

Dunavant Enterprises CEO 'Bullish on Intermodal'

By Bill Dries

Dunavant Enterprises CEO and president [William Dunavant](#) III asked how many in the luncheon group of 50 at the Traffic Club of Memphis thought gas would go back to \$2 a gallon. No hands went up.

But a lot of hands did when he asked how many thought gas might go to \$5 a gallon.

"Then you believe in intermodal, right there," Dunavant said the day after the cotton firm-turned-logistics company announced it had acquired another company that allows Dunavant Enterprises to go deeper into the movement of containers by rail, sea and truck. "Intermodal is a more efficient way, a more cost-conscious way, a more fuel-energy-efficient way of moving products around. This is a big economy to turn, but something is looming with us every single day in the businesses we're in and that's oil prices."

Dunavant spoke as someone whose company found itself increasingly involved in supply chain logistics as part of running a worldwide commodities business.

"Remember, I just came out of a business where speculators can drive things wherever they wanted to because there was more money than there was cotton," he said. "Well, I can tell you there is a hell of a lot more money than there is oil also."

Asked if Dunavant Enterprises would focus on one commodity in its new incarnation as a logistics company, Dunavant said it's possible but that the commodities business has changed dramatically.

"Our business will not focus just on commodities," he answered. "It will focus on anything that involves movement."

And because of the ability to move goods to more locations from Memphis more ways, Dunavant urged the logistics and transportation executives to be more positive about Memphis.

***"We're bullish on intermodal.
That's the reason we
wanted a piece of that in our
logistics supply chain program."***

– William Dunavant III

"There is a hell of a lot to be excited about from a local supply chain basis for Memphis that we can all sell, that we can all leverage," he said. "We can do more distribution and warehousing. ... This is the place to be."

This week, Dunavant Transportation Group, a subsidiary of Dunavant Enterprises, announced it acquired Sea Lane Express, a regional trucking and intermodal company in Great Neck, N.Y., with terminals on the East Coast and Nashville and Atlanta.

In December, Dunavant Transportation Group bought majority interest in Trans Gulf Transportation in Houston also with an eye toward a bigger share of intermodals as part of its business. Trans Gulf had planned to add cross-docks and warehouse capacity in two Houston port terminals.

“We’re bullish on intermodal,” he said. “That’s the reason we wanted a piece of that in our logistics supply chain program.”

The locations are also key to taking advantage of the expansion of the Panama Canal in 2014 to handle bigger ships that can carry more intermodal containers.

“A lot of Memphis’ traffic is coming by rail via Canada and via the West Coast,” he said after his speech. “Certainly the fact that products are moving up through the Gulf (of Mexico) and to the East Coast will have greater impact there. I think the jury is still out on what it means for Memphis.”

Dunavant cautioned against betting on a quick bonanza in Asian trade as a result.

“It’s not going to make a difference when it opens in 2014 – the first six months. Come on. If we think it’s going to make a difference in the first year, we’re thinking like Americans,” said Dunavant, who lived in Japan and has done business in China.

“In China, they think in quarters just a little different. They think of quarters in 25-year increments.”