



# David Croft

Global Logistics Manager  
CHEP Equipment Pooling Systems

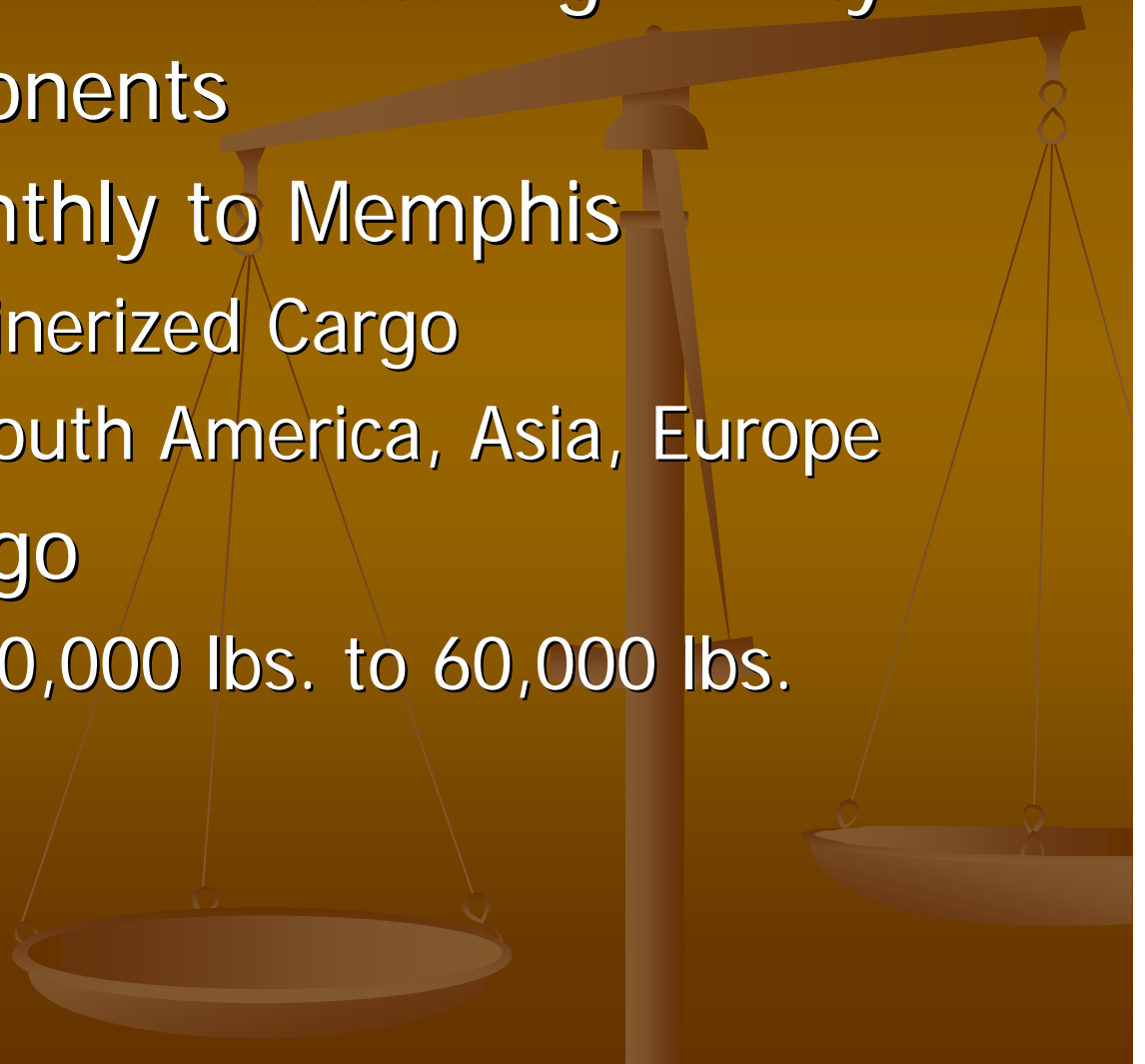
Tampa AAPA Seminar  
January 23<sup>rd</sup>, 2008

# Case Study CHEP Manufacturing Facility Memphis, TN




# Logistics Situation

- Largest CHEP US Manufacturing Facility
- 14 Major Components
- 1,200 FEUs monthly to Memphis
  - Bulk and Containerized Cargo
  - Imports from South America, Asia, Europe
- Overweight Cargo
  - Ranging from 50,000 lbs. to 60,000 lbs.



# Previous Supply Chain Flow

- Incoterms
    - CIF, DEQ, DDU
  - Ship Bulk Cargo to Mobile
  - Ship Containers to East Coast Ports
    - Dray Overweight Cargo to Local Warehouse
    - Unload Containers
    - Store Product
      - Gain Inventory Visibility
  - Load Street Legal FTLs of Re-Mixed Product for Memphis Delivery
  - Unload FTLs in Memphis
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# Opportunities



- Cost Reduction
  - Port Optimization
  - Elimination of Touches
  - Lower Inland Miles
- Service
  - Visibility
  - Inland Capacity Constraints
  - Supply Chain Redundancy
- Environmental Accountability
  - Ongoing CHEP Corporate Initiative

