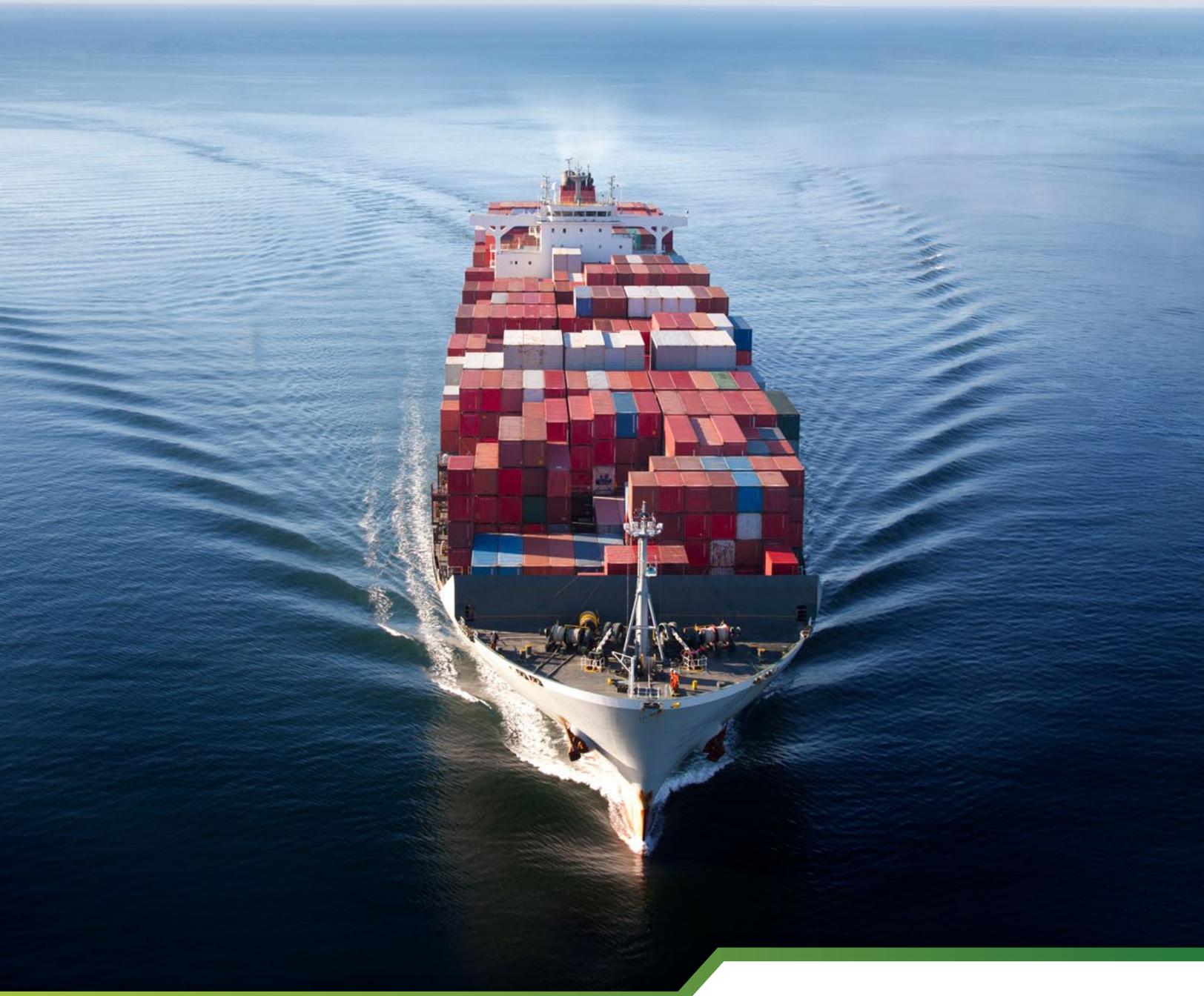


WHITE PAPER

THE JONES ACT:

NAVIGATING EFFICIENT SOLUTIONS



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THE JONES ACT

The Jones Act is a federal legislation intended to provide for the promotion and maintenance of the American merchant marine. Also referred to as the Merchant Marine Act of 1920, the federal statute regulates maritime commerce in U.S. waters between ports.

Section 27 of the Jones Act, with regards to cabotage or coastal shipping, requires that all goods transported by water between U.S. ports adhere to the following criteria:

- Carried on U.S.-flagged ships
- Constructed in the United States
- Owned by U.S. citizens
- Crewed by U.S. citizens and U.S. permanent residents.

Dunavant quickly became experts on the Jones Act, navigating efficient solutions for its globally invested clientele.



ALASKA

THE CHALLENGE

Our client, a multibillion-dollar automotive aftermarket retailer, came to Dunavant looking for a solution for shipping a high volume of fixtures and merchandise to Alaska from several vendors in the lower 48 states. Typical solutions involved shipments of Full Container Loads (FCL) and Less than Container Loads (LCL) through the port of Tacoma/Seattle via ocean vessel. The shipment costs into Alaska were extremely high and coordination for scheduling events and tracking multiple shipments required complex management solutions.

THE SOLUTION

Dunavant developed a client-specific program by transporting on the CN rail line from the Midwest, through the Port of Prince Rupert, and on the AquaTrain into Whittier, Alaska, which has a 10-day rotation schedule into Whittier, AK and return. Using Dunavant's partnership network, the right consolidator was employed to properly pack the 86' boxcars, consolidating over two and one-half 53-foot trailers into one lower-cost rail car by utilizing a specially designed disposable shelving unit. Dunavant coordinated a collaboration, assessment, and planning meeting for all parties, including major vendors, at a new store set-up in progress. Corrective actions were noted on the shipping durability for certain items. Shipments into the consolidator were scheduled two to four weeks earlier than the normal domestic orders to allow for the consolidation, increased transit time, and timing of the AquaTrain rotation.

