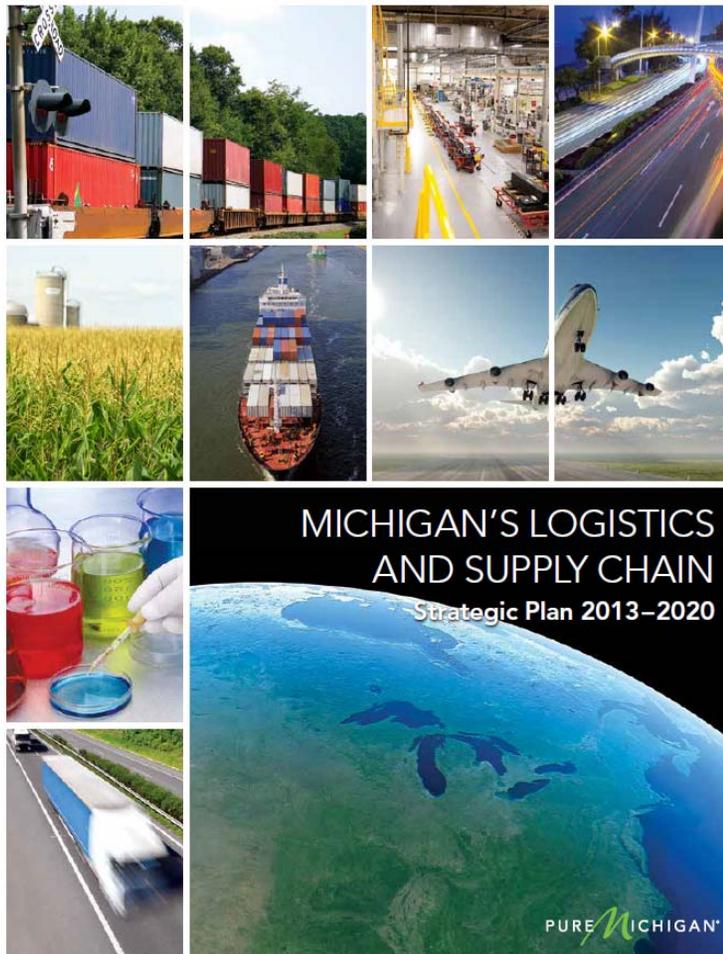


Michigan's Logistics & Supply Chain Strategy 2013 - 2020



Michigan Airport Conference

February 19, 2014

DRAFT



Supply Chain Work Ahead™

Michigan: Strategically Located - Positioned to Excel

Agenda

- ❑ Strategy Background
- ❑ First 90 Days
- ❑ Next 180 Day Plan
- ❑ Current Activities
- ❑ Feedback and Comments

Introduction

Michigan Economic Development Corporation

- ❑ State of Michigan's Economic Development Agency
 - ❑ More People Working
 - ❑ Lower Unemployment
 - ❑ Population Growth
 - ❑ Tax and Regulatory Improvements

Michigan: Strategically Located - Positioned to Excel

State of Michigan Logistics & Supply Chain Strategy

Vision

Michigan provides a collaborative, business focused logistics and supply chain ecosystem that lowers cost, reduces time, removes risk and promotes job creation to support the movement of freight across the state and around the world.

Mission

To lower costs, reduce time and reduce risk for firms by developing an efficient logistics and supply chain ecosystem that leverages our assets and provides opportunities for collaboration and partnership.

Why Are We Doing This?

To drive cost reductions, cycle time improvements and risk reductions for Michigan businesses. With industry as the customer the strategy will accelerate regional development in a collaborative Statewide model. As Michigan's companies prosper jobs are created and investments are made. This helps to build and sustain Michigan as a world class business destination and great place to call home.

Logistics and Supply Chain Strategy

The following organizations have donated time, talent and treasures to accelerate LSC implementation in the first 90 days



