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Freight and Logistics E-News March 2009 (Vol. 7, No. 1)

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Energy uncertainties affecting supply chains in the Upper Midwest

Fluctuating energy costs and economic uncertainties worldwide make for volatile supply chains. While facing these current challenges, manufacturers, distributors, and logistics providers all have to consider long-term strategies for sustainable energy-consumption practices throughout their marketplaces and supply chains.

In the keynote speech at the 12th Annual Freight and Logistics Symposium in Minneapolis on December 5, **Craig Simon**, president of the Americas for FedEx's Global Supply Chain Services, outlined the company's energy strategies while providing a glimpse into the innovative supply chain practices of its customers.

FedEx has committed to electric hybrid vehicle technology and is experimenting with solar facilities. By 2020, its goal is to reduce CO₂ emissions on its aircraft by 20 percent and improve vehicle fuel efficiency by 20 percent. "These things are good for the environment, good for the business, and save us large amounts of cash," Simon said.

A panel moderated by **David Christianson**, manager of freight planning and development for the Minnesota Department of Transportation (Mn/DOT), discussed the energy impacts on supply chains from regional, national, and global perspectives. **Aaron Jorgensen**, senior director of supply chain logistics integration at Medtronic, outlined the global manufacturer's complex supply chain. **Michael Tripp**, vice president of supply chain and logistics for retailer Christopher and Banks, described changes in the company's purchasing, distribution, transportation, and sourcing considerations as a result of energy fluctuations and initiatives to reduce its carbon footprint. **Ron Dvorak**, account manager with xpedx, said energy fluctuations have compounded the cost pressure these resource-based suppliers face against the backdrop of an underdeveloped infrastructure.

A second panel, moderated by **Tim Henkel**, director of modal planning and program management at Mn/DOT, mulled future energy scenarios and public policy alternatives. "We've all been brainwashed with this thinking that inventory is something really bad for the supply chain," observed **Saif Benjaafar**, director of the Center for Supply Chain Research at the University of Minnesota. "In fact, it can be used to mitigate energy use [and] carbon emissions."

In addition to Benjaafar on the second panel, University of Minnesota applied economics professor **C. Ford Runge** pointed out that public-sector investment has enabled the private sector to profit by just-in-time delivery and other innovations. **Dan Murray**, vice president of research with the American Transportation Research Institute, provided a comprehensive overview of sustainable energy and green initiatives by the trucking industry. At present, oil constitutes about 40 percent of the world's energy, and 96 percent of all transportation energy is petroleum based.

The 12th annual Freight and Logistics Symposium was sponsored by CTS, in cooperation with [Mn/DOT](#), the [Minnesota Freight Advisory Committee](#), the [Council of Supply Chain Management Professionals Twin Cities Roundtable](#), the [Metropolitan Council](#), and the [Transportation Club of Minneapolis and St. Paul](#). It was facilitated by [Continuing Professional Education](#) at the University of Minnesota.

A summary report of this year's symposium is being mailed to symposium attendees and most recipients of this electronic newsletter. If you do not receive one or need additional copies, please visit the [CTS publications page](#) for a PDF version, or contact CTS at cts@umn.edu or 612-626-1077.

Panels discuss impact of economic crisis on freight business

The Minnesota Freight Advisory Committee (MFAC) met February 6, 2009, for its winter quarterly meeting in Bloomington, Minnesota. Members discussed a variety of topics, including an assessment of the Minnesota economy and freight transportation issues and strategies in an uncertain economy.

The meeting featured two panels of speakers. In the first panel, titled "Assessment of Minnesota Economy, Present and Future—Economic Crisis," **Toby Madden** from the Federal Reserve Bank shared his personal views on the

current U.S. economic crisis. Specifically, discussed various factors that may have precipitated the crisis and described some of the steps the Fed has taken in response.

Tony Yokum, of Yokum Oil, gave an overview of his company's operation and the impact of the current crisis. He said more frequent collaboration is needed among oil companies and transportation providers to allow for custom solutions.

Norman Foster, of the Minnesota Department of Transportation (Mn/DOT), discussed the agency's budget development process. He also provided an assessment of major transportation funding sources.

The second panel, titled "Freight Transportation Issues and Strategies in an Uncertain Economy," featured a presentation from **Dave Oren** of Dart Transit Company.

Ron Dovark, of xpedx, an International Paper Company, offered keys to survival in these poor economic times: fostering small- and mid-size business through regional hubs, maintaining market share, revising strategies if necessary, and maintaining good synergies between shippers and carriers.

Bill Goins, of FedEx Corporation, said the company's domestic freight has increased since DHL exited the domestic shipping business. FedEx has not laid off any Express or Ground employees but has cut the pay of most employees. Its goal is to retain employees for an economic recovery.

