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# Memphis

## America's Multimodal City

Connecting global supply chains through river, highway, rail, and air transport, Memphis gives businesses the ultimate logistics advantage.

Visitors flock to Memphis for its musical heritage, legendary barbecue, and rich history. But long before it attracted tourists with its culture and cuisine, the city represented a point of interest for American industry. Located at the nation's crossroads, Memphis' destiny as a trade center was well established by the early 19th century.

When it comes to a city's logistics assets, geographic location tops the list. Proximity to population centers attracts investment, which builds the infrastructure that creates business momentum.

"The Mississippi River was Memphis' first transportation connection; then came rail," says Jay Hazen, chief operating officer of CTSI-Global, a Memphis-based supply chain management and technology provider. "As state highways and the interstate system filled in America's transportation infrastructure, the city benefited as a natural hub. Memphis became a global headquarters for many firms, and established the busiest cargo airport in the Western Hemisphere."

### Going Global from Memphis

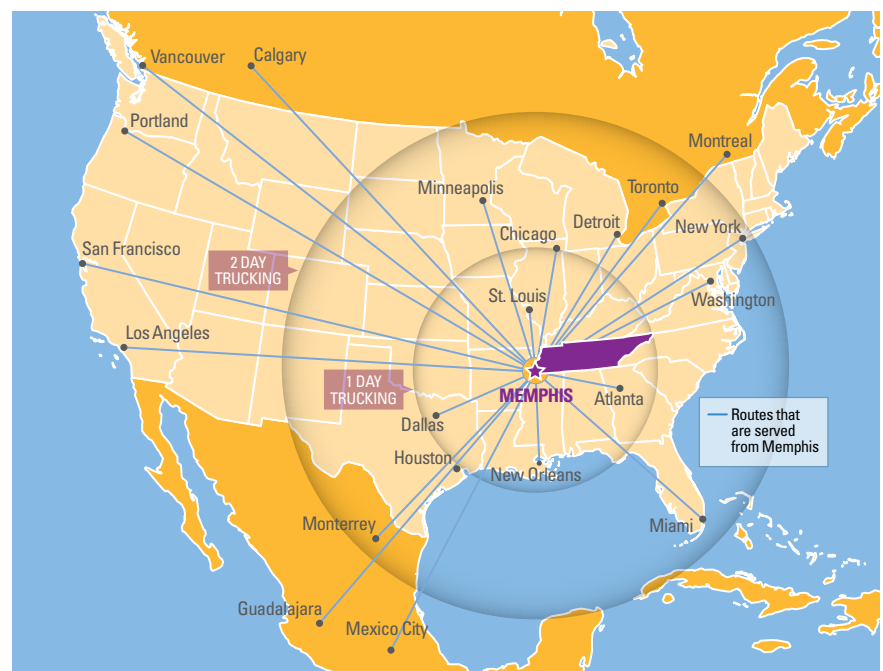
CTSI-Global is a prime example of the local businesses supporting Memphis' supply chain sector. The company provides supply chain solutions for all transport modes, across many languages and currencies. Its global transportation management system (TMS) and freight audit and payment services allow companies to optimize shipping operations, and drill down into the most relevant business intelligence data. By providing additional services such as rate negotiation, benchmarking, and consulting, CTSI-Global addresses the whole supply chain.

CTSI-Global's Memphis headquarters leads the firm's network of global locations, which includes Atlanta, Austin, Chicago, Canada, India, Ireland, and Singapore.

Such global reach is common among Memphis' business community. "The Memphis region possesses the advantage of a geographical location near the population center of the country, as well as

world-class infrastructure in four transport modes," says W. Neely Mallory III, chairman of the Greater Memphis Chamber's Regional Logistics Council, and president and CEO of Memphis-based Mallory Alexander International Logistics, a fourth-generation company with more than 500 employees, and operations throughout the United States.

**ON THE ROAD:** Truck shipments can reach more points next-day from Memphis than from any other U.S. city. And 70 percent of the U.S. population lives within a two-day drive from the city.



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The transportation modes Mallory references are the “Four Rs” that put Memphis at the head of the class in logistics: road, runway, river, and rail. These infrastructure assets make the city a natural fit for third-party logistics (3PL) providers such as Mallory Alexander. Originally called Memphis Compress and Storage Company, the firm was founded in 1925, and met the storage and handling needs of local cotton merchants and producers.