THANK YOU

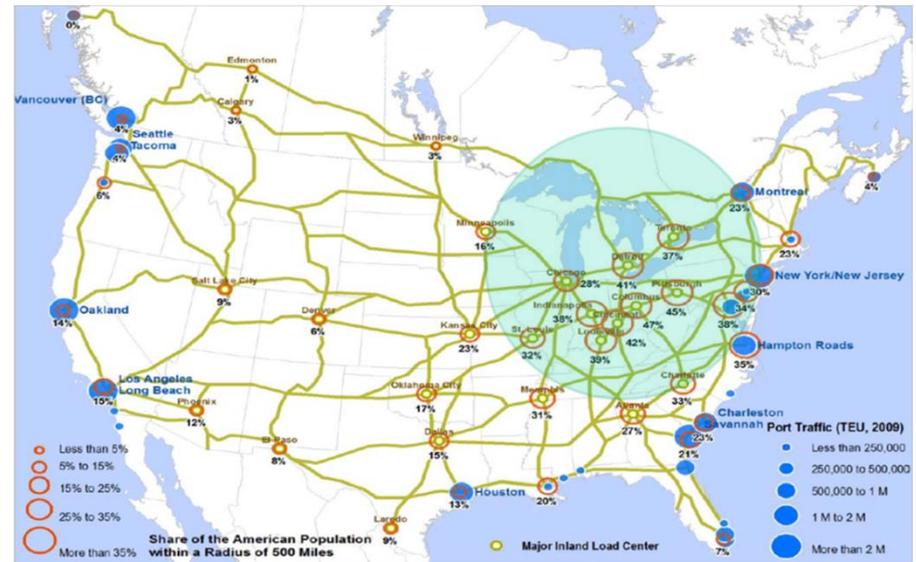
Michigan – Strategically Located – Time to Leverage

Background

- ❑ Pre 2012 – Multiple fragmented efforts to leverage LSC (+ 8 years)
- ❑ March 2012 – Strategy Development Committee launched
- ❑ April 2013 – Governor approves strategy
- ❑ June 2013 – Legislation creating Commission for Logistics and Supply Chain Collaboration signed by the Governor
- ❑ October 1, 2013 – LSC Strategy Implementation Acceleration launched
- ❑ January 1, 2014 - Next 180 day acceleration plan launched



Percent of NA Population w/in 500 Miles



Source: Dr. Jean-Paul Rodrigue, Hofstra University

- ❑ The Logistics and Supply Chain (LSC) Strategy's focus is to accelerate business competitiveness and regional development.
- ❑ Key outcomes for business will include:
 - Reduce Costs
 - Reduce Cycle Time
 - Reduced Risk
- ❑ Key outcomes for the state and region include:
 - More and better jobs
 - Increased investment

Michigan's Advantage

Location

Infrastructure

Industry

Supply Chain
Capability

Michigan must leverage our assets and build on our Logistics and Supply Chain strengths.

Michigan Logistics & Supply Chain Strategy

Key Attributes

- ❑ Business Focused
- ❑ Collaboration
- ❑ Leverage our Assets

The LSC Strategy will succeed if we have a positive impact on business and engage our industry stakeholders

