



Value-Driven Decision Making

How to balance cost, time, and value



How do most furniture companies decide which NVOCC or freight forwarder to use?

Price answers a different question than value:

"Price is what you pay. Value is what you get." — Warren Buffett



PRICE

What am I paying?

A single number on a rate quote — known up front is easy to compare line by line.



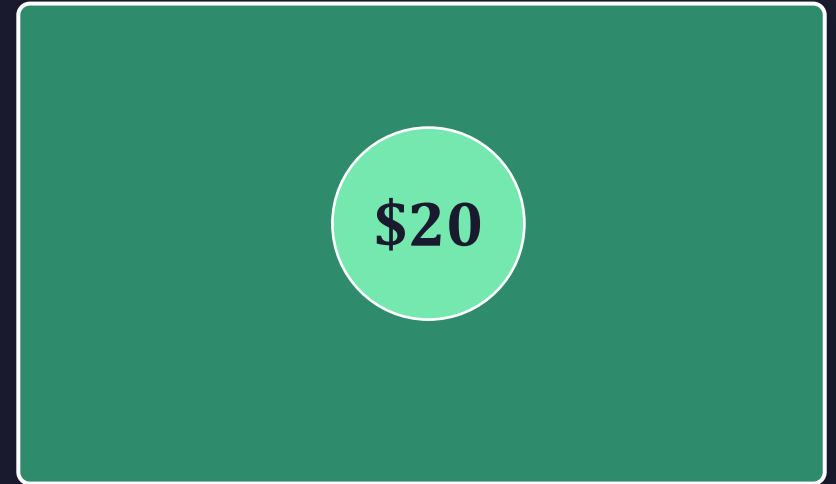
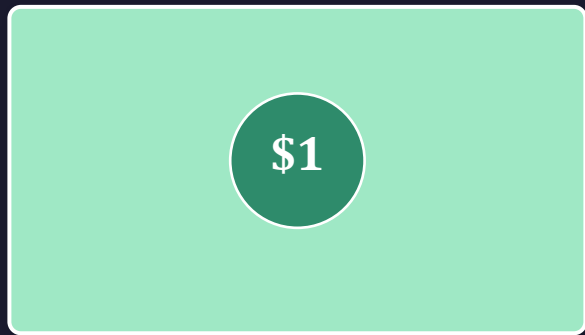
VALUE

What am I getting?

The full economic outcome of the relationship — inventory, capital, service, and risk — much harder to see, and almost never compared.

How should they choose?

The NVOCC / FF that helps increase their company's economic value.



Importers' decision frame is heavily focused on price.

