SESSION III – Structural Changes in the Marine Terminal Industry-Implications for Terminal Operations

AAPA American Association of Port Authorities

Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

Marine Terminal Management Training Program, Long Beach, CA

October 15, 2007

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The Supply Chain Consortium

The Supply Chain Consortium is the premier source for supply chain ***benchmarking and best practices*** knowledge. The consortium sponsors a comprehensive repository of over 15,000 benchmark and best practice data points complemented by search capabilities, online analysis tools, topic forums, focused topic reports and peer networking for executives and practitioners. These resources are designed to drive world-class performance in member organizations.

Leadership

The Supply Chain Consortium is led by the needs of its membership and an Advisory Board that includes:

TARGET, INGRAM MICRO, Campbell Soup Company, PEPBOYS AUTO, Hallmark, mervyns, The Coca-Cola Company, MOLSON Coors

Consortium Membership

In 2001, the Consortium began with 50 retail members. In 2007, membership has grown to over 180 members and contributing companies from retail, consumer products manufacturing, industrial/commercial manufacturing and wholesale/distributors.

In September 2007, the Consortium Board of Directors authorized membership to services providers, specifically Ports, Ocean Carriers, national trucking firms and railroads

Consortium Membership

Apparel, Fabric & Accessories

Chico's FAS	Ann Taylor Stores	Aramark
Blair Corporation	Limited Brands	Eddie Bauer Fulfillment Services
Lerner New York	Levi Strauss & Co	Nordstrom
Polo Ralph Lauren	Ross Stores	Saks
The Gap	Timberland	TJX Companies
Too, Inc.	Wolverine World Wide	Charming Shoppes Inc.*
Cornerstone Brands, Inc*	Helzberg Diamonds*	Land's End, Inc.*
Shoe Carnival*	Vans, Inc.*	

Automotive & Truck Parts

Honeywell	Advance Auto Parts	AutoZone
ExxonMobil	Faurecia Exhaust Systems, Inc*.	O'Reilly Automotive
Pep Boys	Swagelok Company	Tractor Supply Company*
Ducati North America*	NACCO Material Handling*	

Consortium Membership

Department Store and Discount

99 Cents Only Stores	Army & Air Force Exchange Services	BJ's Wholesale Club
Bon-Ton Stores	Dillard's	Dollar General
Family Dollar Stores	Fingerhut	Fred's
Hudson's Bay	J.C. Penney	Kohl's
Pamida Holdings Corp., Inc.	ShopKo	Target
Value City	Beall's Department Stores*	Big Lots, Inc.*
Navy Exchange Service Command*	Von Maur, Inc.*	

Electronics

Best Buy	Hewlett-Packard	Ingram Micro
Insight Enterprises	Newegg.com	Phillips Electronics
Sony Logistics America	Tech Data	THQ, Inc.
Andrew Corporation	Canon USA, Inc.*	McAfee, Inc.*
Nintendo, Inc.*	Osram Sylvania Products, Inc.*	Warner Music Group*
Trans World Entertainment Corp.*	Newark*	

Consortium Membership

Food & Beverage

ACH Food Companies	Bar-S Foods Company	Brach's Confections, Inc*
Campbell Soup	Coca-Cola Company	Driscoll Strawberry
Florida's Natural Growers	Fresh Brands	J.M Smucker Co.
Kraft Foods	Miller Brewing Company*	Molson Coors
Stonyfield Farm, Inc.*	Tootsie Roll Industries	Tyson Foods

Grocery & Convenience

7-Eleven	Albertson's	Bear Creek Corporation
Giant Eagle	Great Atlantic & Pacific Company	H.E. Butt
Harris Teeter	Kwik Trip Stores	Loblaw Companies Limited
Metro-Richelieu, Inc	Nash Finch	North West Company
Publix	Safeway	Smart & Final, Inc.
SuperValu	United Supermarkets	Winn Dixie
AJC International, Inc.*	Bozutto's, Inc.*	K-VA-T Food Stores, Inc.*
Kerry, Inc.*	Schnuck Markets, Inc.*	The Golub Corporation*
Tree of Life, Inc. *		

Consortium Membership

Hardware & Home Improvement

Ace Hardware	Home Depot	Home Hardware Stores Limited
Marvin's	Stock Building Supply	TrueValue
Do it Best Corporation*	Famous Supply Companies*	Orgill, Inc.*
American Gypsum Company*	Stihl Incorporated*	W.W. Grainger

