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CHEP Equipment Pooling Systems
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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
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%
Questions?
David Croft is the Global Logistics Manager for CHEP Equipment Pooling Systems, the worldwide leader in pallet and container pooling services. He 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.