NVOCC A

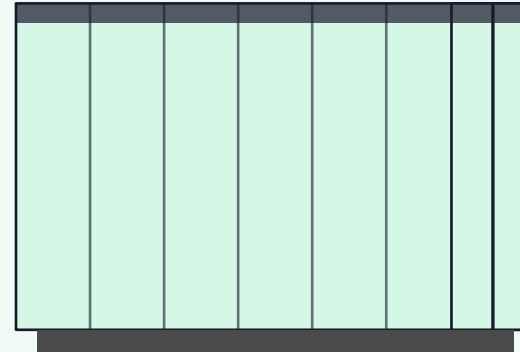
\$5,100

NVOCC B

\$5,250

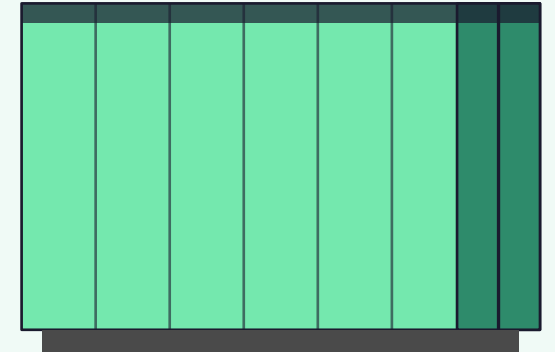
Price difference: **\$150**

40HQ — Freight Cost



\$5,100

40HQ — Inventory Value

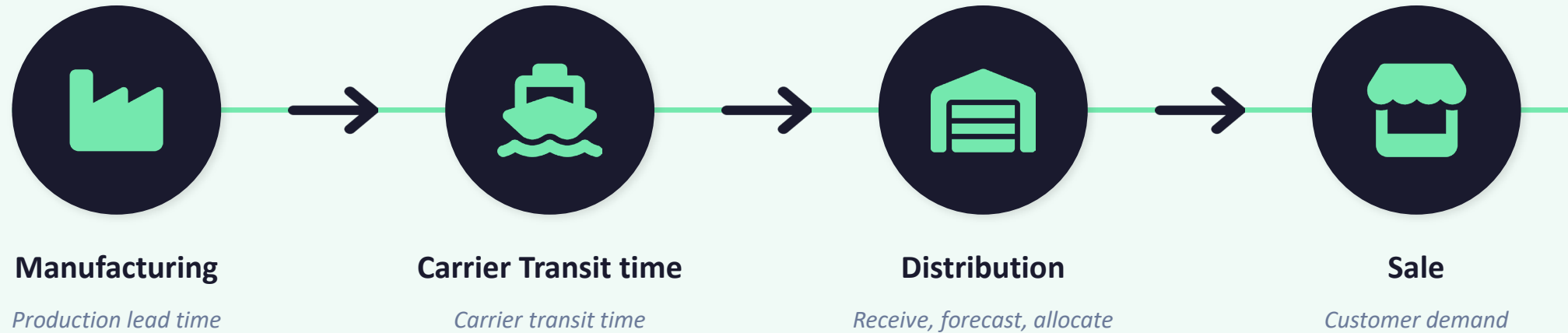


\$20,000 – \$50,000

This is the number on the rate quote — and usually the only one compared.

"My old professor would hold up \$150 in his left hand and \$20,000 to \$50,000 in his right. Which value should I be focusing on?"

The importers basic business model begins with a forecast, and its economic success is heavily dependent on good or bad inventory management



Lead time — is a variable used within the replenishment cycle calculations

Set by manufacturing time plus transit time. Forecasts are built around this window — and the window is usually treated as fixed but it's not.



Demand — stochastic, i.e. random

Inbound orders and sales don't arrive on a schedule. They arrive stochastically — and inventory has to be on hand when they do.

In their made-to stock business model inventory is their biggest asset.

It is also the largest capital investment most importers make — and the biggest swing factor in company value.



Inventory



Good inventory management

Increases company value.

The right amount, in the right place, at the right time.