Hobby, Toys, Arts & Crafts

Berwick Industries	Cabelas, Incorporated	Dick's Sporting Goods
Galyan's Trading Company	Hallmark	Jo-Ann Stores
Michael's	Party City	Toys 'R Us
Polaris Industries, Inc.*	S.P. Richards & Company*	The Foranzi Group, Ltd.*

Home Furnishings & Appliances

American Standard	Crate & Barrel	Croscill
Mannington Mills	Shaw Industries	Tempur-Pedic
Whirlpool	The Bombay Company, Inc.*	Electrolux Home Products*
Home Interiors & Gifts, Inc.*	KI*	Steelcase, Inc.*
Lifetime Brands*		

Consortium Membership

Personal Care & Drugs

Avon	Coty	Herbalife
Kimberly-Clark	Long’s Drug Store	Regis Corporation
Rite Aid	Unilever Home and Personal Care	Walgreen
Beiersdorf, Inc.*	Burt’s Bees, Inc.*	

Specialty

Barnes & Noble	Borders	Cracker Barrel
OfficeMax	Staples	West Marine
1-800 Flowers.com, Inc.*	Harcourt Education*	Simon & Schuster*
The Standard Register Company*		

Consortium's Supply Chain Topics

- **Benchmarking and Best Practices**
  - **Strategic Sourcing**
  - **Global distribution and transportation networks**
  - **Ocean shipping**
  - **Inland transportation modes**
  - **Warehousing and Distribution Centers**
- **Hot Topics (1 per Qtr)**
  - **Cargo Security**
  - **Port redundancy and contingency planning**
  - **Ocean Transport (including Port selection)**
  - **Supply Chain Management systems, including WMS**

Consortium Carriers 2007

Carriers	Weighted Rank	Companies Using
Maersk	55	25
APL	31	14
OOCL	30	12
Hyundai	23	12
Evergreen	20	10
Expeditors International	18	8
K-Line	17	10
Mitsui OSK	16	7
Hanjin	12	6
NYK	10	6
Kuehne + Nagel	9	3
Crowley	6	3
DHL Danzas	6	2
Schenker	6	2
MOL	5	3
MSL	5	3
Yang Ming	4	3

