



Satisfying the Needs of the Port's Clients

**Marine Terminal Management Training
Program Long Beach**

January 27, 2005

By

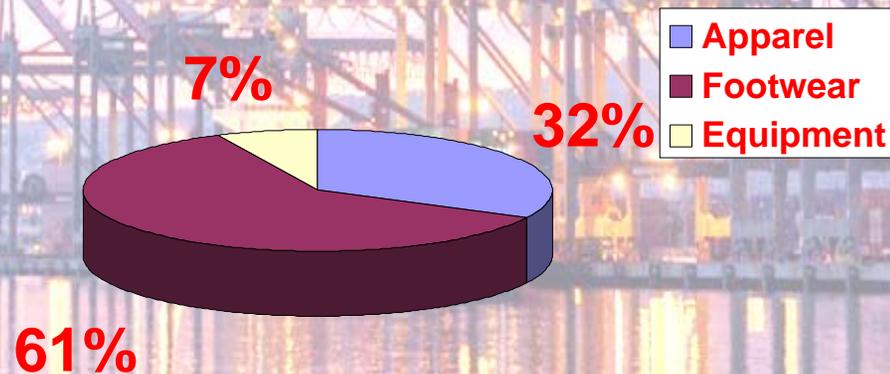
**John Isbell Director Corporate
Delivery Logistics**

NIKE, Inc.

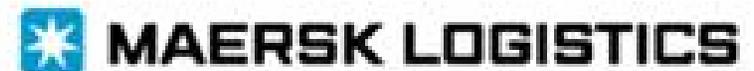
NIKE, Inc. FY 06 Performance

Revenue:	\$16.3 B	+ 9%
Gross Margin %	43.9%	-.02%
Net Income	\$1.5B	+7%
Diluted EPS	\$2.93	+11%
Global FEU	100,000	

FY06 Product Line Performance



NIKE's Logistics Service Providers



Nike's Delivery Profile to USA

- **Footwear distribution facilities in Wilsonville, OR and Memphis, TN**
- **Apparel distribution facility in Memphis, TN**
- **Over 80 direct delivery locations to major retailers' distribution facilities**
- **Major IPI (railroad) shipper**



NIKE's Vision for Supply Chain Excellence



Demand Responsive

- React to market timelines, not Nike timelines

Multiple Paths to Profitability

- Planned product launches to auto replenishment

Close to Market

- Reduce order cycle time

The Perfect Order

- 100% on-time shipment
- 100% on-time delivery
- 100% order fill rate by volume and order
- 100% order accuracy

