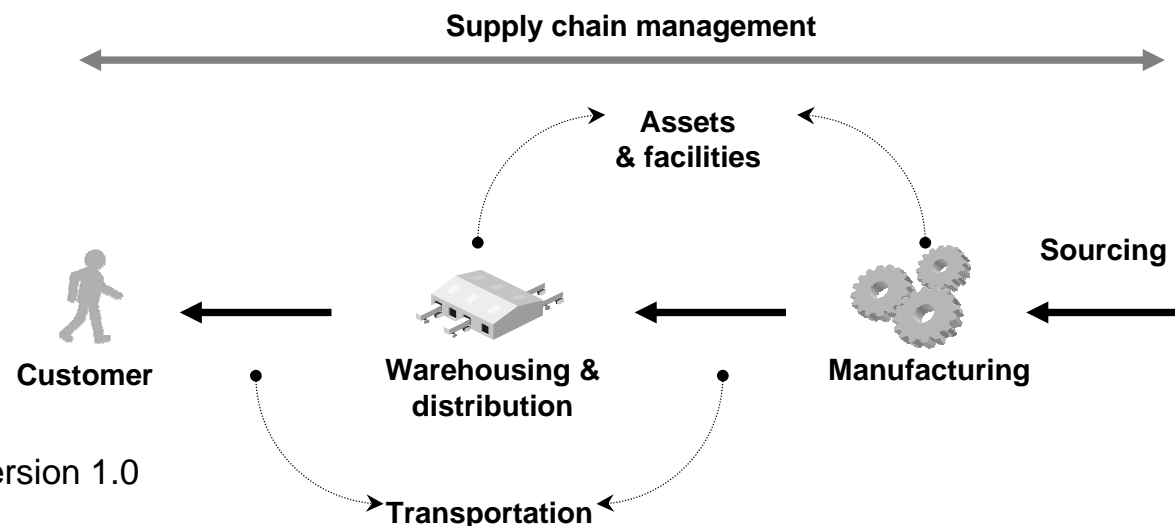




Supply Chains Collaboration

Breaking political & operational barriers between shippers and 3PL's

February 3, 2010
Brussels
version 1.0



Agenda



- Collaboration - its context
 - Definitions
 - Stakeholders
- Collaboration - stages of capability
 - Path of growth
 - Stages 1 - 4
- Collaboration - implementation topics
 - Initiatives and industry position of FMCG
- Collaboration - casus Fresh Corridor II
 - Initiative overview
 - Road to realization

Collaboration - context

Value added model

In high cost, high competitive value areas

Focus on economy of scale

buy companies specialized in R&D or
increase market share by takeovers

In high cost, high logistics competitive value

Optimize logistics

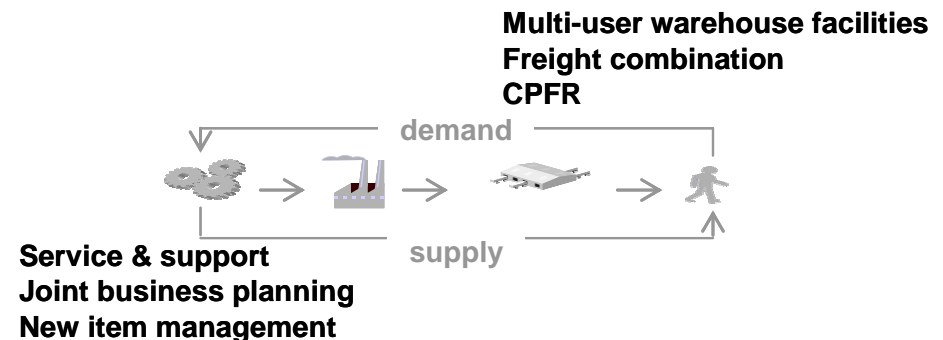
Minimize (logistics) costs

In high cost, low logistics competitive value

Why compete?

Why not cooperate?

- Network redesign
- Supply chains differentiation
- Inventory management
- Warehousing optimization
- Outsourcing



Collaboration - context

A theoretical definition

1. Collaborative Logistics:

- The key to collaborative logistics lies in identifying and reducing all (hidden) logistics costs and assets that all entities within a supply chain bear but do not control individually

2. Shipper collaboration:

- Shipper working together to identify opportunities to reduce costs, improve service and provide tangible value for both organizations

3. Why collaboration:

- No further value available to top tier companies without exploring collaboration
- Technology has put more complex collaboration in reach

Shippers

- Operational savings
- Reduction of supply chains assets
- Committed capacity
- Risk pooling

3PLs

- Increased assets utilization
- Predictable efficiencies

Customers

- Improved customer service
- Visibility in inbound

Environment

- Reduced road congestion
- Optimization of available landplots
- Reduction of the CO2 footprint

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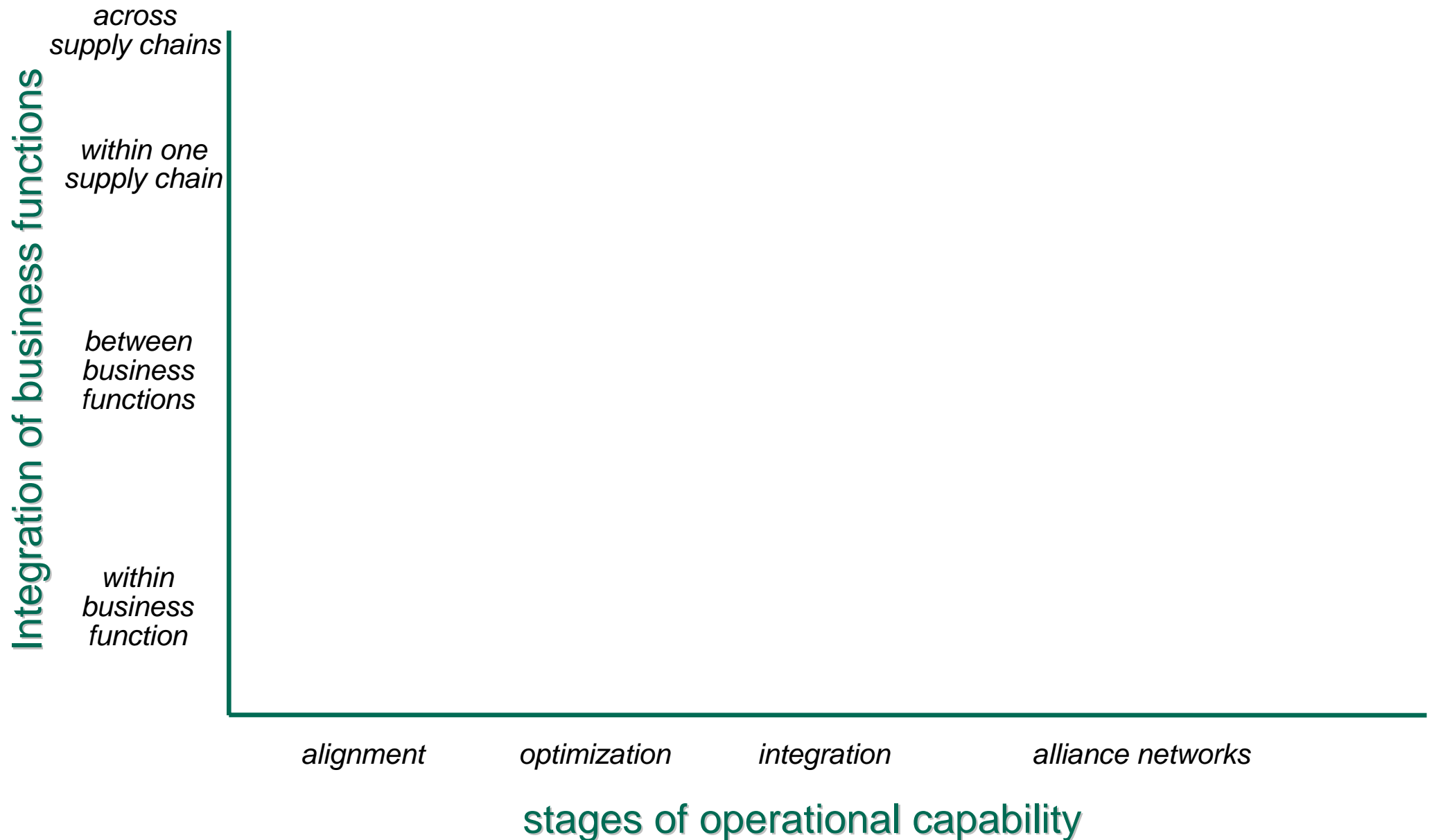


