

Menlo bucks trend with asset light focus

MENLO Worldwide is bucking the trend among logistics companies by concentrating on a narrow range of potential customers. So, while other industry players focus on seven or eight industries, Menlo focuses on just three — automotive, high-tech and consumer products.

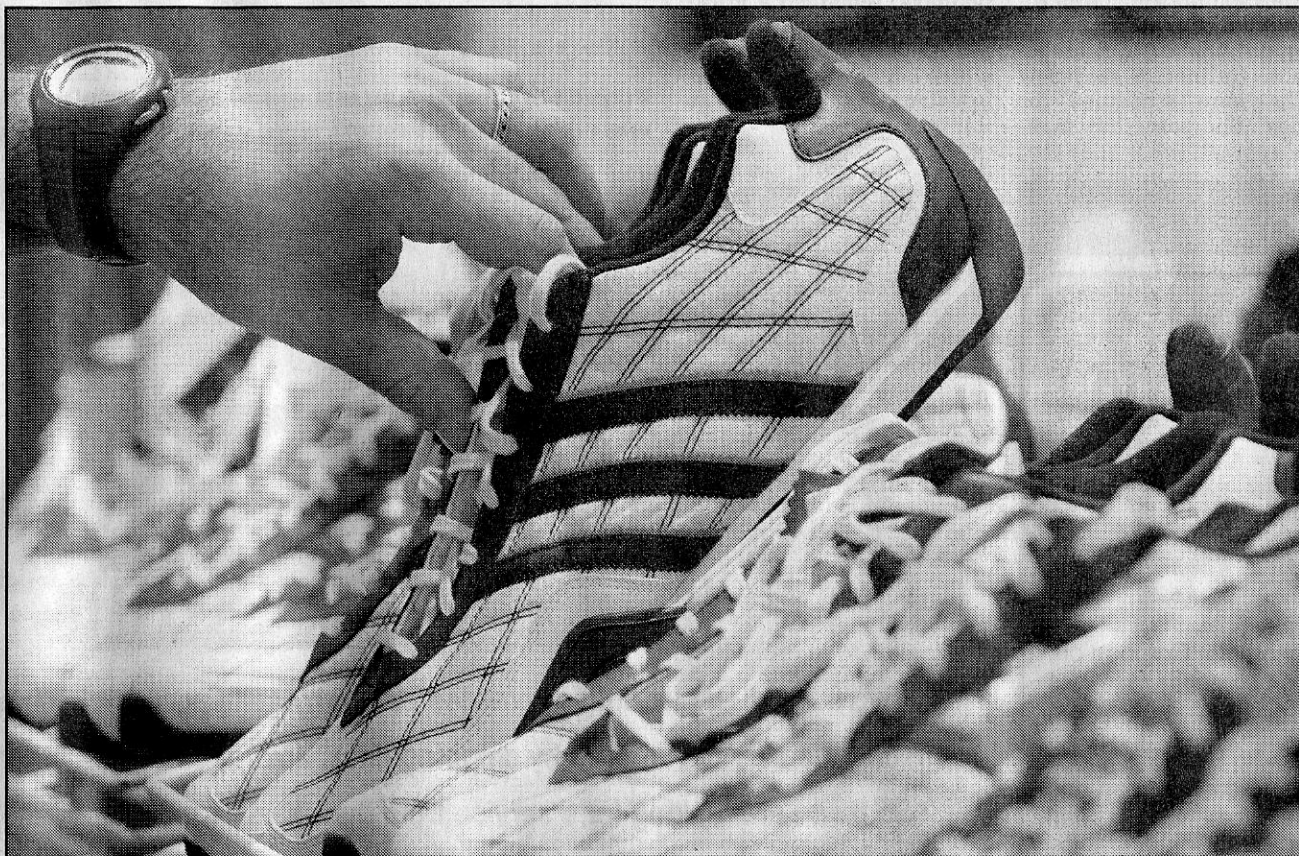
The strategy mirrors the company's "asset light" approach to doing business, the cornerstone of which is its global freight management system. The disposal of Menlo's freight forwarding business to UPS meant the company was now "a neutral player for freight forwarder selection and we manage the contract on behalf of the customer", Mr Hsu said.

This offered a better choice for customers because they could now choose the services they wanted rather than be tied to a specific company.

The rationalisation programme that saw the sale of freight forwarding also included the disposal of Menlo's Vector SCM car parts logistics venture with General Motors.

Both sales impacted the bottom line after latest figures showed that globally Menlo Logistics posted a 12.9% fall in revenue to \$318.9m in the fourth quarter of last year compared with \$365.9m a year before. Operating income dropped 2.6% to \$7.9m.

But despite this financial impact Menlo Worldwide Asia Pacific managing director James Hsu said the disposals had allowed the company to develop more opportunities.



Hit the ground running: Menlo recently signed a deal with Runner's World in Singapore and southeast Asia.

AP

Speaking from the Asia Pacific headquarters in Singapore he said the sale of Vector SCM had brought opportunities from companies outside General Motors, while "in India we are doing very well on automotive".

The firm, part of US-based transport company Con-way, has expanded its operations to include a high-tech facility in Melbourne, Australia, that followed requests from non-

General Motors customers and an operation in Malaysia.

Mr Hsu said further operations are opening in China. "We are assessing various options to expand."

One of Menlo's most recent contracts was a deal with Runner's World, an Asian distributor of athletic clothing and footwear, covering turnkey warehousing and transportation services in

Singapore and south-east Asia.

Menlo will provide customs clearance and transport from port to warehouse inventory control and warehouse management, processing and delivery of orders to shops in Singapore and transportation management for shipments to Malaysia, Thailand and other south-east Asian countries.

This contract reinforced

Menlo's market niche in various Asian countries. Mr Hsu said that in Singapore the company's consumer products logistics business was "very strong", while in India there was "definitely more automotive than high-tech". At the same time, Menlo's business in China and the rest of south-east Asia is more finely balanced across its three main logistics sectors.