

1. Is Kuehne + Nagel ISO certified?

Kuehne + Nagel is ISO 9001:2000-certified, which ensures that we focus on:

- Measurable quality goals
- Evaluation of customer satisfaction
- Continuous process improvement
- Identification and compliance with legal requirements
- Documented training techniques

2. How do you monitor your service providers?

Our connected network of shared depots, which covers the United States and Canada, is managed through a centralized Customer Contact Center in Naugatuck, Conn. The center, staffed around the clock, processes all orders and monitors service requirements at each location. Staff focuses on:

- Daily, weekly, and monthly data on their performance in key service requirements
- Field Service Managers work with all depots to provide uniform, best-in-class, service across the network. On-site audits ensure consistency of process at all locations
- Program that quickly identifies depots requiring improvement
- A depot recognition program promotes competition between individual depots and service providers

This approach allows for:

- Regular communication with service providers to ensure consistent performance.
- Real-time order and inventory monitoring.
- Inventory management through a stringent cycle-count program.
- System-generated reports that provide instant feedback of Service Provider performance when processing inbound and outbound orders.
- Tracking inbound shipments and centrally manages the escalation process.

3. How many facilities are in your network?

On average, there are 175 Regional Stocking Locations (RSL) across the United States and Canada, as well as sites in Hong Kong and Brussels, Belgium.

4. Do you offer international services?

With 40,000 employees at 750 locations in more than 100 countries, the Kuehne + Nagel Group is one of the world's leading logistics companies. Its strong market position lies in the sea freight, airfreight and contract logistics businesses, with a clear focus on providing IT-based supply chain management services and comprehensive lead logistics solutions. Critical Service Logistics currently is operating across the United States and Canada, as well as Hong Kong and Brussels, Belgium.

5. What metrics are tracked?

With each customer, we jointly agree on the five key areas that matter most to their service logistics requirements. They typically include contact center performance, customer service, inventory control, information technology and account management, which includes our finance services. Some examples:

- **Contact Center Response** – how many calls are answered within agreed-upon timeframe such as 80% in less than 20 seconds
- **Inventory Line Item Accuracy** - line-item accuracy of cycle-count program, which can be measured and reported as “First Pass xx%” and/or “Second Pass xx%”
- **RSL Deliveries** – last-mile service to the customer. Kuehne + Nagel Critical Service Logistics service levels include 1 hour, 1.5 hour, 3.5 hour, 4.0 hour, 7.5 hour and “next day,” as well as scheduled deliveries.
- **Information Technology** - database up-time, support of hardware and software, work-order status and system maintenance along with contingency plan



- **Account Management** – actively reporting, auditing and managing each customer’s specific requirements

6. Do you have a disaster-recovery plan?

Yes. Critical Service Logistics’ contingency plans detail steps to take during each of six levels of emergency severity (see below). Systems are backed up using Sunguard Disaster Recovery Services; the Naugatuck, Conn., operations center is supported by comprehensive redundant power generators. In the most severe case, Kuehne + Nagel has a “hot site” building 15 miles from its operations center. Within an hour of declaring an emergency, CSL would have access to a phone switch and mirror image workstations with Internet access. Emergency levels:

- **Level 1:** Staff Shortage / Temporary building evacuation
- **Level 2:** Computer system down
- **Level 3:** Telephone system down
- **Level 4:** Power outage
- **Level 5:** All power and inbound lines down
- **Level 6:** Long-term operations center down

7. What are your service levels?

Critical Service Logistics works with customers to determine appropriate service levels. Capabilities range from “hot shot” services, such as one-or two-hour, or “next flight out” to next-day and consolidated less-than- (LTL) or full-truck-loads (FTL).

8. Is EDI billing available?

Kuehne + Nagel provides integration with its clients’ systems, automating data exchange processes to provide a seamless EDI billing solution. Experienced IT staff ensures the appropriate integration and support is provided.

9. What systems are used?

Our Web-enabled systems offer real-time visibility to client inventory throughout its service supply chain lifecycle. In addition to RSL and DC stocking location tracking, Kuehne + Nagel can monitor inventory activity by field engineers (FEs). This allows for replenishment of trunk stock, based on reported usage or when a defective part is returned. The same information is available to track repair vendors, as well as in-transit and customer-stocked inventory. This real-time inventory can be ordered via the Web or a call to the Customer Contact Center.

10. What comprises Critical Service Logistics?

- **Physical network:** A flexible, customized, network of best-in-class service providers. Leveraging this depot network allows inventory to be positioned closer to the customer. Depots are managed to tight service levels and provide secure storage with last-mile, time-specific delivery, including one-hour services
- **Customer Contact Center:** Operating around the clock, with an experienced staff that manages phone, fax, email and Web-based critical orders. Order exception resolution, immediate event notification, automated part-substitution logic
- **Processes & systems:** This includes user-defined tailored reports, aggressive cycle-count program, technician parts aging, track-and-trace service
- **Value-added capabilities:** Repair vendor management and integration with Kuehne + Nagel services, including international forwarding, distribution centers and transportation

11. How do you manage employee performance?

In addition to annual reviews, associates receive formal quarterly evaluations, tied to their compensation as part of the division’s “pay for performance” incentive program. Key performance



indicators (KPIs) are measured daily -- to the individual level -- and shared with each associate. Each KPI is then rolled up weekly, monthly and quarterly.

12. What are the main industries that you service?

Organizationally, Kuehne + Nagel focuses on the retail / consumer goods, high-tech, healthcare / pharmaceuticals, and industrial / chemical sectors. The Critical Service Logistics division, which has offered services since 1992, specifically works with the following:

- Telecommunications
- Computers & peripherals
- Automation & industrial equipment
- Aerospace
- Medical equipment

13. What are your hours of operation?

We operate 24 hours a day, seven days a week, 365 days a year.

14. How do you receive orders?

Kuehne + Nagel can manage data exchange in a variety of methods, including simple downloads, FTP file transfers, EDI and XML links. Our IT staff ensures the optimal method data exchange is selected and implemented to meet each client's individual needs.

15. What types of reports are available to customers?

Reports can be customized to customer needs, including:

- Real-time view of inventory
- Key performance metrics, including cycle counts, inbound put away times, on-time delivery performance, proof-of-delivery times, order fill rate and accuracy, and timely transaction of inventory adjustments
- Customer Contact Center call response times, call abandonment, order accuracy
- Escalation details and summaries
- Track-and-trace information
- System uptime and feed accuracy

16. How do you provide systems support?

Kuehne + Nagel's IT staff ensures that the appropriate integration and support is provided for each customer; support is offered around the clock.

17. What is your value proposition?

Kuehne + Nagel's support of customers' field service organization drives costs down and reduces inventory movement, while our field management team increases inventory accuracy and service levels. We deliver superior business-to-business service and aftermarket support solutions based on years of successful, award-winning critical-parts distribution. The CSL technology optimizes customers' forward-positioned inventory, while providing real-time visibility to their products. Our approach is designed to:

- Enhance customer service and increase sales
- Improve material velocity
- Increase field productivity

Kuehne + Nagel
22 Spencer Street
Naugatuck, CT 06770
Ph: (888) 246-8726
<http://logistics.kuehne-nagel.com>