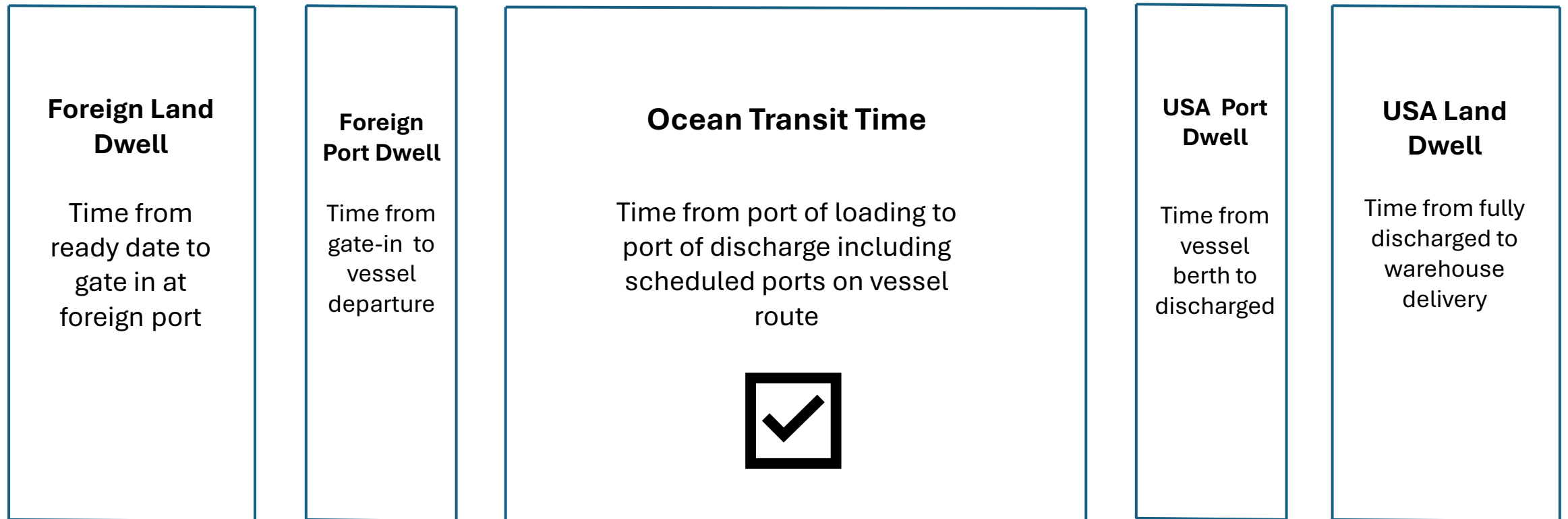


Poor inventory management

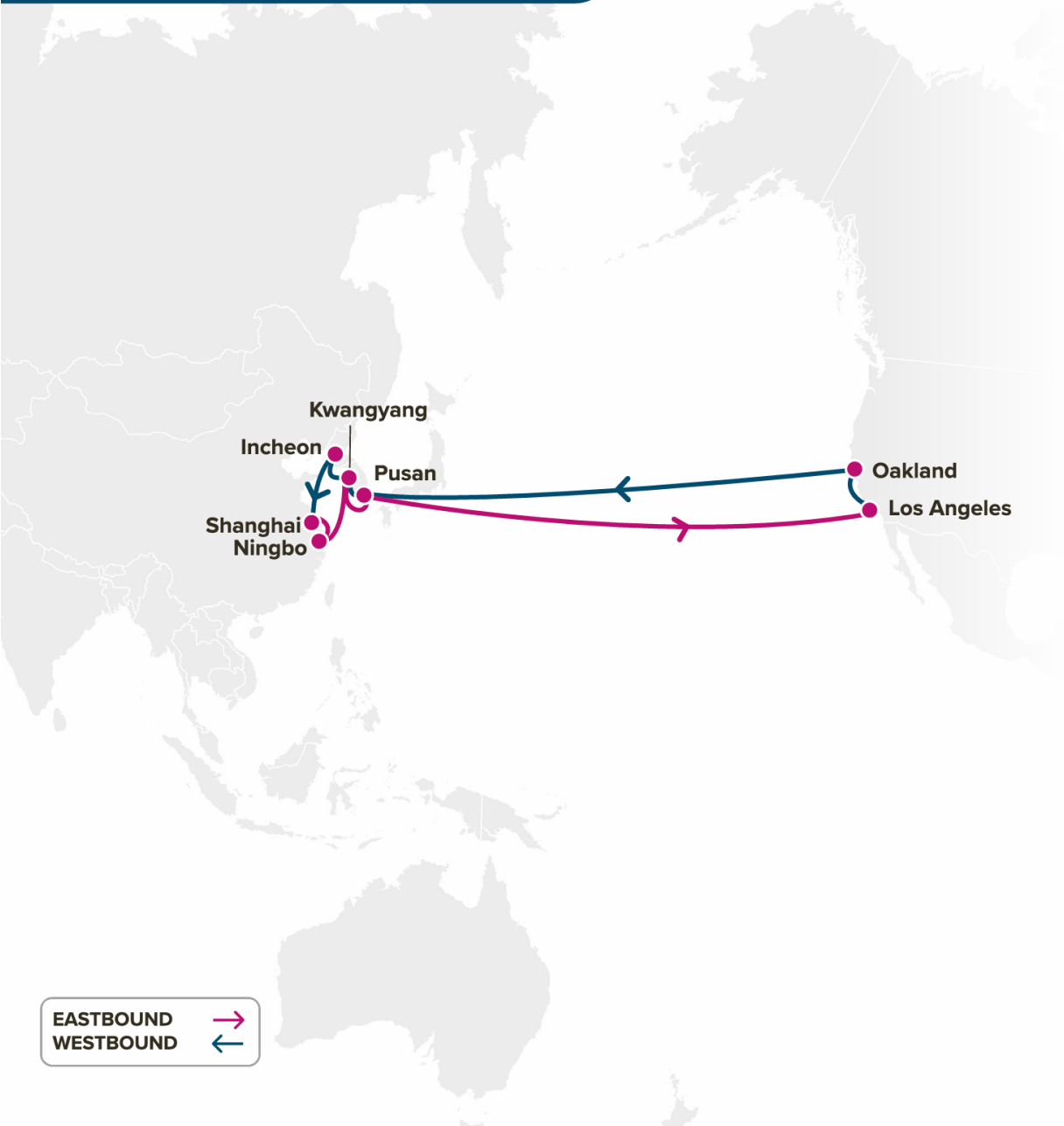
Destroys company value.

Too much ties up capital. Too little creates stockouts.

Transit Time Friction Points



We're only going to focus on the ocean transit time today



Service Features

Service connecting South Korea and Central China to the US West Coast.