Supply Chain Definition

Supply Chain Vision – Integration of Strategy, Process & People

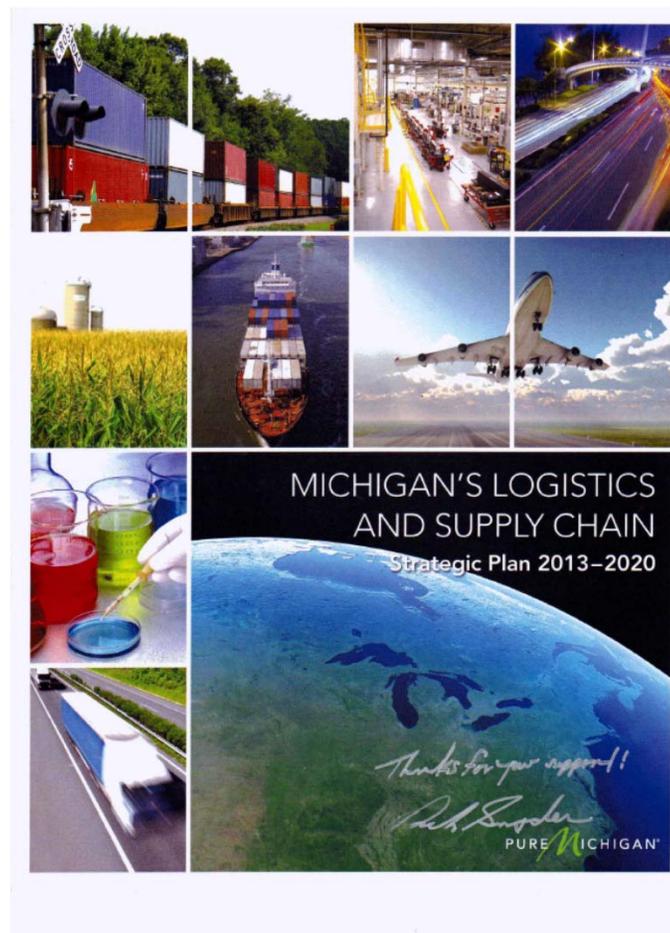


Michigan Logistics & Supply Chain Strategy 2013 - 2020

Overall Strategy Objectives

- ❑ Enable logistics and supply chain solutions to create more and better jobs
- ❑ Collaborate with industry and regional partners to identify and prioritize initiatives to improve regional competitiveness in Michigan and the Great Lakes MEGA region
- ❑ Develop strategic marketing programs and campaigns that promote Michigan's supply chain capabilities and leverage its location and natural resources
- ❑ Prioritize infrastructure and policy initiatives that will increase our competitive advantage, reduce cost, save time, and support value-added supply chain activity
- ❑ Support the growth of Michigan's innovative industry base with world-class supply chain infrastructure and talent

Implementation Acceleration Launched October 1, 2013



Michigan Logistics & Supply Chain Strategy

Multi-Modal

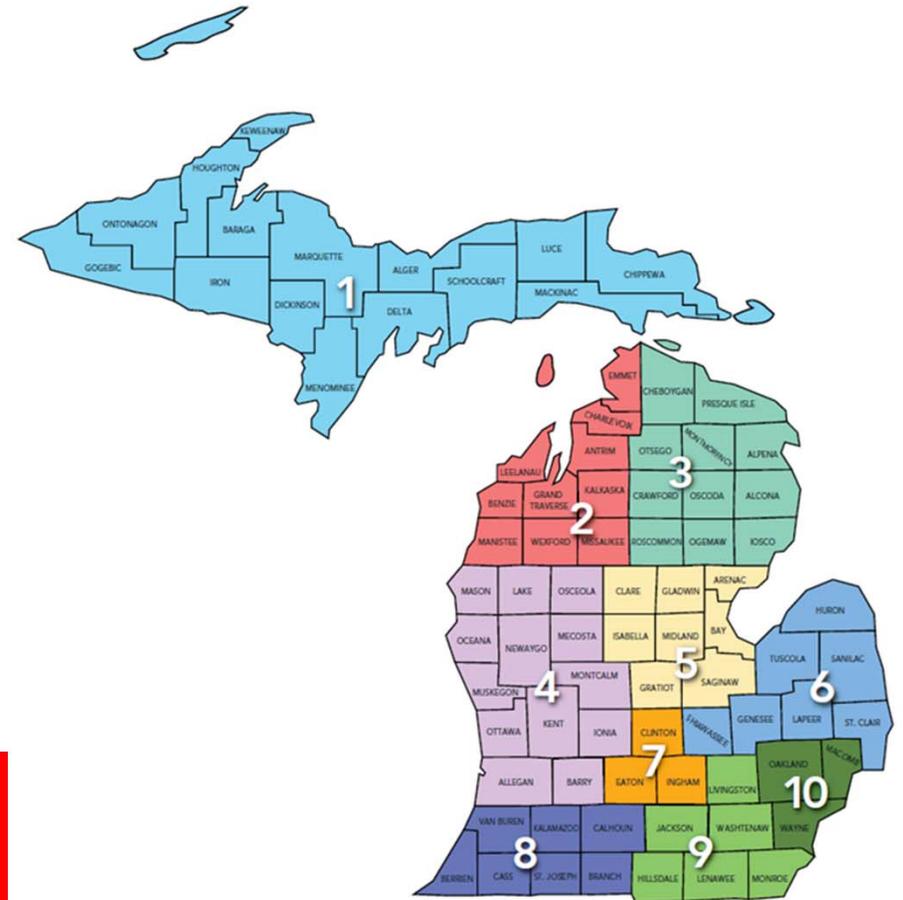
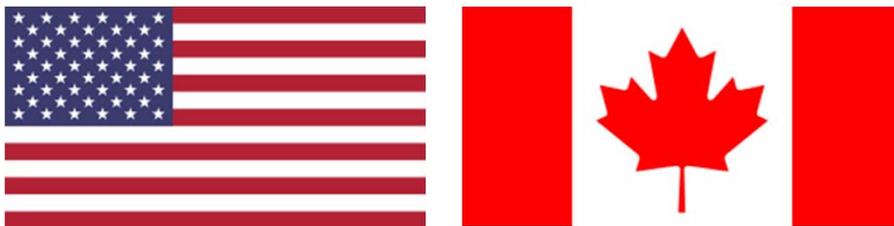
- ❑ Truck
- ❑ Rail
- ❑ Air
- ❑ Ship
- ❑ Intermodal Hubs
- ❑ International Boarder Crossing



