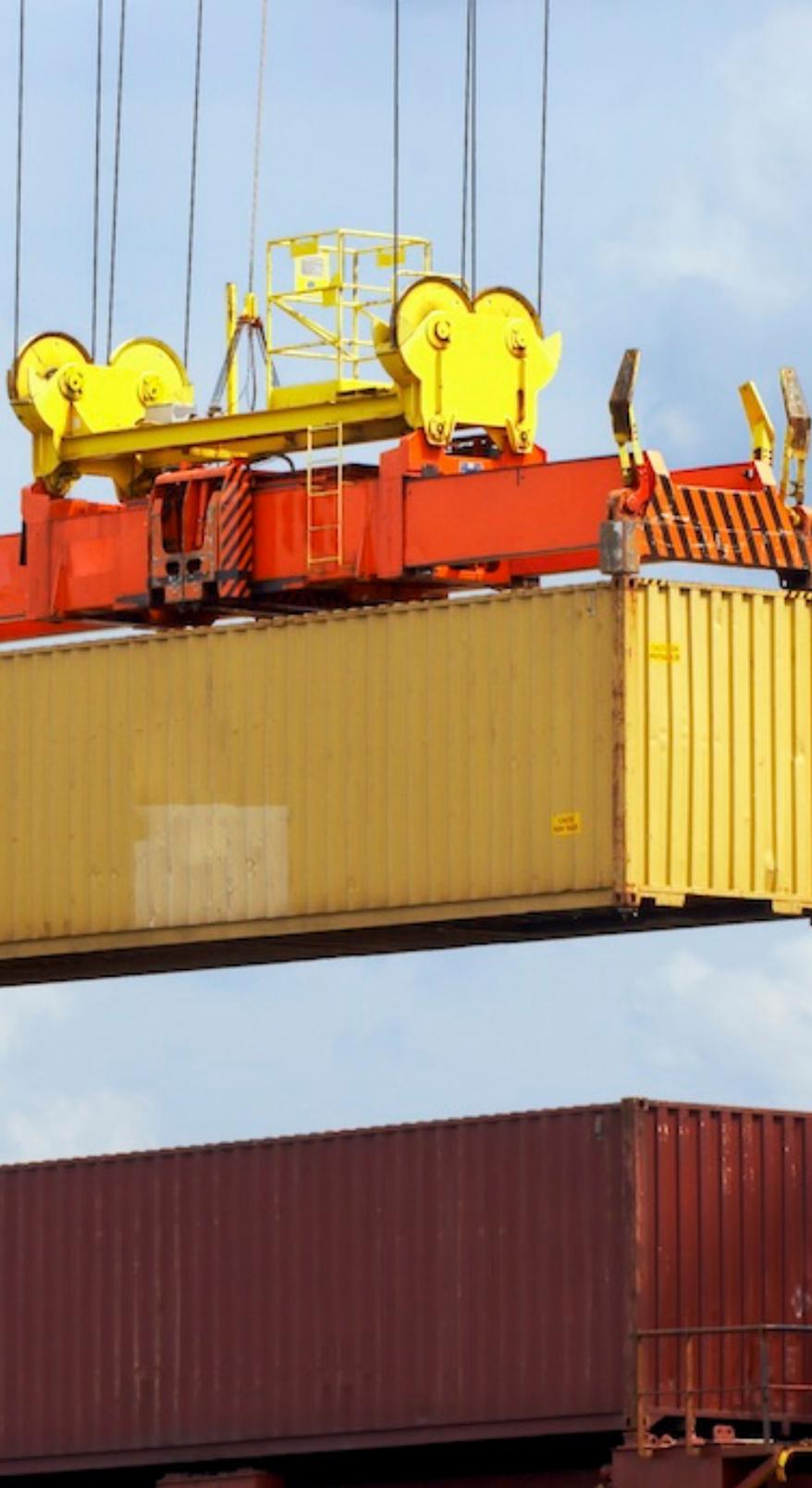




SOLVING THE SUPPLY CHAIN BOTTLENECK WITH PEEL PILES

BY MASON GEORGE, PRESIDENT OF IMC COMPANIES NATIONAL ACCOUNTS
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SO, WHAT'S THE PROBLEM?

WHAT'S CAUSING THE BOTTLENECK IN CARGO DELIVERY?