In the 1960s, to serve more industries, the company diversified by establishing a warehouse to store and handle general merchandise, and expanding its portfolio to provide local truck delivery. In the 1970s, the company entered the contract warehousing business, and acquired an established international freight forwarder specializing in air and ocean shipping.

Mallory Alexander offers customs



**Mallory Alexander recently expanded its U.S. and Canada domestic capabilities, and operates a growing 4PL division. A state-of-the-art automated pick-and-pack operation is a new addition to its warehousing portfolio.**



brokerage and domestic air freight, and recently expanded its U.S. and Canada domestic capabilities. The firm runs a growing fourth-party logistics division, and has added a new state-of-the-art

automated pick-and-pack operation.

From Mallory’s leadership perspective as head of both a Memphis-based 3PL and the Chamber’s Logistics Council, the region represents an ideal logistics hub.

“Memphis offers shippers efficient supply chain connectivity, with access to nearly all North American ports, including Prince Rupert, U.S. West Coast and East Coast ports, and Halifax,” he says. “The region supplies intermodal flexibility through service by five Class I railroads.

“The area also offers low operating costs, including available real estate, labor, utilities, and taxes,” Mallory adds. “And last-mile delivery by truck requires relatively short distances because of Memphis’ proximity to many metropolitan markets.”

Shippers can choose from a variety of transportation providers for those deliveries. “Memphis promotes healthy competition among carriers, because more than 400 trucking companies serve the area encompassing western Tennessee, northern Mississippi, and eastern Arkansas,” he notes.

## By Road and Rail

Thanks to Memphis’ central location, truck freight can reach 70 percent of the nation’s population in two days or less. In addition to offering easy access to major seaports on the East, West, and

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Gulf Coasts, the region links Canada and Mexico by both rail and highway.

"Memphis resides at the center of the universe from a logistics perspective," says Richard McDuffie, chief operating officer of Dunavant Global Logistics Group.

Founded in 1928 and headquartered in Memphis, Dunavant offers more than 50 years of logistics and supply chain management experience as a global commodities broker, and is a licensed freight forwarder, non-vessel-operating common carrier, and customs broker. The company is developing capabilities to offer air-freight forwarding.

In 2010, Dunavant expanded its established logistics model beyond commodities to other industries, including automotive aftermarket, chemical, food and beverage, paper packaging, and retail—verticals that are all well represented by world-class companies in the Memphis area.

Dunavant is able to serve these industries because of the Memphis region's logistics assets. "Not many cities offer Memphis' modal capability and warehousing space," McDuffie notes. "Five Class I railroads and two major interstate highways traverse the area. On top of that, barge shippers can access the largest waterway in the United States: the Mississippi River."

These resources make Memphis a great location for companies that want to distribute products quickly and efficiently via

multiple transportation modes.

"Businesses can deliver the right service at the right price, depending on the shippers' specific needs," McDuffie says.

For shipments moving east to west, or vice versa, the Memphis region's more than 400 truck carriers can use I-40, America's coast-to-coast route across the

United States. Or they can reach Chicago, St. Louis, or New Orleans via the I-55 corridor running north to south.

Other highway infrastructure is in development. Interstate 69, a new corridor linking Montreal with the Mexican border, will bisect Memphis close to its midpoint. And I-22 will start at Memphis and connect to Birmingham and Atlanta.

Along with highway infrastructure, rail connectivity boosts Memphis' intermodal advantage. Norfolk Southern, BNSF Railway, Union Pacific, CSX, and Canadian National (CN) Railway all serve the area. Using six operational rail yards, these companies provide an important link to all 50 states, Canada, and Mexico, as well as combined capacity to handle more than two million intermodal containers annually.

Since 2009, these rail carriers invested or projected \$700 million in

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# Memphis



**Patterson Warehouses specializes in warehousing and distribution solutions, and operates from inside the Airport Aerotropolis Zone in Memphis.**

“We handle approximately 6,000 containers annually, and our niche is transporting imported goods to retailers,” explains Buzz Fly, vice president of Patterson Warehouses. “We receive containers moving via rail from West Coast ports such as Long Beach, then unload them at our facilities for distribution. We recently added infrastructure to handle higher freight volumes in all five of our rail yards. We also offer an LTL consolidation program to major retailers.

“The biggest advantage Memphis offers is one- or two-day truck service to nearly 70 percent of the nation’s population,” he continues. “Shipments from Dallas can’t reach Chicago in that time, and freight

facilities upgrades to Memphis area operations. From now through 2024, Norfolk Southern is developing its Crescent Corridor project, a high-speed intermodal line linking New Orleans and New Jersey, with Memphis as an anchor.

