

*Con-way*<sup>®</sup>

*Con-way*<sup>®</sup>  
FREIGHT  
*Menlo*<sup>®</sup>  
WORLDWIDE LOGISTICS  
*Con-way*<sup>®</sup>  
TRUCKLOAD

# Sustainable Logistics

## **Green** Strategies and Trends in Transportation and 3PL Operations

Randy Mullett

Vice President - Government Relations & Public Affairs, Con-way Inc.

Japan International Transport Institute Seminar

Washington, D.C.

December 3, 2009

# Con-way Today – who we are

- US\$5.0 Billion Industry Leader in Freight Transportation, Logistics
  - Con-way Freight
  - Con-way Truckload
  - Menlo Worldwide Logistics
- 25,000 employees worldwide
  - Over 500 operating locations
- 11,000 trucks, 32,000 trailers, 16 million sq ft warehouse space globally
  - 150,000 customer pickups and deliveries daily in N. America
  - 600 million miles annually moving freight on USA highways
- Consume 150 million gallons of diesel fuel annually

*Con-way*<sup>®</sup>

*Con-way*<sup>®</sup>  
FREIGHT  
*Menlo*<sup>®</sup>  
WORLDWIDE LOGISTICS  
*Con-way*<sup>®</sup>  
TRUCKLOAD

# How does Con-way define **sustainability**?

- Part of an integrated program
  - Economic and Environmental Sustainability
- Corporate-wide, global initiative
  - Championed at highest levels of the company, established in 2008
- Guided by the “3 P’s”
  - People, Planet, Profits
- Directed by cross-enterprise committee
  - All functions and business units involved, have a stake and a say
- Emphasis on grass-roots efforts
  - Ideas, employee participation strongly encouraged
- Metrics based
  - All decisions founded, measured, graded on financial impact

*Con-way*®

*Con-way*  
FREIGHT  
*Menlo*  
WORLDWIDE LOGISTICS  
*Con-way*  
TRUCKLOAD

# Why has Con-way / Menlo embraced sustainability?

- It's good business practice
- It contributes to a more sustainable environment
  - Focus Areas:
    - Reduce fuel consumption
    - Conserve energy/reduce usage
    - Recycle, reuse
    - Curtail waste stream that ends up in landfills (and reduce cost of disposal)



# What is Con-way doing?

- Established Sustainability Steering Committee
- Benchmarking/Learning
- Communicating/Educating
- Actively engaging with:
  - Customers
  - Suppliers
  - Academic Institutions
  - Governments
  - Trade associations
  - Other industry partners (including competitors)



- All of Con-way's operating companies – Freight, Truckload and Logistics – participate in the Environmental Protection Agency's SmartWay Transport program.
  - Freight, Truckload and Menlo have won the EPA's prestigious SmartWay Excellence award
    - rating as measured by fuel conservation and carbon footprint reduction.
  - In 2008 our company took a simple yet major step to reduce our fleets highway speeds.
    - Con-way Freight's 8,400 tractor fleet combined with Truckloads 2,800 long haul fleet had a significant impact:
      - Annual approximate reduction in diesel fuel consumption – 6 million gallons
      - Annual approximate carbon emissions reduction – 134 million poundsRecognized for highest performance

# Leadership in Energy & Environmental Design



- Menlo utilizes The US Green Council sustainability rating system known in the industry as LEED for existing and new building opportunities.
- LEED's rating system provides a roadmap for those who wish to drive operating cost while increasing occupants productivity in an environmentally responsible manner
  - 2008 - Menlo Worldwide launched its first LEED Silver Certified operation at our Bull Ridge Distribution Center in Greensboro, NC
  - LEED prepared facility launched in our Lean Logistics Center in Lima, OH



# Sustainability Progress at Con-way Freight

Fleet: 8,400 tractors

EPA SmartWay partner since 2006

- Sustainability initiatives to-date have yielded:
  - 2008 diesel fuel savings:
    - 3,594,377 gallons
      - Carbon dioxide emission reduction: 601,928 tons
      - Particulate matter emission reduction: 32.09 tons
      - Nitrogen oxide emission reduction: 1,184 tons
      - SmartWay Shipper Index Factor: 1.25
      - SmartWay Excellence Award Winner - 2008





