



# Palisades Logistics Newsletter

Issue 1

July 2010

## Welcome

We hope you enjoy reading the Palisades Logistics Newsletter. Our goal is to provide news and information about the logistics industry that will benefit your company.

Thank you for your support and participation to launch this first issue. We appreciate your comments and suggestions.

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### Enterprise Co-Packing Approach...A Blended Supply Chain Network CPG's



"What do you recommend? Embedded or stand alone co-packing operations?" These questions are frequently asked by customers and prospects.

Our response of "both" or an enterprise co-packing solution is generally received with raised eyebrows. The simplicity of the answer reflects a complex need for a blended enterprise model to

achieve the full benefits of both solutions.

### ***Embedded Co-Packing:***

Embedded operations employ placing a 3rd party co-packer within a distribution center as depicted below.



### ***Advantages:***

***Cost Sharing***--Shares facility and labor costs across distribution and assembly

***Base Stock Flexibility/Postponement***--Offers CPGs a postponement strategy due to base stock being in the same facility

***Fork Lift Moves***--Delivers significant savings in freight and reduced handling

***Reduced Space Requirements***--Smaller operational footprint

***Flexibility and Control***--Within management and support of the manufacturing flow and the distribution flow

***Sharing of Labor to Lower CPG's Costs***--Opportunities to flex labor between assembly and distribution operations

***Flow Management***--Responsiveness in trailer spotting and pick-ups to ensure docks stay clear and inbound are quickly processed. Also, capacity is needed for sufficient drop trailer spots, where critical, to handle surges.

### ***Disadvantages:***

***Seasonal or EOM/EOQ Surges***--Repack and DC operations will peak at the same time, and overwhelm capacity for dock doors, space, labor and equipment

***Labor Availability and Rates***--Depending on the CPG or 3PL's staffing strategy between permanent and temporary labor costs and worker quality/consistency sometimes become issues

***Co-packing and Logistics are Traditionally Opposed Businesses***--In basic operations, in scope of understanding a client's needs, in requirements for similar duties (like forklift operators), and in reward structure, among others, these two elements are very different. Crescent understands both, and how to position each to work together, regardless of control structure.

Contributed by Crescent

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**[Savannah Celebrates Opening of New Southeastern Distribution Center for](#)**

## Diageo Beer Brands Guinness, Harp, Red Stripe and Smithwick's

Savannah, Ga. - March 17, 2010 - The Port of Savannah recently welcomed additional cargo when Diageo opened its new Southeastern distribution center for imported beer. The distribution center will be operated by Matson Global Distribution Services, a third-party logistics provider.

"We want to thank Diageo for its selection of Savannah and its confidence in our ability to handle its cargo through the port, " said Georgia Ports Authority's (GPA) Executive Director Curtis J. Foltz. "This announcement is further evidence of Savannah's position as the key Southeast distribution location in the South Atlantic."

"We are excited to work with the Georgia Ports Authority. Savannah not only boasts one of the nation's largest St. Patrick's Day celebrations, but is also a perfect location for our regional distribution of Diageo-Guinness brands," said Erik Snyder, Diageo's Vice President of Logistics. "We look forward to a strong relationship there as we continue to optimize our supply chain."

The first Diageo shipment to its new Savannah distribution center arrived on January 14, 2010. This distribution center will primarily handle beer including Guinness, Harp, Red Stripe and Smithwick's. Previously, Diageo had shipped its Red Stripe brand from Jamaica through the Port of Savannah. Initially volume will be approximately 3,000 twenty-foot equivalent units or TEUs annually.

The distribution center's expedited opening was facilitated by the Georgia Department of Revenue, Alcohol and Tobacco Tax Division, the City of Pooler, the GPA and Matson Global Distribution Services, Inc.

Georgia's deepwater ports and inland barge terminals support more than 286,476 jobs throughout the state annually and contribute \$14.9 billion in income, \$55.8 billion in revenue and \$2.8 billion in state and local taxes to Georgia's economy.

About Diageo:

Diageo (Dee-AH-Gee-O) is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, wines and beer categories. These brands include Johnnie Walker, Guinness, Smirnoff, J&B, Baileys, Cuervo, Tanqueray, Captain Morgan, Crown Royal, Beaulieu Vineyard and Sterling Vineyards wines.

Diageo is a global company, trading in more than 180 countries around the world. The company is listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE).

For more information about Diageo, its people, brands, and performance, visit us at [Diageo.com](http://Diageo.com). For our global resource that promotes responsible drinking through the sharing of best practice tools, information and initiatives, visit [www.DRINKiQ.com](http://www.DRINKiQ.com).

Celebrating life, every day, everywhere.

