

## Q&A with Francis Walsh III, executive vice president, National Retail Systems Inc.

### 1. What is NRS?

National Retail Systems Inc. was launched into the integrated retail supply chain in 1953. The company started as a trucking operation in New York's garment district and was one of the first garment district truckers to move its base of operations to New Jersey. We recognized the shift in logistics. Retailers were taking control of their own supply chains. We were one of the first logistics providers to begin working directly with the retailing companies. The NRS companies are Keystone Freight Corp., National Retail Transportation, National Retail Consolidators, and World Logistics Inc. We have more than 25 terminals and multiple distribution centers across the nation.

### 2. What do your supply chain customers demand?

Above all our customers want to lower costs and improve their competitive position in the market. Logistics is critical for retailers today. Being first means being profitable. Being late means being out of business. Our customers use NRS to accelerate and automate their supply chains. We merge a mul-

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titude of services — trucking, store delivery, cross docking, warehousing, import pick-up and distribution, supply chain visibility, print and apply — into one package for our customers. Seasonal scalability is a crucial factor for retailers right now. Using our own assets, trucks, and distribution centers, we allow our customers to go from moving 300 cartons a week through our facility to 3,000 without a problem. We are one of the few providers that can scale to meet our customers national distribution requirements. This lowers cost dramatically for our customers because they do not have to invest in real estate and assets that for nine months of the year operate below capacity. We integrate with our customers in a way that we become an

extension of their operation and their systems. We use EDI and web-based integration solutions to ensure that our customers have real-time visibility of events in their supply chain.

Security in the supply chain is a major concern as well. Due to the high-value mix of our shipments, we are very careful about security. Our North Bergen, N.J., facility has been used by U.S. Customs as a model for security procedures. For obvious reasons, security will be crucial in the supply chain moving forward.



Francis Walsh III

### 3. What about the move to RFID?

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### 4. How has West Coast port congestion affected your business?

This is a serious problem and you are right — one that will likely get a lot worse before it gets any better. I see this as an international problem that will require governments and all concerned commercial parties to come together to find viable solutions before intermodal infrastructure congestion threatens global economic expansion. That said, the situation in Southern California has become a major cost and productivity drain for our company and our customers. Night gates at the terminals would help a lot but there are additional charges. Our customers with our help are looking for alternatives. I would expect to see a steady flow of activity to ports in Northern California and the Pacific Northwest.

### 5. How have the new trucker Hours of Service rules affected your trucking business?

This also is a serious industry-wide problem. I am interested to see how Wal-Mart's recent proposal to extend hours of service will affect the national debate. For NRS, we need more drivers and we need to manage very closely how we use our drivers to maximize efficiencies. At the end of the day, the additional cost is passed on to the consumer. Our job is to do the best job of keeping costs down. Our operations managers are the best in the business. ■