



Logistics Association of Australia Ltd

COLLABORATION IN THE SUPPLY CHAIN

This is the final in the series of articles by Peter Bainbridge, 2003 LDA winner. The Logistics Development Award is sponsored by CHEP Australia.

An extremely enjoyable experience during my trip to the CLM in September last year was the opportunity to visit logistics operations in the US. Whilst I'm sure a lot of us have been through many transport depots, warehouses and other logistics sites during our time in this industry, if only for sheer size and throughput alone, the sites I visited in the US were simply mind-boggling.



*CHEP Development & Innovation Centre,
Orlando, Florida*

CHEP – “more than just wood and nails”. The CHEP pallet reconditioning plant which houses the CHEP Development and Innovation Centre in Orlando, Florida.

Let me say up front that this is far from a “word from our sponsor”. Whilst CHEP Australia sponsors the Logistics Development Awards, visiting their development centre and pallet reconditioning facility in Orlando, Florida, was an eye opening experience.

In Australia and not having an intimate knowledge of CHEP as a company all I had seen of them was pallets, blue pallets, wood and nails and lots of them. I have to say I hadn't given much thought to how they were made, who kept track of them and how they were moved around. I was certainly surprised to find out they have over 7,700 employees in 42 countries. As someone who had always had the fortune or otherwise (depending on which side of the fence you are on) to deal with third party warehouses, I had never even had to get involved with pallet accounts and their reconciliation.

But CHEP globally is thinking of how it can develop the already vice-like grip it has on the pallet market in certain areas of the world, and expand into a myriad of other products that will supplement the products it presently offers to the market as well as making developments to the standard pallet.

Along with the massive pallet reconditioning area at CHEP's facility in Orlando, the innovation centre is the heart of what is driving CHEP forward as a business. The facility provides testing and product validation in the following areas:

- Environmental Conditioning

- Vibration
- Compression
- Inclined Impact
- Drop Impact
- Pendulum Impact
- Retail Validation
- Distribution Validation
- RFID

Not only do they test their own core products for heat, weight stress and other areas of potential weakness, the innovation centre is involved in RFID testing as well as looking at the latest in reusable plastic containers for vegetables and machines that can automatically assemble and disassemble them.

The pallet reconditioning area is certainly something to behold. The centre washes, repairs, inspects and reissues pallets with a bare minimum of handling.

UPS Worldport – Logistics Wonderland in Louisville, Kentucky



Parcel Sortation – UPS WorldPort

One of the more amazing sights I have seen in my time within the logistics industry is the UPS Worldport in Louisville, Kentucky. The site acts as the major world and North American hub for all UPS parcel freight. The site is not only amazing for the massive scale of operations, but for the smarts that make the operation tick.

This amazing facility comes alive at night, I toured the venue at around 11.00pm and whilst the belts and plane docks were far from being full, if I had stayed around for a few more hours I would have seen the operation in a mode that few facilities in Australia will ever be able to match, unless a misguided Logistics Manager somewhere decides to place a major world parcel hub in our neck of the woods.



Inbound Air Freight – UPS WorldPort

Opening in 1999, costing more than US \$1 billion and standing at an imposing 4,000,000 square feet, the UPS facility in Louisville accounts for 80% of air traffic in and out of town. Set on 550 acres of land, the facility has docks for 44 planes and as such is bigger than most Australian passenger airport facilities. The operation has 5,500 employees and at that time was handling

730,000 packages in a night. A couple of scary thoughts are that at full capacity the WorldPort can sort 340,000 packages an hour and has capacity for as many as 500,000 packages every hour, and that as of September 2003, only 65% of land capacity was being utilised. The 95 aircraft that pass through the facility each night spend anywhere from only one hour to three and a half hours on the ground, and are refueled from two aviation fuel tanks which each hold over 750,000 gallons of fuel.

Not only does UPS have the imposing WorldPort in Louisville, but just down the road, UPS Supply Chain Solutions has 2,000,000 square feet of warehousing.

On-site customs perform the task of checking anything suspicious including “canine officers” who check some of the mountain of parcels passing through the facility each night. UPS customers are on their way to being a freight provider’s dream with 85% of them using “SMART” labels which allow for all sizes of parcel to pass through the facility without any form of manual sortation. Parcels are directed to the correct destination by overhead cameras that read the labels, similar to the warehousing labels most of us have seen. The sorting arms have trays that tilt automatically when a parcel arrives at the correct area for despatch and have automatic sensors informing staff of when a bag is approaching full.

One of the most amazing things about the UPS operation is the business they do, in conjunction with UPS Supply Chain Solutions for Nike. The Nike online ordering business known as NIKE.COM, can have an order placed until 1.00am and have that same order delivered, anywhere in the US by 10.30am on the same day. Given the area that has to be covered and the huge population involved, a level of service like this is simply incredible, and we think we have time pressure in our supply chains!! There are over 59,000,000 database transactions in an hour which goes some way to demonstrating the sheer size and complexity of the IT task that UPS has undertaken. Whilst there are some impressive facilities in Australia within our industry it was wonderful to see how our industry services a market that is monstrous in comparison to the one which most of us are familiar with.

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