Consortium Performance Rating Criteria

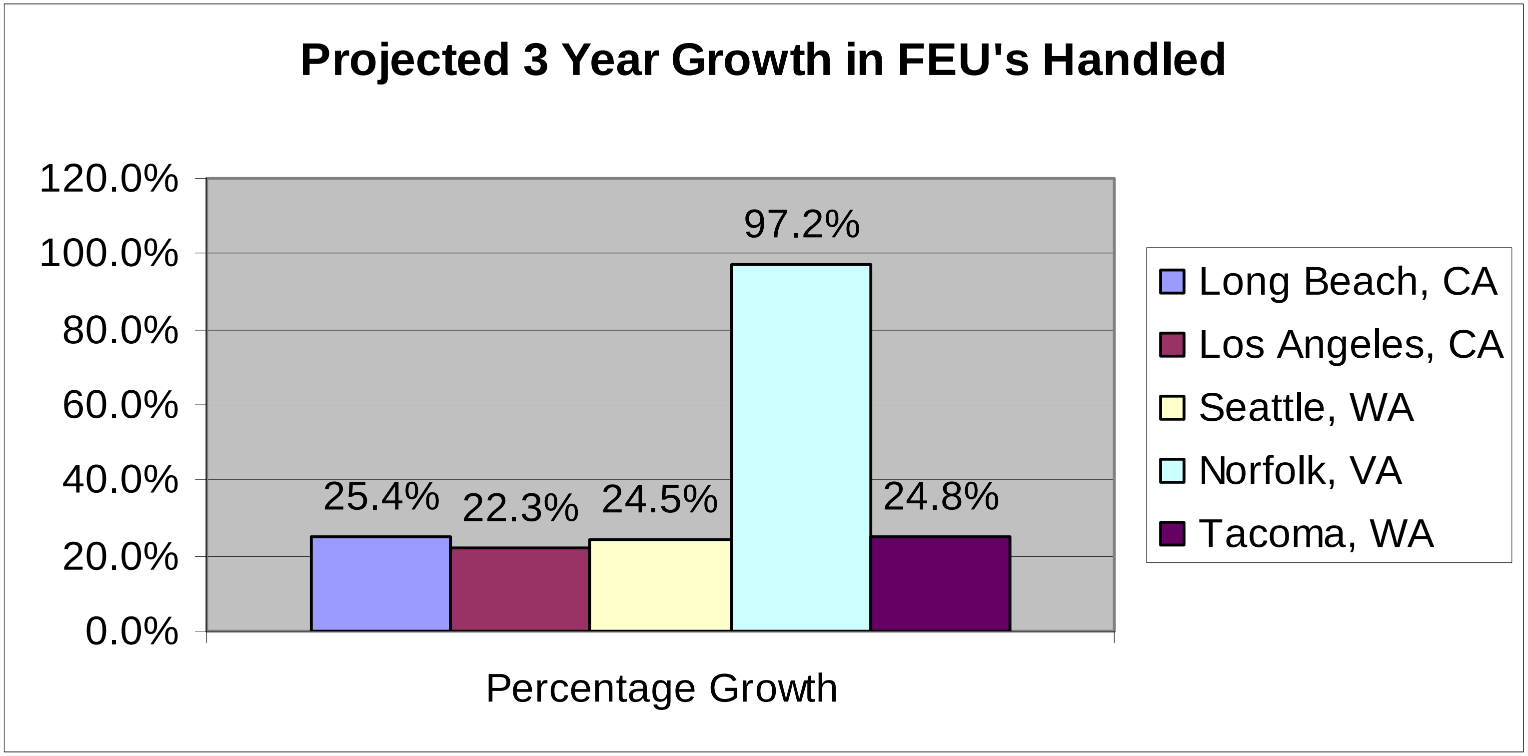
Performance Rating Criteria	
Rates	Breadth of lanes offered
On time performance	Support for inland origin transit
Transit times/reliability	Support for inland destination transit
Capacity availability	Flexible container release practices
Status tracking/visibility	Claims incidence and resolution
Proactive alerts	Additional services offered
Shipments rolled (rebooked on a later sailing)	Billing accuracy
Incumbency (i.e., current provider)	C-TPAT certification
Field operations responsiveness	Insurance

Consortium Ocean Trends

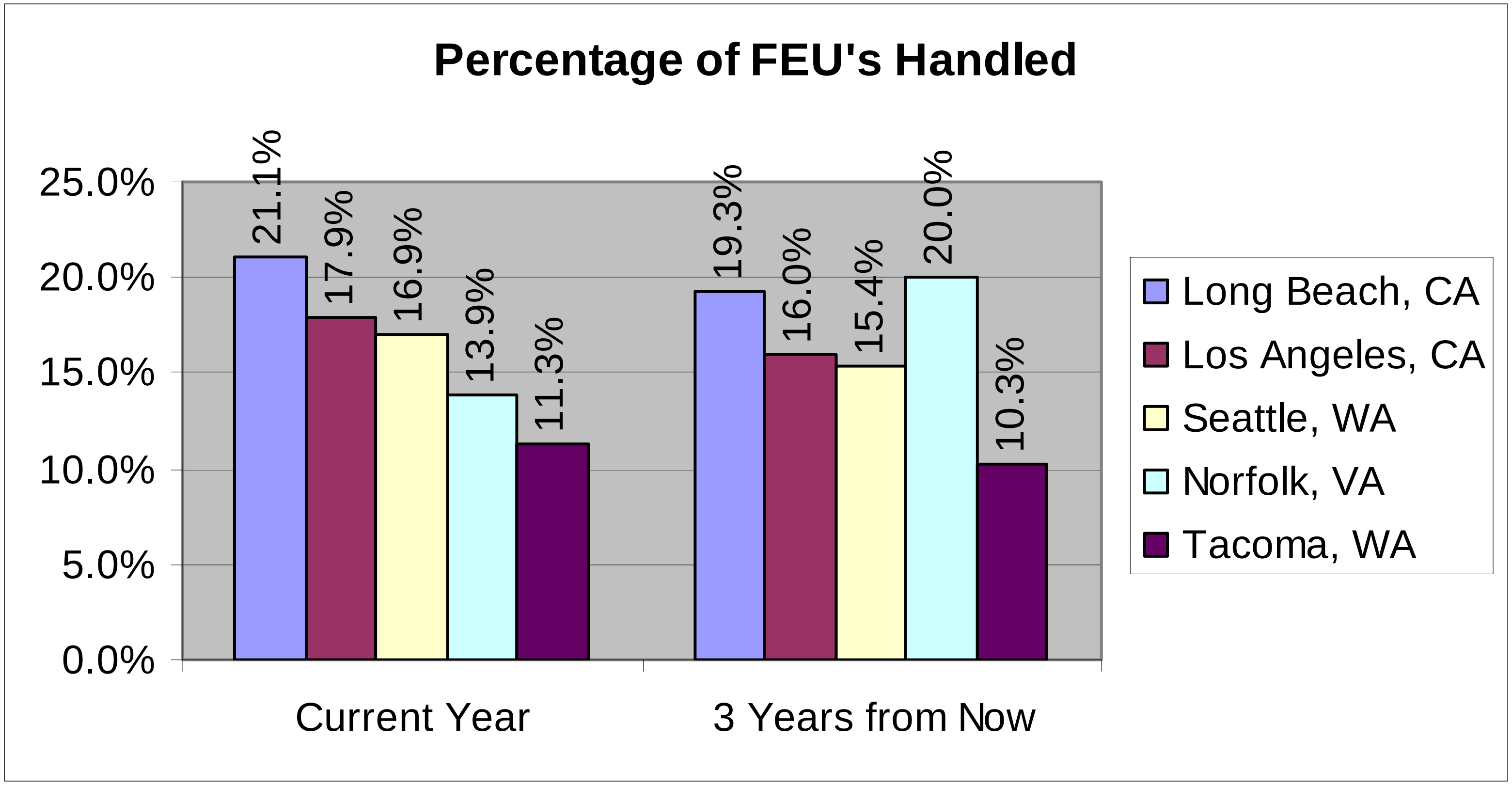
- **An oft-overlooked part of optimization, will become critical as capacity continues to tighten.**
- **Shippers are diversifying destination ports, but volume is projected to grow everywhere.**
- **Destination port impacts transit time moreso than cost.**

