

OWL gets wise to trade

*Education key to NVO's plan
to complement Obama's export call.*

BY CHRIS DUPIN

If President Obama wants to double exports in the next five years, he could do worse than find more businessmen who think like Daniel L. Gardner.

Named chief executive officer of Ocean World Lines (OWL) in January, Gardner notes that it took the non-vessel-operating common carrier 22 years to achieve annual revenues of \$300 million.

He has set his company a goal not unlike Obama's — a doubling of sales in the next five years through internal growth. OWL is part of Pacer International and accounts for about 20 percent of the company's revenues.

As a neutral NVO, OWL works with hundreds of forwarders, and about 200 of them are considered its most active customers. The company has about 150,000 TEUs annually under contract with about 15 steamship companies.

Gardner notes that the company's original business was exports from the United States, so that its export portfolio is robust from both the East and West coasts, amounting to 65,000 TEUs of exports.

"We've been an export oriented organization for 30-plus years, and we built on that expertise to develop an inbound product as well," he said.

One of OWL's areas of expertise, he said, is agricultural exports such as rice, dried fruit and nuts, apples, seeds, poultry and meat.

Gardner believes the outlook for U.S. exports has improved because of the weaker dollar. He's hopeful that container carriers increasing capacity on transpacific routes will help alleviate difficulties some shippers faced getting equipment for last year, though he noted obtaining containers and chassis is likely to remain a challenge in some parts of the country.

Agricultural exports are "a base cargo for many steamship lines and not many NVOs handle it," he said. OWL has expertise in areas agriculture exporters need, such as traditional freight forwarding, letters of credit, fumigation, and dealing with foreign agricultural inspection services similar to those of U.S. Department of Agriculture, he added.

"Agricultural goods will play an important role going forward," Gardner said. The company is conducting market research into beef, pork, and grain exports.

In June, OWL hired industry veteran Gary Ferrulli as director of export carrier relations. The company said Ferrulli and his department will oversee ocean service contracts from the United States, including negotiating with carriers to ensure OWL's customers have access to competitive rates, carrier equipment and vessel space. They also will work with OWL's offices worldwide on rate proposals and global issues impacting ocean rates and contracts.

Gardner said OWL has no acquisition plans on the table, but the company does plan to roll out some additional offices to complete its China coastal strategy.

While emphasizing his desire to further grow OWL, Gardner, 41, also said he wants to be "appreciative and sensitive to the people who have made the company successful. We can't ignore the past. We have to build upon it."

While OWL is headquartered in Lake Success, on New York's Long Island, Gardner is based out of OWL's busy Long Beach office, and actually spends about 75 percent of his time on the road meeting with customers and employees.

He sees opportunities "for integration across the entire Pacer portfolio," tying

together traditional Pacer business and growing international operations where it has been expanding, notably in China.

The company offers ocean and air transport, port drayage (it has 300 trucks that meet clean air requirements in Los Angeles and Long Beach), deconsolidation (it has 800,000 square feet of space in Carson and Lynwood), and rail intermodal services. It offers services such as purchase order management, vendor management at origin and customs clearance. He noted Pacer Distribution Services is expanding its transloading capability in Seattle this year.

"We think we have a substantial footprint in terms of assets at origin and destination, the technology to create visibility across the supply chain and very good buying rates with the carriers that allow us to be competitive across the marketplace, he said.

Those skills are attractive to a range of importers of general department store merchandise, apparel, electronic products, machinery, industrial goods, and plumbing supplies.

Gardner said OWL believes in the power of educating its customers, which was the primary reason the company and its forwarding arm, RF International, were awarded the Commerce Department's "E" Award for Excellence by Commerce Secretary Gary Locke in June. OWL offers a comprehensive trade seminar series, covering topics such as Incoterms, export controls and letters of credit.

Gardner has taught college in the graduate business schools of both the University of Miami in Coral Gables, where he earned his master's degree in international business, and Florida International University, a state business school in Miami. He believes businesses need to improve their knowledge base if they are to meet President Obama's goal of doubling exports.

"The need extends not only in the logistics industry, but the shipper community as well, the import and export community," he said.

"It might be counter-intuitive to think that promoting import knowledge is good for the economy, but it actually is," he said. "Because to be a good, effective exporter, most companies are importing raw materials, subassemblies, or component parts into a final product and then engaging in

exports. You have to be good at both.

"There is a logistics component and an overall trade component, whether it is negotiating international sales contracts, understanding product requirements overseas, packaging requirements. These are all things that companies need help with.

"We as a logistics community can play a small role in that because of the exposure that we have to international trade, by virtue of the business we conduct every day. So there is all this pent-up knowledge that can be shared both internally with our industry, the younger people coming in, as well as the overall shipping community."

Gardner said OWL offers in-person seminars, webinars and even in-house training to select companies.

He is also the author and contributor to several books — he's written a text called *Supply Chain Vector*, a novel, and most recently a book length essay that he self-published last year called *No Encore: An Essay Concerning the Competitive Decline of the United States of America*. In it Gardner explores the underpinnings of his ideas — "it's not a rant about the competitive decline of the United States, so much as it has 36 suggestions for how to turn the country around in the age of globalism. And a lot of that has to do with this educational component I was talking about."

Fifteen of the suggestions have to deal with education and training, but many are focused on foreign trade.

For example, he calls on the country to:

- Not revert to protectionism.
- Pursue trade agreements with large countries — Brazil and India.
- Advocate enforcement of the rules of the World Trade Organization.
- Centralize trade promotion efforts.
- Offer tax credits to small and medium-size exporters.
- Train businesses on how to conduct trade.
- Launch a major effort to "wire" the international supply chain by creating computer standards that would make it easier to do business across international borders.

"Some of the ideas are intended to have an immediate impact while others, by their very definition, are generational in nature," he wrote. ■