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The Food Safety Modernization Act will have a huge impact on food supply chains. Here's your passport to preparation.



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59 Building an Effective Supply Chain Team

A successful team needs the right mix of talent, skills, and personalities. Here's a winning game plan.



From the Field to the Dinner Table

Take Control of Transportation Costs



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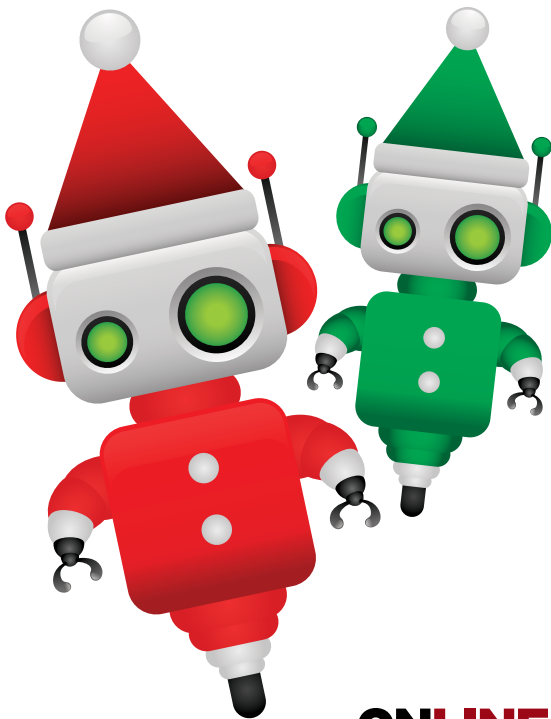
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Avoiding Christmas Past: Use Technology To Ensure Timely Holiday Deliveries bit.ly/11z3yOn

Roei Ganzarski, President and CEO, BoldIQ

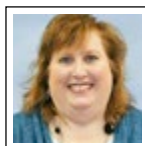
To ensure a successful delivery season, companies should focus on technology that allows supply chain operations to react in real time to whatever comes its way. Check out the very real benefits of real-time optimization technology.



Five Key Questions to Ask a Vendor Before Buying Supply Chain Software bit.ly/14Ssfri

Gene Gander, Vice President of Business Development, Cargowise

Cloud-based systems have changed the game for supply chain software. When considering a new cloud-based logistics suite, you need to evaluate five key items to ensure you choose the right vendor.



Ensuring Business Sustainability During Disasters, Disruptions, and Service Failures bit.ly/1r1wrJC

Kristi Montgomery, Vice President of IT, Kenco Management Services

It is crucial to identify not just how to rebound from a major natural disaster or other business disruption, but also how to remain sustainable throughout the recovery process. Use these tips to avoid being caught unprepared.

LOGISTICS PLANNER RESOURCES

Planner Profiles bit.ly/1s6ETge

The Logistics Planner Profiles let you explore, in depth, the 3PLs, warehousing, technology, and transportation providers that can help you cut transportation and logistics costs, boost efficiency, and improve supply chain operations.

Planner RFP bit.ly/11kd2NA

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CHECKING IN

Felecia Stratton

by Felecia Stratton | **Editor**



Demand-driven Logistics At Your Service

What does it mean for retailers to deliver exceptional customer service? Is it matching expectations? Cost-competitive pricing? Dependability? Options? Most consumers expect “all of the above” and then some from their retailers and e-tailers.

Demand expectations are also hyper-sensitized because consumers are faced with infinite choices. SKU proliferation extends beyond the store shelf. However demand skews, retailers are intent to deliver. In a brave new omni-channel world, direct-to-home fulfillment can come from virtually anywhere—an e-commerce DC, the manufacturer, even a brick-and-mortar store.

That’s why consumers are opportunists—proactive and passive as they click and collect their way to getting what they want with the speed and service they’re willing to pay for. That’s demand-driven logistics at its core. Retailers and service providers have to react in kind to meet those expectations. Those that do it well can use customer service as a competitive differentiator. But it’s not always easy. And creating high expectations also increases risk.

Consider what happened during the 2013 holiday season, when customer service expectations went awry. Amazon was chief among a number of large-name brands that fell victim to the 2013 holiday humbug. UPS and FedEx accepted culpability. But that was little solace to customers who chose Amazon because of its guaranteed delivery cut-offs.