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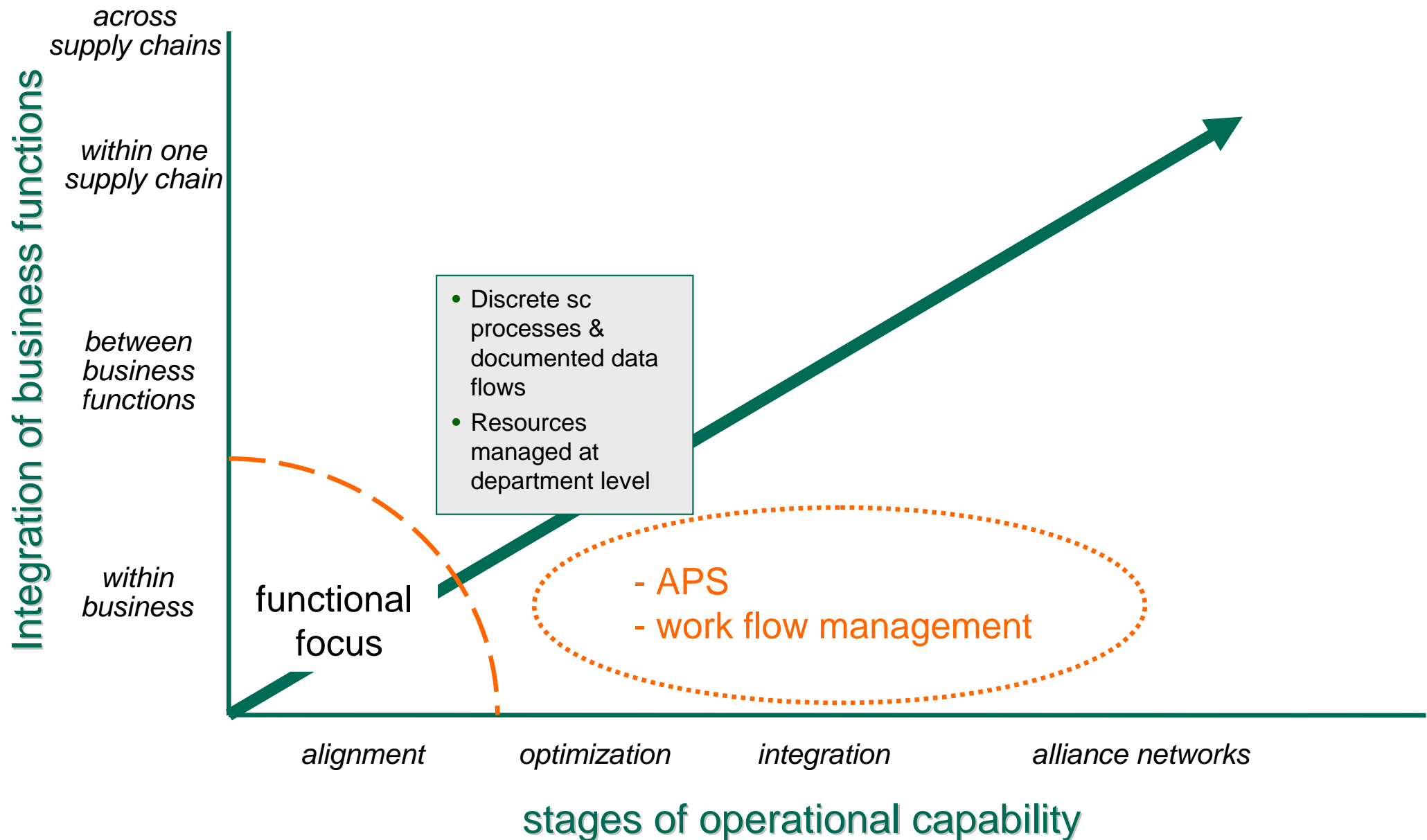
Collaboration – stages of capability