The current supply chain shortage is the result of a myriad of complex causes, many of which were exacerbated by the pandemic. A non-exhaustive list of contributing factors includes:

- COVID-19 immediately changed the frequency and manner in which consumers purchase goods
- People who used to spend their discretionary income on travel and experiences shifted their spending to consumer goods almost overnight - and the vast majority of such goods are manufactured overseas
- This caused an unprecedented surge in imports that severely impacted the supply chain's infrastructure that simply wasn't built for this level of activity
- Add to that an already existing shortage of labor and chassis and the result is the perfect storm for toppling the supply chain's already strained capacity

CRITICAL SHORTAGES

WAIT TIMES, LACK OF SPACE & CHASSIS ARE PARTICULARLY CHALLENGING

- An alarming number of ships are waiting (sometimes weeks) to offload at the ports
- On those ships are more than half a million containers waiting for distribution inland
- Pair that with a lack of space at the ports, rails and terminals and you get the issue that has occurred - over-stacking
- Containers are made to stack on top of each other, however, doing so at the rate we are now has resulted in an inability to easily get to the desired container and, therefore, delays
- In Memphis and Chicago, they're stacking containers 4-5 high and, in Los Angeles, they're going as high as 8 containers in a stack
- Even if there were 200% more chassis on site, there's not enough room to store all the wheeled equipment, so rails and ports have gone "vertical" for storage. This creates challenges as most containers are not on top, so crane operators have to dig them out, causing unproductive moves and dwell times to skyrocket
- This can result in unnecessary labor, downtime and waiting (and unhappy) drivers

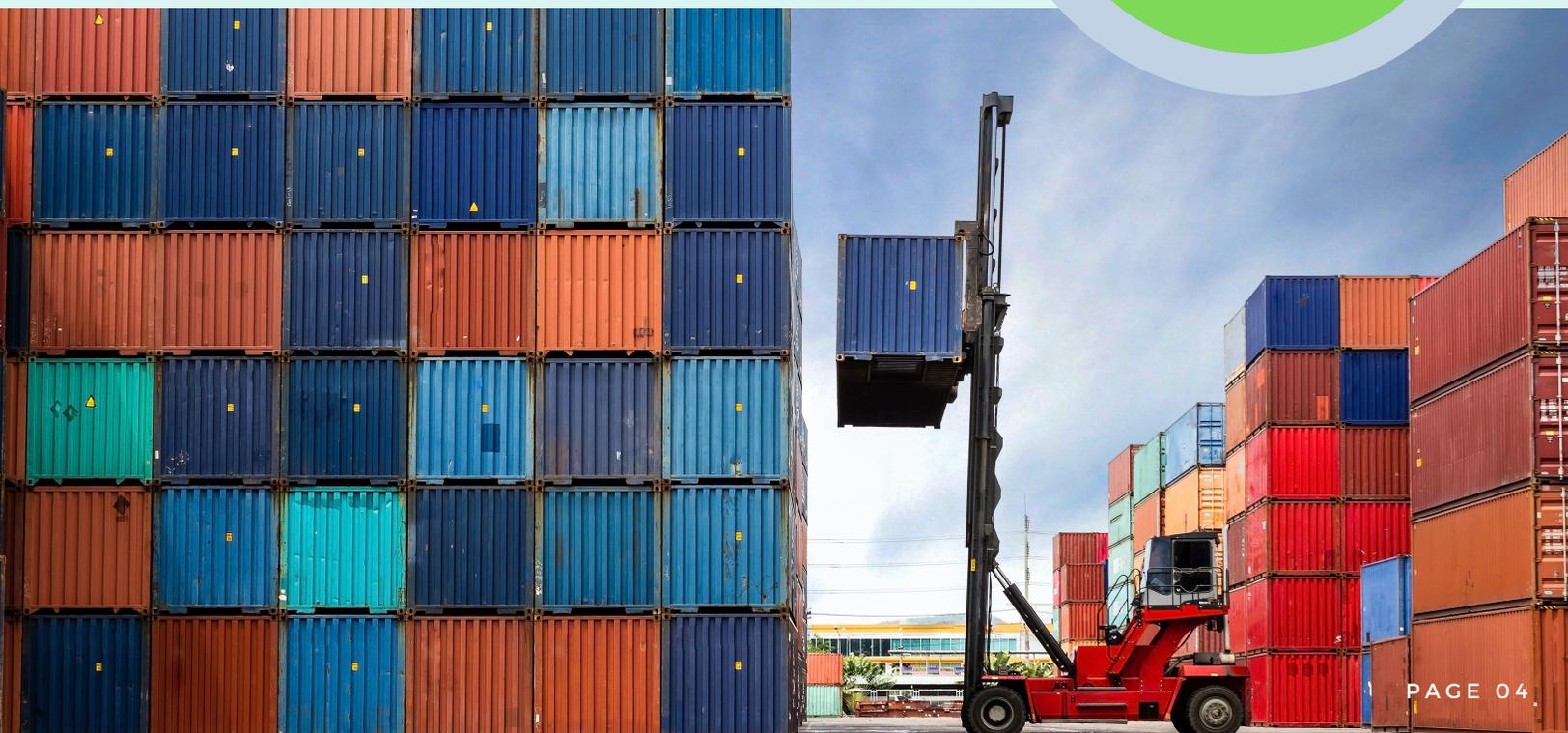
WHAT IS A PEEL PILE AND HOW CAN IT HELP?