Customer Focus

- DIFOT Goal
- Easy to do Business With

...And Back Again

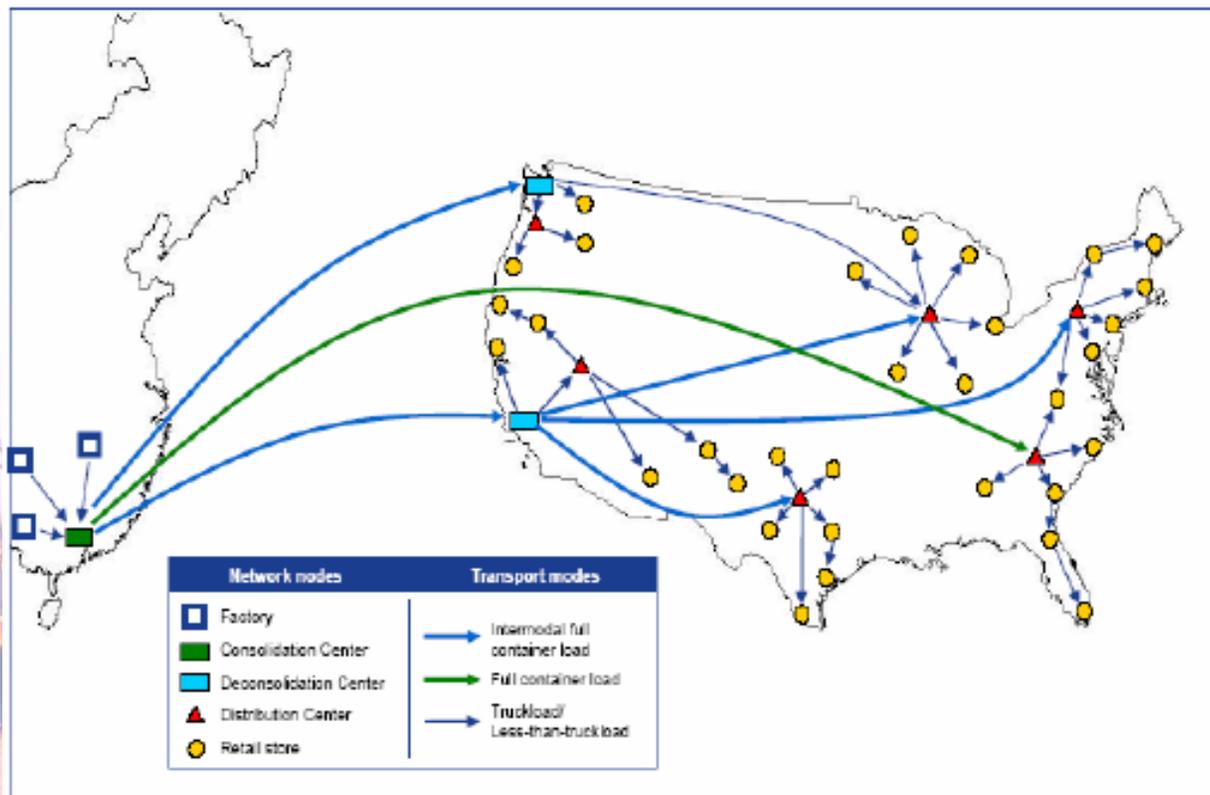
Keys to a Successful Inbound Delivery Process