One company that takes full advantage of those rail connections, and the city’s strategic location, is Patterson Warehouses, a Memphis-based 3PL operating more than 1.8 million square feet of space in the area.



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from Atlanta can't reach Dallas. But thanks to Memphis' central location, we can reach all those locations quickly."

Memphis' two-day-by-truck delivery reach also encompasses the headquarters and distribution centers of major retailers such as Walmart, Target, and CVS.

### Intermodal Opportunities

Transporting intermodal containers to and from railroad terminals has opened myriad opportunities for logistics providers. Mark George, chairman of IMC Companies, founded Intermodal Cartage Company in Memphis in 1982, specializing in container drayage. Today, IMC Companies operates offices in 27 cities across the United States. The original Intermodal Cartage Company remains the largest of seven companies under the IMC Companies umbrella.

"We operate some of the largest container depots in the country," says George. "But we have also expanded into freight forwarding and customs brokerage. And we have a large fleet of maintenance and repair mechanics who handle containers and chassis at the railroad and container yards, as well as perform roadside repairs across the country."

Headquartered in Memphis, IMC Companies employs more than 1,500 personnel. It may seem counterintuitive that a company specializing in international shipping was built in an inland city, yet the firm has become one of the country's largest intermodal drayage companies. When you consider Memphis' location and infrastructure, however, IMC Companies' success makes perfect sense.

"Two East Coast and two West Coast railroads begin and end their lines in

Memphis," explains George. "CN connects Mexico and Canada, with Memphis right in the middle. Meanwhile, barge traffic travels up and down the Mississippi. And the country's largest cargo airport operates here, thanks to FedEx and UPS."

These infrastructure assets add up to a steady flow of global freight for IMC Companies' drayage operations to handle.

"From a transportation perspective, and for building a logistics company, Memphis is a sweet spot," George says.

### Airfreight Force

Airfreight shippers in Memphis benefit from major UPS, DHL, and U.S. Postal Service operations in the region, but FedEx's world hub at Memphis International Airport offers area companies a notable competitive advantage for next-day air deliveries. The hub has



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The logistics staffing team at Vaco Logistics specializes in placing experienced industry leaders with top organizations in the Memphis area.

helped establish Memphis International Airport as North America's busiest cargo airport.

Memphis' central location and mild weather have contributed to the city's growth as a true aerotropolis. When bad weather does strike, the airport's four runways with advanced technology allow carriers to continue flight operations.

Currently under development is "Cargo Central," a five-phase build-to-suit facility spurred by the construction of a new taxiway, which facilitates expansion on the airfield.

Cargo Central features approximately 1.4 million square feet of ramp area. The first phase, which has already been completed, offers 36,000 square feet of building space. Each subsequent phase will offer 61,500 square feet of additional space. The facility will address all critical needs – such as high security, cold storage, and hazardous materials storage – along

with business-friendly lobbies, reception areas, front office administration, and management spaces. This build-to-suit offering complements the airport's cargo handling expertise.

### Moving Beyond the Basics

With ample port, rail, highway, and airport infrastructure, Memphis has established itself as America's multimodal transportation hub. Next up for the area is retaining and expanding existing businesses, while developing assets to grow the region's logistics sector.

While many chambers of commerce focus on conventions, visitors, and civic improvements, the Greater Memphis Chamber targets economic development – specifically in logistics and manufacturing.

The organization collaborates with local government offices from the City of Memphis and Shelby County, focusing

on three areas: attracting new businesses to the Memphis area, retaining and expanding existing businesses, and developing international business relations. The Chamber pursues infrastructure development, as well as public policy to keep the area moving forward.

"Memphis supports 'Co-op-itation,'" says Dexter Muller, senior vice president of community development for the Greater Memphis Chamber. "Because the city is at the nexus of three states, it is in constant competition for economic development projects. But Memphis' leaders also cooperate with neighboring areas on issues such as improving infrastructure, the environment, air quality, and workforce development.

"When it comes to infrastructure and location, the Memphis area has a decided competitive advantage over other metropolitan areas," he adds. "But it also leads the way in other areas essential to logistics

and manufacturing, such as reducing carbon footprint, operating expenses, and labor costs. These factors are becoming more important to companies."