Path of growth



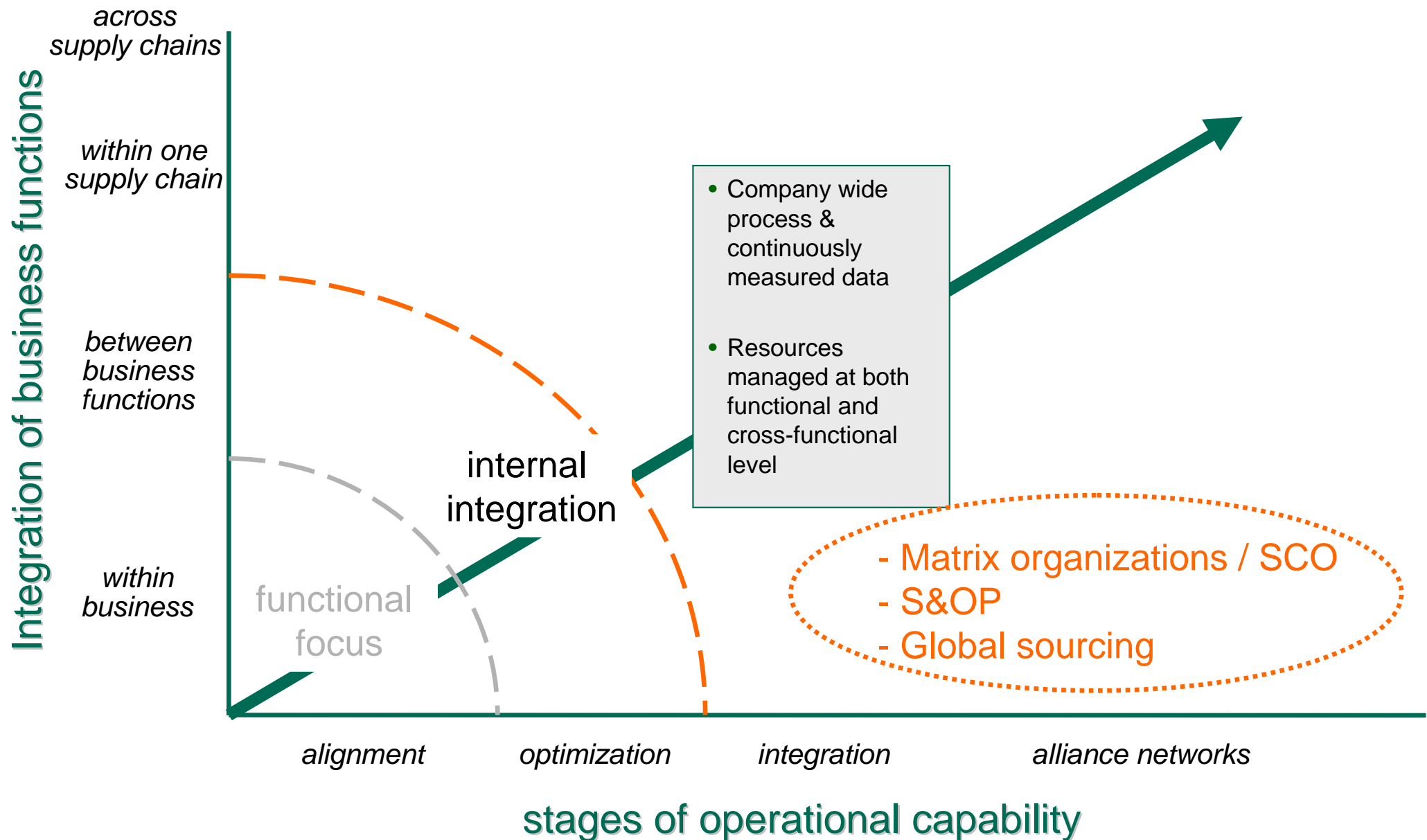
Collaboration – stages of capability

Stage 1 – functional focus



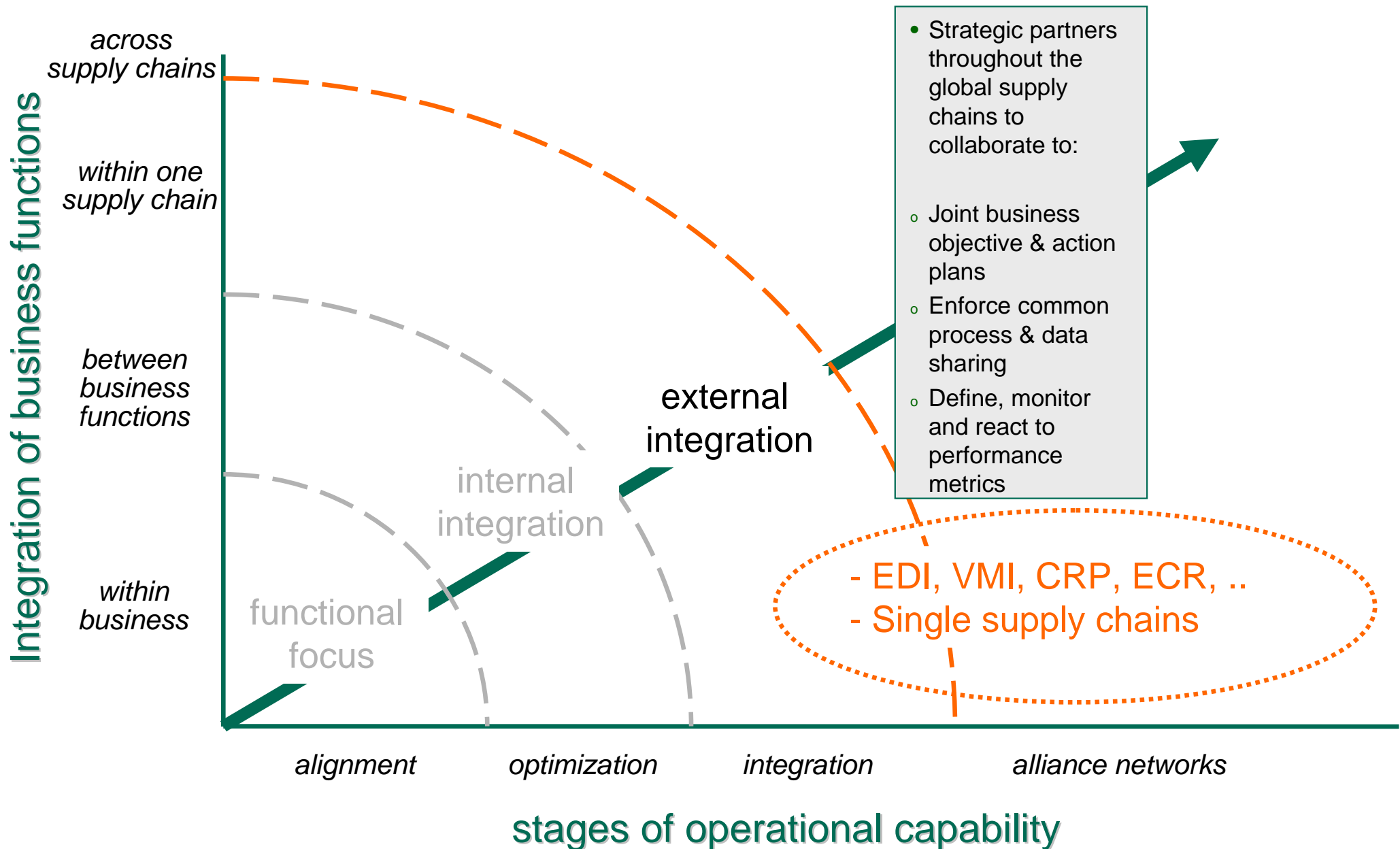
Collaboration – stages of capability

Stage 2 – internal integration



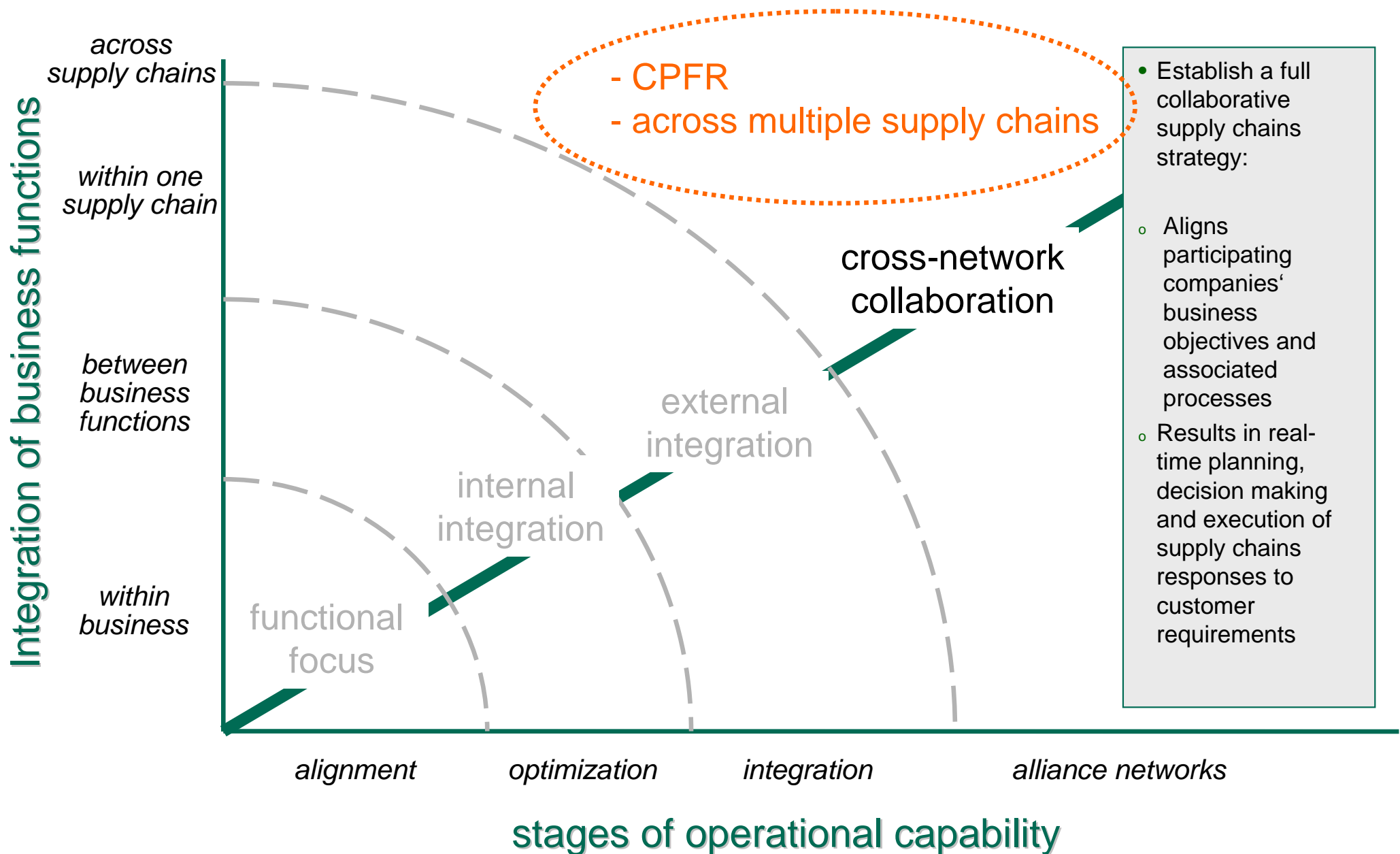
Collaboration – stages of capability

Stage 3 – external integration



Collaboration – stages of capability

Stage 4 – cross collaboration network



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Collaboration – implementation topics

