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ENTERPRISE

A Memphis Presence Gives Small Firms Logistical Advantage

Proximity to FedEx Hub Offers More Flexibility, Time to Process Orders

By **RAYMUND FLANDEZ**
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Kurtzman Carson Consultants LLC, an administrative-support service company in the legal and financial industry, has offices in Los Angeles, New York and, now, Memphis, Tenn.

Why Memphis?

KCC's Memphis office, which opened in August, is located within six miles of the Express Super Hub, FedEx Corp.'s overnight air-cargo facility. That proximity, and the company's 11:40 p.m. final FedEx package pickup, gives KCC's law-firm clients more time to send documents by email for printing and shipping. Previously, clients had to submit mailings by about 9 p.m. on the East and West coasts, respectively, to make next-day delivery.


- **What's New:** More small companies are setting up a presence in Memphis, Tenn., to be closer to FedEx's overnight cargo facility.
- **The Benefits:** A later deadline for pickups allows for a greater amount of time and flexibility to process orders and deliveries.
- **The Upshot:** The proximity gives businesses a competitive edge and provides an opportunity to market the logistical efficiency to potential clients.

"Lawyers find great value in any additional time that you can give them to finish a project," says Eric S. Kurtzman, chief executive and co-founder of KCC, whose document production and distribution business sends about 10,000 FedEx packages a month.

Many large companies have distribution centers in Memphis to maximize delivery time frames. But a growing number of smaller companies like KCC are now moving to Memphis or adding a branch there to serve their customers faster. Small businesses are realizing that having a centralized distribution center in a city like Memphis can give them a competitive advantage. And it also provides a marketing opportunity, as companies pitch the logistical efficiency to potential clients.

"You're basically one plane and one truck away from being in your customer's house in many instances," says Jim Cook, chief financial officer of allbusiness.com, a small-business resource Web site, and co-founder of Netflix Inc., an online DVD-rental business that depends on efficient distribution centers. Mr. Cook, who has served as a consultant to several businesses on supply-chain logistics, says the potential advantages include increased sales, customer loyalty and

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satisfaction.

Over the past two years, more than two dozen small businesses have either relocated or expanded in and around Memphis, according to the Memphis Regional Chamber.

In addition to Memphis, cities like Indianapolis (a main FedEx hub that operates like Memphis) and Louisville, Ky., (an air hub for **United Parcel Service Inc.** of Atlanta) also attract businesses to settle in the area. DHL, a unit of **Deutsche Post AG** of Germany, also has a hub in Memphis.

Keeping Up With Orders

A major industry that has taken advantage of Memphis's centralized location is biotech.

San Diego-based **NuVasive Inc.**, which makes and distributes spinal surgical kits, faced the challenge of turning around last-minute orders from East Coast customers. The company only had a short time to process the requests before its last delivery pickup of the day. More than 90% of its business relies on loaning expensive medical instruments and implants to different hospitals, the devices then get sent back, and the hospitals got billed for what they use.



FedEx employee scans packages for pickup at NuVasive's distribution center in Memphis.

"Being all the way in San Diego was a logistical challenge," says Keith Valentine, NuVasive's president and chief operating officer.

Then in September, NuVasive bought a 100,000-square-foot building for \$3 million in Memphis to serve as its main customer-service and distribution facility. Delivering from San Diego, the small business had a final FedEx pickup of 5 p.m. local time (8 p.m. Eastern time). Delivering from Memphis, though, means a 10:30 p.m. Central time final pickup. And that means more time to process orders.

FedEx says final pickup times are tailored to each individual customer and depends on various logistical factors with some leeway until midnight when workers can drop off products at the airport.

Mr. Valentine says the Memphis move has helped NuVasive to be more responsive to customers and reduce costs in inventory, hiring and courier usage.

Saving Time and Money

Some small-business owners have made it a point to build their business in Memphis.

Back in 1994, DeWayne Adamson, then a general contractor, faced a 5 p.m. deadline to send out documents to subcontractors from the shop he owned in Kenosha, Wis. The documents typically traveled hundreds of miles first to Memphis, and then to his customers. Then one day while Mr. Adamson was trying to negotiate a later pickup time, a FedEx representative told him that having a business in Memphis would give him more flexibility on time.

So Mr. Adamson says he decided to sell that business and start a new one -- in Memphis.

Now the 53-year-old runs Plan Express Inc., a blueprint printing and distribution firm that is located within five minutes of the Memphis hubs of FedEx and Airborne/DHL. That proximity allows customers to place orders as late as 8 p.m. Central time, have the documents printed in Plan Express's office and get them picked up by midnight, with a next-day delivery guarantee of 10:30 a.m.

"This is a very time-critical environment that contractors live in, and they're always looking to save money," Mr. Adamson says. "It's our value proposition. It's extending the workday because of late-night pickup."

Plan Express also has branches in five other states and all are near FedEx facilities. Last year, the company had \$9.9 million in sales, with projections this year of as much as \$16 million.

Some small businesses can't pack up everything and move, so they are establishing a presence in Memphis as a way to get closer to big customers.

Last month, Wynalda Litho Inc., a Belmont, Mich., designer and printer of DVD covers, bought a \$1.4 million warehouse in Memphis, a 20-minute drive from one of its largest customers, Technicolor Home Entertainment Services, a major distributor of DVDs for major studios. Mickey Waite, marketing specialist for Wynalda, says the warehouse is set to be fully operational this fall.

"So much of our product gets delivered to the Midwest area," says Mr. Waite, so it "makes good sense to warehouse things in that area and at some point have production facilities to turn around things fast."

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