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UNPRECEDENTED TIMES? ABSOLUTELY

Fourth generation living with bicycles; started with my Great-Grandpa operating a bicycle / hobby store; Grandpa, operating a bicycle / lawn mower store; Dad, owner of a bicycle store, bicycle industry experience with a career in logistics and myself having over 15 years' experience in the bicycle industry who earned a MBA from California State University, San Bernardino. I've worked in and led quality, support, distribution, operations and now focused on logistics. Streamlining touch points, costs, and transit times will always be at the forefront while keeping our relationships strong. No matter how challenging, logistics will always be a driver that consumes me in connecting bicycles to riders around the globe. I'm very grateful to be part of a company and industry where I get to enjoy, support, and deliver one of the best and most efficient machines ever built.

Over the past 18 months, major disruptions across the entire supply chain have significantly: increased costs, caused equipment shortages, longer transit times, increased ocean insurance rates, port congestion, Centers for Disease Control scrutiny and theft around major ports. Non-related pandemic incidents like capsized vessels, lost containers at sea and the Suez Canal blockage have brought new governance and oversight creating a ripple effect that will last months if not years.

Costs for a 40 ft HQ container is off the charts. Today, containers cost 4x ~ 8x pre-pandemic levels within some shipping lanes. Shipping anything, without a contract (at spot rates), is a challenging proposition, with extreme price and space volatility.

Ocean carriers today, are preferring advance payments on premium sailings for multiple containers/shipments. Vessel space reservation requirements which were once 10 ~ 15 days, can now be 30 ~ 45 days in advance, with sometimes no confirmation simply days before close of container yard.

Turn-around times for loading containers can be 1 ~ 5 days with penalties for violations.

Exporters too, are voicing about the carriers demands on brief loading times, rejecting some commodities, vessels returning to Asia with empty containers to shorten vessel return to Asia and increased ocean rates.

Compounding things; shortages of containers, chassis, trucks and other equipment at both origin and destination,

The world of logistics has been impacted by the pandemic. Professional logistic leaders, with decades of experience, have no comparison point for what is happening in both ocean and inland transportation.

are impacting container booking, loading and port delivery.

Transit times have been greatly impacted during the pandemic. Transit times have doubled from Asia to the United States. Port congestion all over the world are at all-time highs; Los Angeles/Long Beach broke records reaching over 100+ vessels anchored waiting to berth.

All of this has contributed to not only premium costs, but uncertainty and volatility. The global schedule reliability index which once was above 70% is now at record lows hovering around 35%.

News reports have indicated carriers and ports are investing in additional equipment and vessels. This is good news but will take years before we see improvements.

Logistics and transportation have been devastated during the pandemic. It has exposed the weakness in the current legacy ocean transport system. We are all going to need to adapt by being more playful, proficient in our booking, efficiently packing our products, coordinating our needs to match sailings, and building flexibility into our operations to manage volatility.

Logistics was once an operational function. It's now a strategic resource that needs to be forecasted, managed, planned and effectively executed. This is the new normal.

It will not end in the near term and will require effective leadership and strong relationships.

The outlook is not encouraging. We see more governmental oversight, rates settling to 2x to 4x pre pandemic levels, continued long booking times, longer transit times and congested ports lasting 3 ~ 5 years. ■