

**Complimentary Comparison Prepared for:**  
**Your Company**

**Davis Logistics Cost and Service  
Database®**  
*October 2009*

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Establish  
UnitedLog

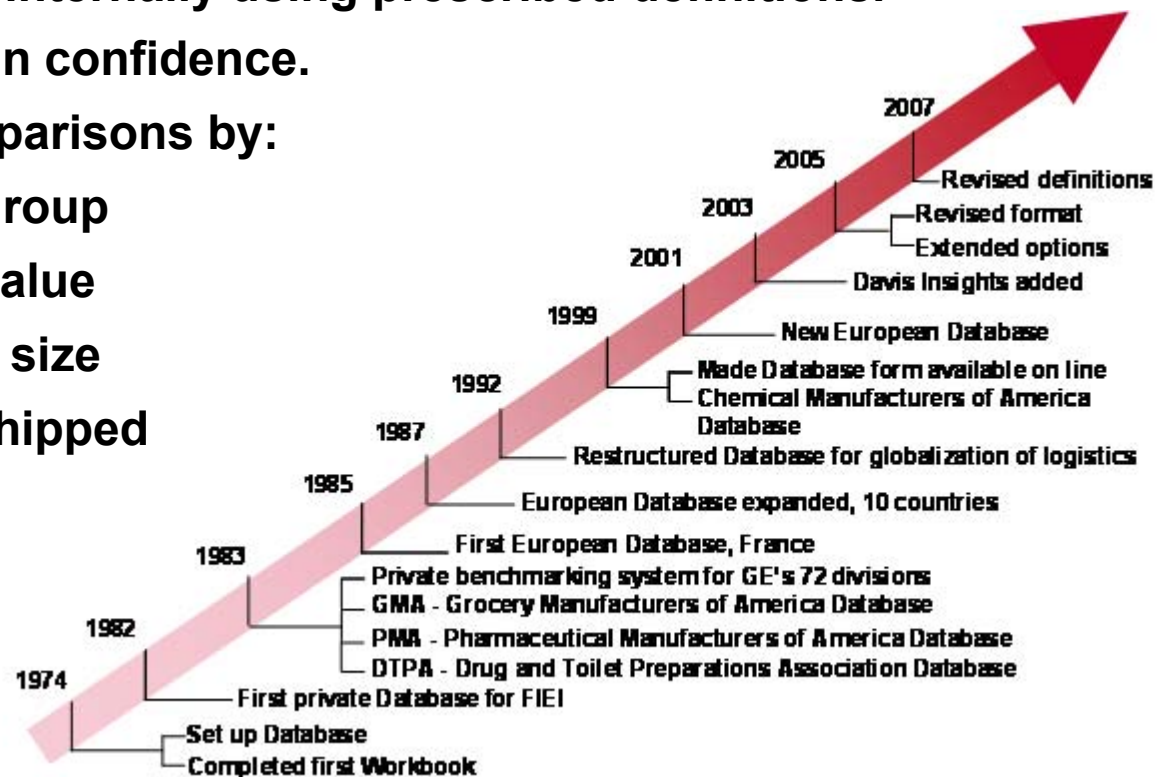
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# I. DAVIS DATABASE BACKGROUND

- Davis Database was established in 1975 to provide a means for companies to compare performance to a peer group.
- Participants:
  - Prepare data internally using prescribed definitions.
  - Submit data in confidence.
  - Receive comparisons by:
    - Product group
    - Product value
    - Company size
    - Volume shipped



## II. YOUR COMPANY'S VOLUME AND COST INFORMATION

**Company Name:** Your Company  
**Data submitted by:** Contact Information  
**Received on:** 10/1/2008  
**For 12 Months Ending:** 12/31/2008

### Size of Business:

Net US Sales Dollars	\$2,000,000,000
Weight Shipped to Customers	500,000,000
Number of Shipping Points	2
Number of Lines	250,000
Number of Orders	100,000

### Transportation Cost Terms to Customers:

Percent of Sales on which Freight is:	
Paid by You	90 %
Paid by Customer	8 %
Picked Up by Customer	
Without Allowance	2 %
Other	%

### Logistics Costs:

	Spend (\$)	Percent of Sales	Cost per Cwt Shipped
Transportation	\$90,000,000	4.50 %	\$18.00
Warehousing	\$42,000,000	2.10 %	\$8.40
Order Processing	\$20,000,000	1.00 %	\$4.00
Administration	\$8,000,000	0.40 %	\$1.60
Inventory Carrying	<u>\$40,000,000</u>	<u>2.00 %</u>	<u>\$8.00</u>
<b>Total Costs</b>	<b>\$200,000,000</b>	<b>10.00 %</b>	<b>\$40.00</b>

# III. LOGISTICS COST COMPARISON

## A. By Industry and Product Value

Your company compared to similar companies.