A peel pile, peel-off or flow stack is a revolutionary concept that was first introduced around 2015 and was used in fairly limited capacity until the strain of the current cargo crisis brought it back into use. A peel pile functions as follows:

- Drivers pull up to the indicated "pile" and simply take the next container that is "peeled" from the pile
- Drivers appreciate that this process keeps them moving and productive, even if they don't know the exact load they're getting or the delivery location
- It can take 3x's as long for a driver to get a container in a non-peel pile process
- In fact, industry reports note that an effective peel pile process can cut a driver's wait time by more than half
- Overall, an effective peel pile process can cut dwell time on a container from 9 days down to 3 days, potentially mitigating demurrage expenses
- What's more - a driver can make 7 turns instead of 3 in markets like Memphis and Chicago and, in L.A., a driver can expect to make 5 turns instead of 2
- Decreasing wait times and maximizing productivity means happier drivers, cleaner air with reduced truck emissions, increased cargo movement and, most importantly, the start of loosening the bottleneck on the supply chain that has plagued shippers, ports, rails, laborers, service providers and consumers for the past several years

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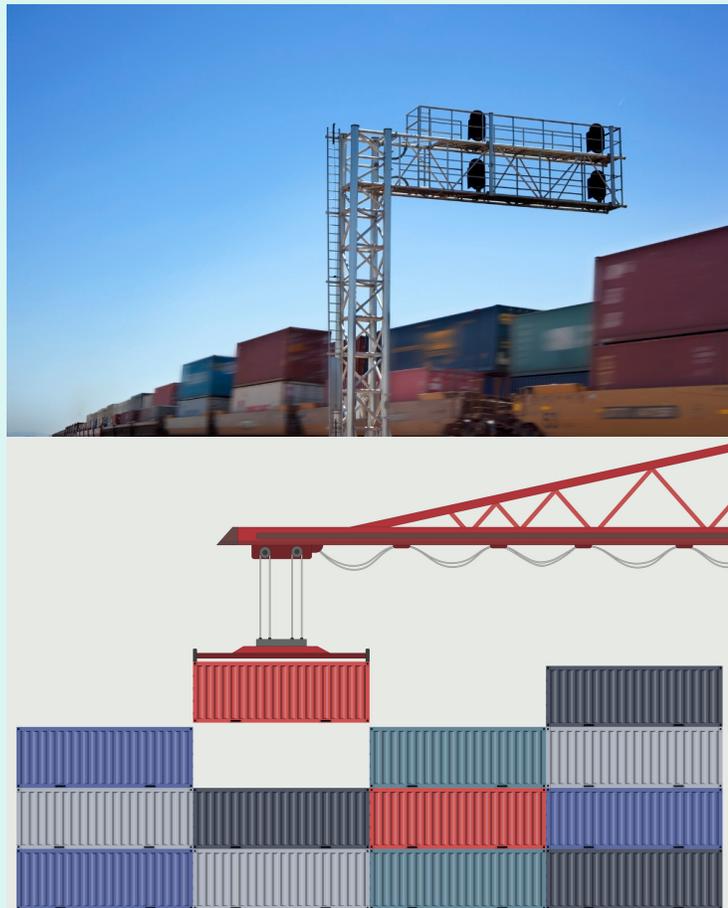


HOW WILL PEEL PILES BENEFIT EVERYONE IN THE SUPPLY CHAIN?

Peel piles give us the unique opportunity to operate in a mutually beneficial, cooperative manner - all for the betterment of those who serve in and are served by the supply chain.

Historically, supply chain has typically been an 'every person for themselves' industry, but the recent challenges we've been facing have presented us with a fork in the road that could lead each of us to greater heights in terms of efficiency, productivity and performance.

This groundbreaking shift in thinking could mean improved processes and outcomes for everyone including the rails, ports, beneficial cargo owners (BCOs) and end users everywhere.



WHAT ARE SMARTSTACKS®?



As the largest marine drayage company in the nation and the thought leader, IMC Companies is improving the overall process for our customers, our partners and the industry. We have implemented solutions to relieve unproductive lifts, long driver dwell times and inaccessible cargo.

One of those innovations is **SmartStacks®**, our proprietary, data-based version of the "peel pile" that exponentially increases a driver's efficiency and our overall capacity. Via our own proprietary app, drivers can self-assign the most available load vs. waiting for a specific one. With our methodology we have doubled driver productivity, eliminated wasted lifts and made cargo more accessible to the masses.

IMC COMPANIES WHITE PAPER:

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