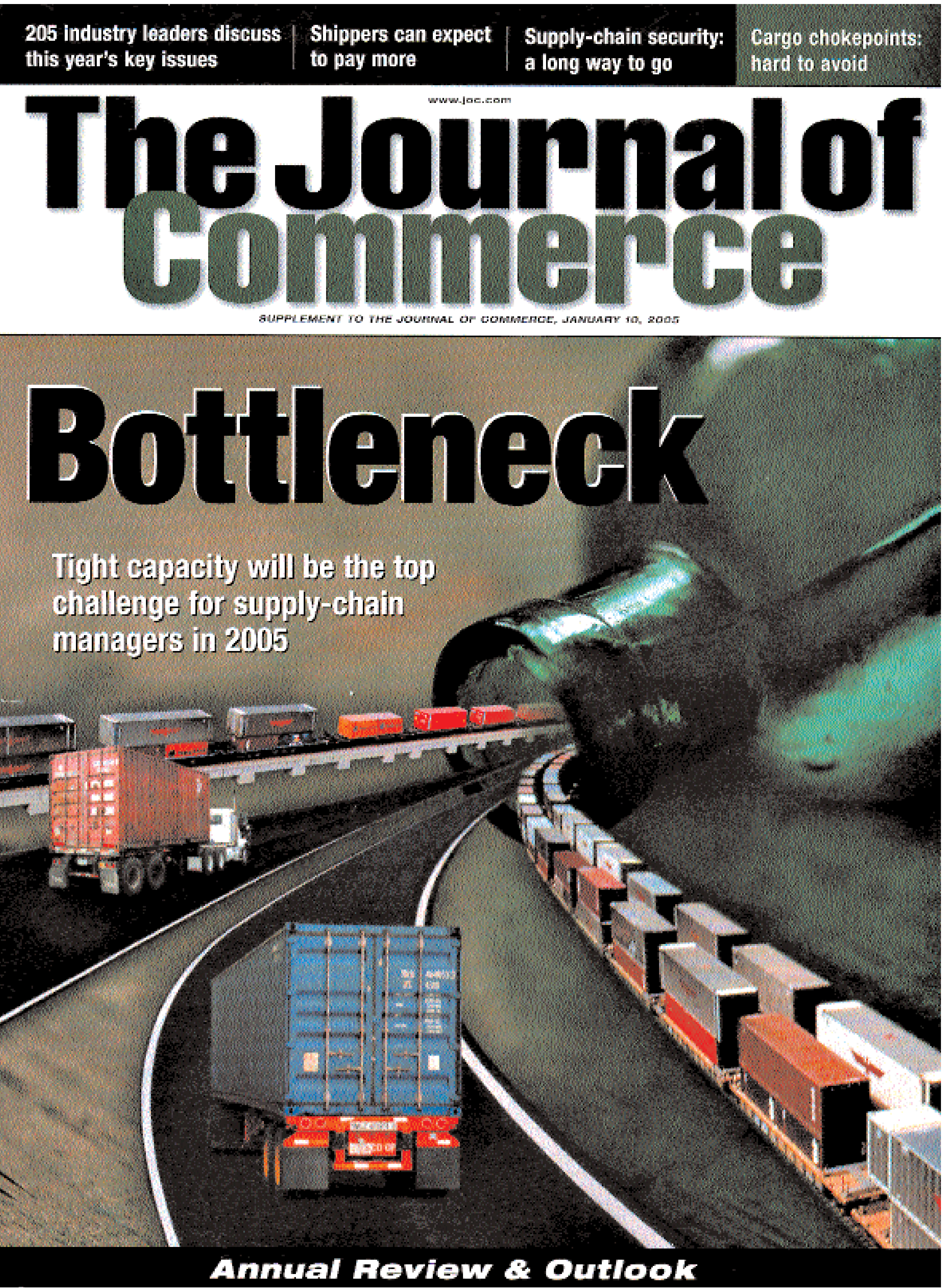

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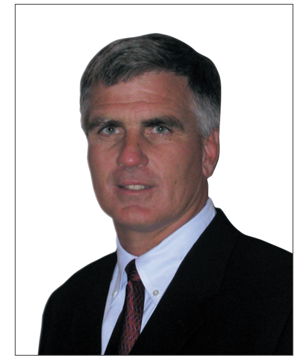

As U.S. manufacturers continue to compete globally, logistics competency will increasingly become a competitive differentiator. The U.S. global logistics industry is doing little to prepare for this occasion. 2005 marks an opportunity for our industry to embrace "lean" as its vehicle to competitiveness.

Manufacturers have invested considerably in becoming competitive. They've employed Process Management, Six Sigma and most recently embraced 'lean" manufacturing practices. But if we are to be honest, our global logistics industry has done little to become competitive. We've become ISO-certified only to satisfy our customers, not to become more competitive. Occasionally a JOC article will extol the virtues of Continuous Improvement or a port terminal embracing "lean." As a whole, however, we've done nothing to eliminate the waste that permeates our industry.

There are innumerable reasons for adopting 'Lean," including China's hourly labor rates, which are about 53 cents; ours are about $19.86, or 37 times higher. We cannot compete by reducing freight rates. We can compete by eliminating the sea of waste that characterizes our industry. Manufacturers have worked for years to mitigate this difference. Making their processes lean, they eliminated waste, improved flow, developed faster product innovation and increased speed to market.

2005 will be the year that someone will step forward and lead our industry in embracing "lean." They'll develop "lean" education conferences and forums for "lean" ideas to be shared. They'll encourage people to network, benchmark, and cooperate in their "lean" journeys. Embracing "lean" will improve service; reduce lead times; alleviate congestion at ports and on railroads; increase enterprise agility, throughput and share-holder value; provide more accurate information and performance measurements; reduce costs and turn fixed costs into variable costs; improve cash flow; and automate processes and allow our staffs to be more productive.