# Sustainability Progress at Con-way Truckload

Fleet: 2,700 tractors

EPA SmartWay partner since 2005

- Sustainability initiatives to-date have yielded:
  - 2008 diesel fuel savings:
    - 2,575,475 gallons
      - Carbon dioxide emission reduction: 295,712 tons
      - Particulate matter emission reduction: 17.9 tons
      - Nitrogen oxide emission reduction: 670 tons
      - SmartWay Shipper Index Factor: 1.25
      - SmartWay Excellence Award winner — 2006 and 2007



# Sustainability Progress at Menlo Worldwide Logistics

- Fleet: Contract carriers only
- Warehouse Operations: 120 Facilities Globally
- SmartWay Excellence Award winner 2008
- SmartWay compliance – key evaluation criteria for carrier selection
- 85 percent of network miles run by SmartWay-approved carriers
- Implemented no-idling policy at distribution centers
- Launch 1<sup>st</sup> LEED Certified Building in 2008
- LEED's building preparedness considered for all future projects and key focal points in existing operations



## Sustainability Progress at Road Systems Inc. (RSI)

- Industry's only full-service trailer "refurbisher"
- Recycles 80 percent of old trailers, eliminating 7,424 pounds of waste (per 28-foot trailer)
- Recycles all aluminum components, suspension and wheel end components, tires and wheels
- Reduced weight of Con-way Freight 28 ft trailers by 581 pounds
- Introduced first mass produced full-trailer aerodynamic fairing system and continues to lead in aerodynamic testing
- Involved in research and development of trailer sidewall system that will reduce 53-foot-trailer weight by 1,400 pounds



# Supply Chain Re-engineering for Sustainability

- Con-way has taken a systemic approach to re-designing our LTL freight flow system. (optimization modeling)
- Many Menlo customers have requested that “sustainability” be part of supply chain designs
  - Quickly discover a trade off exists between shipping cost, customer service, inventory levels, delivery times, and sustainability
  - Very few are willing to pay more for sustainability
- There has been a tangible benefit as LEAN and Six Sigma result in less waste and improved efficiency and quality
  - Less waste and more efficiency = less carbon usage and improved sustainability



# Looking ahead ...

- Con-way/Menlo is considering many future sustainability initiatives including:
  - Continue to pursue LEED qualified facilities for all new start up activity
  - Explore the following opportunities via ROI approach:
    - Solar energy
    - Re-lamping current facilities
    - Hybrid tractors and other equipment changes
    - Alternative fuels
    - Hydrogen forklifts
    - Increase recycling and waste reduction programs across globe
    - System design
  - Develop quantitative measurement system to determine success
  - Continue to partner with Government agencies for emerging programs
  - Work with customers and suppliers to identify/share best practices
  - Provide sustainability value/expertise to customers



# Key Success Factors for sustainability programs

- Get buy in at the top
  - It's a mission, part of the company's DNA, not a flavor of the month
  - Demonstrate clear, consistent executive support
- Make a plan, review, adapt, amend
  - Stick with it -- plan the work, work the plan
  - Use Metrics – what gets measured gets done
- Engage employees, suppliers, even customers
  - Grass roots efforts, encourage new ideas, thoughts, suggestions
  - Recognize innovation; small wins lead to big successes
- Influence the debate
  - Participate in the dialog at all levels, with all constituencies
  - Communicate, communicate, communicate
- Insert a dose of realism
  - We can make a difference, but we can't do it alone
  - Sustainability and cost avoidance/reduction go hand in hand



# Green is a movement!

- What is the end game for Sustainability?
  - More sustainable business model
  - Motivated, engaged employees
  - Competitive advantage/differentiation
  - Increased customer loyalty
  - Increased profitability
  - Enhanced reputation
  - Long-term benefits to the global environment, our communities, future generations



# Thank you



- People
- Planet
- Profit