- **Port diversification**
- **Flexible delivery options**



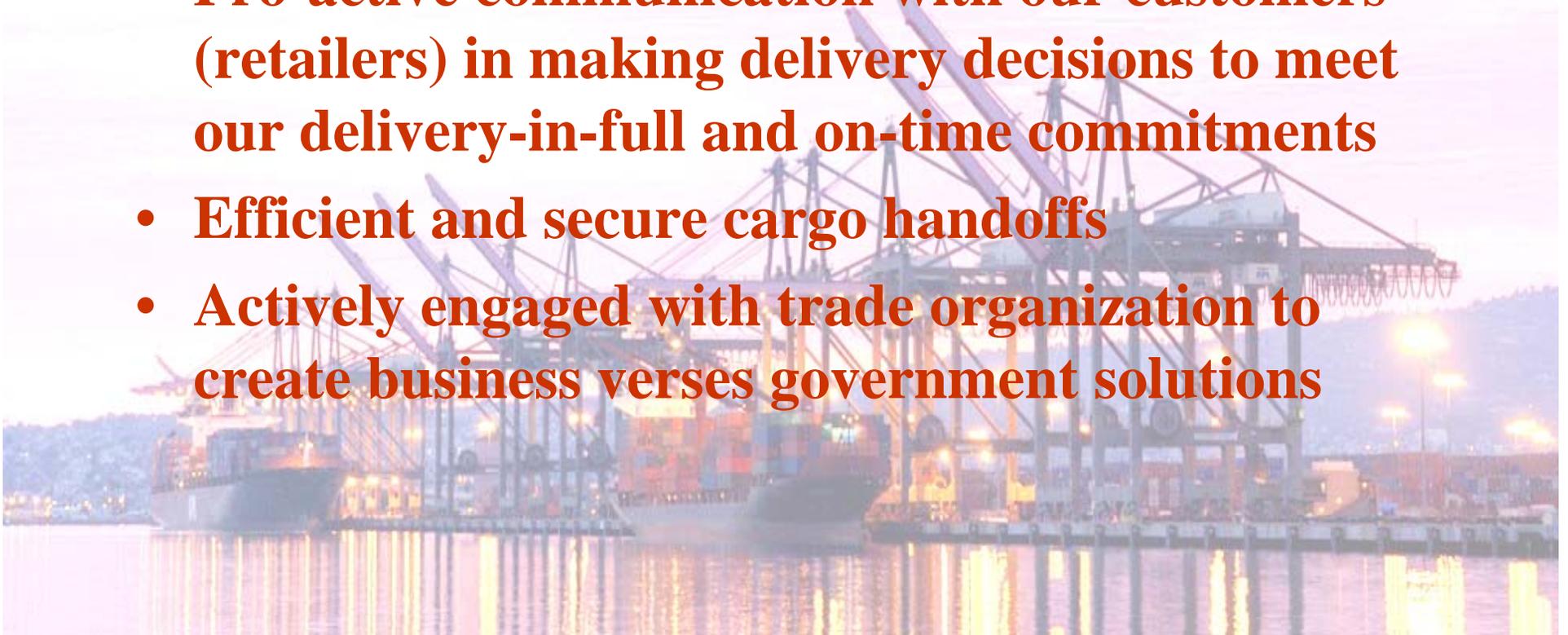
Flexible Delivery Options

- Sea – Air OR Air – Sea moves
