

To HAUL and STORE

Companies are merging transportation and warehousing functions for their customers.

BY LEE MARIE REINSCH



If your company made sauerkraut, would you want your employees to focus on making the best sauerkraut possible, or on fixing the brakes on a company tractor-trailer?

Assuming the truck's not headed at you, you'd probably prefer your people to concentrate on what they do best — making tasty, fermented cabbage salad — and leave worries about other areas of business, like transportation and warehousing, to someone else.

"We take care of that headache for our customers," says Steve Evans, president of Leicht Transfer & Storage Co. in Green Bay.

Integrated logistics and warehousing companies such as Leicht, Checker Logistics and their parent company, RGL Holdings, Inc., combine several functions — including shipping, storing and managing material inventories — under one umbrella.

More logistics and transportation companies are expanding their offerings not just by moving things from Point A to Point B, but by storing and managing the materials between steps in the supply chain.

"We would act as their warehousing, so [instead of] them investing in a brick and mortar warehouse, they would come to us," says WOW Logistics vice president of sales and marketing Jamie Wally.

But these integrated shipping and warehousing companies are more

than just glorified storage facilities. A firm like Leicht, WOW or Checker Logistics can move barrels of brined cabbage to a canning factory to be canned, take the filled cans to be labeled, then store them back at their warehouse until orders from the sauerkraut company notify them that their retail customers need more sauerkraut. Such firms use forklifts to unload, stack and store the materials. Then finally, the logistics company would truck the cans of kraut on to the retail outlets for the client.

In the sauerkraut example, Checker stores the empty cans before they're filled with sauerkraut, as well.

Many logistics and warehousing firms are strategically located — for example, by railroad access or the companies they serve — so they can handle materials and get them to the next stop in the supply chain. Firms that handle wood pulp may be located near paper mills, paper converters or near railroad access for shipping.

In many cases, like the sauerkraut example, they receive the finished product back at their warehouse and then handle the final distribution, as well. "Instead of maintaining that warehousing, they are letting us do it," says Wally.

Companies are looking to strategically outsource, Wally says. "The way the industry is changing is that companies are looking to a third party and saying 'I need you to take care

of transportation and integrate systems,'" he says.

In the warehousing and transporting industry, integrating systems means that the shipper uses a compatible inventory program — usually electronic inventorying — as the customer.

"If we're integrated with [the customer] then we are part of their system, and we provide them with an electronically seamless solution," says Wally.

Third-party logistics firms are known in the industry as 3PLs.

The International Warehouse Logistics Association reports that 3PLs are becoming more common as more companies outsource to stay viable. The IWLA cites a 2002 study indicating that around 80 percent of Fortune 500 companies outsource at least one function.

"Manufacturers are good at manufacturing, and we are good at logistics," says Wally. "That's why we provide professional services like this. You concentrate on what you do best."

For example, one WOW facility is fully devoted to serving as the distribution center for one client, a paper converter.

"We are taking orders 24/7 for that one customer, and we are shipping [their product] to their customers," says Wally. "We are their distribution partner." **M**