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Logistics & warehousing industry pumping the heart of the country

Logistics & warehousing industry pumping the heart of the country Fishermen can be a demanding bunch. When the time is right for trout or other favorite fish to bite, they want their lines, lures and other gear right away. To help meet these expectations, Pure Fishing plans to consolidate five warehouses scattered around North America in Kansas City, MO. The move is part of the impressive growth of Kansas City as a centralized logistics hub.

Pure Fishing - which handles Abu Garcia, Mitchell, Trilene and other popular fishing equipment - will build a 400,000 sq. ft. distribution center in the SkyPort Industrial Park near the Kansas City International Airport.

"The driver is the move to integrate multiple North American warehouses into a single network to speed goods to customers and increase efficiencies," Jeff Kisling, Pure Fishing vice president of Logistics and Services, told the AJOT. "We evaluated several locations and concluded that Kansas City was the best." The center will be able to take goods from China through a rail link with US West Coast ports, he said, and products will go out in less-than-truckload shipments or by parcel.

Improvements in cutting inbound lead times will be dramatic, according to Kisling. Inbound goods from China, for example, now go to Pure Fishing's warehouse in Spirit Lake, IA, from Seattle through Minneapolis. Those going to the Columbia, SC, facility travel from China to the US Southeast coast. "In both cases we plan to save about 10 calendar days going into Kansas City," Kisling said. "It's mostly due to the speed of the direct path, not

needing touch points and the rail efficiency of Kansas City."

He also lauded the speed of outbound shipments from Kansas City. Kisling said a check with a major transportation provider shows that you can reach most destinations from Kansas City in three days. That is better than lead times from Spirit Lake and from Columbia, both to the East and to the West. "That is huge for us because we're in a very seasonal business," Kisling said. "We need to be able to get an order Monday and have the retailer receive it on Friday."

He said Kansas City offers other attractive features. "There's the cost of production, both in labor and operational costs, the availability of labor and how we're able to work with city, state and private organizations," Kisling said. One of the fruits of that cooperation is the granting of Enhanced Enterprise Zone tax credits for creating about 80 jobs. Kisling also said that arriving at an operational plan for the distribution center in 12 months was due to "a strong collaborative partnership."

Another company that is consolidating distribution in the Kansas City area is Pacific Sunwear of California, Inc. The outdoor apparel and accessories retailer announced in January it would close its Anaheim, CA, center and concentrate distribution operations for its 1,121 stores nationwide at its warehouse in Olathe, KS, near Kansas City. According to American City Business Journals, Inc., PacSun chairwoman and CEO Sally Frame said, "In analyzing our operations, it became clear that we can better leverage our existing capacity at our Olathe distribution center to improve the efficiency of our

supply chain, better service our stores and reduce certain costs."

One logistics company that can take the long view on Kansas City's development as a warehousing and distribution hub is Wagner Industries. The grandfather of current CEO and President John Wagner started the company in Kansas City in 1946. "The biggest change has been the transition from single city warehouse operations to large national networks, mostly through 3PLs, third party logistics companies," he told the AJOT. "The size of the facilities is much different: 150,000 sq. ft. used to be a big deal. Now 400,000 to one million sq. ft. are being discussed."

Much of the growth is due to Kansas City's location near the geographic heart of the country, Wagner said. The city also features America's second largest railway center (after Chicago) and a strong truck market. Most markets between Kansas City and the East and West coasts can be reached in two days. "Kansas City is starting to see the same development that you've seen in Dallas and Chicago," Wagner said.

Wagner Industries and some other local 3PLs respond to growing interest from shippers and retailers by emphasizing flexibility. Wagner, for example, in 2001 took over distribution and transportation operations for S&M NuTec, a fast-growing local company making products for pets. The original warehouse leased by Wagner handled 40 to 50 pallets; within three years S&M NuTec's business expanded to some 7,000 pallets. Wagner found a 205,00 sq. ft. warehouse for S&M NuTec

while providing comprehensive EDI services for efficient exchange of information. In 2006, Mars, Inc., bought S&M NuTec, strengthening the giant candy maker's lineup of dog treats. Wagner no longer provides all-around logistics support, but does handle outbound transportation. CEO John Wagner said that shows the company was able to meet S&M NuTec rapidly evolving needs, even after a change in ownership.

Continued strong growth of Kansas City's distribution industry is assured, Wagner said, pointing to three massive on-going projects. Real estate company CenterPoint Properties purchased the former Richards Gebauer Memorial Airport last year and along with Kansas City Southern (KCS) railway will develop the CenterPoint-KCS Intermodal Center on the land. CenterPoint plans to build more than five million sq. ft. of warehousing and industrial facilities over the next approximately 10 years. Kansas City Southern is constructing an intermodal facility on the rest of the land.

BNSF Railway plans to spend up to \$1 billion to build a logistics facility at Gardner, KS, near Kansas City. Industrial land developer The Allen Group will help develop the 1,000-acre park. In the third large project, the Kansas City government's aviation department has hired developer Trammell Crow to build an 800-acre multi-use facility near Kansas City International Airport. The first phase will include about 2.7 million sq. ft. of space for intermodal and logistics operations and light manufacturing.