Think Amazon cares? You bet it does.

A recent Pitney Bowes survey reports that nearly half of surveyed U.S. consumers planned to buy gifts online earlier this year. Beyond that, 33 percent of respondents say they will pay more attention to shipping in 2014 compared to last year. Amazon has always had a captive market among procrastinators. But will 2013’s lasting impression hurt last-minute sales?

If Amazon is vulnerable to epic customer service failures, then those kinds of events can happen to any company, regardless of size and technological acumen.

Last year’s holiday parable—and this year’s response—demonstrates how consumers and retailers are increasingly sensitive to service exceptions. As e-commerce and omni-channel raise expectations, and consumers become more impatient, there’s pressure on supply chain practitioners to perform.

This pressure places a greater premium on technology for sure, as you’ll read in *Customer Service: It’s the Thought that Counts* (page 32). But it also demands that value chain partners pull in the same direction to increase visibility and demand responsiveness. ■

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I recently attended the Logichem Conference in Philadelphia and picked up a copy of *Inbound Logistics*. I was impressed. Keep up the good work.

Tony Murray

Office of Hazardous Materials Safety,
Field Operations Pipeline and Hazardous
Materials Safety Administration,
U.S. Department of Transportation

I just received my copy of your magazine. You put out a very good product, to say the least. I've found many of the articles very beneficial. I got our senior purchasing manager to subscribe as well so he can get his own copy and stop reading mine! Great magazine, and much appreciated.

Andrew Loney

Logistics Manager, DairiConcepts, L.P.



Frank E. Bugaris, III @frankbugarisiii
4 NOV 2014

Interesting and informative piece
in @ILMagazine's October edition:



Happy Holidays from
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Intermodal: Too Much of a Good Thing? Check it out. Very thought-provoking bit.ly/1r8NCbT

ShippersHQ @ShippersHQ

15 NOV 2014

Supply Chain as Strategic Advantage:
From back-office operations to first
agenda item for management –
bit.ly/1tlwdNR—Great piece!

Corporate Traffic @CorpTraffic

1 DEC 2014

*Intermodal Transportation's
Solution to Our Evolving Supply
Chain Demands* – great read from
@ILMagazine! bit.ly/1t3VFeF



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11 NOV 2014

*Hiring Our Heroes: A Good Deal for
U.S. Companies* – bit.ly/13TZT8G

Nicholas Carretta

It's tough to repay the debt we owe
the members of our military, so giving
them the opportunity to put their
skills to work is the least we can do.
Great article, *Inbound Logistics*.

Inbound Logistics

1 NOV 2014

*Uncovering Value Through
Performance Metrics* – bit.ly/1nxOnkv

Michael McConaughy

A key point is to review your processes,
as last year's metrics may not
accurately address this year's issues.



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10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani



Reducing Freight Costs

Transportation prices have risen over the past year, but shippers can cut those costs through smart planning. Tim Benedict, senior director of transportation at APL Logistics, offers the following tips for reducing freight costs.

1 Don't wing it. Electing to use international air instead of expedited ocean for the majority of hot shipments could leave a boatload of savings on the table. Consider time-definite ocean shipping – it typically costs 75 percent less than air, and is often just as reliable.

2 Ship air-sea or sea-air. Even when circumstances require the use of international air, don't rule out ocean shipping. Depending on when your goods are due to be delivered, it may still be possible to fly them a portion of the journey, then load them onto an ocean vessel for the rest. The result is fewer miles for your products to travel, and lower freight bills.

3 Let transportation drive your warehouse selection. Choose your distribution centers (DCs) for their transportation efficiency rather than their attractive leasing rates or tax incentives. If a low-cost location adds too many miles or hand-offs to your supply chain, higher shipping bills will offset any location savings.

4 Take advantage of DC bypass. If your company sources globally, but only operates DCs hundreds of miles inland, consider a deconsolidation center near your ports of entry to direct-ship products to nearby customers. This will reduce redundant transportation expenses.

5 Seek savings a la mode shift. Typically, companies that use LTL instead of truckload will pay 10 to 30 percent more. It is beneficial to negotiate with customers who consistently require multiple small deliveries to see if they will switch to less frequent delivery schedules.