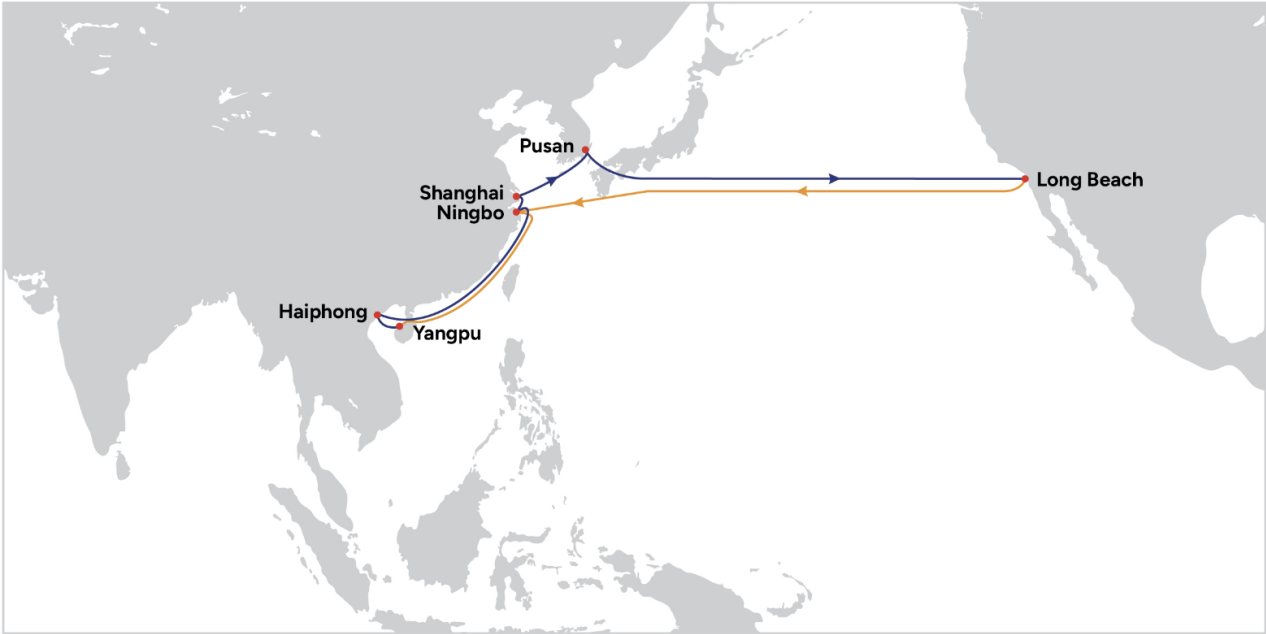
Port Rotation

(Terminals are subject to change)

ORIGIN	CODE	ETA	ETD	TERMINAL
SHANGHAI	SHA	SUN	MON	SIPG YANGSHAN PHASE IV
NINGBO	NGB	TUE	WED	NINGBO BEILUN SECOND CONTAINER TERMINAL
KWANGYANG	KAN	FRI	SAT	KOREA INTERNATIONAL TERMINAL (KIT)
PUSAN	PUS	SAT	MON	HMM PSA NEW-PORT TERMINAL (HPNT)
LOS ANGELES	LAX	SAT	SAT	APM TERMINALS LA (MARINE)
OAKLAND	OAK	SUN	TUE	OAKLAND INTERNATIONAL CONTAINER TERMINAL (OICT)
PUSAN	PUS	MON	TUE	HMM PSA NEW-PORT TERMINAL (HPNT)
KWANGYANG	KAN	WED	THU	KOREA INTERNATIONAL TERMINAL (KIT)
INCHEON	ICN	FRI	SAT	SUN KWANG NEWPORT CONTAINER TERMINAL (SNCT)
SHANGHAI	SHA	SUN	MON	SIPG YANGSHAN PHASE IV

Transit Time

E/B	LAX	OAK	W/B	PUS	KAN	ICN	SHA	NGB
SHA	19	27	LAX	16	18	20	22	24
NGB	17	25	OAK	13	15	17	19	21
KAN	14	22						
PUS	12	20						



Port Rotation

EB: Yangpu - Haiphong - Ningbo - Shanghai - Pusan - Long Beach
WB: Long Beach - Ningbo - Yangpu - Haiphong - Shanghai - Pusan

Highlights

- Best-in-class product to Pacific Southwest from Korea
- Fastest transit time to Pusan, Ningbo and Shanghai from Long Beach
- Hai Phong direct service to USWC
- Long Beach Container Terminal
- OOCL-operated service

Transit Time (Days)

Asia to North America (Eastbound)

From \ To		Long Beach
		Mon
Pusan	Thu	11
Shanghai	Tue	13
Ningbo	Sun	15
Hai Phong	Tue	20
Yangpu	Sun	22

How does a 6-day difference in ocean transit time impact the importers economic value?

The transit time gap is not in the quoted price

NVOCC A

13

PCC1 days in ocean transit

Quoted price: \$5,250

X Rejected based on higher price

VS

NVOCC B

19

PS6 days in ocean transit

Quoted price: \$5,100

✓ Accepted based on lower price
6 extra days — invisible in quote

The \$150 saving is visible. The cost of 6 extra days is not.

The black box problem – 6 value destroyers not included in the 40 HQ quote

What furniture importers see

Ocean freight quote
\$100–150 difference

Hidden from the price

Ocean Transit time (13 vs 19 days)

Replenishment cycle length

Demand variability

THE BLACK BOX

Cycle stock increase

Safety stock rise

Forecast errors

Warehouse costs

Capital tied up

Interest expense

True annual cost is significantly greater because the rate quote comparison doesn't expose the value destroyers.

+ stockout losses
+ overstock write-downs

The cheapest freight quote may produce the most expensive outcome.

Impact 1: Cycle stock: increased transit time = increased inventory

6 extra transit days =
6 extra days of avg. daily sales
held in inventory.

13 days Transit Time
Cycle stock required



NVOCC A

19 days Transit Time
Cycle stock required



NVOCC B

More days in transit = more inventory required at all times.

Impact 2 & 3: Forecast error compounds — so does safety stock

Forecast error

Longer lead times require forecasting further into the future.

Forecast error increases with forecast horizon.

For seasonal furniture, this means more frequent stockouts and overstock situations.

19-day forecast = meaningfully less accurate than 13-day forecast.

Safety stock

Safety stock buffers against forecast error and lead time variability.

Formula: safety stock scales with the **square root of lead time**.

