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2006 IARW Productivity and Benchmarking Survey Report Reveals PRW Efficiencies

ALEXANDRIA, VA, October 2, 2006 – A newly released report, commissioned by the International Association of Refrigerated Warehouses, offers an in-depth look at measuring operating efficiency in public refrigerated warehouses (PRWs).

The 2006 Productivity and Benchmarking Survey Report is a critical tool for warehouse companies that are seeking efficiencies to consistently offer lower costs to their customers. Benchmarking is a key technique in the problem-solving process, allowing warehouse operators to compare individual warehouses with external standards used by others in the industry. This report discusses key trends affecting the cold storage warehouse, measures current productivity results, and offers suggestions on how to improve warehouse operations.

"Achieving results on the bottom line is important to all IARW members, and this survey sheds light on the critical factors that lead to success," explains IARW President & CEO Bill Hudson.

Participating companies throughout the United States and Canada provided survey results from a sample of 108 warehouses that were used to compile the data for this report. The refrigerated warehouse space represented by the participating companies is approximately 648 million cubic feet of space, or 35 percent of total IARW North American member space.

Participating warehouse financial results were evaluated using Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as the key financial performance measure. Each participating warehouse was then ranked by EBITDA results from lowest to highest in an attempt to determine which performance measures may contribute to greater profits. In addition to calculating the overall average of all participating warehouse's results, range result averages were calculated to report the average results of the low, middle and top performers based on EBITDA using quartiles.

The survey found that (EBITDA) improved when:

- Size of warehouse operations increases (economies of scale).
- Costs as percent of revenue decrease.

- Revenue per employee increases.
- Throughput pounds and cases per hour increases.
- Pounds shipped per month increases.

An analysis of the EBITDA percentage results by quartile and company size indicates that almost one-half of the lowest performers (Low 25% quartile) are represented by small companies (less than five million cubic feet), while only 18 percent are large companies (over 15 million cubic feet). On the other hand, almost one-half of top performers (Top 25% quartile) are large companies. Economies of scale may account for much of this trend. However, the report also finds that good management and cost control contribute to profitability as evidenced by the 36 percent of top performers that are small companies.

For more information regarding the 2006 IARW Productivity and Benchmarking Survey Report, download the table of contents and executive summary at www.iarw.org/hq/aboutus/financials.asp or contact Cold Chain Headquarters at 703-373-4300.

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IARW, a non-profit trade association founded in 1891, is headquartered in suburban Washington, DC with offices in Europe and Asia. It represents the refrigerated services industry—warehousing, distribution, transportation, information, and logistics. Members of IARW play a central role in the storage and distribution of perishable foods around the world and make it possible for the global community to enjoy a wide variety of nutritious, safe, and affordable food products. Members of IARW are served by a Scientific Advisory Council comprised of leading food scientists, and enjoy access to the only training program developed for the refrigerated warehouses and distribution industry.