THE RESULT

Set-up crews received all shipments at once and did not have to track down missing shipments of critical items. Damage was insignificant and better than the lower-48 norm, while transportation costs were reduced more than 33%, delivering a significant payback for the operation. Dunavant took corrective action with each shipment and facilitated continuous improvements, making this operation a positive experience for all stakeholders. While most logistics providers use the standard solutions, the client was particularly enthusiastic about Dunavant's ability to create a process that was unique to retail, reduced damages, improved visibility inbound, and significantly reduced the cost of opening stores in a new market.

HAWAII

THE CHALLENGE

As a result of Dunavant's success in the Alaska market, the Dunavant logistics team was tasked with navigating an efficient shipping export solution for two new retail stores in Hawaii. In addition, the Invasive Species Act—a U.S. federal law intended to prevent invasive species from entering inland waters through ballast water carried by ships—posed additional infrastructure challenges between the Hawaiian Islands. Only two approved vessel carriers were available.

THE SOLUTION

Dunavant developed a client-specific program with a consistent automotive export replenishment schedule similar to Alaska's, beating the same delivery deadlines consistently each week, meeting delivery time windows within two hours.

THE RESULT

Dunavant's client successfully opened a hub store in January 2016 with a footprint three times larger than standard retail stores. Weekly exports to Hawaii deliver overhead from large automotive products to administrative computer paper. Dunavant performs regular site visits to ensure a thorough understanding of logistics in the supply chain.

PUERTO RICO

THE CHALLENGE

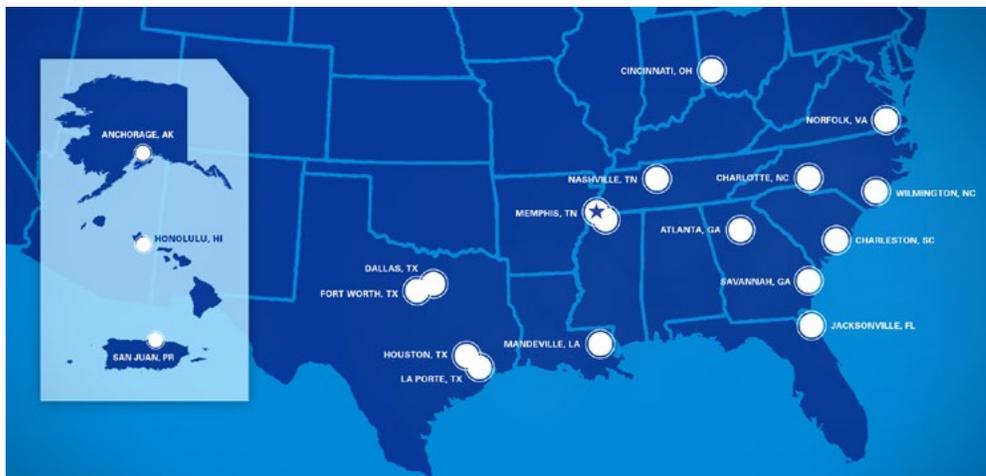
Though Alaska and Hawaii required complex management solutions for Dunavant's client due to needs for regular off-land exports, Puerto Rico's addition to the retailer's blueprint posed additional documentation challenges, as well as an entirely different taxation structure through PICO specifications. U.S. cargo ship El Faro sank in a hurricane in October 2015, decreasing U.S. vessel export capacity by 33 percent.

THE SOLUTION

Dunavant leadership studied and mastered the entire footprint in 30 days to meet strict compliance standards required by both law and by customer. Involving regular visits and on-site evaluation, a delivery schedule was coordinated and executed with less than one month's notice to put together the process and infrastructure. A trailer bridge from Jacksonville, Florida to San Juan, Puerto Rico successfully handles Dunavant exports.

THE RESULT

Dunavant maximized freight optimization and improved documentation for new Puerto Rico retail stores, seamlessly expanding its client's footprint.



ABOUT DUNAVANT

Dunavant has been a major shipper in international markets for over 40 years, with experience in more than 50 countries across all six major continents. Dunavant has developed and monitored detailed landing costs to and from hundreds of origin points globally, and Dunavant currently manages more than 100,000 loads annuals.

Dunavant has experience developing and managing significant projects in vertically integrated commodity operations. Dunavant understands the complexities and risks associated with managing international suppliers and end users, including detailed analysis of credit and finance terms and understanding infrastructure problems in specific markets.

Dunavant's global customers service teams provide personalized care and solutions focused on a client's industry and individual requirements.

DUNAVANT LEADERSHIP

The Dunavant team has a combination of senior-level personnel, each bringing 20 to 30 years of experience across a broad range of clients in the service parts industry. Much of this engineering design and operational management experience has been focused on all aspects of the automotive service parts business. Dunavant's team has worked with some of the world's largest aftermarket suppliers and retailers in addition to consulting with executive management of mid-size to small businesses involved in the automotive supply chain. Dunavant leaders came from some of the world's leading organizations, including AutoZone, Tenneco Automotive, Williams-Sonoma, and AT&T/Bell Labs. Dunavant team members are credited with leading reengineering efforts that propelled some of these organizations to be leading financial performers in the stock market and innovators in their industries during the years the efforts were being completed. Projects spanned several countries and the entire supply chain and included tasks such as:

- Vendor management
- Transportation optimization
- DC process improvements including design, development, and implementation of a custom WMS
- Multi-echelon network designs and implementations resulting in lower cost and higher service levels
- Optimized inventory policies, including modern, demand-based replenishment systems incorporating crossdocking, vendor direct, hub stores, and automated store replenishment
- In-store logistics optimization



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