Going from 13 to 19 days = a 21% increase in the lead time multiplier — on top of the cycle stock increase.

This is capital sitting idle to protect against risk that didn't need to exist.

Three inventory cost drivers — all triggered by one 6-day transit difference.

Impact 4 & 5: Warehouse costs and capital — both increase



Warehouse expense

More cycle stock + safety stock =
more warehouse space occupied, longer.

More labor for receiving, putaway, and cycle
counting.



Capital investment

Every extra day of inventory is working capital
unavailable for other uses.

More inventory means higher service costs on the P&L.

Impact 6: The hidden bill — interest expense

Extra inventory carried	Annual interest @ 7%	Annual interest @ 8%	vs. \$150 price saving
\$50,000	\$3,500	\$4,000	20–25 × more
\$75,000	\$5,250	\$6,000	35–40 × more
\$100,000	\$7,000	\$8,000	45–50 × more
\$150,000	\$10,500	\$12,000	70–80 × more

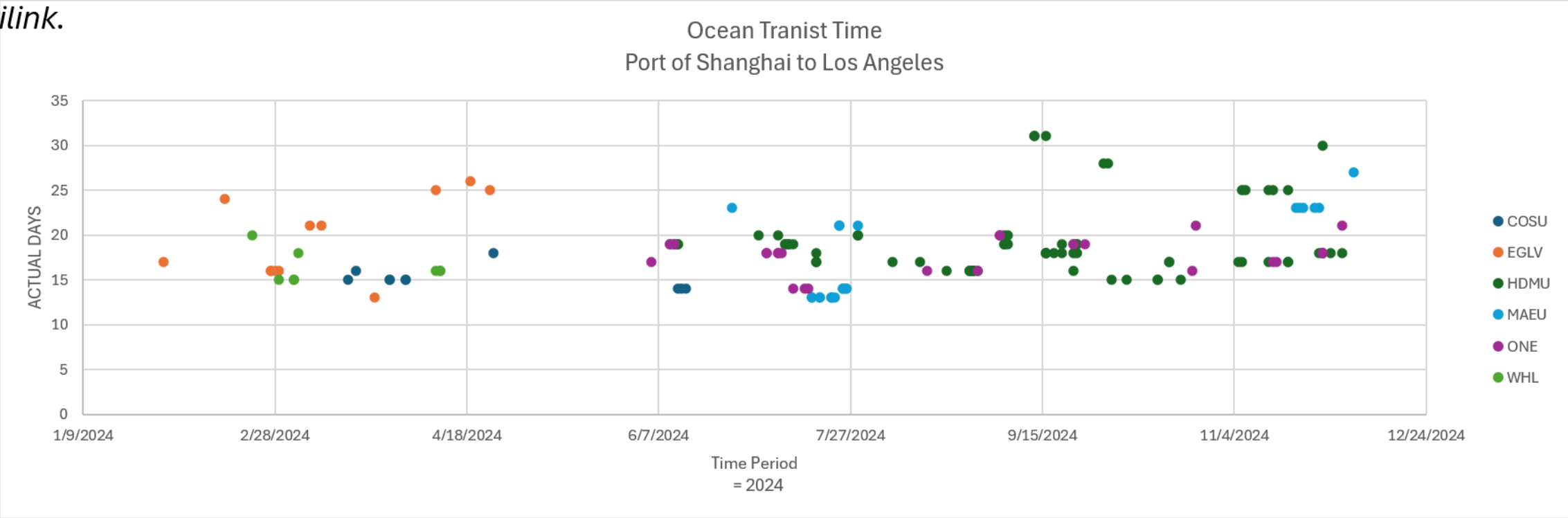
The impact of additional interest expense on a mid-sized furniture importer can the \$150 savings irrelevant.

Ocean transit time by carrier from Shanghai to Los Angeles CA

Actual rate quote dated June 4, 2026

Ocean Carrier	Service Lane	Transit Time Days	Rate Quote
ONE	PC6	19	\$5,100.00
Evergreen	PE1	15	\$5,100.00
OOCL	PCC1	13	\$5,100.00

