

4PL SOLUTIONS



Business Profile

- HERO BX is the largest biodiesel production facility in the Northeast
- The facility has the capacity to produce 50 million gallons of biodiesel a year
- Biodiesel is a high-volume, narrow margin business making logistics an important component to its overall market competitiveness

Business Challenge

- Outsource logistics expertise for rate negotiations, route planning, and inbound/outbound coordination to allow the production facility to focus on its core competencies of making biodiesel

Logistics Plus® Solution

- Provide two dedicated logistics specialists to work on-site at the HERO BX production facility to plan, route, and coordinate all logistics activities

Results

- HERO BX production and sales have increased annually to a peak in 2013 of nearly 50 million gallons of biodiesel (nearly 150,000 gallons per day)
- Logistics Plus on-site personnel have become crucial members of the HERO BX procurement and logistics team, successfully coordinating transportation for 15-30 rail cars and 25-50 trucks per day in and out of the production facility

HERO BX Biodiesel

Business Profile

HERO BX in Erie, PA is the largest biodiesel production facility in the Northeast region and one of the top 10 in the country. The company was formed in September 2005 and began construction of its production facility in June 2006. HERO BX produced its first approved biodiesel on November 29, 2007 and has been going strong ever since.

HERO BX serves the largest and most diverse energy companies in the U.S. and has a reputation for quality products. Not a single shipment has ever been refused. The plant's location on the shore of Lake Erie provides excellent access to road, rail and sea transportation. It is located within 500 miles of many of the major diesel and heating oil markets in the northeastern United States and Canada.

Business Challenges

When HERO BX was setting up production in 2006, it realized early on that logistics would play an important role in the success of the facility. Rather than try to develop that expertise in-house, HERO BX president Michael Noble turned to Jim Berlin, founder and CEO, of Logistics Plus Inc.

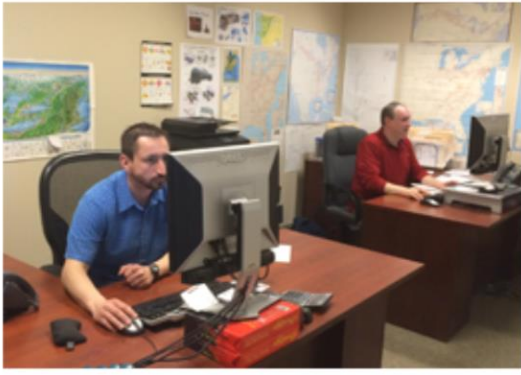
When HERO BX first began production in late 2007, most of its product was exported to Europe. That required knowledge of international trade compliance duties and regulations, expertise with ocean freight services, and reliable contacts in foreign countries.

In 2010, the Renewable Fuel Standard (RFS2) was published opening up a much stronger opportunity for HERO BX in the regional, domestic market throughout the northeastern United States. This would require a shift from international to domestic rail and ground logistics.

Additionally, to address seasonal and annual market demand changes (that often move in parallel with governmental standards) HERO BX would need a logistics program that is flexible and scalable to meet the ebb and flow of a rapidly changing market segment.



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“Justin and Chris (from Logistics Plus) have been invaluable members of our team. I can’t imagine what it would have taken for us to develop these same skill sets and level of expertise in-house.”

John Nies
Director of Procurement and Logistics
HERO BX

Logistics Plus® Solution

After discussing the logistics challenges that HERO BX would be facing after production began, the Logistics Plus team crafted a 4PL managed solution. This would include a dedicated two-man team working on-site with HERO BX early in the process – even before the facility became operational – to help with route planning, inbound and outbound coordination, and carrier negotiations. Logistics Plus tapped Justin Corritore to work on the international logistics components, while Chris Kuehl was assigned to work on the domestic rail transportation.

When the emphasis shifted from international to domestic in 2010, Justin went through rigorous training at Logistics Plus so that he could re-focus his activities on managing domestic ground transportation. Justin now manages as many as 50 trucks in and out the facility each day, while Chris oversees the emptying and filling of as many as 30 rail cars. When needed, Justin and Chris are also able to tap additional resources across the Logistics Plus network to scale for capacity. Collectively, Justin and Chris manage a HERO BX freight spend that surpasses \$25 million on an annual basis.

Results

Nearly 10 years later, the HERO BX and Logistics Plus 4PL partnership continues to be a successful arrangement for both companies. HERO BX continues to focus on producing the highest-quality biodiesel products, while Logistics Plus continues to manage and optimize its logistical activities. Competitive rail and ground rates, solid relationships with carriers, and an ability to adapt to changing market conditions continue to support the approach of having dedicated Logistics Plus specialists and HERO BX personnel working side-by-side.

In 2013, HERO BX surpassed historic daily, monthly and annual production milestones, finding creative ways to produce and transport a record 49.8 million gallons of biodiesel. Future volumes are largely dependent upon the U.S. Environmental Protection Agency (EPA) standards, but HERO BX remains confident of its future knowing its employees – and its logistics partner – are ready, willing and capable of adapting to the changing needs of this important and growing market segment.



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