

From Midtown to middle kingdom

National Retail Systems follows its customers.

BY CHRIS DUPIN

A few years ago, some folks interested in historic preservation were wandering around the Meadowlands of New Jersey, looking for the remains of New York's Pennsylvania Station, an architectural gem that was demolished in the mid-1960s to make way for the new Madison Square Garden and some dreary office buildings. They found some of the pink granite facade in a landfill adjacent to a facility run by National Retail Systems in Secaucus, N.J.

Fitting, perhaps, since this third-party logistics provider has its roots in the same neighborhood. It was founded in 1953 as a trucking concern that served Manhattan's bustling garment district. But while the Pennsylvania Railroad long ago met its demise, National Retail Systems is a transportation success story, a firm that adapted to the changing needs of its customers as they moved manufacturing and distribution facilities out of the city and across the country and globe.

NRS is a privately owned company with about 3,000 employees and revenues in the hundreds of millions of dollars. NRS was founded by Frank Walsh. His son, Frank Walsh Jr., is chairman, and a son-in-law, Ray Wisniewski, is president. Francis Walsh III, the third generation, is executive vice president.

NRS operates under several different names, a few of which may be even more recognizable because they are emblazoned across some of the 12,000 or so trailers and 2,500 power units it operates. They include Keystone Freight Corp., a trucking firm which operates in 48 states, and National Retail Transportation, the company's less-than-truckload division. Other divisions include National Retail Consolidators and World Logistics.

Larry Ravinett, senior vice president of logistics and supply chain solutions, said transportation still accounts for most of its revenues. But warehousing, distribution and transloading of direct imports and

retail are the fastest-growing segments of NRS's businesses, particularly on the West Coast.

"We were a domestic company. But now even when the companies that we work even when the companies that we work buy domestically, it is imported and they are buying it in the United States as landed goods as though it was manufactured here," Ravinett said. "If I go to Boston and pick up freight for a department store, it is often coming from China."



An NRS employee demonstrates how accomplished package handlers "cube out" a trailer, packing them with the maximum number of boxes within a single vehicle.

So the company is looking to expand internationally. Details weren't yet available, but Ravinett said, "we are being forced to go overseas and start controlling the process much earlier. A lot of our clients are looking for speed now, and are looking to have ticketing, marking and labeling done in Asia, in Europe and Central and South America so that when it comes here they can move it quicker to market. And it is done cheaper overseas than in the United States."

The company is already putting in place additional talent to become more interna-

tional. Earlier this year it hired Thomas C. Scorsune as vice president, global logistics. He has had a 30-year career in logistics, most recently as director of sales, marketing and business development for HUDD Distribution Services, a division of Maersk.

NRS operates distribution and transload centers in California, Florida and other southeastern states, New Jersey, Pennsylvania and Massachusetts. It has about one million square feet of warehouse and distribution center space on each coast in about 25 buildings across the country. It operates distribution centers, both under its own names and for customers, and they run the gamut from traditional warehouses to a 100,000-square-foot building in North Bergen with a Siemens-built automated package handling system that can sort 45,000 cartons per shift. Facilities on both coasts handle about 2 billion pounds of consolidation cargo annually.

NRS customers sell everything from clothing and shoes to electronics and housewares. About the only retail merchandise the company won't handle are groceries and chemicals. That's because it doesn't want to risk having goods being damaged by something wet or malodorous. In fact, the company doesn't even use rubber-tired forklifts in its warehouses to prevent that nice cashmere sweater you are buying for Aunt Bessie from picking up an off smell.

With 50 years in the business, the company has developed a variety of services for customers — special garment-on-hanger services, ticketing, special marking of cartons, and direct-to-store delivery.

Walking around its distribution facility in Secaucus, company officials demonstrated how accomplished package handlers were at "cubing out" trailers, packing them with the maximum number of boxes, and arranging them so multiple stores can be served by a single vehicle. The company even has a fleet of cut-down 40-foot trailers and 28-foot "pups" that will squeeze through tunnels and easily maneuver through the narrow streets of downtowns in cities like New York and Philadelphia.

