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GSC Logistics

Variety is the Spice of Life and Growth for GSC Logistics

Leasing Trailers Helps GSC Manage Its Assets and Goals

GSC Logistics learned it could react faster, fill market niches, stay compliant and worry less about mechanical failures by leasing trailers. Discover how this plan helped spark 1000% growth in just 10 years.

The Stage is Set for Growth

In 1999, GSC Logistics was a public warehouse company with 14 tractors. Gatorade® was GSC's main account and it ran dedicated fleets of this high-energy beverage in Northern California. In 2000, this public warehouse company started seeking opportunities at the port of Oakland and providing transloading services for large retailers. Its founding management, Scott Taylor and his talented team, knew they could do more. And they have.

In 10 years GSC's leaders have grown GSC to a fleet of 150 tractors, using mostly owner operators, and 100,000 square feet of cross-dock space. It is one of the largest dry goods cross-dock and transload facilities at the Port of Oakland. The company was honored with Target Corporation's "Deconsolidator of the Year" Award for 2009.

The sound of trains leaving the port filled the background as Brandon Taylor, Transportation Manager, discussed

COMPANY PROFILE

HEADQUARTERS: PORT OF OAKLAND, OAKLAND, CA

SPECIALIZES IN 3PL/LOCAL CARRIER; MOST RUNS <100 MILES

LEASED EQUIPMENT INCLUDES: DRY VANS, REEFERS, CHASSIS, RAIL VANS, STORAGE VANS; AVG. TRAILERS ON RENT/LEASE: 50

SHIPS BY RAIL: 80%; SHIPS BY TRUCK: 20%. HANDLES .1,200-1,500 CONTAINERS PER WEEK. TRACTORS: 170 O/O & COMPANY DRIVERS

this impressive growth and XTRA Lease's role in GSC Logistics' success. Leasing trailers provided valuable financial and operational flexibility for GSC. "The leasing model is perfect for us because of the dynamics of our company," he said. "We don't risk tying up all our money in trailers while the quality of the XTRA Lease equipment and services helps increase productivity and cut distribution costs."

React Quickly to Market Flux

GSC Logistics finds it can react quickly to changes in the market place due to its 100% leasing model. "We are able to bid on business without having any of the equipment. We know XTRA Lease will quickly satisfy our needs," Taylor said.

As the economy was in a nose dive, one of GSC Logistics' major customers, an auto assembly plant, closed. They needed to replace that business swiftly. Taylor said, "We were able to go after discount retailers, a less affected industry, with the knowledge that we could change the trailer types or specs due to XTRA Lease's broad variety. The flexibility to move in and out of niches is great." At one point, GSC was able to swap 48' over-the-road vans for 53' trailers for a major retail company. as well as a few 28' liftgates for use in San Francisco's crowded streets.



Leasing also helps with the specialty equipment needed on the port. Taylor said, “We can lease tri-axle chassis with no capital expenditure required, leaving cash flow free to develop other areas.”

Finding trailer suppliers with new equipment is also difficult during downturns. This challenge, combined with regulations from the California Resource Board (CARB), makes it especially difficult. Leasing allows companies to keep up with the latest equipment while swapping out older, less productive trailers.

“XTRA Lease helps us stay compliant,” said Taylor. “We took the CARB-compliant regulations as an opportunity to roll into leases with new reefers and transport refrigeration units. The CARB identification numbers are clearly visible on the front of the trailers. Our drivers are able to show compliance quickly and get back on the road.”



*Pictured: Walter Jardin, Ops Mgr; Richard Norton, VP of Ops; Andy Garcia, Exec VP; Joel Lessor, CFO, Brandon Taylor, Transportation Mgr
Not pictured: Scott Taylor, Pres*

Taylor indicated that GSC Logistics also experienced some savings on fuel with the new engines. Based on preliminary tests, he estimates fuel savings for reefers to be 20%. He added, “Drivers mention that they don’t fill up us often with the new engines.”

Tip-top Trailers Keep Customers’ Happy

“With XTRA Lease equipment, we worry significantly less about failures or driver safety,” said Taylor. “The tip-top condition of the trailers has reduced downtime issues. About 90% of the repairs on XTRA Lease trailers are tires, with the other 10% being self-damage.”

Keeping freight moving without trailer downtime is critical to many aspects of GSC Logistics’ business. “The great quality of the trailers, combined with XTRA Lease’s proactive attitude and great customer service, really benefit us with our dedicated fleet. The most utilized trailers in our lease fleet – our reefers – work 364 days

a year, December 25 being the one exception. These reefers ensure that Starbucks® customers in Northern California have delicious Lucerne® dairy products to add to their coffee.

“XTRA Lease’s rigid specs reduce damages and save me money. We were receiving rebills for damages to the panel where pallet jack drivers came in a bit too quickly. XTRA Lease’s solution – reinforced scuff lining – definitely reduced our damage costs,” said Taylor.

Working with large discount retailers, quality appearance of the trailers is a must. One customer has a Zero Defects Policy, and many vendors inspect the trailers to be sure they are clean and most importantly dry. “With XTRA Lease, we always know the trailers will meet our customers’ standards,” said Taylor.

XTRA Access Makes History of Paperwork

GSC Logistic reports that XTRA Lease’s online services play a role in their success. “XTRA Lease’s website is a fantastic tool, way beyond what the competition offers,” said Taylor. GSC Logistics uses XTRA Lease’s online services including trailer tracking, report capabilities and damage notifications.

“We used to keep manual spreadsheets of the trailers we had on lease. Now, we’re able to streamline the process, run reports and export Excel spreadsheets to manage our trailers,” said Taylor. An especially helpful benefit is the quick retrieval of registration information and VINs on the website for the CHP yearly audits.

“Although we don’t use trailer tracking often – most trailers are in our yards at the end of the night – we find it a helpful part of our package. We once located a misplaced trailer twenty miles south of its intended location.”

“GSC Logistics people are a major factor for our success,” said Taylor. “Their experience and dedication mirror what we look for in relationships with suppliers. Our relationship with XTRA Lease is managed the way partnerships should be. They jump through hoops for us.”

Scott Taylor, GSC President and CEO, agrees. “XTRA Lease is one of our most important vendors. They are extremely flexible with our needs.”

In times of quick and constant change, you can’t do it all yourself. It’s helpful to form alliances.

“The flexibility to move in and out of niches is great.”