- Team drivers verses rail IPI
- Regional deconsolidation points



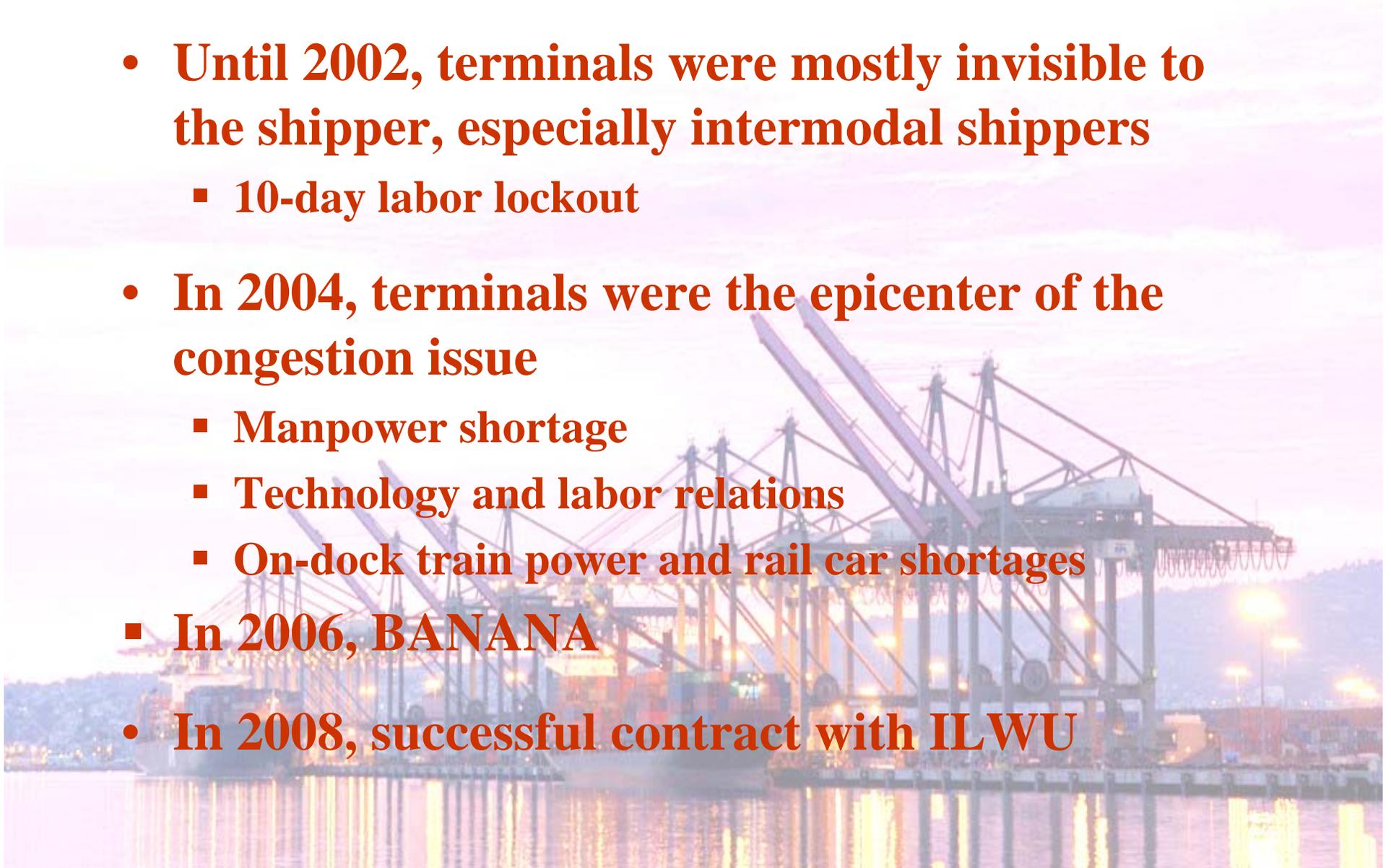
Keys to a Successful Inbound Delivery Process