Michigan Logistics & Supply Chain Strategy

Regional Strategy

- ❑ Michigan Prosperity Regions
- ❑ Great Lakes States
- ❑ Ontario
- ❑ Ocean Port Cities

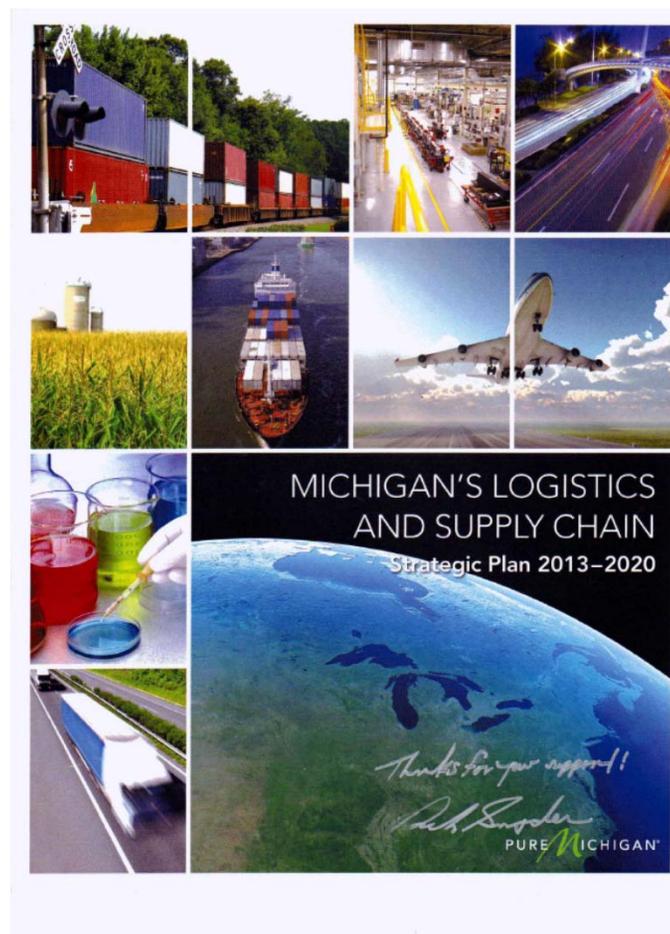


Michigan Logistics & Supply Chain Strategy 2013 - 2020

Strategy Actions

- ❑ Construct the New International Trade Crossing between Detroit and Windsor
- ❑ Develop, improve and connect intermodal freight hubs at strategic locations in Michigan
- ❑ Support the development and improvement of air cargo facilities at strategic airports
- ❑ Identify and deliver infrastructure enhancements that capitalize on and support the growth of core Michigan industries
- ❑ Identify and promote competitive transportation freight corridors
- ❑ Develop a targeted marketing campaign
- ❑ Promote and develop logistics and supply chain talent
- ❑ Identify niche market opportunities
- ❑ Identify and develop innovative supply chain solutions and tools
- ❑ Develop a permanent organizational structure to coordinate business, government and academia

Implementation Acceleration Launched October 1, 2013



Implementation Acceleration 1st 90 Day Plan Objectives & Results

90 Day Objectives

1. Define an Implementation and Acceleration Pathway
2. Identify and Align with key Stakeholders
3. Develop a Communications and Outreach Plan
4. Establish a Collaborative Structure Linking Stakeholders
5. Identify Pilot Program and Tool Opportunities to Pursue