W. Neely Mallory III supports his company's environmental awareness efforts, as well as the region's focus on the future. "Companies can maintain a smaller footprint in Memphis because of the area's carbon-friendly transport modes – rail and barge – and the shorter transit time required for last-mile delivery by truck."

"Addressing transportation and distribution is vital to reducing carbon footprint," Muller notes. "The issue has become more important to consumers, and therefore to American business."

Reducing carbon footprint also makes sense from an operational standpoint, because slower transportation modes are

more economical. But Memphis' highway and airport infrastructure enables shippers to also arrange just-in-time or overnight deliveries to meet customer demand.

#### Customer Connections

Optimized transportation networks also help control operating costs. In a rapidly changing global supply chain, Memphis' direct rail links to every major seaport in the United States and Canada help shippers stay connected.

"At least one major rail line serves most of those ports, and interstate highways reach them all," says Muller. "When a Memphis-based company's customers or suppliers change, it can access a strong transportation network for moving products, or managing inbound shipments and raw materials for manufacturing."

Another key component to reducing operating costs comes in the form of lower utility costs. "When considering electric, gas, water, and sewer, the combined costs of Memphis' utilities are among the lowest in the country," says Muller.

Rather than pulling water from its most obvious resource, the Mississippi River, Memphis draws from an aquifer thousands of feet below ground. It is one of the purest water sources in the country, and provides the area with an almost limitless supply.

This high-quality, low-cost resource has attracted numerous companies involved in food production, such as Kellogg's and Hershey's, as well as breweries.

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companies benefit because the area is bisected by natural gas pipelines. And it is served by the Tennessee Valley Authority, which offers low rates on both hydroelectric and nuclear power.

## Workforce Wonder

While all these factors create an ideal environment for companies involved in logistics and manufacturing, one often unpredictable element in the logistics equation is perhaps the most significant: people.

area has employed the Co-op-ition concept, crossing city, county, and even state lines to train and develop a workforce that can meet the demands of the region's burgeoning logistics and manufacturing sector.

Two area community colleges – Southwest Tennessee Community College in Tennessee, and Mid-South Community College in West Memphis, Ark. – have agreed to share students and faculty across state lines, an arrangement unheard of in other areas of the country.

The region's logistics service providers also benefit from the quality of the local workforce. "One competitive advantage Patterson Warehouses possesses is its experienced management team, supported by its dedicated workforce," says Fly. "Memphis' history and reputation as America's Distribution Center has resulted in an unusually high number of well-trained workers in transportation and distribution roles."

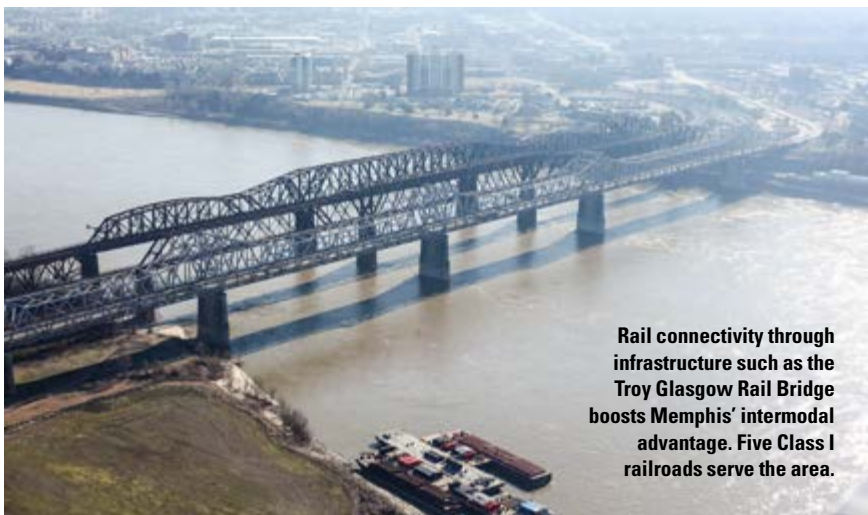
Memphis is also fortunate to be home to companies such as FedEx, International Paper, and AutoZone. "Those businesses attract logistics candidates and students to the area," notes McDuffie.

