Satisfying the Needs of the Port’s Clients

Marine Terminal Management Training Program Long Beach
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By

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NIKE, Inc.
NIKE, Inc. FY 06 Performance

Revenue: $16.3 B + 9%
Gross Margin % 43.9% - 0.02%
Net Income $1.5B + 7%
Diluted EPS $2.93 + 11%
Global FEU 100,000

FY06 Product Line Performance

- Apparel: 7%
- Footwear: 61%
- Equipment: 32%
NIKE’s Logistics Service Providers

- APL Logistics
- APL
- "K" Line
- Maersk Line
- Maersk Logistics
- Expeditors
- NYK Line
- Hanjin Shipping
- OIA Global Logistics
- OOCL
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 USA Port Usage
(October 2007)

38% Seattle
Tacoma
Portland

3% Oakland

52% LA / Long
Beach

4% New York/NJ

3% Savannah

New Orleans

Jacksonville
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.