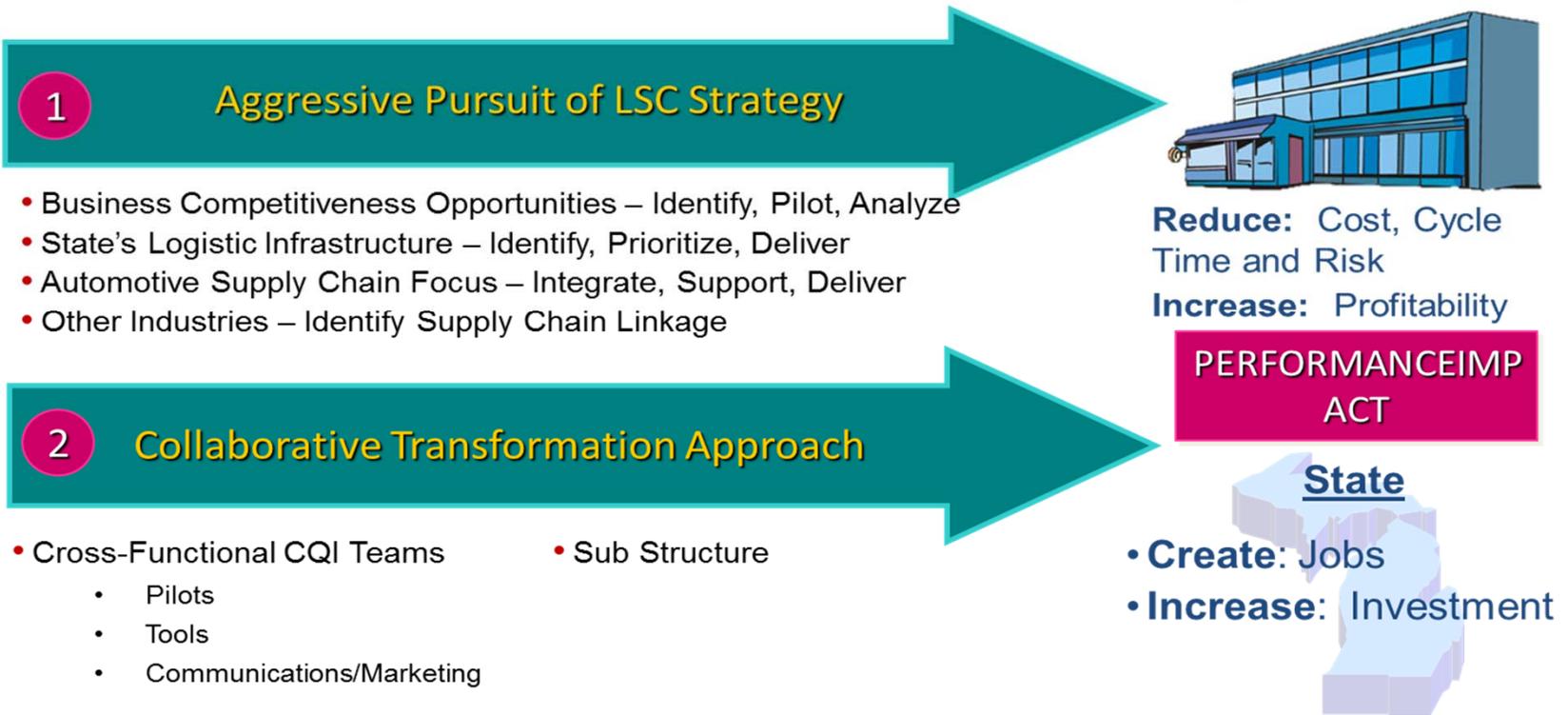
Results



LSC Acceleration Team; Align – Communicate – Collaborate - Results

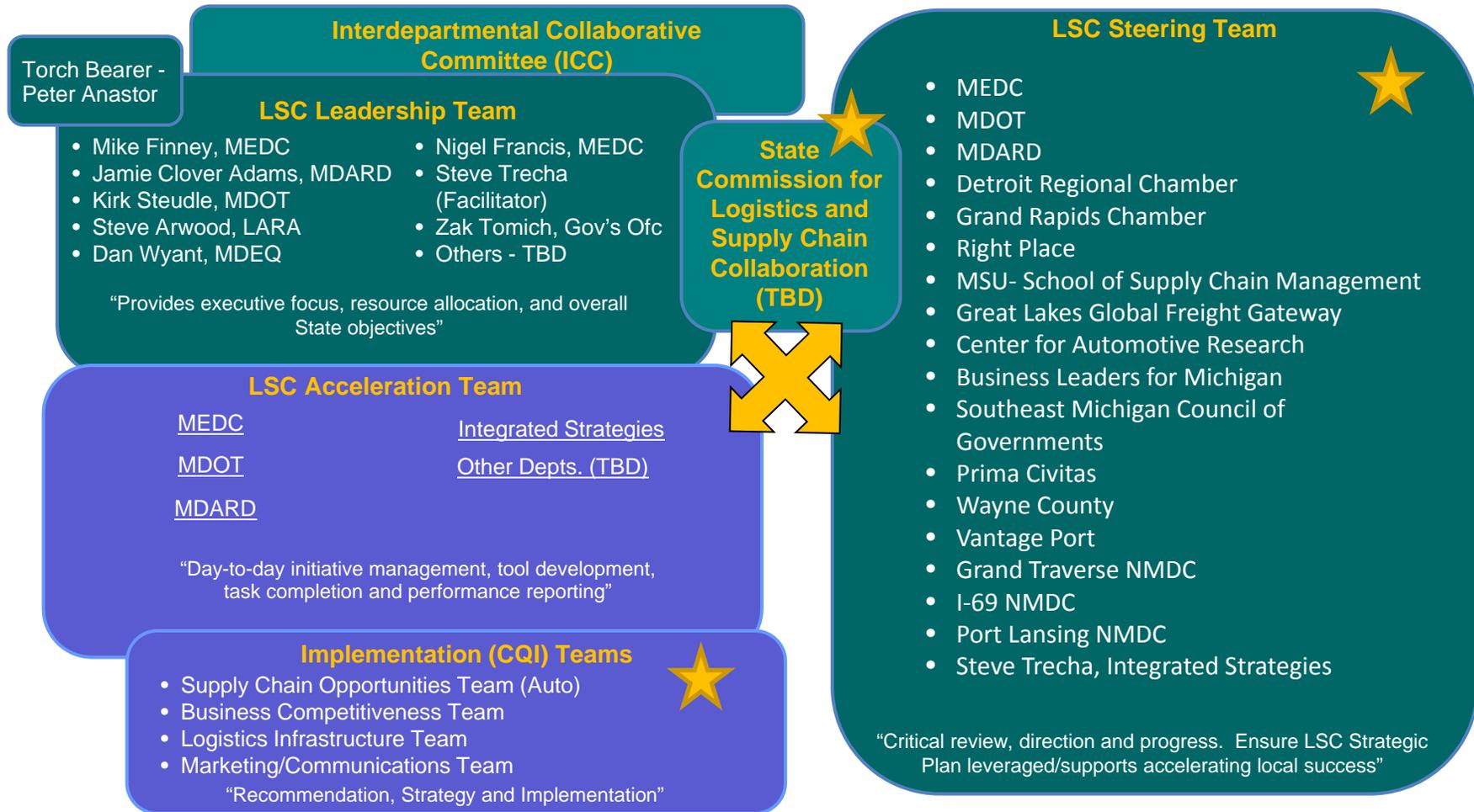
Implementation Acceleration 1st 90 Day Plan Objectives & Results

Overview; Parallel pathways required¹



Dual pathways accelerate business contributions while institutionalizing advanced collaboration/transformational strategies, processes and practices