6 Fewer trailers equal more savings. Trailer cube utilization tools are only as good as the dimensional data being entered. Double-check the accuracy of your measurements by gathering highly specific information about the contents of the latest outgoing truckloads. Use the refreshed data to run improved trailer cube utilizations.

7 Go back to class. Many companies overlook that they might be shipping their cargo via outdated, and more costly, classifications. If your business has experienced a substantial change in products or packaging, find out if you can qualify for a less expensive product class.

8 Take control of inbound transportation. A top priority for suppliers is providing products – not negotiating the best shipping rates or encouraging collaboration. When possible, take responsibility for optimizing your inbound deliveries yourself, or find an engineering-savvy third-party logistics provider that can do it for you. Make sure you have the final say about which carriers handle your company's products.

9 Centralize transportation procurement. A singular, focused transportation procurement effort paves the way for analytical, strategic, and relational advantages that a more decentralized approach can't touch. Advantages include better optimized transportation, an improved ability to track costs, and an enhanced ability to negotiate more favorable volume discounts.

10 Analyze. Asking logistics personnel to participate in Lean transportation projects or analyze shipping patterns may feel like a luxury your company can't afford. But it usually winds up paying for itself in the form of improved insights that lead to greater potential economies. Some of the biggest transportation savings can come from logistics teams doing their homework. ■



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Christopher McGovern is vice president, supply chain management at Aero Precision, a Greenwich AeroGroup company, headquartered in Livermore, Calif. He has held this position since 2014.

RESPONSIBILITIES: Inventory management, sourcing, procurement, and OEM relationships.

EXPERIENCE: Analyst, political/economic department, U.S. Embassy, Oslo, Norway; product researcher, OEM product research leader, program manager - U.S. government, OEM product manager - marketing, manager - distribution and alliance development, director of purchasing, director - material management, vice president - logistics sales division, Derco Aerospace, a Sikorsky Aerospace Services company; business development, Greenwich AeroGroup.

EDUCATION: B.A. International relations, Schiller International University, 1996.

Christopher McGovern: Watch Him Soar

IN COLLEGE, I STUDIED INTERNATIONAL RELATIONS and diplomacy with the hope of joining the U.S. Foreign Service. After graduation, I went back to my hometown near Green Bay, Wis., and waited for the chance to take the Foreign Service Officer exam. Meanwhile, I looked for work. When I received a call from Derco Aerospace in Milwaukee, I couldn't even remember sending a resume because I had sent so many.

In my first position at Derco, I sourced aircraft parts for European customers. Although I passed the written exam, I wasn't chosen for the U.S. Foreign Service. But I liked the excitement of aerospace, and stayed with Derco for 16 years.

I currently work for Aero Precision, a distributor of spare parts for aircraft. We also work with partners to repair parts and do product upgrades for customers. Our customers are military organizations around the world, including the United States, plus their maintenance contractors.

One factor that complicates my work is the difficulty of forecasting demand. We quote on thousands of line items per month, so feedback from customers — what they're buying, what they're not buying, and what their flight conditions are — puts a vast volume of data at our fingertips. Our enterprise resource planning and business intelligence systems allow us to pull that data together for analysis. But we still need skilled people to interpret the data, so we can make sound decisions about which parts to stock.

The Big Questions

Have you made a memorable work-related mistake that taught you an important lesson?

As I was getting ready to leave Derco Aerospace, I realized I hadn't spent enough time talking with the people who reported to me, asking how they were doing, and listening to their problems. While I was an engaged leader, I realized that you can never spend enough time with the team.

What one characteristic should every leader possess?

The ability to assess people's personality traits, then adapt your communications style to the one that's most effective for each individual or situation.

Do you have a hidden talent?

I'm a triathlete. When I'm not working, I'm in the water, in my running shoes, or on a bike ride.

I don't believe any forecasting or demand planning system can truly predict demand in the military aftermarket. Most systems rely on historical data, then attempt to predict future demand based on seasonality or other trends.

Along with actual sales, I also like to capture request for quote (RFQ) activity. There could be multiple reasons why we didn't sell a part – perhaps we just didn't have it when the customer needed it. We like to collect information from our

original equipment manufacturer suppliers on the mean time between failures, so we know when customers might need to repair their parts. We also get data from customers – flight hours they're putting in, and when they'll be sending aircraft in for scheduled maintenance.