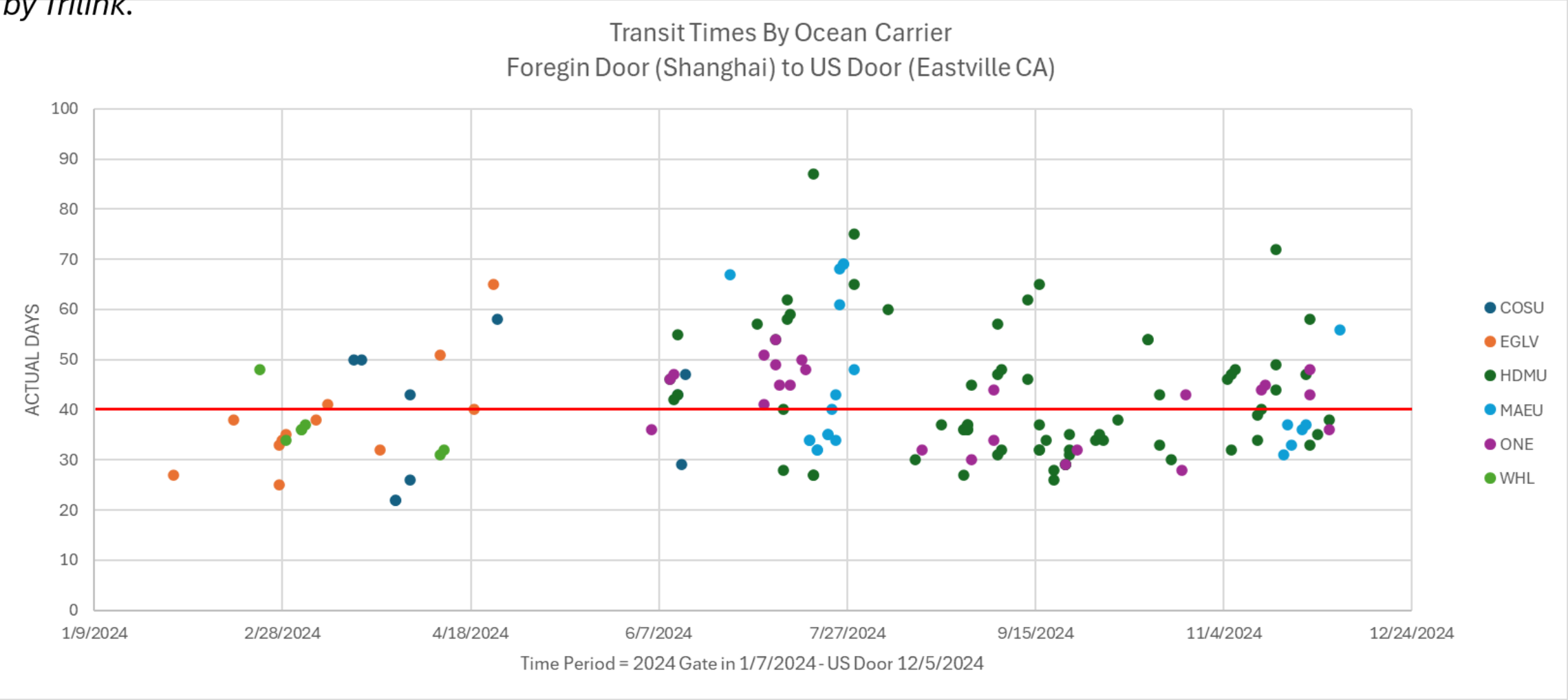
Actual case study
by Trilink.



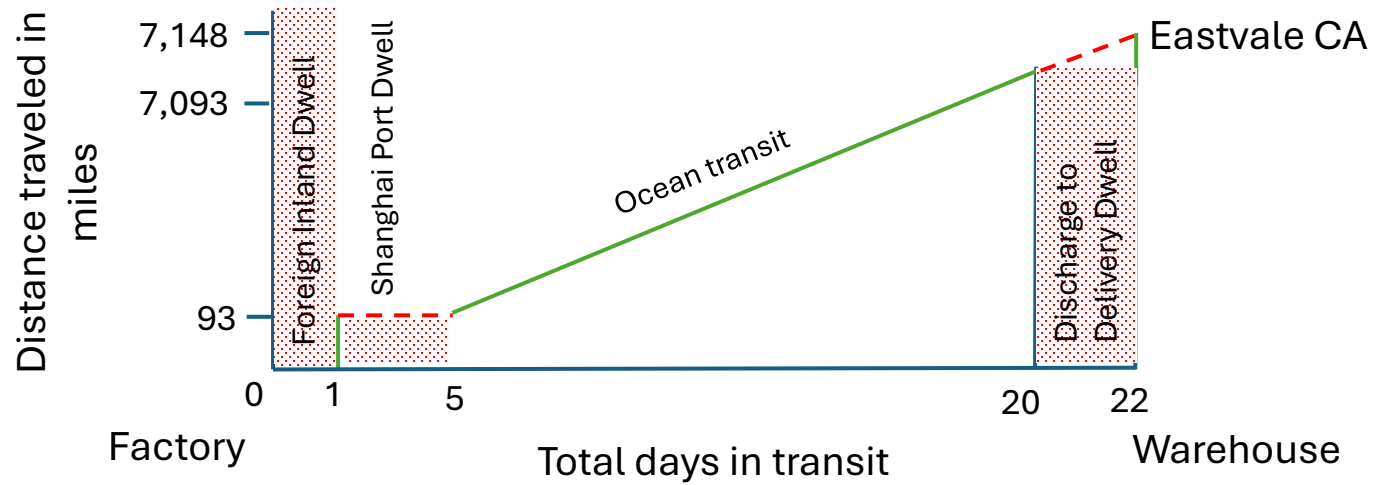
Carrier	AvgDays	Max	Min	Std.dev	CV	Total Moves	% of Loads
COSU	15.10	18.00	14.00	1.20	0.08	10	7%
EGLV	19.67	26.00	13.00	4.52	0.23	12	8%
HDMU	19.24	31.00	15.00	4.01	0.21	71	49%
MAEU	17.60	27.00	13.00	4.97	0.28	21	14%
ONE	17.71	21.00	14.00	1.99	0.11	24	16%
WHL	16.38	20.00	15.00	1.77	0.11	8	5%
						146	100%

