

QCHAT DRIVES QUALITY AT THE PORT

BY BETH RUBIN

Y

OU ARE ALL FAMILIAR WITH THE ROUTINE.

THE SALESPERSON HAS JUST HANDED OVER THE KEYS TO YOUR SHINY NEW CAR, TRUCK OR SUV AND THE FIRST THING YOU DO IS INSPECT EVERY INCH OF THE VEHICLE INSIDE AND OUT TO MAKE SURE IT IS PERFECT.

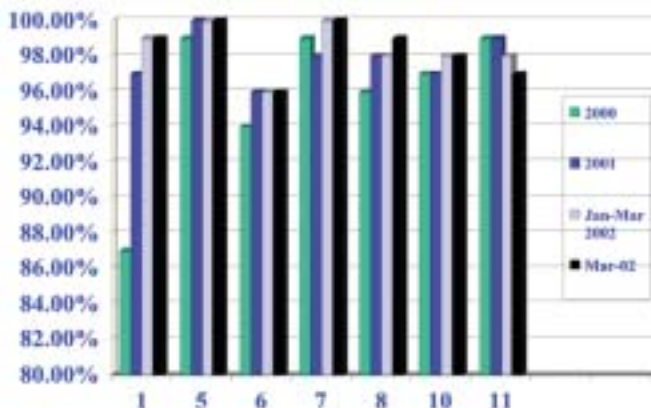
Keeping a car factory fresh from the time it rolls off an assembly line to the moment a salesperson hands over the key is fraught with danger every step of the way. Many hands touch a vehicle during the time it travels the logistics routes from the factory, across an ocean and through a port to final delivery to the showroom. Dents and dings can happen in a second and even the smallest imperfection must be repaired before a vehicle can be sold. Multiply the cost and labor it takes to make these repairs by hundreds of thousands of vehicles

(472,905 autos were processed at the Port in 2001) and you get the picture.

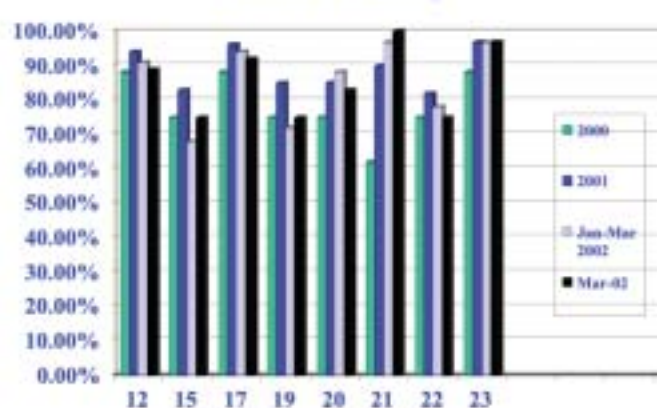
That the rows of gleaming new automobiles lined up on the terminals in the Port of Baltimore terminals are ding-free is no accident. Gloved workers in protective vests and jump suits scrutinize the autos for imperfections, inside and out.

Fueling the white-glove treatment in the Port of Baltimore is QCHAT (Quality Cargo Handling Action Team). This quality-driven initiative has been responsible for lowering

Quality Auto Assessments
Dress Code & Behavior

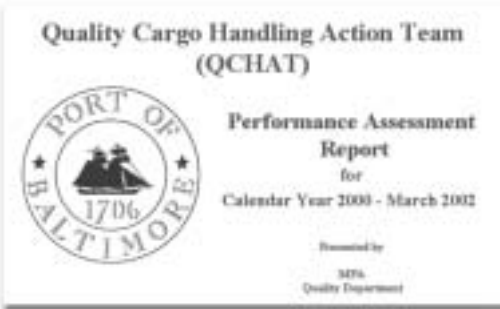


Quality Auto Assessments
Procedural Training



new-vehicle damage dramatically. It is also helping to fuel Baltimore's continuing success in the automobile market. Four new automobile contracts have been signed in just the past year.

Like most good things, QCHAT didn't happen overnight.



In February 2000, DaimlerChrysler, the largest auto manufacturer using the Port, formulated an internal monitoring system for reducing damage. The manufacturer then challenged the Port to adopt a similar monitoring system to ensure that the same quality applied at the factory followed each vehicle until final delivery to the customer. Baltimore accepted the challenge and from that moment, QCHAT has been raising the bar of vehicle handling ever since.

Jon Dostal, Manager of International Vehicle Logistics for DaimlerChrysler-Chrysler Group, helped to formulate QCHAT and co-chaired the group until recently when he took on new responsibilities at Chrysler for international import vehicles and parts. He was the first to approach the Maryland Port Administration (MPA) about the necessity of

addressing quality handling issues.

"The program has succeeded as a forum to express concerns, likes and dislikes," Dostal says. "The purpose was not to point fingers at individuals, but to address issues on major programs within the Port itself. When members understood that it was a way to promote cooperation and recognition, then membership grew. And it's still very active."

QCHAT is comprised of nearly 30 diverse organizations involved in auto handling — steamship lines, port processors, importers, auto manufacturers, ILA Locals and the MPA. Through its day-long training sessions held periodically throughout the year, QCHAT has made significant inroads at the Port, lowering the incidence of accidents and reducing the damage to vehicles as they are offloaded and processed. Today QCHAT has widened its focus on detection and analysis to include prevention.

