Value Score (BVS) with the Rate Score (RS) comprising 30%. The CSS is also currently referred to as the Performance Score (PS). In order to determine the minimum CSS required to meet the MPS, you simply divide the MPS by 70%. For example, $50.10 / .70 = 71.57$.

Claims Score (CS)

SDDC wants to add a Claims Score (CS) to the Best Value Score (BVS) assigned to a TSP. They propose adding something to the Performance Score (PS) which is currently solely comprised of the CSS. We prefer the current BVS calculation because it emphasizes customer satisfaction and weights it at 70% of the BVS. We think it is a mistake to do anything which will minimize its significance. We already know without doubt that the customer satisfaction score is much lower if a claim is filed. Our own data based upon thousands of surveys received in 2015 clearly demonstrates that. This data is being gathered with data from other TSPs by IAM to present to SDDC.

It may be that SDDC is concerned that Service Members' claims are not being handled as professionally as possible and that adding a claims score will encourage TSPs to be more responsive. This assumes that TSPs are not being responsive now. We have not seen any evidence of that. Before a major change is made in the BVS calculation which diminishes the value of the CSS, there should be data justifying the need. A significant change like this should not be made based upon anecdotal evidence. Furthermore, if a TSP is not living up to its responsibilities with regard to processing loss and damage claims, appropriate punitive measures should be taken against that individual TSP rather than imposing questionable standards upon the entire industry and reducing the impact of the CSS.



Looking Ahead continued...

The impact that a claims score will have on the TSP's BVS can be dramatic; penalizing TSPs that provide outstanding customer service based on a few claims and impacting the TSP's ability to meet the MPS. Kevin Spealman, our Vice President of Claims and Customer Service, has been working on this issue with the Associations and SDDC for many years. He will be participating in a working group to provide input to SDDC. It is a complex issue which will be explored in depth in a future newsletter.

Base Access

We do not see a solution to this vexing issue in 2016. As a matter of fact, we think that it will probably get worse in light of the Real ID Act and the fact that a good number of states are not in compliance, meaning that a driver's license issued by those states will not be accepted as a form of identification by itself for entry onto military installations. For more information go to the Department of Homeland Security's website and view their [brief](#). Security issues go beyond the control of SDDC or the military services. The Office of the Secretary of Defense will need to step in and impose uniform guidelines which they have as yet been unwilling to do. There is still a great deal of controversy with regard to the utilization of the Transportation Worker Identification Credential (TWIC) as a uniformly accepted credential because many in government do not believe that the standards for issuing a TWIC are stringent enough. The best we can do is make sure our drivers and helpers are cleared in advance and that our agents stay in touch with their local installation to ensure that they have up-to-date entry requirements and a pool of labor meeting them. Base access standards do change from one installation to another.

400 NG and I-16 Changes

There have been a number of issues with regard to the Domestic and International Rate Solicitations which will be discussed elsewhere in this newsletter and in future newsletters. In summary, they pertain to reweigh requirements and the need to reweigh shipments prior to delivery into SIT, restrictions on the size of crates which will be authorized for payment and a change to item 215 which requires the TSP to enter a "commercial warehouse" (self-storage unit) and service the shipment without additional cost.

Intrastate Requalification and the Household Goods Channeling Concept Pilot

SDDC announced an initiative to requalify all intrastate TSPs. After reviewing a great deal of information submitted by currently approved intrastate TSPs in support of their continued intrastate approval, SDDC decided to refrain from changing intrastate qualification requirements. There was a great deal of concern that SDDC's requirements would have prohibited any TSP from maintaining intrastate approval in a state if it did not have a warehouse or vehicles domiciled within that state.

The Household Goods Channeling Concept Pilot was also withdrawn after the industry responded to the publication of its CONOPS in the Federal Register. This program would have carved out reciprocal traffic channels moving between Norfolk, VA and San Diego, CA and the Washington DC area and San Antonio, TX for a special volume move program. We submitted comments to the effect that this program would diminish the best value nature of the program and disadvantage TSPs with high best value scores if two of the largest and most attractive traffic channels are removed from the program and awarded to one TSP based solely on price. The proposal was withdrawn. SDDC said it will continue to reevaluate it and consult with industry on any future initiatives. We are grateful for SDDC's flexibility and willingness to remove these disruptive elements from consideration.

We will provide more program updates in the coming year. We wish everyone a successful and safe 2016!

Exploding Stuff!

The catalyst for this explosive article is the Christmas gift that's all the rage – hoverboards. In truth however, it is the lithium battery inside the hoverboards that are the culprit. Lithium batteries, which are commonly used in devices such as mobile phones, laptops, PDAs, watches, cameras and children's toys, are classified as dangerous goods since charged battery shipments may overheat and ignite under certain conditions.

Hoverboards have indeed been given special attention though. See this article: [DOT Warns Shippers About Exploding Hoverboards](#) for more information regarding the Department of Transportation's warning on Hoverboards. The DOT site also contains a safety alert on Hoverboards found [here](#). The bottom line? We cannot accept lithium batteries, as they pose a serious risk to the HHG – with hoverboards, the battery must be verified as removed or they should not be accepted.



