



Transportation Partnerships

Converting Transportation
Constraints into Collaborative,
Sustainable Solutions



Sustainability Overview

- ***M-10 Marine Highway***

- First Leg – OTR from Monterrey to Port of Brownsville
- Barge Service Running Between Texas and Florida
- IML/OTR Services from FL to Mid-Atlantic Region
- Offered Harmonized Operations Between MX & the US

- ***Co-Load Operations – Monterrey, MX / El Paso, TX***

- Development of Strategic Shipper Partnerships
- Combine “Opposite” Densities to Optimize Capacity Utilization
 - Recognize both weight and cube as contributors to capacity
 - Create transportation savings via mode shifts & improvements in capacity utilization



Dal-Tile Introduction

- **Subsidiary of Mohawk Industries**

- World's Largest Flooring Manufacturer
- Headquartered in Calhoun, GA



- **Dal-Tile Has Ten NA Manufacturing Locations**

- Gettysburg, PA
- Lewisport, KY
- Muskogee, OK
- Florence, AL
- Fayette, AL
- Sunnyvale, TX
- El Paso, TX
- Chihuahua, CI
- Monterrey, NL
- Salamanca, GJ





State of the Industry

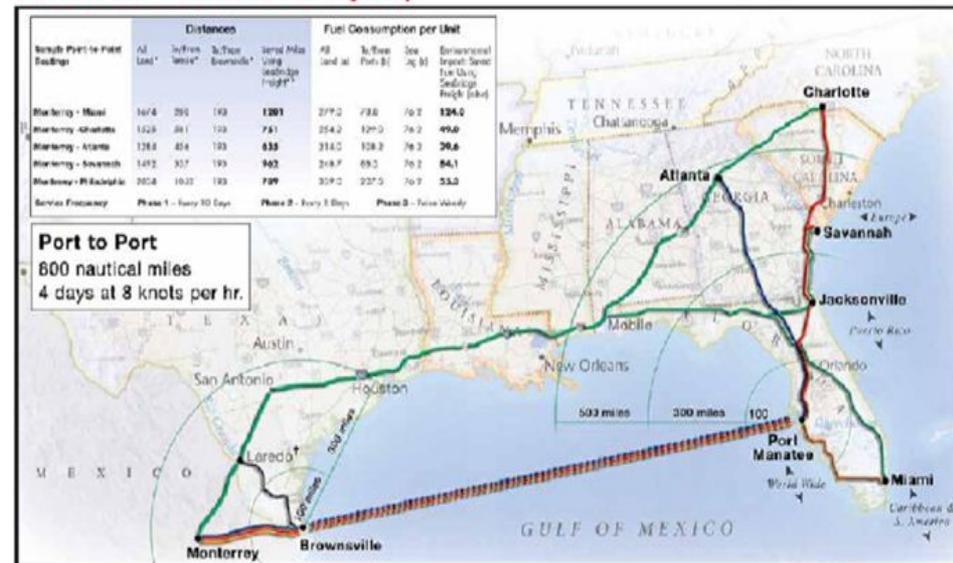
- ***Lots of Talk/Evidence About Capacity Shortages***
 - Transportation Industry Purged Assets 2007-2010
 - Economic downturn required downsizing
 - Cost of replacement equipment has skyrocketed
 - Aging Workforce, Baby Boomer Retirements
 - HOS Changes Impacted on Driver Productivity
 - Industry Needs Something to Offset Inflationary Pressures
- ***Shippers Must Question How They Use Capacity***
 - Every Conveyance/Mode Offers Weight & Cubic Capacity
 - Tend to Plan Around “Constraints” vs. “Opportunity”
 - Are we Using Capacity (weight/cube) Wisely?

Designing for Sustainability



- **Multi-Modal Barge Solution (M-10 Marine Hwy)**
 - Monterrey, MX to Miami & Baltimore
 - Harmonized Weight from MX to Florida
 - Reduced Container Count from 1600/yr to 1200/yr
 - Produced 45% reduction in logistics cost (IML, OTR, OCN)
 - increase in weight (30%)
 - reduction in circuitous miles
 - favorable mode/fuel efficiency
 - reduction in transit time (6 days)
 - Illustrated Value of Cube
 - Need to Go Further in Regards to Cap. Utilization

Brownsville <-> Port Manatee Highway





*“when you buy transportation capacity,
you are buying weight and cube.....”*



Designing for Sustainability

- ***Trans-Enterprise Co-Load Solutions***
 - Focus on Cubic “Opportunity” vs Weight “Constraint”
 - Development of “Tri-Party” Transportation Partnership
 - Used 3PL (Transplace) to facilitate introductions
 - Expanded 3PL role into customs/other solutions
 - Multiple Objectives
 - Reduce transportation capacity requirement across enterprises
 - Create transportation savings via mode shifts to sustainable modes
 - Share benefits to create a “win-win-win” atmosphere



“Constraint” or “Opportunity”?



“Constraint” vs. “Opportunity”



Rear
8'-6"

Front



“Constraint” vs. “Opportunity”



Loading
domestic
Palle
dles,

53'-0"



ndle





Collaboration Challenges

- ***Development & Maintenance of Partnerships***
- ***Evaluation of Supply Chain “Risks”***
- ***Synchronization of Services***
- ***Liabilities Around Re-Handling***
- ***Solutions Design & Execution***
- ***Benefits Sharing***

Is the view....



...worth the climb?



“.....transparency is the basis for building trust and an understanding that each collaborative partner is receiving its “fair share” of the identified benefits”

Critical Events

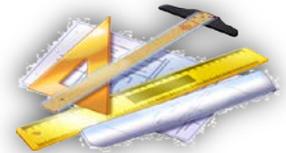
Transportation Collaboration



- ***Changed Focus - Constraint to Opportunity***
- ***Accepted the Need for a Facilitator***
- ***Defined “Ingredients” for Strong Partnerships***
- ***Designed & Imp. Collaborative Solutions***
- ***Created “Attractive” Benefits Sharing Process***
- ***Executed Well – Overcame Challenges***



TRANSPLACE



Transparency
50/50 Capacity
50/50 Benefits