LSC Collaborative Structure

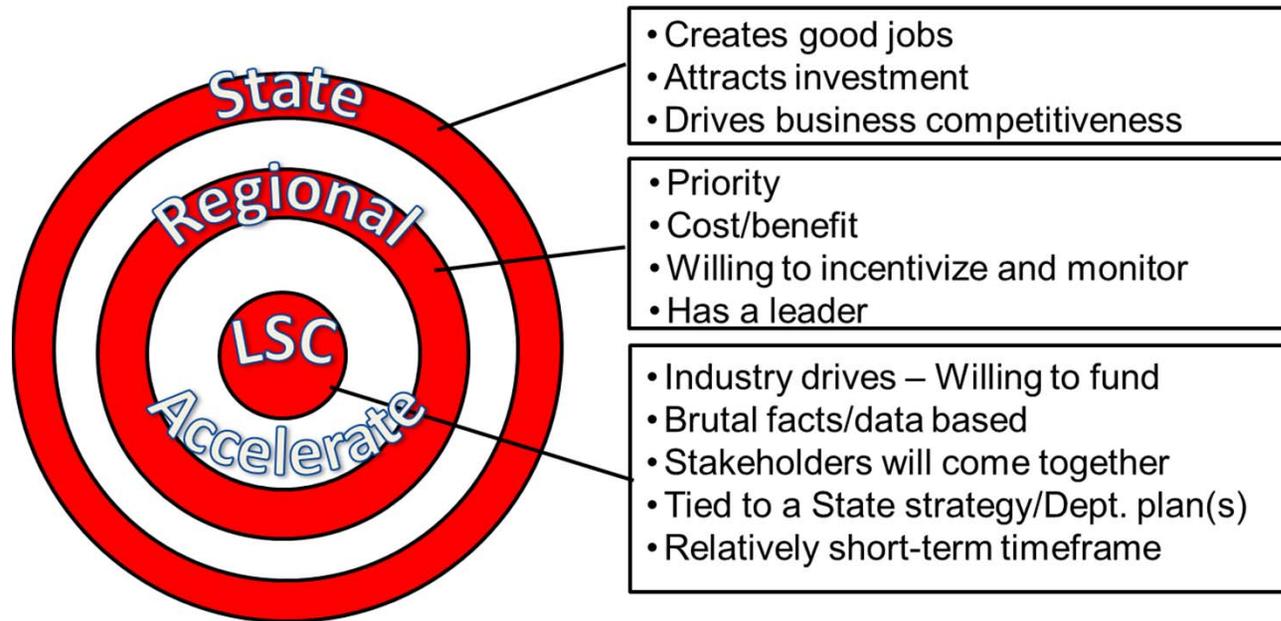


LSC Collaborative Structure - continuously improving to ensure the State of Michigan's Logistics & Supply Chain success

Implementation Acceleration 1st 90 Day Plan Objectives & Results

- ❑ +40 projects, pilots or tools identified – company, industry or infrastructure specific

Proposed criteria for selecting the pilot(s)



Acceleration Process: “Everyone says we need to do it yet, not getting done”