We have an opportunity to make better use of all this data in our inventory management and procurement practices. That's one of the top items on my agenda. Another is to provide more training to

employees who source parts. Each customer has different priorities, and we need to train our people to do research in accordance with those needs so they're responding to RFQs in ways that will help us win those orders.

Looking back on my career, I'm proud I've been able to bring energy and good communication to my supply chain teams. I make sure team members learn about customers, and understand how our work affects the company's overall goals.



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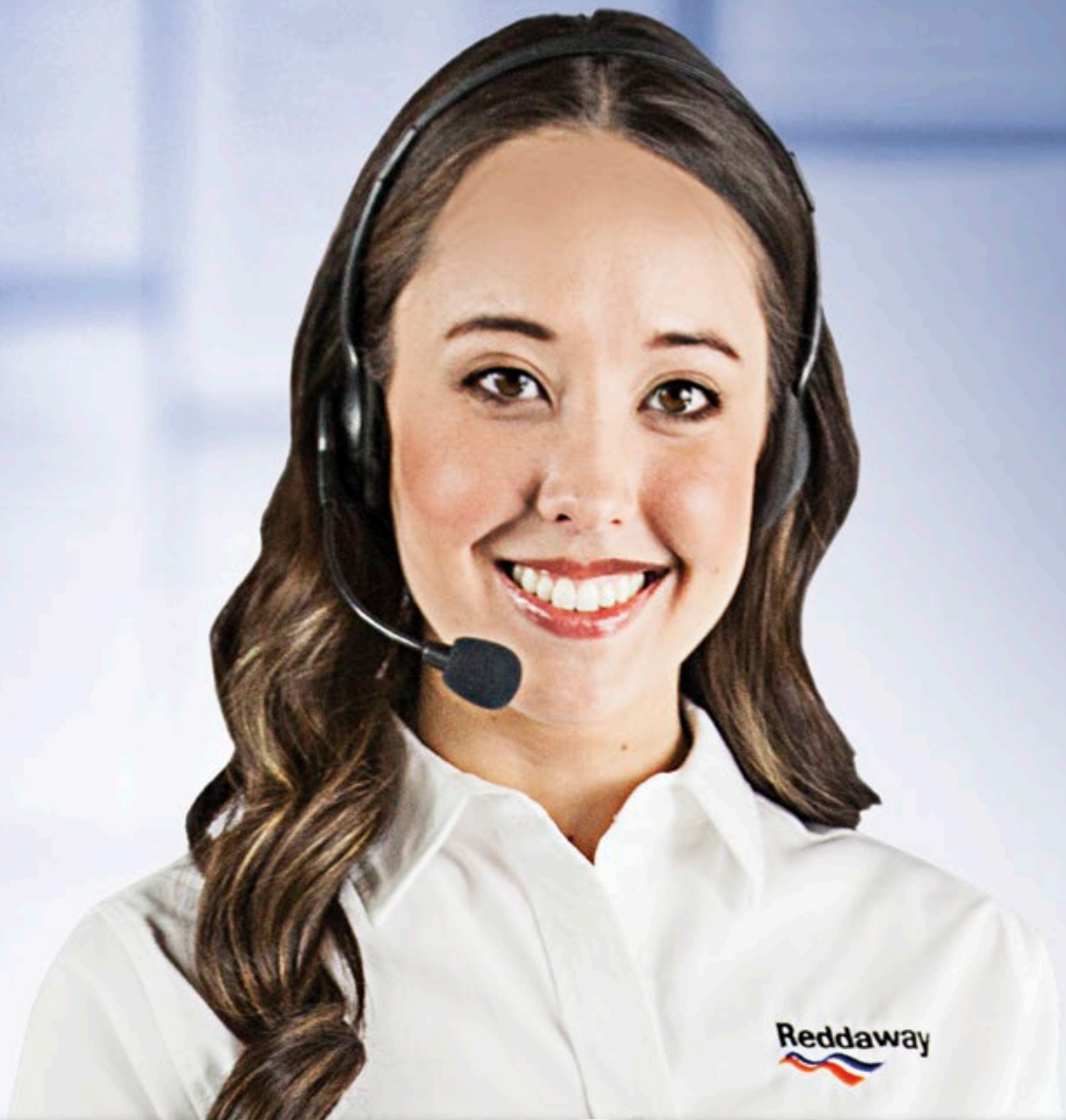
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NOTED

THE SUPPLY CHAIN IN BRIEF

GOOD WORKS

Evans Distribution Systems, an asset-based third-party logistics (3PL) provider, began providing storage, handling, and order processing for **The American Red Cross** in Melvindale, Mich. Evans covers the cost of labor at the facility to support operations for the Red Cross' Disaster Services and Services to the Armed Forces programs.