In addition to the practical benefits, the consortium's participants enjoy the more intangible perks of enhanced communication and cooperation.

Curt Parrish, Manager of Port Operations for Mitsubishi, has been involved with QCHAT almost since its inception. He says, "It's been a great program for getting the manufacturers in touch with all the groups involved. It's raised awareness and [improved] communication. This is a group effort and a positive thing for everybody involved.

Damages are way down over past years. Communication is the key to the program's success."

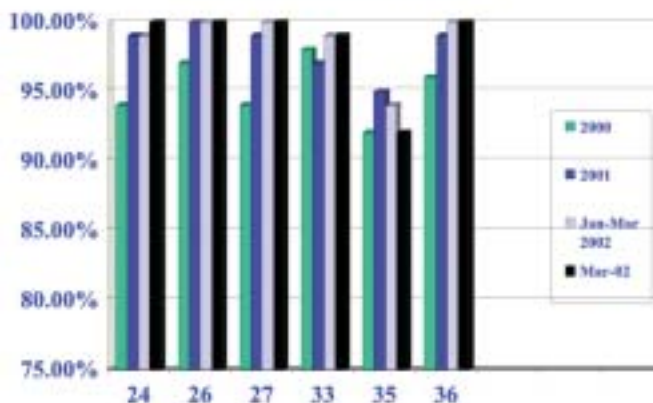
Among the areas QCHAT has identified and addressed are: security, traffic flow, spacing of autos, eating/drinking/smoking (both on vessels and in vehicles). The program is self-monitoring. Steamship line employees and stevedores use an honor system to rate 38 quality factors related to Dress Code, Procedural Training and Vessel/Processor/Terminal on a scale of 0 to 2.

Charles Eyet, Vice President of Quality Port Processors, is another of QCHAT's champions. "About 2 years ago QCHAT facilitated a procedure that was a groundbreaking arrangement. It involved scanning the badges worn by the stevedores driving the vehicles, so we could tie the driver to the vehicle. [It resulted in] much greater accountability for damages. We [Baltimore] are the number one [Toyota] port for quality and efficiency. The scanning procedure has been an integral part of our success."

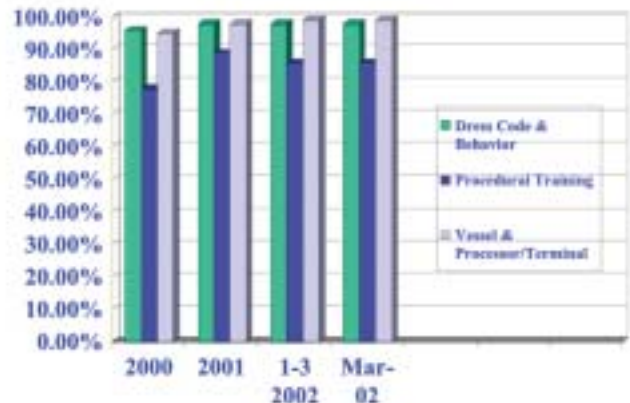
For the first six months of 2002, performance levels across the board have ranged between 94% and 97%. Since late 1999, Dress Code & Behavior has improved 78%; Procedural Training 66%; and Vessel/Processor/Terminal 75%.

Membership in QCHAT is inclusive and swells according to the members' general and specific needs. On the 4th Wednesday of every month members convene at the Ampports Atlantic Terminal to address issues, exchange ideas and find solutions derived from the

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Quality Auto Assessments data.

Recent topics have included the need for a maximum 15- or 20-mile-per-hour speed and how to store keys in accordance with manufacturers' preferences.

QCHAT is just one more reason for automobile manufacturers such as recent newcomers — Honda, Hyundai, Porsche and Ford/Volvo — to select the Port of Baltimore and for others, such as Mercedes Benz, to substantially increase their business in the Port.

Rick Schubert, Manager of the Mercedes Benz Vehicle Preparation Center, has been at the Port eight months. Before that, he spent the lion's share of his 23-year career at the ports of Los Angeles and Chicago. His enthusiasm for QCHAT is palpable. "It's an excellent forum to discuss quality improvement and port operations and also a vehicle to meet other port operators and people from the MPA.

"[QCHAT is] a very viable program and allows us to keep an eye on growth and opportunities. I have developed important contracts and relationships through QCHAT. It's a very progressive move on the part of the Port. I give it four stars."

Lennart Ejdenius, Manager for Vehicle Logistics, Volvo, is relatively new to the program, having arrived on the scene after QCHAT began. Still, he's been affected by QCHAT's positive impact and is keen on the program. "It's a good initiative, the perfect scenario for all the major stakeholders. They can sit down and discuss problems they have. [Baltimore is] among the top ports; very responsive and pro-active."

Chrysler's Jon Dostal sums it up best when he says, "Competition helps drives QCHAT's success. QCHAT's members travel extensively through the world. They have brought back ideas from other ports worldwide. They have brought back and shared the best of the best."

That's why the next time you get the keys to your new car, you can be sure it is perfect if it came through the Port of Baltimore. ⚓