## High Quality of Life, Low Cost of Living

That workforce stays in Memphis because of its high quality of life and low cost of living. "Memphis' low cost of living is attractive to many people considering locations to establish their career and family," says Cheryl Citrone, a partner in Vaco Logistics, a logistics staffing service with offices in Memphis. "The Greater Memphis Chamber reports the cost of living in Memphis is nearly 14 percent below the national average. In March 2014, *Forbes* recognized Memphis as America's second most affordable city, and the city's tax burden was ranked number seven on *CBS Money Watch's* 2013 list of the 10 cheapest U.S. cities to rent an apartment.

"Vaco, and particularly the Vaco Logistics team, is constantly promoting Memphis," she continues. "Not only does Memphis offer world-class transportation infrastructure, but companies would be hard-pressed to find more qualified talent in the logistics sector. The pool for leadership in transportation and distribution operations is deep – you just have to know how to find the best talent."

Vaco Logistics uses an extensive network of contacts, coupled with social networking and proven marketing tactics, to ensure it places experienced industry leaders with top organizations



"The city is focusing resources on workforce development," Mallory says. "Memphis has more workers in the transportation, distribution, and logistics sector than any other major metro area. Area leaders are striving to provide a qualified workforce, and have established a system to connect high schools, technical schools, and community colleges with employers."

Access to a highly skilled workforce benefits all area businesses. "More than 50,000 people in the Memphis area work in logistics," says Muller. "With even modest turnover and growth, the region needs 2,000 to 5,000 workers annually in that sector, in addition to 1,000 employees in manufacturing."

To meet that demand, the Memphis

"The schools have established a system that connects high schools to both community and four-year colleges," Muller explains. "It blurs the lines between high school and college, as well as the geographic boundaries in our area."

In addition to those two community colleges, area logistics companies take advantage of the human capital produced by other collegiate entities.

"The University of Memphis provides an excellent pool of candidates," says McDuffie of Dunavant Global Logistics. "The school also operates the FedEx Institute of Technology, and the Intermodal Freight Transportation Institute. Those programs represent a great resource for the Memphis area's workforce development."

in the Memphis market. The firm excels in finding candidates with specialized skills, such as procurement staff, quality assurance and industrial engineers, and import/export specialists.

Vaco values real-world industry experience, and the company employs individuals who have worked in the trenches.

"Vaco employees bring years of experience in the field, and they understand the logistics sector and its requirements," adds Citrone.

Companies moving to Memphis are often impressed by the level of talent Vaco can deliver – saving both time and money in the relocation process.

"We have helped companies relocate nationally and internationally, serving as the central point for finding other resources needed to get started," says Citrone. "We spend a significant amount of time helping companies craft job descriptions, giving guidance on salaries, and ensuring their experiences with finding talent are flawless so they will tell other businesses to come to Memphis."

Three of the five members of the Vaco Logistics team are University of Memphis graduates, and a fourth graduated from

of directors for the Council of Supply Chain Management Professionals, World Trade Club, The Traffic Club, The University of Memphis Supply Chain Advisory Board, and the Society of Human Resources Professionals.

Vaco is also a strong supporter of the University of Memphis, and its team serves as mentors for students graduating with supply chain and logistics degrees.

#### Dedicated Leaders

Such dedication is common among Memphis' logistics sector leaders. "Few metropolitan areas can beat Memphis when it comes to our location and infrastructure," explains Muller. "But when you add reducing carbon footprint, lowering operating costs, and developing a strong workforce to the equation, it is clear that Memphis is a superior location."

As Memphis' supply chain assets continue to grow, more companies will discover the logistics advantages America's multimodal city offers.



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Christian Brothers University. In addition, each member of Vaco Logistics participates in community service, and collectively they serve on the board

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Mallory Alexander International Logistics is a leading third-party logistics (3PL) provider. As a specialist in global logistics and supply chain services, Mallory Alexander acts as a single source for all logistics and supply chain needs. Specifically, Mallory Alexander provides public and contract warehousing, freight forwarding (international, domestic, air, and ocean), customs brokerage, import/export services, intermodal trucking and transportation, logistics services, and consulting.

**Memphis Regional Chamber • [www.memphischamber.com](http://www.memphischamber.com)**

More and more companies are doing business in Memphis, for good reason. If you or your organization are looking to expand your operations, relocate to a business-friendly community, or take advantage of the economy of scale that Memphis' logistics infrastructure can provide, contact the Memphis Regional Chamber, the economic development agency for the mid-South region. For all the details, visit the Memphis Regional Chamber's website.



**Patterson Warehouses, Inc. • [www.pattersonwarehouses.com](http://www.pattersonwarehouses.com)**

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