Trucking company **Crete Carrier** inducted five additional military veterans to drive for its **Patriot Fleet**, which consists of 15 trucks painted with special military graphics and driven by U.S. military veterans.

Ryder partnered with **Hiring Our Heroes** and **FASTPORT** to provide mentors who assist veterans, transitioning service members, and their spouses in finding careers in the trucking industry through

the Trucking Track Mentoring Program. Ryder has made a commitment to hire 2,000 veterans over the next three years.

South Carolina Ports Authority donated \$30,000 in grants to 25 charities and non-profit organizations through its annual **Community Giving Program**. Some of the charities to receive grants include the American Lung Association of the Southeast, the American Red Cross, Wounded Nature-Working Veterans, Water Missions International, and the South Carolina Maritime Museum.

Total Quality Logistics raised \$21,765 for the **American Cancer Society** to help fight breast cancer. The money was collected during the 3PL's annual Loads for a Cure campaign. TQL has contributed more than \$125,000 to cancer research programs since 2010.



▲ In the weeks leading up to Christmas, **FedEx Corporation** and the **Christmas SPIRIT Foundation** delivered more than 17,000 Christmas trees to service members stationed across the United States and overseas. The 2014 holiday season marked the 10th anniversary of the Trees for Troops program.

SEALED DEALS

United Kingdom-based general merchandise retailer **Argos** implemented **Paragon Software's Home Delivery System** to streamline delivery operations. The software allows Argos to offer optimized time windows to customers when they place an order.

CBRE Group, a commercial real estate and investment firm, located a 66,150-square-foot space in Lawrenceville, Ga., for French 3PL **Skipper Logistics**. The new facility enables Skipper to offer two-day service to most of the United States.

I.D. Systems, a provider of wireless asset management solutions, extended its contract with **Walmart** for an additional three years. Under the contract, I.D. Systems provides its **VeriWise** trailer tracking and management service for Walmart's cargo trailer fleet.

Sportswear and apparel manufacturer **Antigua** implemented **NGC Software's** product lifecycle management and supply chain management solution to streamline workflows, enhance production efficiency, and ensure on-time delivery of shipments.

Supply chain management firm **CEVA Logistics** began providing freight management services for **SuperGroup**, owner of the SuperDry fashion brand. Under the contract, CEVA manages collections, and provides global airfreight and ocean forwarding services.

GREEN SEEDS



◀ Ocean liner **Hamburg Süd** met its target to reduce the CO₂ emissions of its fleet by 26 percent by 2020 ahead of schedule. To achieve its goal, Hamburg Süd invested in energy-efficient ships, expanded ship sizes, chartered energy-efficient vessels, and optimized vessel deployment.

m&a

Canadian expedited specialist **Dicom Transportation Group** acquired third-party logistics provider **Time Logistics Couriers**. The purchase gives Dicom access to Time's less-than-truckload, last-mile, distribution, and warehousing portfolio in the United States.

Epicor Software Corporation bought **QuantiSense**, a provider of retail analytics software. The addition of QuantiSense brings big data analytics to Epicor's retail solutions portfolio.

Ocean carrier **Matson** purchased the Alaska operations of domestic ocean shipping company **Horizon Lines**. The acquisition allows Matson to expand its ocean offerings between U.S. destinations.

Software company **Descartes Systems Group** bought **Airclic**, a provider of mobile solutions for last-mile delivery. The acquisition expands Descartes' routing, mobile, and telematics offerings.

C.H. Robinson acquired online freight broker **Freightquote.com**, and will continue to use the Freightquote brand, as well as expand the company's Kansas City operation.

SEALED DEALS



◀ **Coravin**, manufacturer of a wine pouring system that removes wine from a bottle without pulling the cork to preserve the wine, selected **Kenco** as its logistics provider. Kenco provides shipping, returns management, and some light assembly from one of its facilities in Chattanooga, Tenn.

recognition

▼ The American Trucking Associations recognized **Dupré Logistics** as a **President's Trophy Award** winner for 2014 in the 25-100 million mile category. The award recognizes three carriers each year for safety programs, safety record, and community outreach activities.