HDMU			
O T/T Days	Shipments	Prob	C-Prob
15	5.00	7%	7%
16	10.00	14%	21%
17	11.00	15%	37%
18	12.00	17%	54%
19	16.00	23%	76%
20	6.00	8%	85%
25	5.00	7%	92%
28	2.00	3%	94%
30	1.00	1%	96%
31	3.00	4%	100%

Actual case study
by Trilink.

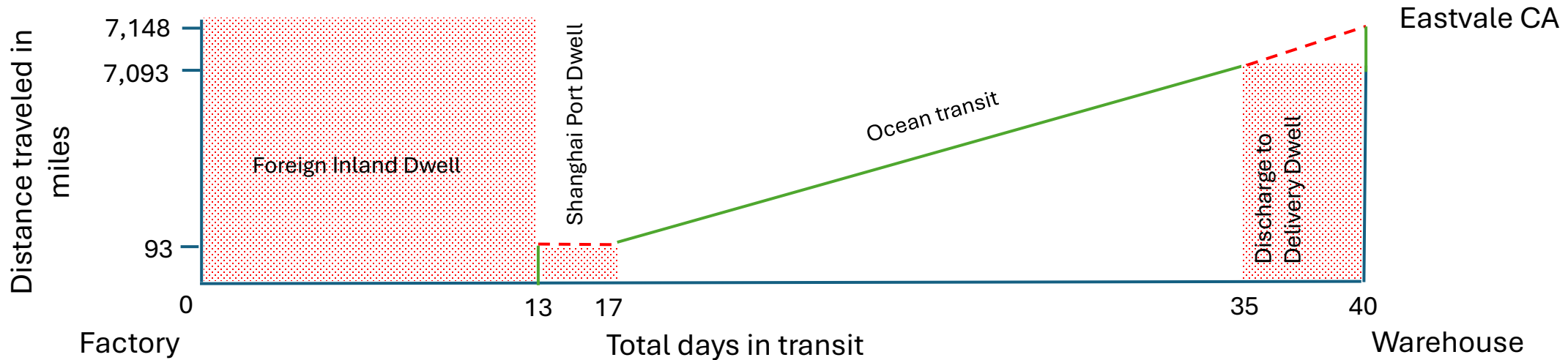


Fastest Transit Time 2 out of 146



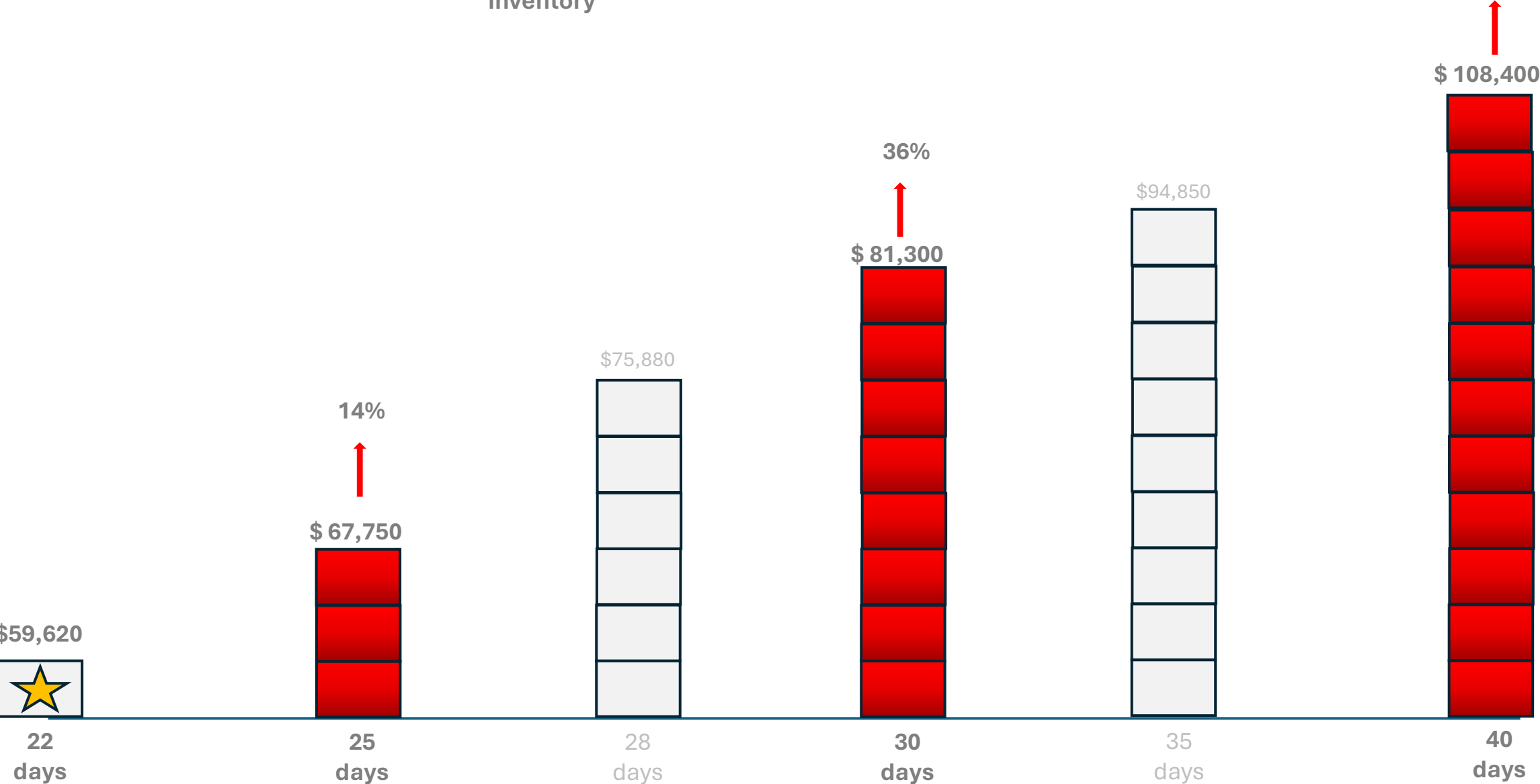
*Actual case study
by Trilink.*

Average Transit Time = 40 Days



Actual case study
by Trilink.

Transit time in days: China Factory to Los
Angeles, CA and corresponding impact on
inventory



Our mission is to reclaim profitability lost through inefficient supply chain operations. To educate and provide experienced, insightful, tactical solutions that provide immediate effectiveness with guaranteed outcome- based results.