Ocean Transit Time (days)	Low	Med	Avg	High
Asia to West Coast	11	16.5	*18.9*	35
Asia to East Coast (All Water Panama)	24	30	*30.8*	42
Asia to East Coast (Suez)	11	14	*17*	21
E. Europe to West Coast	18	18	*21.0*	27
E. Europe to East Coast	10	19	*18.0*	24
W. Europe to West Coast	11	25	*27.5*	50
W. Europe to East Coast	7	12	*19.7*	65

Consortium’s Findings 2006



Consortium's Findings 2006



Observations are thus Based Upon a *"Shipper's Perspective"*

- **The Supply Chain Consortium**
  - **Database**
  - **Recent Hot Topics**
  - **Executive Seminar, Orlando Sept 2007**
- **Member of 10th COAC**
- **Recent consultation activity**

Top Ten Port & Maritime Issues

1. Business cannot be conducted "as usual" or as we have conducted business "in the past"
2. World is flat - meaning supply chains are fluid and change constantly. We are a *user vs. producer* economy
   - Economy of scale
   - Service reliability
   - Landed costs
   - Throw away vs. repair

Top Ten Port & Maritime Issues

3. **Transportation infrastructure is strained *everywhere*.**
   - **Road, rail and terminals**
   - **Capacity issues on every mode**
   - **In the majority of cases, we have no infrastructure financing from public or traditional sources**
4. **Supply Chain security, both threat and theft, can't be ignored anymore and is driving strategic decisions.**
5. **Competition is global. US is no longer the 900 pound gorilla in the room.**

Top Ten Port & Maritime Issues

6. **Total Supply Chain visibility is critical but not achievable today. Questions is “Who owns, shares and/or uses the data?”**
7. **Terminal productivity needs to be significantly increased in North America**
8. **Supply chain velocity is increasing but without strategic direction or planning**
9. **Distribution and sourcing strategies are in constant development and revision. Get used to the term, “*Beneficial Cargo Owner*”**

Top Ten Port & Maritime Issues

10. **Privatization of assets will change distribution and transportation strategies significantly. We *will* have new partners in the game.**

11. **The NIMBY (Not In My Back Yard) effect**
    - **Air Quality**
    - **Congestion, noise and light pollution**
    - **Funding**
    - **Safety**

12. **Change is constant - the ability to rapidly address the opportunity resulting from change will determine success.**