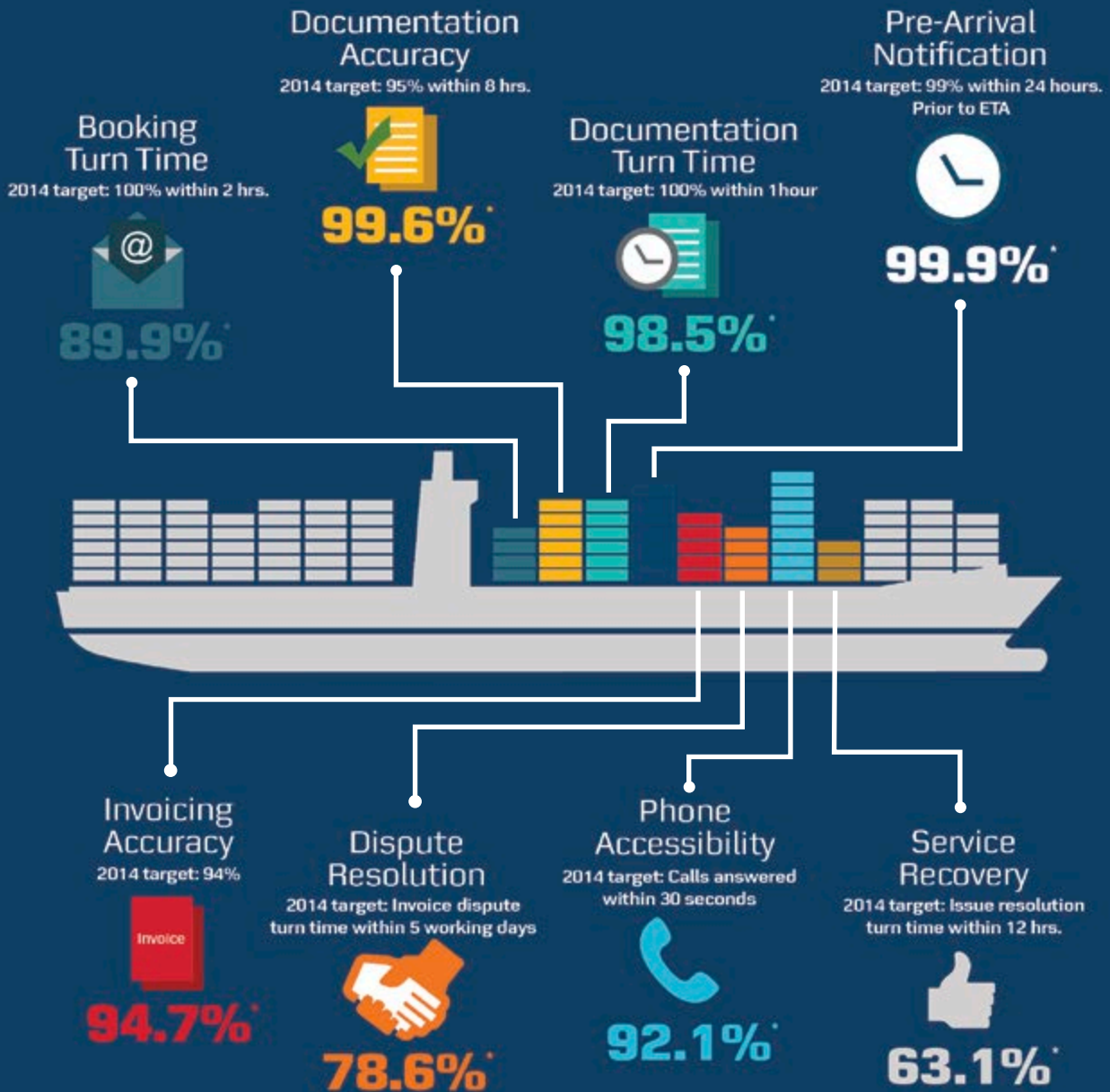
The *Charlotte Business Journal* named **Transportation Insight** to its **Fast 50** for the second consecutive year. The list honors 50 Charlotte-area companies that show outstanding growth, entrepreneurial excellence, and innovative leadership.

