

Mike LoRusso: Tech & IT Logistics in the Time of Coronavirus

Introduction:

Today is March 30, 2020 – and we're recording this podcast in New York City – the current epicenter of the coronavirus. Depending upon when you're listening to this program, the virus' hot spots will likely be somewhere else. But wherever it's traveled to, one thing is for sure; COVID-19 not only represents an acute, sometimes dire health concern, but also an unprecedented impact on our global supply chains as we know them.

After all:

- How do you move business-critical high tech components across borders when you can't move cross-border?
- How do you manage just-in-time deliveries when the airline routes you depend on can change – even be cancelled – at any moment?
- How do you keep your own workforce safe and active during a global pandemic?

Those are just some of the challenges that Mike LoRusso is facing and solving every day. Mike is Senior Vice President and General Manager of Quick Specialty Logistics. He has worked on the financial and logistics management side of the business, so he knows how to keep processes operational during challenging situations – supporting the needs of businesses ranging from the financial services sector to healthcare, high tech, automotive to hospitality and beyond.

Mike took some time today to share how he and his team do it – keeping business and life moving even when it seems the whole world has stopped. As you will hear from time to time in the background, we caught up with him in Quick's active NY warehouse.

Chris Riback: Mike, thank you for joining me. I really appreciate your time.

Mike LoRusso: Thanks for the invite.

Chris Riback: I hope that you and your family are staying safe and doing as well as possible during these very challenging times.

Mike LoRusso: Thank you. Yes, they are. Hopefully, the same with yours. Everyone's taking those precautions, right?

Chris Riback: Yes. It's 24/7, and we're all doing it. I know for you, you're doing it not only at home but also with Quick and at the office, and that's what I would like to talk with you about today. Tell me about your role. Why is that role front and center during this pandemic?

Mike LoRusso: Well, we have four divisions at Quick International. Two are on the medical side and one is on aircraft on ground, our Sterling division. I run Specialty Logistics, which is a little bit different. There are some similarities in terms of the services we provide, which is next flight out, deferred shipping, chain of custody. We do onboard couriers and charters, but we're not specifically in an aircraft on ground, let's say, or just specifically medical. So if there's something that's kind of outside the box, it would probably roll to my division. I have a team. The managers who work for me are pretty experienced, and they've done some things outside the box and are able to plan and do special projects and move freight differently.

Chris Riback: Yes, I'm sure that they have, and I'm looking forward to getting to talk with you about some of those specifics. At the highest levels, how has your role and how have the roles of the folks on your team changed since the onset of the coronavirus outbreak?

Mike LoRusso: I think things where we may have had some repetitive business, where it was consistent and we kind of knew the destinations where our freight was going to, we knew the lane segments where the pickup and delivery, and if there was any type of connecting flights, we knew those and had them in place. With the environment we're in now, those things are ever changing. Aircraft lift is changing. There's cancellations, not just internationally in certain regions like APAC and Europe. Now we're starting to see that in the US.

Mike LoRusso: So we're a little bit more cognizant of that, and we have to be on our toes because routings can change in an instant. Where we may have had something set on a particular lane with a particular aircraft and it could have been skidded material or it's palletized, and all of a sudden, that aircraft is now downgraded from a wide body to a smaller aircraft. So a 300 plus passenger aircraft is now 120 or 150 passenger aircraft. So that limits the ability to put freight, palletized freight on that aircraft. So we may either have to break down that freight and send it in smaller shipments or find another alternative. So our guys are constantly working that, making sure that we're satisfying our customers based on the destinations that they need to get freight to but finding different ways to move that freight.

Chris Riback: While most of us are working at home, you're actually in the office right now, aren't you? I can hear activity going on back there. Things are moving 24/7 at Quick.

Mike LoRusso: Yes, they are. Not just our office but the other divisions, the medical divisions as well as our aircraft on ground divisions are also 24/7. We have people that are on staff and on site. Where we have the ability to have people work from home, they're doing that, but there's certain logistical needs of our clients that we need to have personnel here at our location... We're at a warehouse location... to support that. So we're very careful about what we're doing, and we can probably get into that a little later, but we do have staff here and we need to have them here to support our client.

Chris Riback: It goes without saying, first of all, the warehouse noise that I'm hearing – keep operations moving. Secondly, if anything comes up and you've got a logistical emergency that

you've got to go deal with, you just let me know and we will hit pause and we'll pick the conversation back up. I know that's what you're worrying about 24/7, and what everyone there is worrying about 24/7. Mike, you're a creative guy, I'm sure, by nature. Have you ever had to be as creative as you surely have had to be right now?

Mike LoRusso: You know what, at times we have. 9/11, that comes to mind where we had to be creative in what was happening. We'll have instances just on a particular project that we're working on with a client when something outside the box happens where we have to react to it, we have to put a solution in place, satisfy the customer, advise the customer how we're tackling that situation, and then moving forward. So this is challenging. Having a challenging environment like this is having the personnel who are experienced that can navigate these changes that are consistently happening, and they're able to come up with solutions. It's nice to be able to work with your customer where they may think there's no solution or how are we going to do this, and we're able to come back to them and give them two or three different scenarios on how we're going to accomplish what they need to get accomplished.

Chris Riback: It sounds like those one-off, unbelievable, you're never going to believe what happened with this client stories that might happen... I don't know how often... once a week, once a month, once a year, it's sounding like that's the continual business as usual right now. Like, "Oh, my gosh. You can't believe what we're going to have to try to figure out right now."

Mike LoRusso: Yes, and you know what? In this environment too where we're in a situation where it's not so much a financial issue, it's not so much an issue where there's other reasons why we're not able to move freight a certain way, this is a medical situation where it's impacting human lives and people who are getting sick. Some of the things that we are doing is helping mitigate some of those issues and be able to help our clients to navigate and keep their employees safe. So there's another extra added kind of thought process. It kind of gives us an extra step, and we'll bounce in our step when we're putting these things together, knowing that we have a small impact on helping people that are out there.

Chris Riback: Let's talk about, if we could, geography. I fully imagine that the locations you're focusing on now, they're the areas that have, as of today, been hit the hardest by the pandemic. Tell me what you're seeing geographically and maybe some of the requests that you've been fielding.

Mike LoRusso: Yes, so initially, we were seeing an impact naturally in APAC and China at first. We have freight throughout all our divisions that move in and out of China, also in APAC, Shanghai, Singapore, looking at Hong Kong as well, Malaysia. So we started seeing an impact a couple months ago out of Shanghai when we started seeing that the lift capacity was diminishing and then came to zero where we weren't able to get freight out of Shanghai. We saw capacity and we saw lift moving over to Singapore and Hong Kong and Malaysia. We started seeing our customers in those regions really start pumping out product. Normally, product that would go on cargo aircraft, we were seeing on an expedited basis because they

needed to get as much production out the door as possible because they felt eventually they may see what happened in China impact their region.

Mike LoRusso: So we've seen that in APAC. We've seen that slow down where all of a sudden flights were canceling going into Europe, going into now the US. So we had to navigate that. Now, it's come full circle. We see it here in the US. Locally, I'm located in New York, so we are seeing the impact naturally of this virus in New York, being pretty much the epicenter now of where the virus is located and who it's impacting.

Chris Riback: So those realities that you were seeing in Asia just a few months ago, was that almost a canary in the coal mine for you globally? I mean, were you sensing or were maybe your clients and through their behaviors sensing that, "Wait a second. We see what's going on here. We see the impact. We better start doing prep action elsewhere around the globe." How effective were those preparations?