FMCG initiatives

Knowledge sharing

- Create platforms on logistics approach (e.g. HACCP)
- Share information on food issues per country

Experience sharing

- Select vendors based on experience in FMCG / with validation
- If possible, purchase equipment / systems based on validated status

Facility sharing

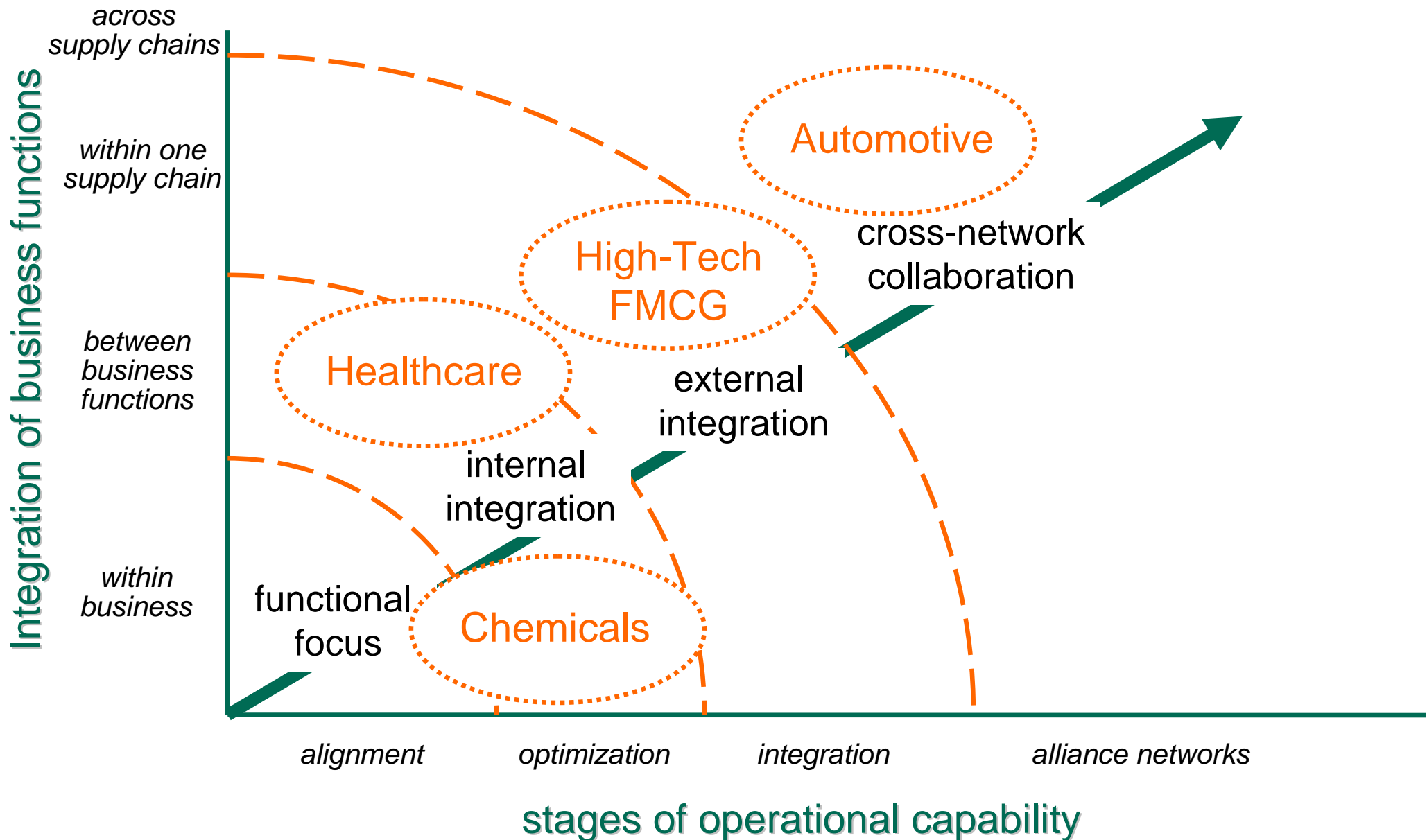
- Share (temperature controlled) storage areas
- Share storage facilities (*also for postponement, Value added etc.*)

Transport sharing

- Share (temperature controlled) transportation
- Combine direct distribution transport

Outsourcing

FMCG positioning



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Collaboration – casus Fresh Corridor II

Initiative overview

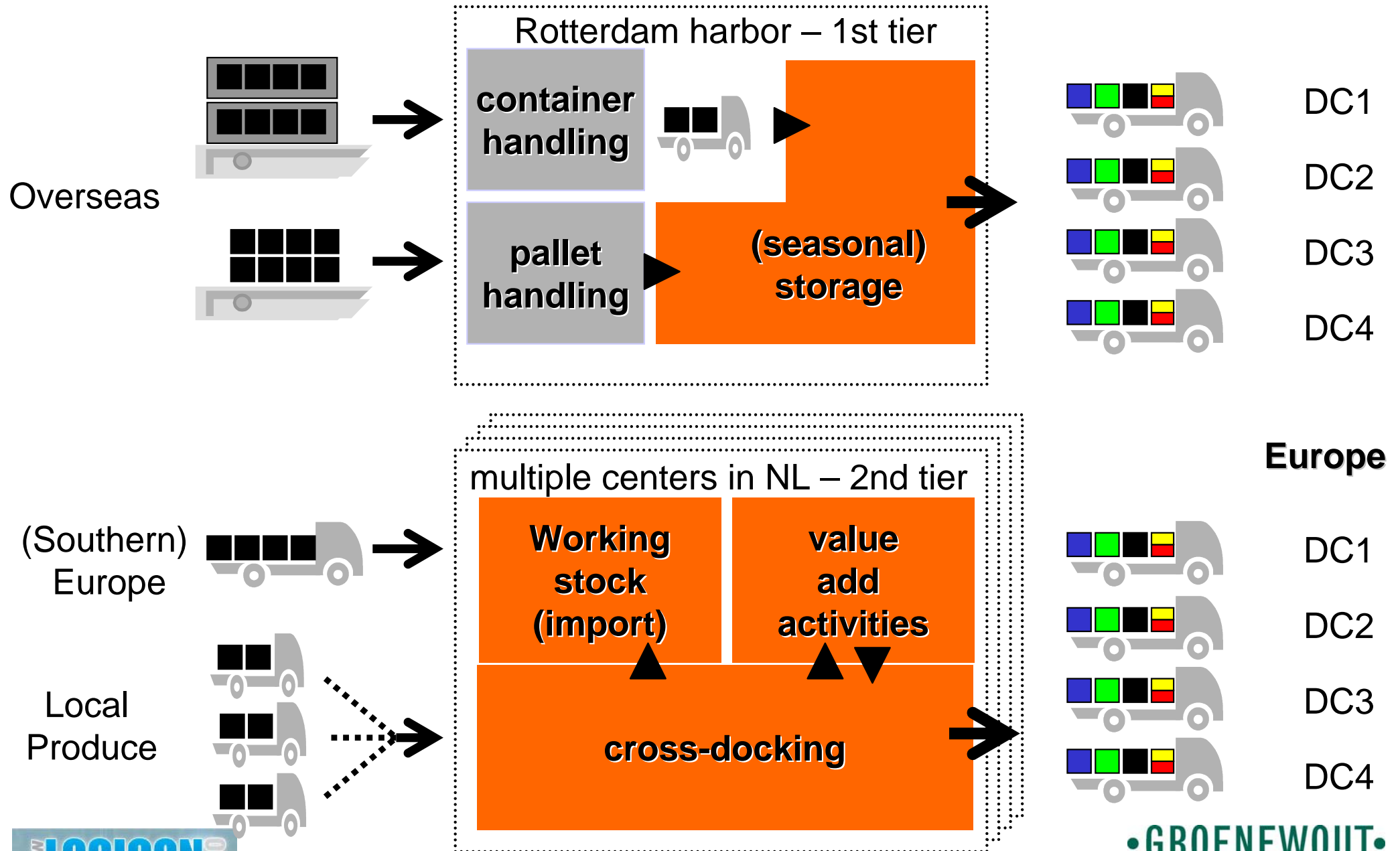


Relocation of the current fruitport in the Merwehaven to a Coolport in the Waal-/Eemhaven, to create a multi-functional hub that supports all transport modalities. With the purpose to close the cold chain and to operate the inbound, handling and outbound transport as efficient as possible.