- **Strategic partners who are committed to meeting our delivery requirements**
- **Visibility to service failures or delays**
- **Pro-active communication with our customers (retailers) in making delivery decisions to meet our delivery-in-full and on-time commitments**
- **Efficient and secure cargo handoffs**
- **Actively engaged with trade organization to create business verses government solutions**



Terminals Impact the Supply Chain Process

- **Until 2002, terminals were mostly invisible to the shipper, especially intermodal shippers**
 - **10-day labor lockout**
- **In 2004, terminals were the epicenter of the congestion issue**
 - **Manpower shortage**
 - **Technology and labor relations**
 - **On-dock train power and rail car shortages**
- **In 2006, BANANA**
- **In 2008, successful contract with ILWU**



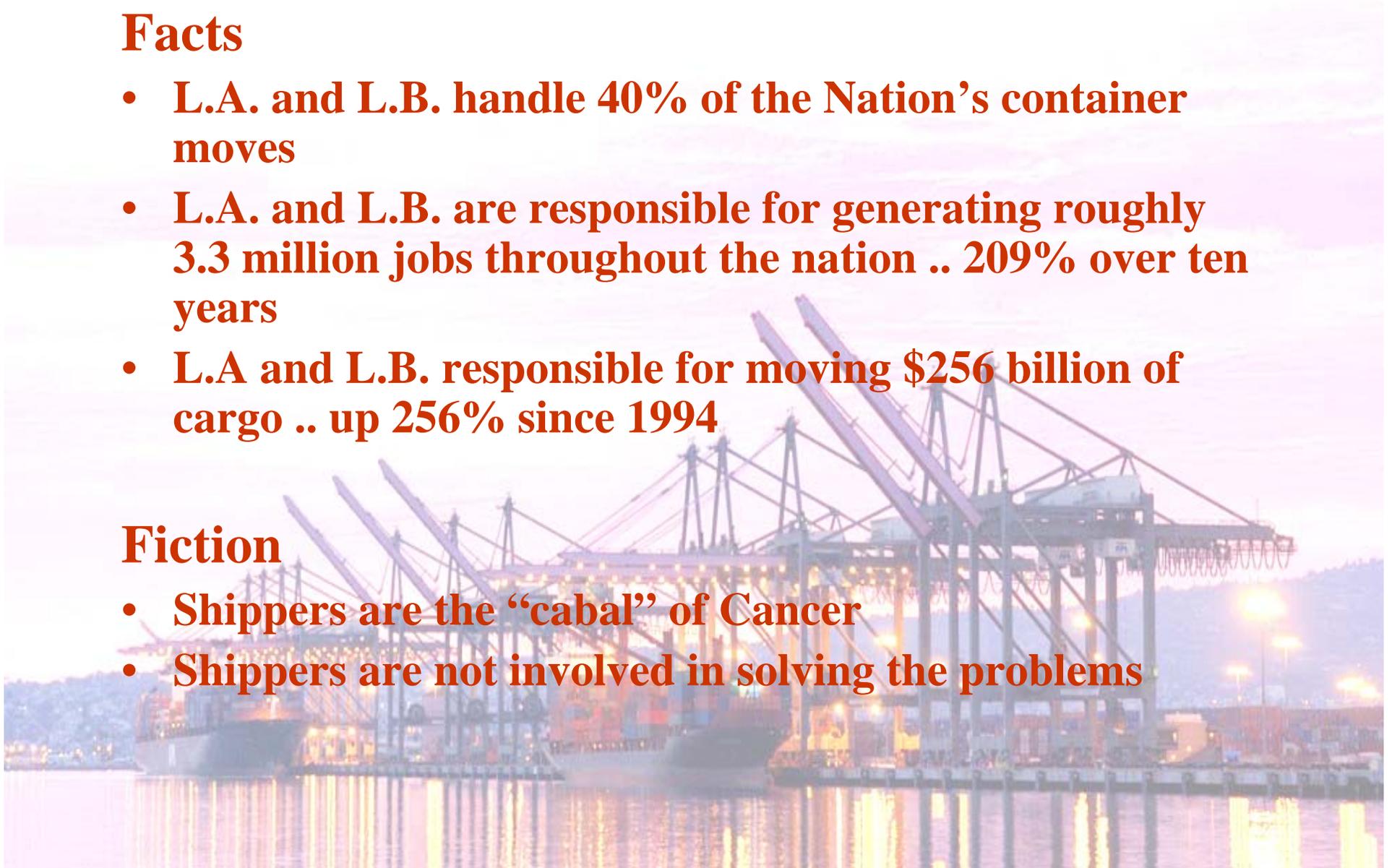
Fact verses Fiction

Facts

- **L.A. and L.B. handle 40% of the Nation's container moves**
- **L.A. and L.B. are responsible for generating roughly 3.3 million jobs throughout the nation .. 209% over ten years**
- **L.A and L.B. responsible for moving \$256 billion of cargo .. up 256% since 1994**

Fiction

- **Shippers are the “cabal” of Cancer**
- **Shippers are not involved in solving the problems**



Shippers are Involved

- **2005 - TWC publishes white paper - NATIONAL MARINE CONTAINER TRANSPORTATION SYSTEM – CALL TO ACTION**



The Priorities



Improvements to intermodal infrastructure + rail performance



National Freight Policy



Public-Private Partnerships



National Chassis Pool



Enhance Port Productivity

Shippers are Involved

- **2006 - TWC lead coalition in drafting California white paper addressing Public – Private Partnerships & Harbor Drayage Solution**
- **2006 – TWC leads effort to discuss harbor drayage situation with So. Cal. stakeholders**
- **2007 – Coalition for Responsible Trucking**
- **2007 – 34 Import & Export Coalitions adopt plan to address infrastructure funding and container truck plan under the CAAP**