# Optimized Supply Chain Solution

- Incoterms
  - FOB Origin
- South American and European Freight
  - Shipped to New Orleans
    - Overweight Cargo – Legally Permitted
  - Load to Inland Barge Service
    - 12 Day Average Delivered Transit to Memphis
  - Load to Rail Service
    - 3-5 Day Average Delivered Transit to Memphis
- Asia Cargo
  - Ship to Vancouver
    - Overweight Cargo – Legally Permitted
  - Load to Rail Service
    - Port to Door 28-30 Day Average Delivered Transit to Memphis



# Cost Advantages

- Reduce Touches of Cargo
  - Higher Security of Cargo
  - Eliminate Cargo Losses
- Stable Cost Structure
  - No Truckload Capacity Issues
  - Less Volatility with Fuel Fluctuations
    - 5% Range in 24 Month Period
- Higher Tonnage Transported
  - Overweight Permits



# Service Advantages

- Increase Supply Chain Efficiency
  - Better Flow-through of Product
- No OTR Capacity Issues
- Move Overweight Cargo Legally
- Enhance Visibility
  - Decrease Safety Stock Requirements
- Creation of Supply Chain Partnerships





# Environmental Advantages \*

- One Ton of Cargo with One Gallon of Fuel
  - 514 Miles by Barge
  - 202 Miles by Rail
  - 60 Miles by Truck
- Transporting One Ton of Cargo 1,000 Miles
  - Barge - 0.20 Pounds of Carbon Monoxide
  - Rail - 0.64 Pounds of Carbon Monoxide
  - Truck – 1.9 Pounds of Carbon Monoxide

\* Gulf Intercoastal Waterway Association Data

# Environmental Advantages \*

## ➤ Environmental Footprint

### ➤ Short Sea Shipping Opportunities

- 30,000 pounds less Hydrocarbons
- 120,000 pounds less Carbon Monoxide
- 350,000 pounds less Nitrogen Oxides

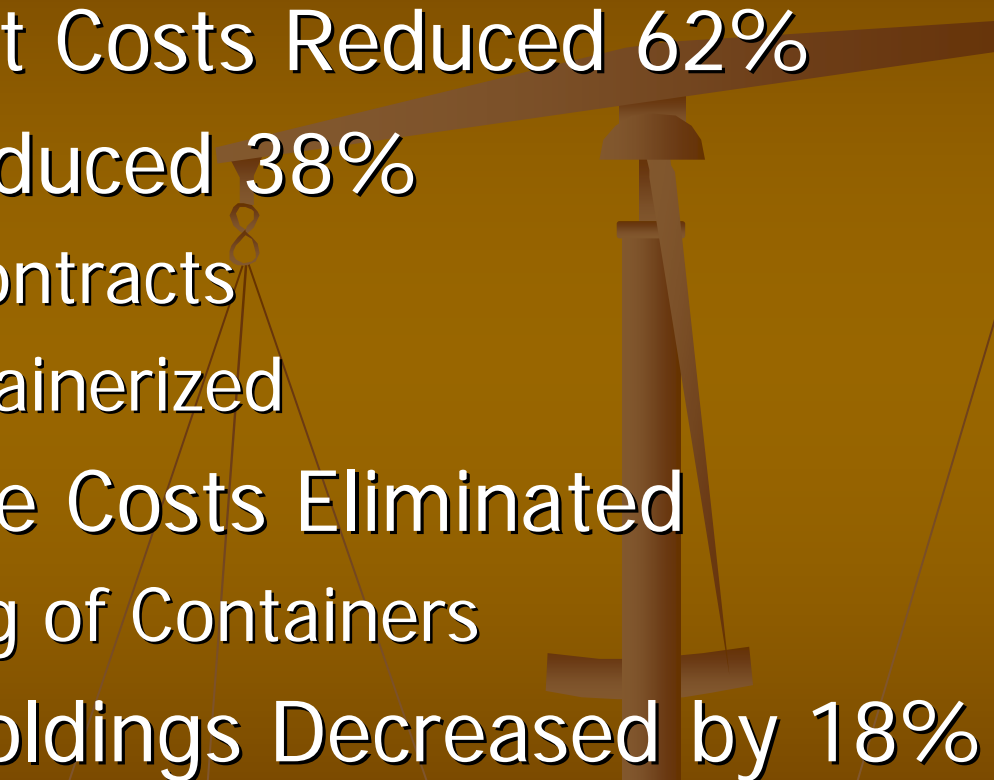
### ➤ Rail Opportunities

- 6,000 pounds less Hydrocarbons
- 47,000 pounds less Carbon Monoxide
- 305,000 pounds less Nitrogen Oxides

\* Gulf Intercoastal Waterway Association Data



# Results

- Inland Transport Costs Reduced 62%
  - Ocean Costs Reduced 38%
    - CHEP owned Contracts
    - All Freight Containerized
  - Local Warehouse Costs Eliminated
    - No Transloading of Containers
  - US Inventory Holdings Decreased by 18%
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Questions?



# Biography



## ➤ David Croft

### ➤ Global Logistics Manager

- David Croft is the Global Logistics Manager for CHEP Equipment Pooling Systems, the worldwide leader in pallet and container pooling services
- David is currently responsible for the world-wide movement of over 40,000 TEUs annually between 42 countries
- Prior to joining CHEP, he worked primarily in the import, export and customs compliance disciplines for Motorola and General Electric and is a certified Six Sigma Green Belt
- Over the course of his career David has designed and led the implementation of productivity projects that have yielded documented savings in excess of \$30 million dollars
- David received his B.A. in Marketing, Management and Finance with honours from Mercer University in Atlanta and currently resides in Orlando, FL with his wife and 8 month old daughter, Morgan