terminal operator	3PLs - distribution	inbound cust.	others
 		   	

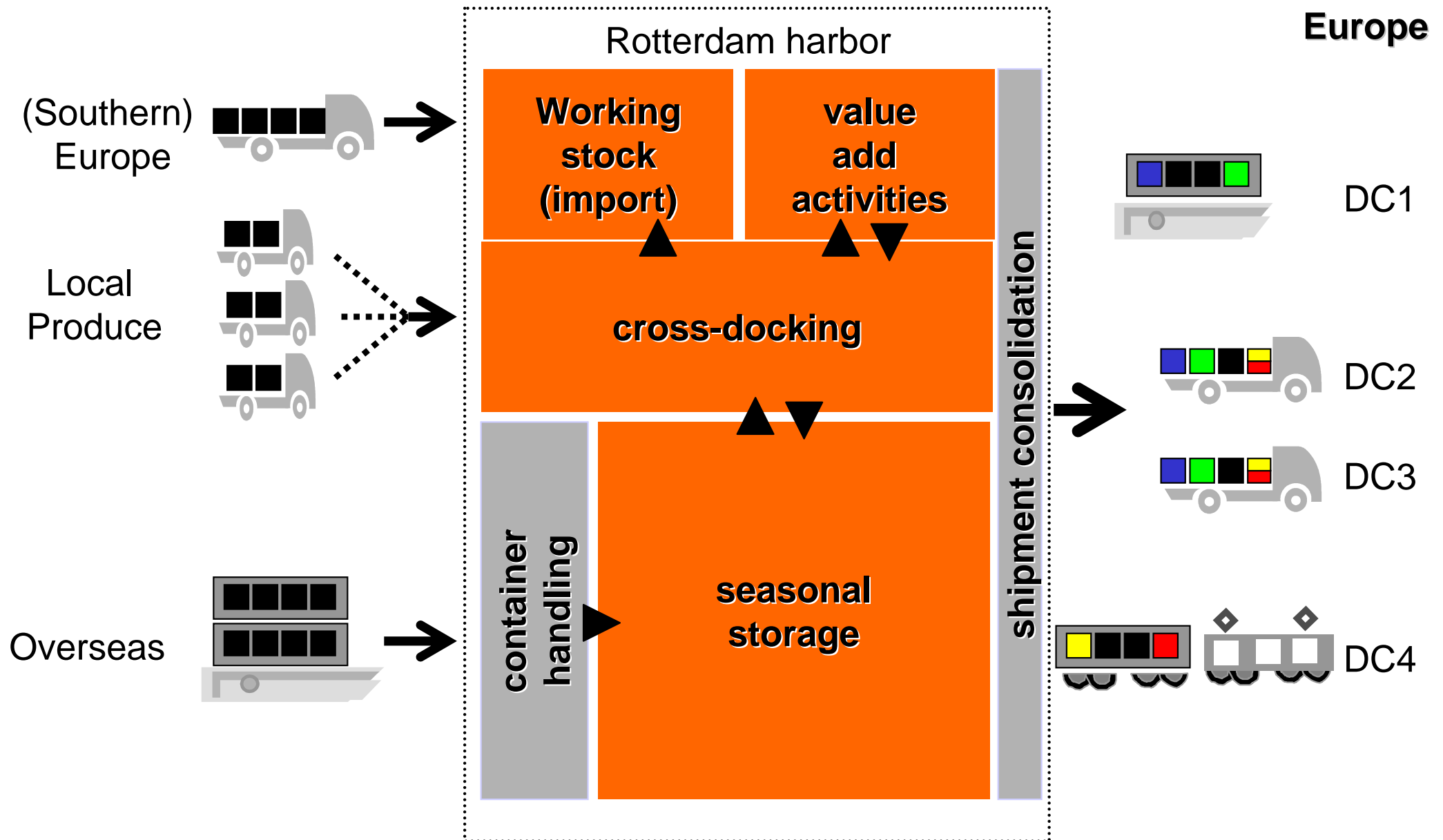
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AS-IS supply chains set-up



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TO-BE supply chains set-up



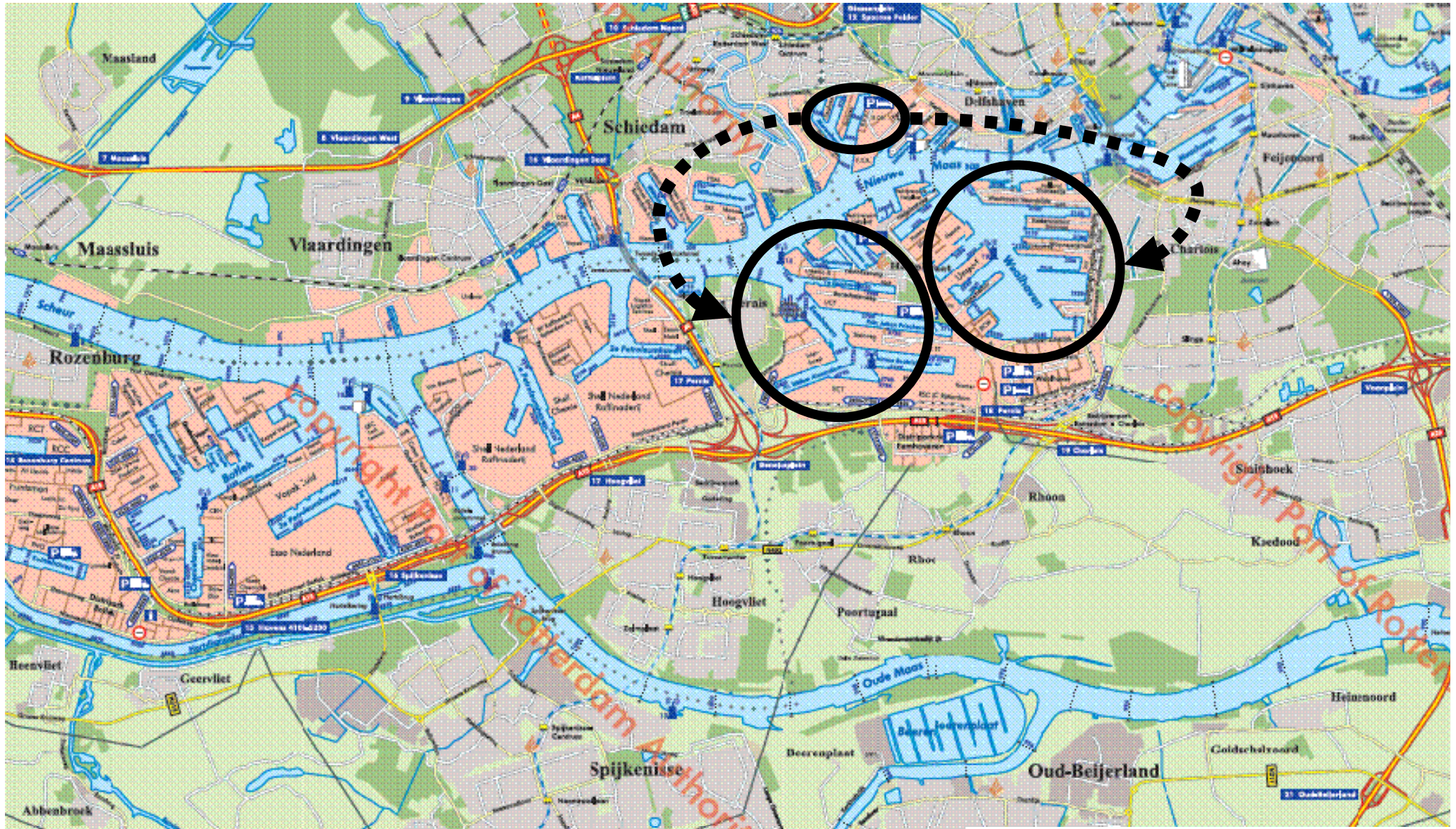
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Location (1)