We All Need to be Involved in Finding Solutions

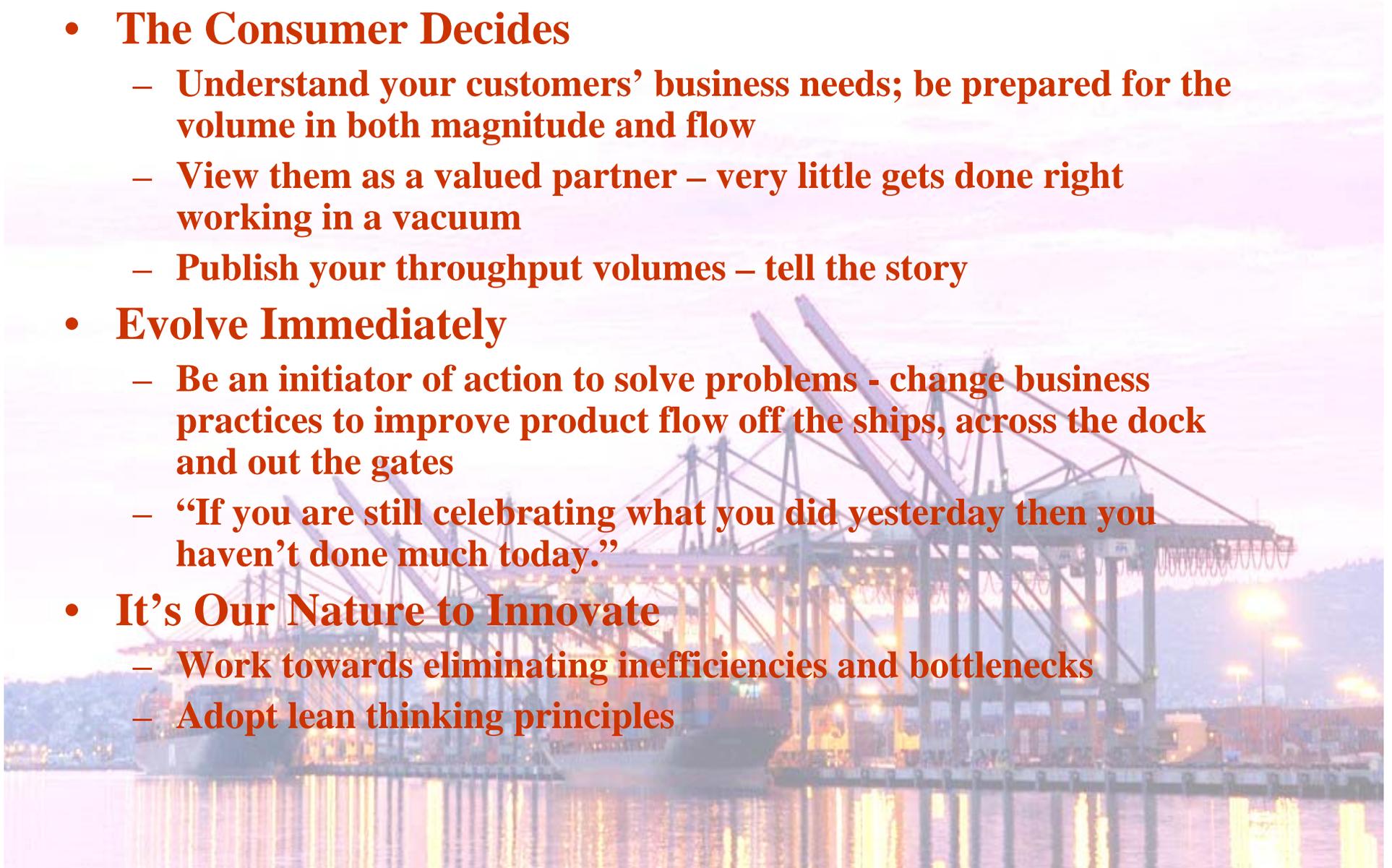
WHY?

- **Need to be worthy custodians of cleaning up the pollution around port communities and the arterials that move our freight.**
- **We need to build the infrastructure needed to handle the doubling of container growth by 2020.**



How Can Terminal Staff Help?

- **The Consumer Decides**
 - Understand your customers' business needs; be prepared for the volume in both magnitude and flow
 - View them as a valued partner – very little gets done right working in a vacuum
 - Publish your throughput volumes – tell the story
- **Evolve Immediately**
 - Be an initiator of action to solve problems - change business practices to improve product flow off the ships, across the dock and out the gates
 - “If you are still celebrating what you did yesterday then you haven't done much today.”
- **It's Our Nature to Innovate**
 - Work towards eliminating inefficiencies and bottlenecks
 - Adopt lean thinking principles



Even Lance
needs a
team to be
successful