Key Learnings

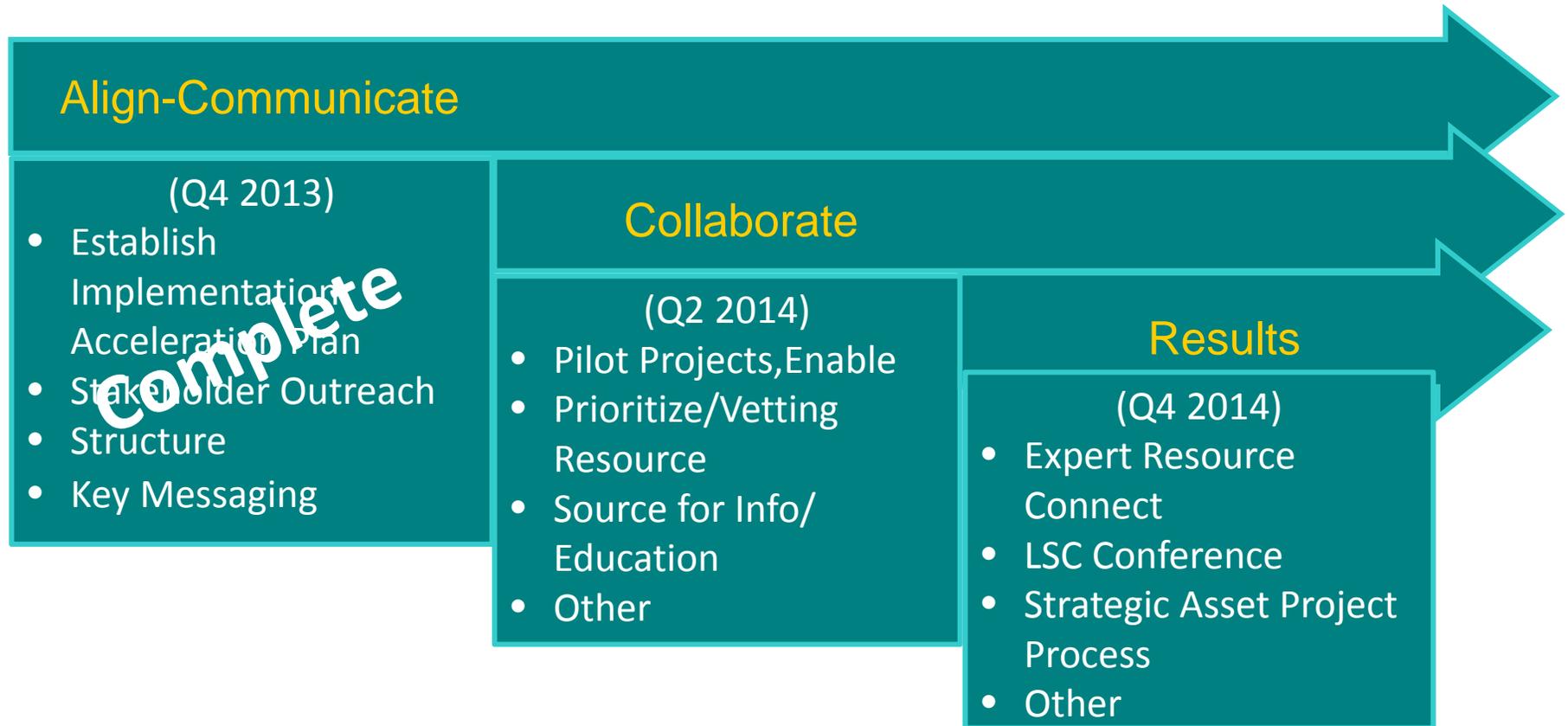
Key Learnings

- ❑ It is important to Michigan Economic Development Mission
- ❑ High level of interest to aggressively pursue LSC strategy
- ❑ External industry engagements is vital
- ❑ MEDC, MDOT and MDARD teams who directly interact with businesses are seeking LSC based knowledge, content and tools to assist in their attraction and retention efforts
- ❑ Utilizing solid project management and following quality leadership principles has created a positive, proactive customer focused initiative
- ❑ State role should be acceleration facilitation to leverage external LSC expertise

The LSC role definition is iterative. It builds based on customer needs and LSC opportunities presented by stakeholders

Next 180 Days

Transformation from Strategy to Implementation



Next 180 Day Plan Objectives & Deliverables

Objectives

1. Launch pilot projects – enable collaboration approach
2. Engage industry and regional stakeholders
3. Prioritization/vetting resource for economic development teams
4. Establish LSC as source for information and education direction
5. Full linkage/support to other state strategies
6. Implement ongoing communications/ marketing/outreach plan
7. LSC implementation acceleration operate via defined project management and quality leadership processes

LSC leverages/integrates/supports regional efforts, aligns with other statewide strategy objectives while institutionalizing a positive, proactive, collaborative transformational approach for success

Proposed LSC Tool Summary

Program Opportunity

1. Supply Chain Effectiveness Tool
2. Supply chain analytics and dashboard development
3. LSC education/content tools to be utilized by MEDC peer groups when working with industry
4. MDOT Asset Mapping Program
5. On-line Carrier Selection Tool

The screenshot displays three carrier selection cards. The top row features two SAIA Motor Freight Line cards. The left card shows a total charge of \$560.52, while the right card shows \$617.24. The right card includes a 'GUARANTEED by 5pm' badge. The middle card is for R&L Carriers, showing a total charge of \$561.23. The bottom card is for Estes Express Lines. Red arrows from the list on the left point to the 'Ship with this carrier' buttons and the total charge fields.

Carrier	Service Days	Limit of Liability (New/Used)	Total Charge
SAIA Motor Freight Line	02	\$36,450.00 New / \$145.80 Used	\$560.52
SAIA Motor Freight Line	02	\$36,450.00 New / \$145.80 Used	\$617.24
R&L Carriers	02	\$7,290.00 New / \$1,458.00 Used	\$561.23
Estes Express Lines	-	-	-

Current Logistics and Supply Chain Activities

Current Activities

- MDOT- Northern Michigan Rail Study
- MDOT- Asset Mapping Tool
- MDARD- Strategic Growth Initiative Grant- Logistics Opportunities for Wheat, Corn, Dry Bean and Soybeans
- MDARD/MABA GIS Mapping Project
- MEDC, MDOT, MSHDA- Parsons Brinkerhoff Study on Development of Blueprint for Logistics Assets in Michigan
- MEDC/Michigan State University- Project to Identify Logistics and Supply Chain Opportunities and Barriers for 10 Key Industries
- MEDC/Wayne State University- Project to Support Tier II and Tier III Auto Suppliers in Certification Program Designed for Automotive Logistics and Supply Chain Opportunities
- MEDC- Pure Michigan Business Connect- Development of Logistics Service Providers
- MEDC- Support for Big M Conference (June 10 to 12, Cobo Hall in Detroit) to Create Curriculum Track Designed Around Logistics and Supply Chain
- MEDC- Next Michigan Development Corporation's Quarterly Meetings.
 - Note: Governor recently signed legislation allowing for a sixth Next Michigan designation
- MEDC/Detroit Regional Chamber- Talent Development Curriculum around Logistics
- MEDC/Grand Rapids Chamber- Origin/Destination Study in Partnership w/ Michigan State

Questions or Comments

www.michiganbusiness.org/lsc

We look forward to working with the Airports!

Peter Anastor

Managing Director, Logistics, Supply Chain and Manufacturing
Michigan Economic Development Corporation

“Reinventing Michigan to become a world trading center means developing an infrastructure that will meet the modern day demands of an international economy.”

- Rick Snyder, Michigan Governor