Collaboration – casus Fresh Corridor II

Location (2)



Collaboration – casus Fresh Corridor II

Common objectives

1. Develop a sustainable business model

- Relocation of the current fruit terminal
- Adapt to the increasing containerization in overseas fruit transport

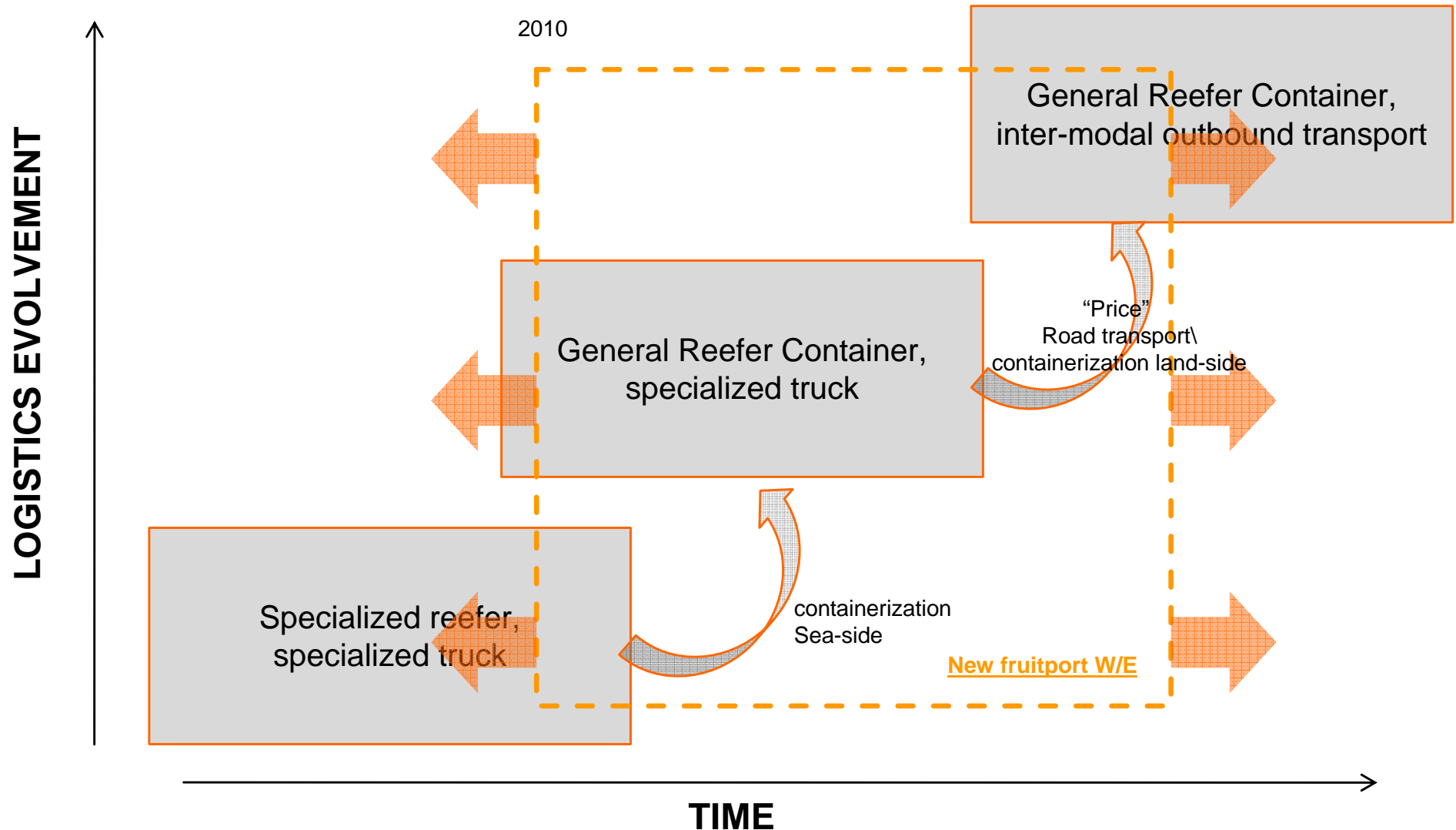
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A virtual site visit



Collaboration – casus Fresh Corridor II

Common objectives – sustainable business model (1)



Collaboration – casus Fresh Corridor II

Common objectives – sustainable business model (2)

Specialized reefer,
specialized truck

- Outdated terrain
- Non-efficient handling process
- Further consolidation/ concentration spec. reefers
- Reduction of span-of-control in fruit chain

**‘Loss’ pallet loads to
other surrounding
harbors**

General Reefer
Container, specialized
truck

- Everybody lands containers at own point-of-entry
- Overcapacity in cold storage

**‘Loss’ cold store function
to 2nd tier locations**

General Reefer
Container, intermodal
outbound transport

- Reefer containers spread to other harbors as bulk containers
- Service function disappears to 2nd tier locations

**Fruitport ‘disappears in’
International Container
networks**

Intensify the fruitport function to achieve a ‘competitive position’?

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Common objectives

1. Develop a sustainable business model

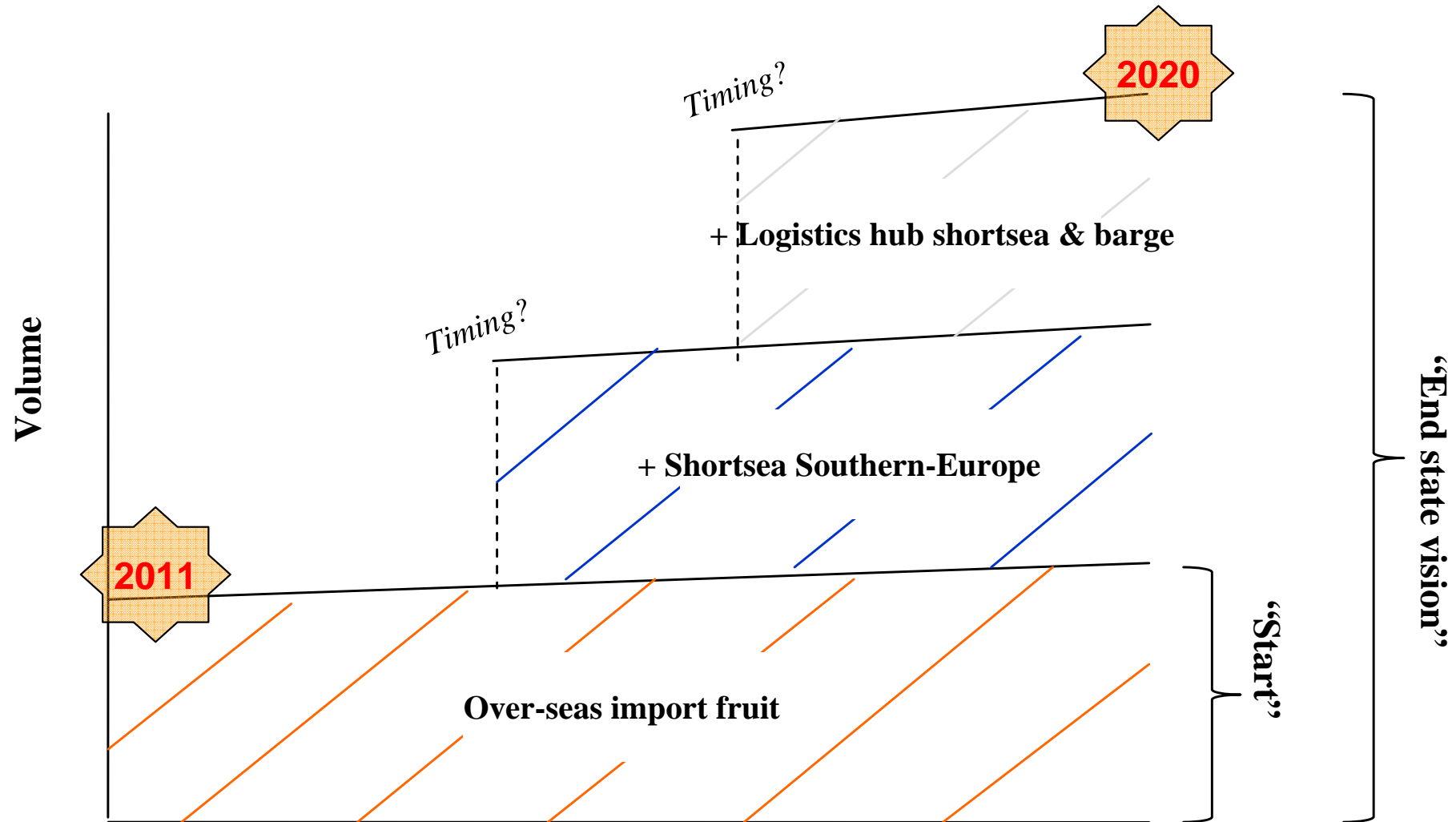
- Relocation of the current fruit terminal
- Adapt to the increasing containerization in overseas fruit transport