While we're on hazardous items, don't forget that propane tanks can NEVER be accepted for shipment, and scuba tanks can only be accepted if they have been certified/tagged as purged. To be on the safe side for scuba tanks, another way to handle is to insist that the top be completely off, so you can see down in the tank. Then you know you won't have a problem.

ETAs and RDD

Estimated Time of Arrival and Required Delivery Dates

NFC requests haulers to keep us updated with current ETAs of shipments they are hauling. We feel it is important to keep our customers advised when their shipment could arrive at destination as this allows them the opportunity to be available to accept their shipment into residence.

We may request this information more than once, as we know ETAs do change. If a shipment could miss the RDD, we request this information from haulers as soon as possible. We will then be able to enter a remark in DPS with the cause for delay, location of the shipment and new ETA.

RDDs must be met, even if a shipment is going into storage at destination. Please remember this when requesting a shipment to haul off our tonnage list.

TONNAGE, TONNAGE, TONNAGE!!!

We have it!

We are reaping the rewards from our excellent Customer Satisfaction Scores. Our Operations and Move Management Departments have worked very hard to find the best agents and haulers that are willing to go the extra mile to insure high customer satisfaction.

The end result has been a very busy winter for National Forwarding Co., Inc. with a record amount of shipments. Visit our list of tonnage available to our hauling partners [here](#).

Our Tonnage List has a very powerful filtering guide for use and simple directions can be found [here](#) on how to use it to find the shipments that suit your needs.





Part 1: International Packing and Loading-Lift Vans

Liftvans are wooden crates sometimes referred to as overseas crates. These containers can hold a little more than 1000 lbs. of household goods.

There is a wide variety of liftvan container sizes within the industry; however, the standard crate or liftvan will be 87" long, 45" wide and 87" high for a total volume of 197 cubic feet, which at an average density of 6 lbs. per cubic foot should hold roughly 1200 lbs.

The crate or liftvan can be hauled on a freight trailer, flatbed trailer or loaded directly into a sea container. If the liftvan is used in local pickup or delivery service by flatbed equipment, it must be covered by a waterproof tarp on top and sides, down to the vehicle bed. These protective coverings should be available for local pickup and delivery service.

Custom crates or overflow containers are usually half the size of the standard liftvan crate and are used for small shipments or for an overflow portion of a larger shipment. The smaller size of the crate allows for better density to be achieved. Because of its custom made size, the smaller crate will ensure a tighter fit for packing household goods while decreasing the possibility of damage. These containers should be marked and prepared in the same way as standard or full size liftvan containers (i.e. caulking, skid base, interior lining, banding, etc.)

It is important to keep a small supply of prepared, clean, well caulked liftvan containers to use for international shipments. Never use damaged or worn containers. Liftvans are usually lined with water resistant paper or plastic and are caulked to eliminate the possibility of water damage. If the shipment is significantly smaller than what would usually fit a standard liftvan, then the container should be reduced in size to decrease transportation costs. A properly prepared liftvan will eliminate condensation problems, prevent water damage and reduce claim exposure.

This is the first of a four-part series on International Packing and Loading.

Call 800-323-1963 or 708-450-2941 for your next international quote.

By Land, By Sea, By Air...Anywhere!

WHAT OUR CUSTOMERS ARE SAYING

POSITIVE CUSTOMER SATISFACTION SURVEY COMMENTS

Excellent service during pickup – most thorough and professional move of my military career.
Origin & Hauler: Piedmont Van & Stge. Co., Fayetteville, NC
Destination: Coastal Moving & Storage, Columbia, SC

Moving company crews were professional and on time which was appreciated.
Origin & Hauler: Commonwealth Moving & Stg, Norfolk, VA

Quality of service at origin was excellent. Packing and loading crews knew each other and knew how to work as a team. They were very professional, introduced themselves and made sure I knew who was designated crew lead. They also took great care with the things they were moving and the home.
Origin: Allstate Moving Systems, Poway, CA

The packers at origin were awesome.
Origin: Gilmore Moving/Storage, Fort Walton Beach, FL

The driver John Stone was exceptionally good, from start to finish.
Hauling: O'Neill Transfer & Storage, Beaverton, OR, hauling under National Van Lines authority

Very professional and very helpful. Made everything really easy.
Origin: Rockey's Moving & Storage, Killeen, TX
Hauler: Rockey's Van Lines, LLC, Killeen, TX



COMPANY NEWS

Happy Anniversary

January 5	Jim Rostis	Vice President, IT	22 years
January 5	Deborah Marciniec	CSS Analyst & Training Supervisor	2 years
January 11	Dawn Jurkovich	Claims Adjuster	4 years
January 11	Jana Domagala	Claims Adjuster	4 years
January 26	Kevin Anda	Dispatcher	7 years
January 29	Michael Wilson	Director, DOD Programs	9 years
January 30	Michael Czarnecki	Assistant Manager, Claims & Customer Service	4 years

NFC Promotions

Jim Rostis - Vice President, Information Technology

Cheryl Garamoni - Vice President, Agency Services

Tia Scott - Manager, Move Management Services

Deborah Scherer-Marciniec - CSS Analyst & Training Supervisor

Twitter

Follow us on Twitter @NFC_Inc. We provide daily tweets on happenings at NFC, the DOD Personal Program, SDDC updates and more!