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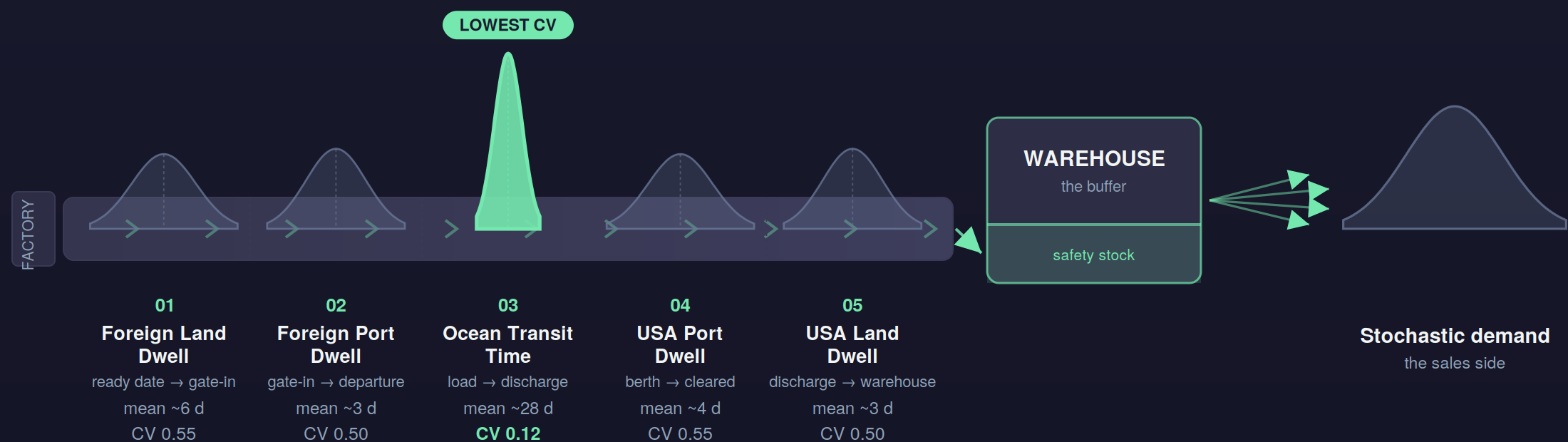
THIS SLIDE IS INTENTIONALLY LEFT BLANK

Randomness on both ends — but the water is the calm stretch

Five friction points, manufacturer to warehouse. Bell width = relative variability (CV). The ocean leg is the tightest.

SUPPLY — feels deterministic, is actually random (and controllable)

DEMAND — random, forecastable, not commandable



THE DISCIPLINE

Rank by CV to find where the unpredictability lives — it clusters at the handoffs, not on the water.
Size the inventory hit in absolute days: $\sigma = CV \times \text{mean}$, and variances add across stages.

safety stock

$$SS = z\sqrt{(L \cdot \sigma_d^2 + d^2 \cdot \sigma_L^2)}$$

mint = supply-side (pipeline) variance