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**Clean Logistics
Consulting**

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Why is fuel important to shippers?

Fuel is paid as a pass through to shippers

- **What do shippers need?**
 - Understand actual costs - unbundled
 - Be able to forecast costs for product impact
 - Minimize variation in costs
 - Reduce costs each year
- **Why is fuel important?**
 - Fuel represents 25-35% of transport costs
 - Difficult to forecast
 - High variation
 - Lack of control over the cost

P&G Experience

- ~ 30% of transport cost is fuel
 - Already paying at a Wholesale vs. Retail Base
- Fuel is a transferred cost to the shipper
- Expectation - reduce spend by 5-7% each yr.
- Forecasting impact – how to predict
- Need to meet 2020 Sustainability Goals
- Innovation in this space –
 - What is new?

P&G AT A GLANCE

- 7,000 truckload lanes
- 100+ suppliers
- \$1.3 Billion spend
- All 3rd party contracted
- Typical bid cycle: 15-18 mons



Pilot's and Learning Begins...

- Strategically chosen lanes
- Shipped with 8.9L
- Request for Information with carrier base
- Pilot's established:
 - Mehoopany Plant
 - Largest; only one with private fueling
 - Midwest shipments out of Green Bay, WI
 - West Coast
 - All short haul lanes to match infrastructure

Pilot's Success – How to Expand?

- **Nat Gas Goal Established and Shared**
 - 10% of shipments using Nat Gas equipment in 18-24 months (Base was 12/2012)
 - 2% Year on Year CO2 emission reduction
 - While still meeting and exceeding all other P&G procurement/operational goals
- **Nat Gas Bid and Training Deployed**
 - Carrier's awareness of moving forward
 - 1,100 targeted lanes
 - Prioritized to do before full bid allocation

Key Learning's for Success

Economic Model

- **State Goal** – Decide your doing it and communicate to suppliers
- Share risk and rewards
- Dedicated lanes / Extended length of contracts
- Leverage current lanes near fueling; especially short haul lanes
- Collaborating with carriers and other shippers expands opportunities

Fueling Infrastructure

- Potential stations on site
- Influencing station locations
- Leveraging shipment volume where fueling exists
- Collaborating with carriers and other shippers

Engine Alternatives

- Influence carriers to order 11.9L engine arrival
- Target carrier/lane mixture with 8.9L engines
- Target carrier/lane mixture with 15L engines

