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Agility, Adaptability, and Performance

An interview with Kevin Brady, CEO of Satellite Logistics

In the beer industry, the battles for customer brand preference and shelf position are largely fought through advertising. But, regardless of which brand wins the advertising wars, physically getting the product to the customer depends upon sophisticated logistics companies that have innovated across the entire spectrum of the supply chain in this specialized market segment.

Satellite Logistics Group (SLG), headquartered in Houston, Texas, is one of the nation's most successful supply chain companies. SLG offers comprehensive logistics solutions for many of the leading domestic and imported beverage brands and manages relationships with an extensive list of beer wholesalers.

According to Kevin Brady, president of SLG, "Our customers depend upon our ability to provide reliable supply chain consulting and logistics services execution. Our supply chain management expertise and proven performance in the beverage industry allow us to develop strategically effective custom solutions for each customer. Equally important, we leverage our extensive third-party logistics capabilities to provide exceptional flexibility to accommodate changing business needs."

Founded in 1984 as an inter-modal rail business, the company was originally known as S & S Services. Brady bought the company in 1994 and under his leadership it has grown exponentially as a self-funded company focused on providing logistics services for breweries. As president, Brady diversified the company to include such services as warehouse management supply-chain management, product distribution, product disposal and material recovery, and international export documentation services.

Brady attributes the company's organic growth to "our agility, adaptability and performance. Early on when we were doing transportation work for several Houston companies, including Guinness, we recognized a need to get the empty kegs back to brewery, which led to the development of a unique solution which we branded "Kegspediter®". Over time we created other solutions to address our clients' distribution channel pain points which encompass additional logistics services." SLG serves most of the European breweries that bring beer into the U.S. market. According to Brady, "Beer comes into ports around the country. We collect the beer at the port of entry and manage movement through the supply chain for 1,500+ distributors. Because we have invested in technology to track the returnable assets (kegs) and plan our delivery routes, we can shorten the cycle time and reduce the brewer's keg inventory requirements."

One area in which SLG has innovated is its use of technology. The company maintains a large IT staff and has developed its own software using proprietary algorithms to forecast where empty kegs will be, and project return routes. This forecasting takes into account seasonality and special events.

As Brady explains, "Anything that is returnable has value as an asset. We are always looking to solve other problems for the breweries. For example, we now collect their out-of-date product for re-cycling and manage the administrative processing for tax reclamation."

To complement their logistics solutions capabilities, SLG maintains regional distribution centers in Boston, MA; Charleston, SC; Houston, TX; Miami, FL.; Chicago, IL; Baltimore, MD; Savannah, GA; and Oakland and Long Beach, CA.

When asked what changes he sees in the marketplace as a result of the recession, Brady notes, "It is creating definite shifts in consumer behavior. We are seeing volumes shift as people are trading downscale, from on-premise to off-premise, which affects the keg business, and also shifting down from imports to less-expensive domestic brews. These shifts affect us. We're looking ahead at capacity issues, the availability of drivers, and later, reversing trends when volume picks back up. We are very process oriented, always looking for ways to drive efficiencies. Obviously, our efficiencies become more and more important to our customers in a recessionary economy. But we believe that cutting is not the same as being more efficient."

As Brady explains, "We work hard to educate our clients about every aspect of our supply chain operations so they



Kevin Brady
CEO of Satellite Logistics

understand that it is more than just moving full product or reusable assets from point A to point B."

"And we work hard to stay on top of what our customers need and the challenge of reconciling those needs with market conditions," Brady continues. "Once a year we bring our entire network together to meet with our customers to discuss what's happening in the industry and where we are going. We stress viewing the supply chain strategically, not just on cost alone. We show them how to focus on where their supply chain gives them a competitive advantage - such as the trade offs of lowering distribution costs versus reliability of supply."

When asked if this is common in the industry, Brady replies, "Not that I am aware of. In this industry, there is a tendency to silo information and customers. We are confident enough in the relationships and trust we have forged with all of our network partners to not fear putting them together. We bring in outside speakers, like the EPA to talk about sustainability, and we even open up these meetings to local community colleges for recruiting opportunities for their graduates."

And, what do SLG's customers think of this unique approach? "Our customers love it," he says. "They tell us they get a better sense of their supply chain and we know they walk away with an enhanced sense of the value we bring to the table."

As to what the future holds for the company, Brady says, "Well, the company has changed dramatically over the years. We've expanded our services so we're more of an integrated logistics provider now. And, we tackle the whole supply chain, whether it's rail, or trucking, or warehousing distribution, or freight forwarding, and do it on a national scope. But, because the only thing we can count on is change, we still focus on the principles the company's founders set up when they started the company - Agility, Adaptability, and Performance"

For more information about this company, visit their website at: www.slg.com