Third-party logistics provider **Star Distribution Systems** won Ocean Spray's **Rookie of the Year** award for 2014. Ocean Spray chose the 3PL for its commitment to innovation and customer satisfaction.

Old Dominion Freight Line won its fifth consecutive **Mastio Award** from business-to-business research firm Mastio & Company. The winner is selected based on a customer satisfaction survey of more than 2,000 industry professionals.

Penske Truck Leasing and **Penske Logistics** were named to the **Top 100 Military-Friendly Employer** list for the fourth consecutive year by Victory Media, publisher of *G.I. Jobs* magazine. Penske was recognized for its continuing effort to hire veterans and currently serving National Guard and Reserve members.

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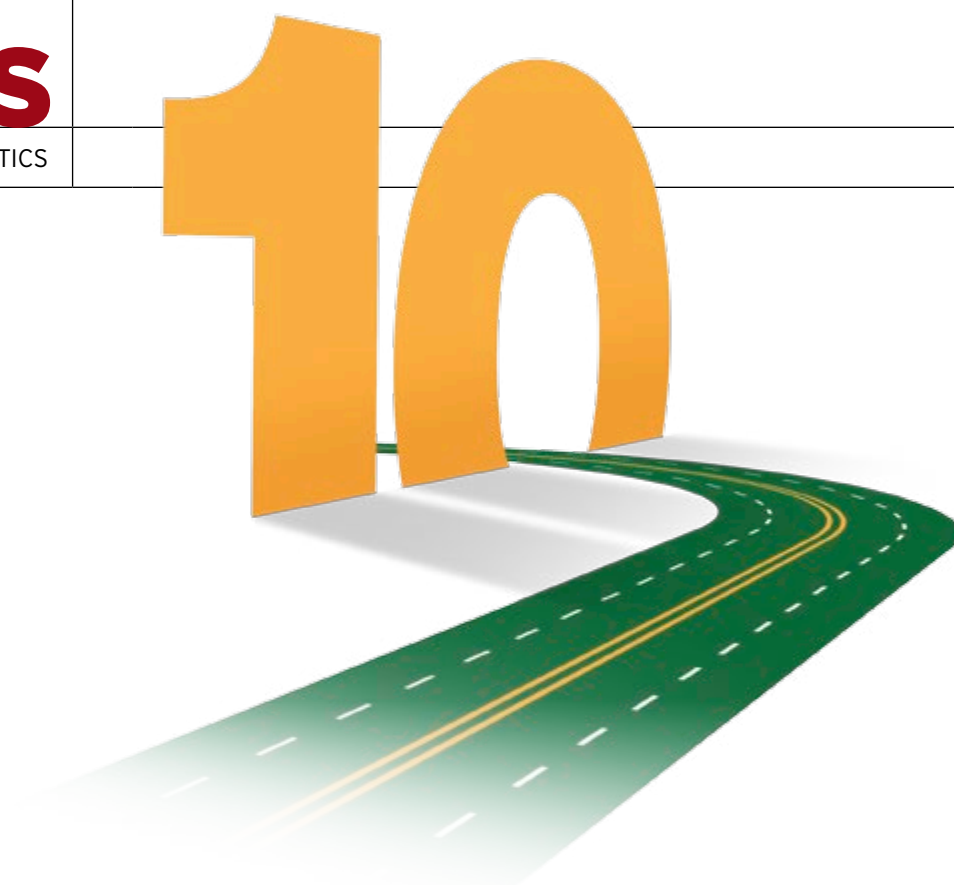
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TRENDS

SHAPING THE FUTURE OF LOGISTICS



10 Best Practices Of SmartWay Shippers

Since 2004, the U.S. Environmental Protection Agency's (EPA) SmartWay Transport Partnership has given organizations that ship freight a set of tools to measure their supply chain's carbon footprint and make better decisions about how to reduce it.

by **Joseph O'Reilly**

To mark SmartWay's 10th anniversary, several shipper partners share their best tactics for getting the most out of the program:

1. Identify your corporate goals. In 2010, for example, The Home Depot pledged to remove 20 percent of greenhouse gas emissions from its domestic supply chain by 2015. From a supply chain perspective, that's the equivalent of eliminating 200 million

distribution miles in five years.