About Matson Global:

Matson Global has more than 100 quality associates based on business seasonality at its warehouse campus environment operating in more than one million square feet, servicing retail, toy, food and beverage clients. Matson Global operates both a dedicated and shared warehouse environment maximizing all warehousing and distribution efficiencies for its clients and their customers. Additionally, Matson Global has experience in VAP, FTZ, Supply Chain Design and complete domestic and international logistics capabilities. Matson Global is part of the Matson family with more than

125 years experience as a leading provider of transportation and logistics solutions worldwide.

Contributed by Matson Global

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### Shippers Warehouse and Georgia Legislators Rewrite Commercial Code

Shippers Warehouse representatives worked with Georgia Legislators to rewrite UCC Article 7 Commercial Code. The revised code was signed into law with the passage of Georgia HB451.



From left to right: Michael Glanton-State Representative, Michael Jacobs-State Representative/co-bill sponsor, William Stankiewicz-Vice President and General Manager Shippers Warehouse, Governor Sonny Perdue (seated), Roger Martin- UCC -Uniform Commercial Commissioner & Attorney at Law for Hall Booth Smith & Slover,P.C., Edward Lindsey-State Representative/co-bill sponsor, Anthony Piccolo-Shippers Warehouse Transportation Executive, and Brad Carver-Attorney at Law-HBSS

Article 7 deals with negotiability, transfer of rights, liens, risk of loss, and statute of frauds. The most recent amendments add electronic transactions.

As electronic communication has become the standard, so has electronic negotiation and deal processes. Article 7 helps to solve many of the emerging issues in the new age of electronic rights and title transfer by incorporating consistent provisions for electronic documents of title. It incorporates time honored means of negotiability with updates for the new means and methods for negotiability and transfer of electronic documents of title allowing for interchangeability.

Georgia Governor Sonny Perdue signed Georgia HB451 into law on May 27, 2010 with the urging of representatives from Shippers Warehouse along with legislators and support from business groups such as IWLA, WERC, CSCMP, and the Southeastern Warehouse Association.

Contributed by Shippers Warehouse

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## U.S. Logistics Industry Poised For Rebound

Lombard, IL: An annual benchmark report released shows the continued impact of the economic slowdown on the U.S. logistics industry.

The 21st Annual State of Logistics Report, released by the Council of Supply Chain Management Professionals (CSCMP) and presented by Penske Logistics, reveals that, continuing the decline reported in 2008, business logistics costs fell to 7.7 percent of U.S. Gross Domestic Product (GDP) in 2009, as compared to 9.3 percent the previous year.

Total U.S. logistics costs dropped again last year showing a significant decrease from 2008. Interest rates remained historically low, and this, combined with lower inventory levels, pushed the interest paid on inventories down over 89 percent from 2008 levels.

Since 1988, the State of Logistics Report has tracked and measured all costs associated with moving goods through the U.S. supply chain.

The report benchmarks key metrics in U.S. logistics such as transportation and inventory-carrying costs, freight volumes, and revenues, giving practitioners a big-picture view of the performance of the U.S. supply chain process.

### Other key findings

In 2009, inventory-carrying costs continued to fall due to a 4.6 percent decline in inventory and a further plunge in interest rates. Pressure on rates and an inability to move goods resulted in warehousing costs falling 2 percent below those of 2008. Although early 2009 saw warehouses full of inventory, by mid-year goods had been drawn down or relocated, leaving facilities with empty space.

Transportation costs were 20.2 percent lower than 2008 levels, with all modes of transportation being negatively affected. Trucking, which comprises a large percentage of the transportation component, had a 9 percent drop in tonnage carried. Rail carload traffic was also down from the previous year.

The ocean sector reported sharp declines, lowering rates to stimulate business, with some ocean carriers reporting losses for the first time in their company's histories. After heavy losses early in the year, air cargo had a much stronger showing by the latter part of 2009.

[Food Logistics.com: Friday, June 11, 2010](#)

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## Something To Go On...

"I try to learn from the past, but I plan for the future by focusing exclusively on the present. That is where the fun is." - Donald Trump

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Palisades Logistics is a unique logistics company. For more than twenty years Palisades Logistics has been connecting consumer goods companies and third-party logistics companies. Palisades Logistics provides a nationwide network of public distribution centers and public refrigerated warehouses. Additionally, the company offers a broad range of transportation services to domestic and global shippers. Many of the largest U.S. consumer goods manufacturers and retailers rely on the expertise of Palisades Logistics to receive the service and value necessary to support their logistics needs. For more information about Palisades Logistics, visit online at [www.palisadeslogistics.com](http://www.palisadeslogistics.com) or call 973-331-8220.