2. Improve our market position as a multi-functional fruit terminal

- Competitive position as Rotterdam harbor in the global fruit arena
- Create a logistics hub for local produce (fruit & vegetables)

Collaboration – casus Fresh Corridor II

Common objectives – improve market position



Collaboration – casus Fresh Corridor II

Common objectives

1. Develop a sustainable business model

- Relocation of the current fruit terminal
- Adapt to the increasing containerization in overseas fruit transport

2. Improve our market position as a multi-functional fruit terminal

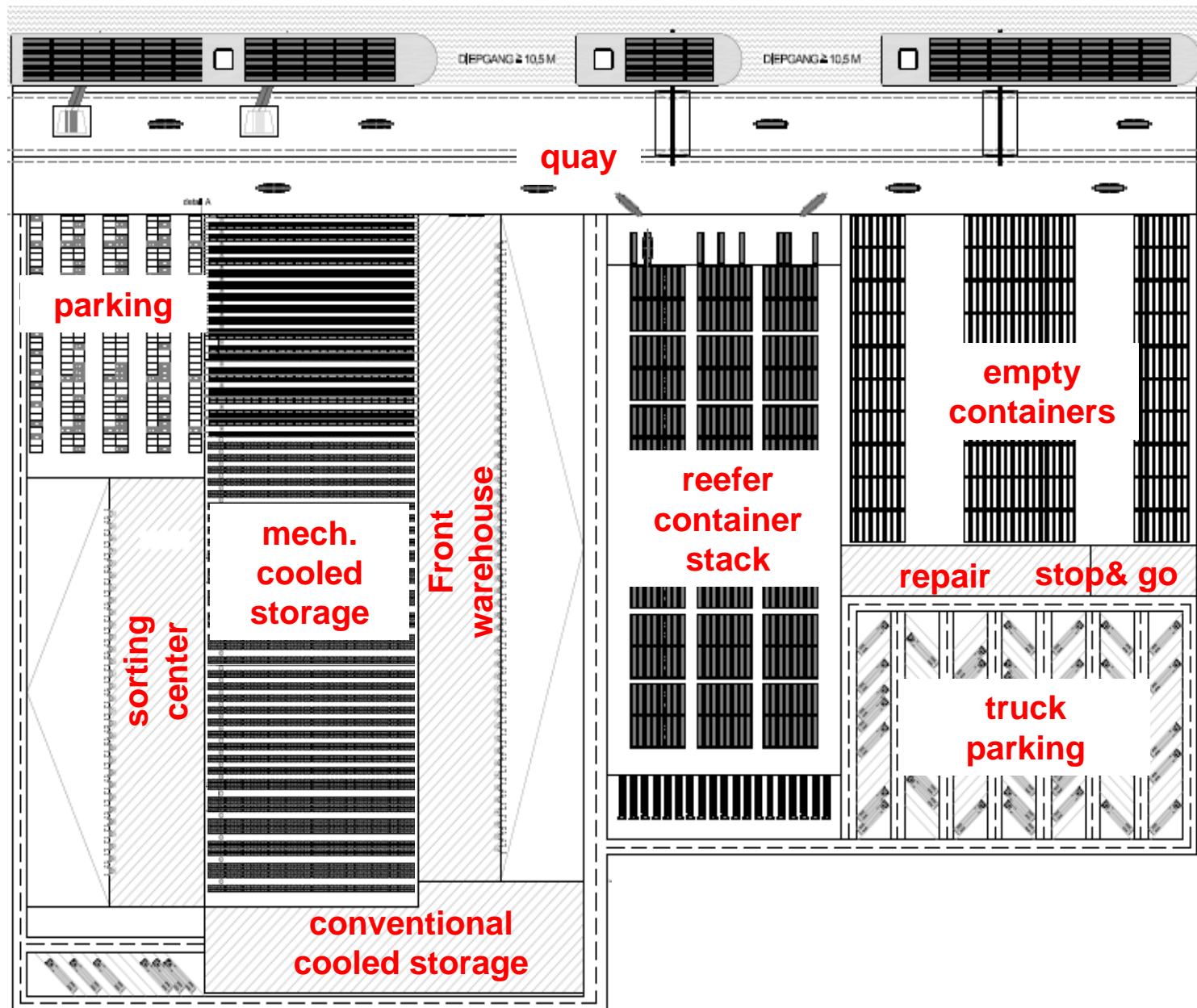
- Competitive position as Rotterdam harbor in the global fruit arena
- Create a logistics hub for local produce (fruit & vegetables)

3. More efficient operation

- Due to more fruit volume, create an increase the economies-of-scale
- Shared usage of facilities in storage & handling