	<i>Manufacturing</i>			
	<i>Your Company</i>	<i>Lower Quartile</i>	<i>Average</i>	<i>Upper Quartile</i>
<b>Percent of Annual Sales</b>				
Transportation	<b>4.50</b>	1.79	3.66	4.85
Warehousing	<b>2.10</b>	0.54	1.78	2.37
Order Processing	<b>1.00</b>	0.19	0.51	0.54
Administration	<b>0.40</b>	0.08	0.29	0.36
Inventory Carrying	<b>2.00</b>	0.98	2.05	2.46
<b>Total Costs</b>	<b>10.00</b>	3.42	7.38	10.03
<b>Cost per Hundredweight</b>				
Transportation	<b>18.00</b>	8.04	36.93	38.60
Warehousing	<b>8.40</b>	3.30	19.98	12.57
Order Processing	<b>4.00</b>	0.46	6.71	7.13
Administration	<b>1.60</b>	0.36	3.93	2.61
Inventory Carrying	<b>8.00</b>	2.42	43.12	24.61
<b>Total Costs</b>	<b>40.00</b>	15.74	95.08	87.78
<b>Volumes</b>				
Million Pounds	<b>500</b>	15	510	327
Million Sales (U.S.\$)	<b>2,000</b>	200	1,330	1,277
Product Value(\$/Lb.)	<b>4.00</b>	1.90	31.00	16.76
Number of Shipping Points	<b>2</b>	2	10	11
Delivery Paid by Customer (%)	<b>8</b>	6.50	27	40.00



## B. By Product Value

Your company compared to companies with similar product value.

	Your Company	Similar Product Value		
		Lower Quartile	Average	Upper Quartile
<b>Percent of Annual Sales</b>				
Transportation	4.50	2.73	4.23	5.21
Warehousing	2.10	1.28	2.80	3.38
Order Processing	1.00	0.37	1.49	2.21
Administration	0.40	0.22	2.00	3.71
Inventory Carrying	2.00	1.73	2.93	3.10
<b>Total Costs</b>	<b>10.00</b>	<b>6.89</b>	<b>12.38</b>	<b>15.59</b>
<b>Cost per Hundredweight</b>				
Transportation	18.00	10.27	17.24	19.37
Warehousing	8.40	5.25	10.89	13.05
Order Processing	4.00	1.57	5.40	7.83
Administration	1.60	0.80	7.14	12.95
Inventory Carrying	8.00	6.04	12.01	13.37
<b>Total Costs</b>	<b>40.00</b>	<b>27.31</b>	<b>48.46</b>	<b>55.36</b>
<b>Volumes</b>				
Million Pounds	500	3	203	242
Million Sales (U.S.\$)	2,000	10	736	931
Product Value(\$/Lb.)	4.00	3.15	4.16	4.95
Number of Shipping Points	2	1	5	4
Delivery Paid by Customer (%)	8	5.00	21	21.00



## C. By Volume

Your company compared to companies with similar volume (weight shipped).

	Your Company	Similar Weight Companies		
		Lower Quartile	Average	Upper Quartile
<b>Percent of Annual Sales</b>				
Transportation	4.50	2.86	4.18	5.05
Warehousing	2.10	1.12	1.68	2.25
Order Processing	1.00	0.15	0.40	0.56
Administration	0.40	0.09	0.27	0.41
Inventory Carrying	2.00	0.90	1.86	2.52
<b>Total Costs</b>	<b>10.00</b>	<b>6.15</b>	<b>7.94</b>	<b>9.32</b>
<b>Cost per Hundredweight</b>				
Transportation	18.00	5.98	12.48	14.52
Warehousing	8.40	2.02	5.90	6.60
Order Processing	4.00	0.28	1.12	1.59
Administration	1.60	0.22	0.84	0.91
Inventory Carrying	8.00	1.62	7.24	6.19
<b>Total Costs</b>	<b>40.00</b>	<b>11.05</b>	<b>26.07</b>	<b>28.83</b>
<b>Volumes</b>				
Million Pounds	500	265	336	400
Million Sales (U.S.\$)	2,000	438	1,271	1,092
Product Value(\$/Lb.)	4.00	1.46	3.68	3.69
Number of Shipping Points	2	5	11	9
Delivery Paid by Customer (%)	8	6.00	18	25.00



## D. By Sales Revenue

Your company compared to companies with similar sales revenue.