Mark Wegner, of Twin Cities & Western (TC&W) Railroad, expressed concerns about slow grain business this past fall and the decline in demand for ethanol facilities. Some major railroads are placing cars and locomotives in storage and furloughing employees. He also discussed the comprehensive rail safety bill passed last fall, saying many questions still remain about its implementation.

MFAC is a partnership between government and business to exchange ideas and recommend policy and actions that promote safe, productive, and sustainable freight transportation in Minnesota. MFAC consists of representatives from Minnesota's shipper and carrier communities as well as a variety of other interested organizations, and provides advice to the Minnesota Department of Transportation (Mn/DOT) and the Metropolitan Council regarding freight issues and investments. For more information, refer to the MFAC Web site at <http://www.dot.state.mn.us/ofrw/mfac.html>, or contact Bob Gale, Mn/DOT Office of Freight and Commercial Vehicle Operations, at 651-366-3664, e-mail: robert.gale@dot.state.mn.us.

Murphy keynotes Finnish logistics event

Richard Murphy Jr., former CTS Executive Committee chair and International Warehouse Logistics Association (IWLA) board member, and immediate past chair of the Council of Supply Chain Management Professionals (CSCMP), gave the keynote address on February 5 to 1,100 Finnish logistics professionals at the 24th annual Finnish Logistics Seminar in Helsinki, Finland. He shared the program with many other senior European executives representing organizations including LEGO, Metso, Schenker, IBM Global, Sandvik Mining, and the Finnish Minister of Defense. Murphy's presentation, "Strategic Trends Impacting Logistics in the United States," focused on the key domestic and import trends that are impacting logistics networks, as well as sustainability influences on logistics practices.

Council of Supply Chain Management Professionals Twin Cities Roundtable upcoming events

April 10 Facility Tour 5:30 p.m. – 8:00 p.m. For location and sign-up information, visit www.cscmpmn.org.

May 14 Lunch Meeting: An Inside-the-Beltway View of International Trade Changes in Import and Export Regulations Will Affect Your International Supply Chain 11:30 a.m. – 1:30 p.m. Double Tree Park Place, 1500 Park Place Blvd., St. Louis Park, Minnesota Speaker: **George W. Thompson**, Neville Petersen LLP

For information about the Minnesota Council of Supply Chain Management Professionals Twin Cities Roundtable and upcoming events, visit www.cscmpmn.org.

Transportation Club Expo scheduled for March 24, 2009

The Transportation Club 2009 Expo and Luncheon will be held on March 24, 2009, at the Sheraton Bloomington Hotel, 7800 Normandale Blvd (at Hwy 100 and I-494), Bloomington, Minnesota. Luncheon cost: \$35. The expo, the largest transportation exhibition in the United States with more than 80 exhibitors, follows the luncheon and is free. For more information, please visit www.transportationclub.com, or contact the Transportation Club at 952-239-1226 or office@transportationclub.com.

Recently published freight-related research from TRB

Recently published freight-related research from the Transportation Research Board (TRB):

- TRB's [Commercial Truck and Bus Safety Synthesis Program \(CTBSSP\) Synthesis 16: Safety Impacts of Speed Limiter Device Installations on Commercial Trucks and Buses](#) (1.2 MB PDF) explores issues associated with speed limiters, including measurable safety impacts, metrics, and degree of benefit. Speed limiters, also described as speed governors, are devices that interact with a truck engine to only permit the attainment of a pre-programmed speed.
- TRB's [Commercial Truck and Bus Safety Synthesis Program \(CTBSSP\) Research Results Digest 6: A Status Report](#) (80 KB PDF) describes the progress and status of the [Commercial Truck and Bus Safety Synthesis Program \(CTBSSP\)](#). CTBSSP is a cooperative research program sponsored by the Federal Motor Carrier Safety Administration (FMCSA) and administered by the Transportation Research Board. The program was authorized in late 2001 and began in 2002 in support of the FMCSA's safety research programs.

FHWA 'Talking Freight' seminars

Upcoming topics and dates for the "Talking Freight" online seminars from the Federal Highway Administration (FHWA) are listed here. See the [Talking Freight Web site](#) for further details.

March 18, 2009 Freight Corridor Programs 1:00 p.m. – 2:30 p.m. EDT

April 15, 2009 National Freight Performance Measurement Data Dissemination Tool 1:00 p.m. – 2:30 p.m. EDT

May 20, 2009 Higher Productivity Trucks 1:00 p.m. – 2:30 p.m. EDT

Comments

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Last modified on October 30, 2013

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