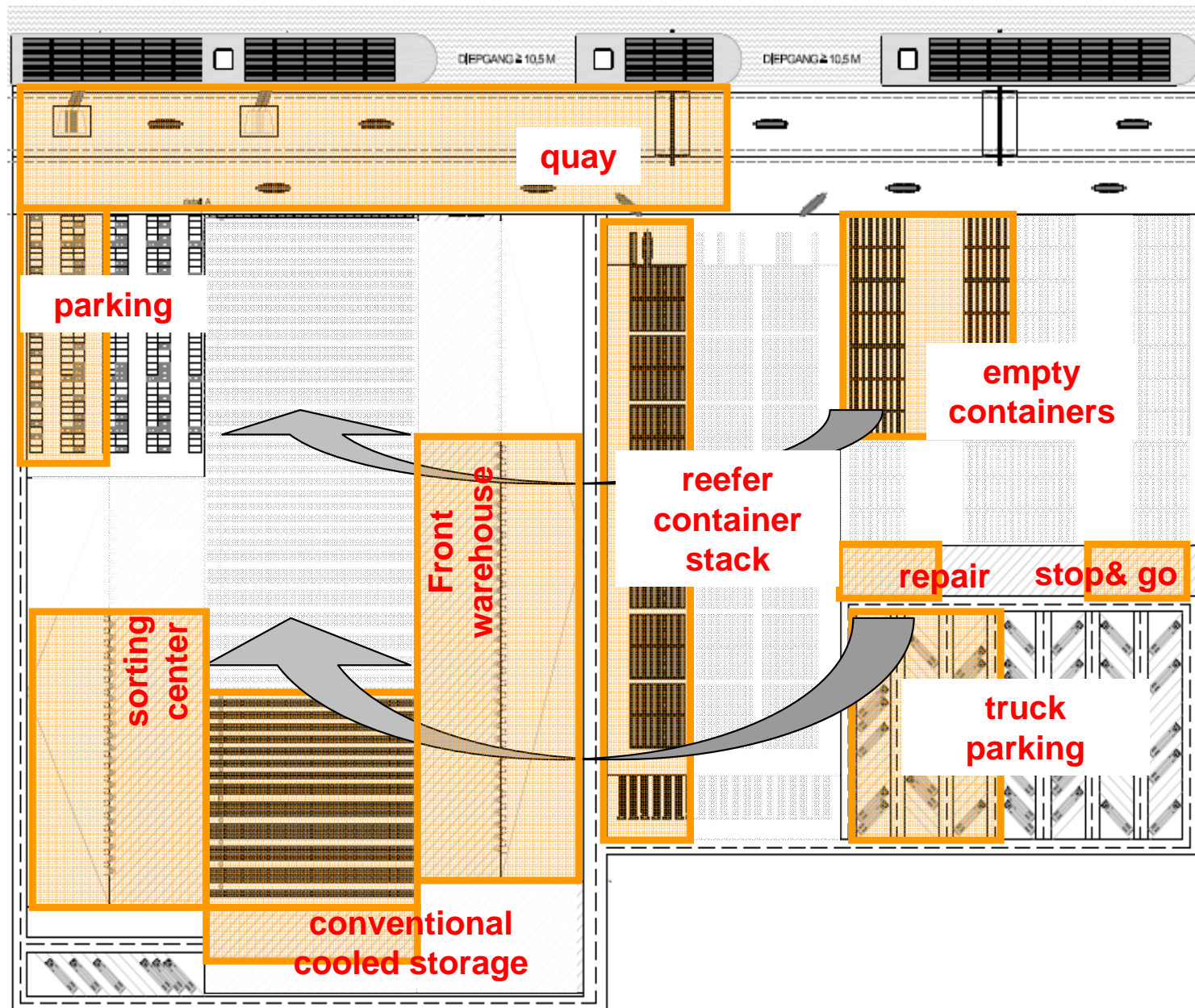
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Layout – end state vision



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Layout – starting initiative



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Common objectives

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- Shared usage of facilities in storage & handling

4. Green supply chains

- Enlarged critical mass to make inter-modal solutions in outbound transport feasible
- Outbound shipment combinations of overseas & local fruit/vegetables

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Leading partner

- Shippers:
 - Are biased – trust issue
 - Focus in individual opportunities
- 3PLs:
 - Focus on infrastructure
 - Filling assets is key
- Branch associations, governmental, ...
 - Are no investing partner on the collaboration initiative
- Technology providers
 - No operational logistics execution experience

WHO IS IN THE LEAD ?

A business conglomerate....

.. but, with a leading partner who

- is the dominant investor
- is the “natural” director in the demand supply network
- can create a stronger business model in a multi-disciplinary environment (operationally & commercially)

Collaboration – casus Fresh Corridor II

Implementation topics

- Collaboration process
 - Everyone must win (give & take)
 - Requires openness & trust
 - Clear & realistic expectations
- Operational design
 - Focus on execution is critical
 - Must deliver high service / flexibility
 - Needs good connectivity and (IT) systems
- Implementation
 - Requires recourses & time to pursue
 - Implement along a growth path with toll-gate reviews
- Initiator
 - More results with an knowledgeable and evenhanded facilitator



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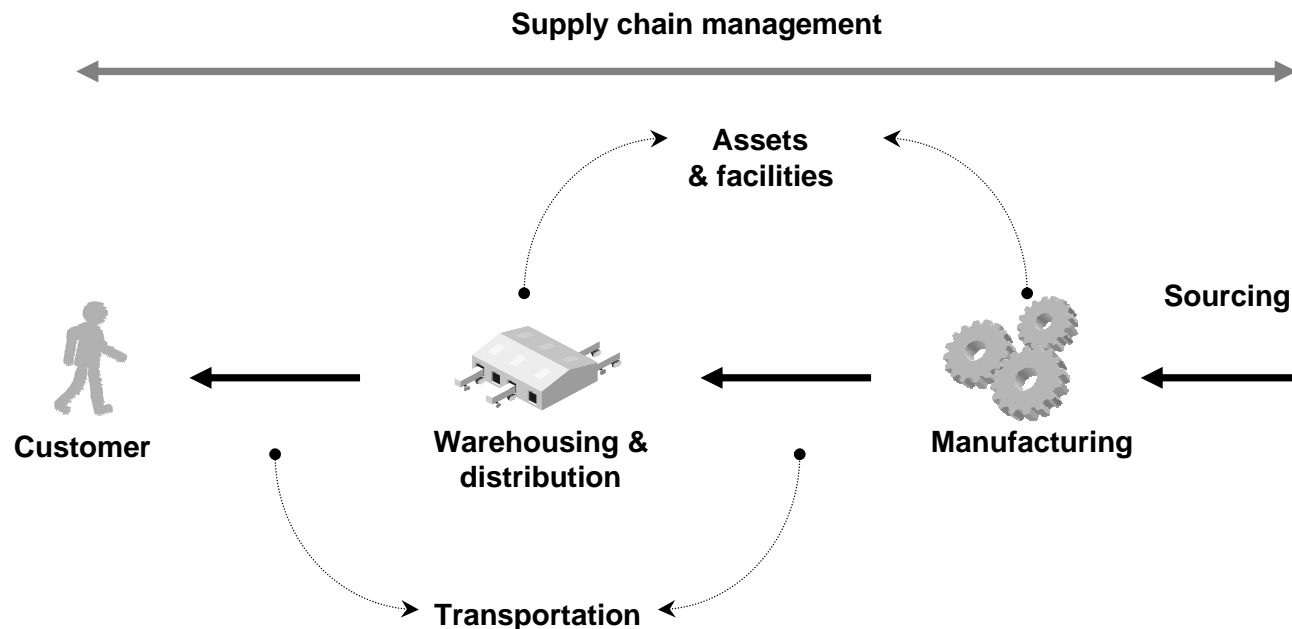
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Profile

Groenewout is an international, independent consulting company providing integrated value-added advisory and support services across all industry sectors to support our clients in achieving business process and operational improvements within supply chains and logistics.



Groenewout

Our consulting portfolio in logistics - & supply chains management

Supply Chains & Logistics Consulting	Stratgical	<ul style="list-style-type: none"> • Feasibility studies • Warehouse tendering for building, logistics equipment & IT 	<ul style="list-style-type: none"> • Distribution Network Studies • Global sourcing • Non Product Related Purchasing (NPR) 	<ul style="list-style-type: none"> • Organizational - & functional design • Business process (re-)design • Key Performance Indicators (KPI's)
	Tactical	<ul style="list-style-type: none"> • Warehouse (lay-out) design • Plant (lay-out) design • Lean warehousing • Insourcing / out-sourcing warehousing 	<ul style="list-style-type: none"> • Transport tendering • Service Level Agreements (SLA) • Insourcing / out-sourcing transport • Benchmarks 	<ul style="list-style-type: none"> • Sales & Operations Planning (S&OP) • Production planning • Collaborative Planning, Forecasting & Replenishment
	Operational	<ul style="list-style-type: none"> • Loss Prevention & Security (LP&S) • Facilities electrical, HVAC & temperature engineering 	<ul style="list-style-type: none"> • Location studies & site selections 	<ul style="list-style-type: none"> • IS selection & implementation (WMS/TMS/APS) • Inventory Mgt.
		<i>Materials Mgt.</i>	<i>Physical Distribution</i>	<i>Supply Chain Mgt.</i>