The company's trucking services range from cross-country team drivers that can get boxes across the country in four days to drivers who specialize in picking up and dropping off loads at marine terminals

or railheads. It even has a whole division that does nothing but operate “switchers” — small, specialized tractors that are used to shuttle containers and trailers — both those of NRS and its competitors — to and from cargo doors at distribution centers.

NRS still does a big business on the East Coast. It has plans to double the size of “NRS City” near its headquarters in Secaucus to 200 acres. About five miles from downtown Manhattan the facility will gain additional distribution centers and space for 5,000 to 7,000 containers or trailers. It will also have a rail siding.

But NRS has grown far beyond the New York area.

“Our West Coast business is now bigger than our East Coast business, because of the large amount of freight that is migrated to the west,” Ravinett said. With congestion in the Southern California, he said his company has been expanding north to handle the increased amount of freight being handled in the San Francisco Bay area and Seattle-Tacoma.

Scorsone notes that “as imports grow 11 percent to 13 percent per year, especially for retailers, they need the visibility of that product all the way from origin, all the way through the supply chain in order to make intelligent decision closer to market.”

Forexample, as a container of clothing or DVD players is moving across the Pacific Ocean, the retailer is analyzing where the merchandise is selling best.

“Rather than placing decision at point of shipping in Asia, they are placing those decisions at the time the container arrives at port. If it is selling in Chicago they want to make sure that product is destined to Chicago, but if it selling in Atlanta, they want to transload it into Atlanta,” Scorsone said.

NRS has worked with some customers to bypass their distribution centers and dray cargo from the dock to store in order to get hot-selling items in the hands of consumers.

Handling containers and trailers that may be stuffed with several million dollars

Larry Ravinett
senior vice president
of logistics and
supply chain
solutions,
National Retail
Systems



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worth of highly fungible merchandise, the company pays a lot of attention to security. John C. Tabor, director of corporate security, said the company is talking to pharmaceutical companies about shipments that might cost \$20 million to \$40 million.

Walk around NRS’s warehouse here, and you are likely to be viewed by one or more cameras. Touch a fence and you will be detected by a microphonic cable and be approached by a guard. Work in one of those warehouses and you’ll have to pass through a metal detector and get “wanded” as you leave.

The company has developed a yard management system called “i-Dock” that keeps track of all the trailers and containers in the yard.

The computer program features a highly graphical interface that uses color coding so security personnel can closely track where all equipment is, how long it has

been in the terminal, and whether it is full or empty.

While the system assists with the company’s security efforts, it also has been a boon for productivity. Since yard personnel always know exactly where every trailer and container is, the system has reduced driver time for pickups by 75 percent.

“A guy can find a box in 10 minutes where it used to take hour or hour and 15 minutes to find a box and get it moved and other equipment out of the way,” Ravinett said.

That’s critical, especially with new hours of service rules that limit the time drivers can spend on the road — efficiency at the distribution center expands the number of far-flung stores a driver can legally reach in a one-day drive.

Tabor also said a new system that takes photographs of trailers as they enter and leave the yard has helped reduce its claims ratio by 75 percent.

Retailers have a big appetite for information about their goods, and NRS is happy to comply.

“Our customers can look into our system and see exactly what we have in our facility and what we have picked up for consolidation, what we have stripped on an import basis and we marry the import and domestic and bring it to their distribution center or we bypass the distribution and bring it direct to their store,” Tabor said.

“Freight can come to a third party like us and we send an EDI message to the customer, and once it is received they can tell us to go direct to store 140 and deliver a full trailerload of these four styles.”

“Transportation is so involved now that we would say we are as much an information company as we are a transportation services company because our services give them the information they need to replenish inventory very quickly without it sitting for weeks in their yard and being managed and touched over and over again,” he said. “We call ourselves a glass house.” ■



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