	Your Company	Similar Revenue Companies		
		Lower Quartile	Average	Upper Quartile
<b>Percent of Annual Sales</b>				
Transportation	4.50	1.70	3.29	4.42
Warehousing	2.10	0.44	1.57	2.45
Order Processing	1.00	0.08	0.43	0.53
Administration	0.40	0.08	0.26	0.34
Inventory Carrying	2.00	0.77	1.70	2.19
<b>Total Costs</b>	<b>10.00</b>	<b>3.18</b>	<b>6.44</b>	<b>9.15</b>
<b>Cost per Hundredweight</b>				
Transportation	18.00	7.48	38.85	32.48
Warehousing	8.40	3.62	23.35	10.90
Order Processing	4.00	0.40	6.01	4.31
Administration	1.60	0.34	5.15	2.19
Inventory Carrying	8.00	1.88	60.80	20.19
<b>Total Costs</b>	<b>40.00</b>	<b>15.66</b>	<b>117.34</b>	<b>61.04</b>
<b>Volumes</b>				
Million Pounds	500	87	1,122	1,156
Million Sales (U.S.\$)	2,000	1,041	2,967	3,894
Product Value(\$/Lb.)	4.00	1.83	48.72	16.24
Number of Shipping Points	2	4	18	21
Delivery Paid by Customer (%)	8	5.75	21	23.50

## IV. SERVICE PERFORMANCE COMPARISON

Your company's lead time and fill rates compared to similar companies with similar product value.

	Your Company	Manufacturing Average
<b>Lead Time (Days)<sup>1</sup></b>	8.0	9.0
<b>Fill Rates<sup>2</sup></b>		
Percentage of Orders	99.0	87.3
Percentage of Lines	99.0	92.3
Percentage of Units	99.0	93.4
<b>Volumes</b>		
Million Pounds	500	510
Million Sales (U.S.\$)	2,000	1,330
Product Value(\$/Lb.) <sup>3</sup>	4.00	31.00
Number of Shipping Points	2	10
Delivery Paid by Customer (%)	8	27

<sup>1</sup> Total order cycle time from receipt of order to delivery of shipment

<sup>2</sup> Percentage of orders, lines, and units shipped complete on first shipment

<sup>3</sup> Average net selling price per pound



# V. INTERPRETING THE RESULTS

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## Cost Comparison

- The cost comparison consists of your company's costs, expressed as a percentage of sales or cost per hundredweight shipped, compared to the average and quartiles of a group of similar companies.
- The criteria for selecting the comparison groups are:
  - Industry and Product Value
  - Product Value
  - Volume (weight shipped)
  - Sales Revenue
- The industry / product value group is the primary means of comparing your costs. It is suggested that the other comparisons be utilized as a secondary means of comparing your company's cost levels.
- Carrying cost rates vary widely by company and industry. For comparison purposes, a rate of 18 percent is applied to average inventory value at standard cost to determine carrying cost.
- Fifty percent of the comparison group fall between the lower and upper quartiles. Occasionally, the weight of outlying values may cause the average to fall above the upper quartile or below the lower quartile

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## **Service Comparison**

- **The service comparison consists of your company's lead time and fill rates compared to the average of a group of similar companies.**
- **The criteria for selecting the comparison group is same industry and similar product value.**

## VI. ABOUT ESTABLISH, INC.

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- **We are management consultants with consultants in New York, Stockholm, and Shanghai. Specializing in logistics and supply chain strategy, we help our clients build and revise business processes that deliver products and services in the right place and at the right time.**
- **We are guided by our basic core values: integrity and professionalism, passion for work, and essential modesty. This "essential modesty" is the heart of who Establish is. It means we have the competence and determination to lead and steer projects, but we never underestimate the importance of listening to our clients and making sure we understand one another.**
- **Our principals have completed over 1,000 client engagements over the last 30 years, including assignments for some of the largest and best-known corporations.**
- **Our New York area office is located at**
  - **2200 Fletcher Avenue, Fort Lee, New Jersey USA 07024**
  - **Phone: (201) 944-5580**
  - **Visit us online at [www.establishinc.com](http://www.establishinc.com)**

# VII. TERMS OF USE

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## Confidentiality

- Establish does not disclose participation or share company data except as part of group averages and quartiles.

## Allowable Use / Distribution

- This report is intended for internal use of the receiving company.
- Sharing with third parties is prohibited without the express written permission of Establish, Inc.
- Publishing the data is prohibited without the express written permission of Establish, Inc.
- All comparison group data is considered confidential.

## Non-Disclosure Agreements

- Non-disclosure agreements may be executed upon request.

## Disclaimer

- This comparison is not represented as an in-depth benchmark study.

