Executive Commentary | Surface Transportation

ANNUAL REVIEW & OUTLOOK 2022

Wen-Parker Logistics

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Customers need innovation, especially in tough times. During the COVID-19 pandemic, the transportation industry learned that all links in the supply chain can break at the same time, delivering challenges across the globe.

When "normal" didn't work, shippers and carriers leveraged boots on the ground and innovated. Moving freight to lesser-known alternative airports was often a key solution. At times, it seemed like the 4.5 million workers missing in the US economy were all dockworkers and truck drivers. Even with rates up and delays the norm, relationships with customers proved to be positive and supportive.

For Wen-Parker, our staff, who pride themselves on mastering this logistics game, made the difference under trying circumstances over the last two years, when almost nothing has worked with the precision of the past. That frustration, along with hundreds of charter flights, historic ocean moves, COVID-19



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concerns, trucking shortages, missing containers and cartons, and that amazing "lost" US labor force made for a serious morale problem.

We tried to alleviate that with some salary adjustments, work-from-home accommodations, station lunches, interim bonuses, and the recognition that we can't be as good as we want to be in this market. Striving to meet our customers' needs while celebrating what we can accomplish is a delicate but necessary balance.

Cash is king, and the economic law of supply and demand still rules. As demand rose in 2020, basic air rates jumped about 400 percent before doubling again in 2021 during peak periods. Air and ocean providers usually require payments up front, which makes the search for space both a test

of relationships from an operations perspective and a cash scramble to cover eight to ten times the working capital for the same volume as two years before.

A keen watch on receivables and terms, a creative finance staff around the world, and a nimble workforce got Wen-Parker through record volumes with only emotional scarring.

now with the backups at the West Coast ports. Despite the ports' moving toward 24/7 operations, it will be a lengthy process to get those ships into port, unload the cargo, and get it where it needs to go.

This is where sourcing in Mexico could provide a solution, shortening supply chains, cutting forecasting times, and providing a greater number of transport methods due to its proximity to the US. The cash-to-cash cycle would be cut drastically, and goods or services would be available to the market in one-third the time it takes to source from overseas

Tucker Company Worldwide

Jeff Tucker

CEO tuckerco.com



America's transportation marketplace is amazing, but the US supply chain showed

some vulnerabilities during the COVID-19 pandemic, vulnerabilities that our adversaries saw clearly.

America's supply chain must become more durable and resilient to protect national security. The COVID-19 pandemic shut down supply chains, and they're still not normalized.

Beneath the supply chain problems that large US manufacturers and retailers felt in 2021 were 300,000plus motor carriers and brokers with millions of committed lanes, firmly intact in early 2020. Those lanes and volumes changed or disappeared in March 2020.

Scrambling for their lives, providers found customers to replace lost business. Carrier networks changed overnight. By summer 2020, those dark or slow manufacturers tried to step up but ran into supply issues, labor issues, and, of course, trucking issues.

Since then, shippers have spent months luring capacity away from each other, continuing those network changes; the churning adds

and on the road, including younger tractors, trailers, and forklifts.

The time to address these challenges is now. It's critical that carriers and shippers start planning for 2022 as soon as possible to ensure there's sufficient capacity for the carrier to move product and that there's continual, open communication between partners to reduce potential shipping delays.

Redwood Mexico

Troy Ryley

President redwoodlogistics.com/service/move/redwoodmexico/



Sourcing materials has always been a pressure point within US supply chains, and the resulting "US businesses must diversify their supply chains, build resilience and redundancy, and bring at least some manufacturing closer to the US, or risk losing a conflict without a shot being fired."

Jeff Tucker

■ "Sourcing from overseas countries like China lengthens the supply chain when the goal should be to shorten it."

Troy Ryley

stress for companies to source their materials was further exacerbated by the COVID-19 pandemic. Many companies have found themselves with lean storage facilities and no flexibility due to an over-reliance on just-in-time inventory management processes and are now struggling to have enough materials to manage day-to-day operations.

One company I spoke with recently had to shut down for two days due to lack of steel in storage. The need for building flexibility extends into carrier solutions as well, resulting in greater risk without a diversified carrier network.

Sourcing from overseas countries like China lengthens the supply chain when the goal should be to shorten it. According to a February 2020 Gartner survey, 33 percent of global supply chain leaders had moved or were looking to move their operations out of China by 2023.

Shippers are seeing the downsides to China sourcing play out right