"Transportation is a significant piece of our carbon footprint and SmartWay helps us quantify how much we actually account for," says Ron Guzzi, Home Depot's senior manager of transportation. "When you can measure your emissions, you can take steps to meet your goals."

As of 2013, through a range of strategies

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The Buck Stops at Procurement

Sourcing and procurement functions have become areas of “core incompetency,” costing North American businesses as much as \$1.5 billion per year and wasting 32 million man hours, according to a new survey conducted by Topline Strategy Group on behalf of cloud technology company SciQuest. In effect, a huge gap separates the technology buy from its execution.

Topline Strategy Group surveyed 241 sourcing and finance professionals at more than 200 U.S. companies with \$500 million in revenue to determine the steps organizations can take to achieve a positive return on procurement investments.

The research, *Optimizing Your Sourcing and Procurement: Five Simple Rules*, finds only 28 percent of sourcing and procurement professionals believe their procurement system makes them more productive; this despite the fact that North American companies spent more than \$1.4 billion on enterprise software applications in 2013 alone.

“When sourced and implemented correctly, procurement systems

represent an opportunity for organizations to drastically reduce costs, improve process efficiency, and gain visibility into spending decisions,” says Mark Digman, senior vice president of marketing at SciQuest.

“Organizations are falling well short of these transformative benefits,” he adds. “The concept of turning spending into a source of savings takes some getting used to, but it’s an idea that more purchasing and sourcing professionals need to embrace.”

As part of its study, Topline Strategy offers the following five rules to help organizations maximize procurement system return on investment:

1. Choose the right software. More than 50 percent of respondents who are not satisfied with their procurement systems cite a convoluted user interface as a reason for dissatisfaction, while a whopping 38 percent say that their system lacks critical features that limit what can be done.

2. Don’t get caught up in vendor standardization. Only 16 percent of respondents who use two applications

from the same vendor rate both as making them “much more productive.”

3. Invest in implementation. Seventy-three percent of companies that say the implementer “did a great job and added a lot of value” are either extremely satisfied or very satisfied with their system.

4. Frequently update and improve the system. Forty-eight percent of companies that regularly improve their system with new features and capabilities say their procurement system makes them much more productive. Only 16 percent of respondents whose systems are not regularly improved say the same.

5. Use software that is easy for casual, occasional users. Seventy-eight percent of respondents believe that employees would find better deals and save their company money if corporate procurement tools were easier to use. Eighty-one percent believe that easier-to-use tools would reduce rogue spending.

including SmartWay best practices, Home Depot reduced more than 1.98 million tons of CO₂ emissions while adding new stores and distribution centers. In 2013 alone, the company cut CO₂ from truck emissions by 2.2 percent, a reduction of 57,232 tons.

2. Use SmartWay-registered carriers. “We no longer ask a carrier if it is SmartWay-registered. Instead, we ask for a SmartWay registration number so we can determine the extent to which the carrier participates in the program,” says Jason Eitel, who manages the prospective carrier process for Best Buy.

Today, the retailer requires carriers to become SmartWay-registered before they can be included in the Request for Proposal (RFP) process, and promotes

the program by including SmartWay language in its RFPs and transportation service agreements.

3. Support your SmartWay transport providers. “What makes SmartWay so good is that it’s voluntary, and each carrier can choose whatever practice works best,” says Harry Haney, associate director of customer development, Kraft Foods Group. “We communicate our expectations, and leave it to each carrier to find ways to meet them.”

Shippers can support their carriers by enlisting the EPA for technical expertise and training. “We’ve had SmartWay representatives attend our carrier meetings to explain the program and share best practices,” Haney says. “It’s a free service when you’re part of SmartWay.”

4. Collaborate with like-minded companies. Sun-Maid, the raisin cooperative, manages more than 450 unique SKUs and 2,900 ship-to locations. “The majority of our outbound grocery business is less-than-truckload, not truckload,” says John Slinkard, vice president, supply chain. “We don’t have the volume ourselves to create the efficiencies we strive for, so we collaborate with others on load consolidation and warehousing.”

The company joined SmartWay in part to identify like-minded shippers, third-party logistics (3PL) companies, and consolidators looking to share loads and backhauls.

5. Shift to more efficient modes. Because carriers across all modes report CO₂, NOX, and particulate matter emission factors through SmartWay,

shippers can use the data to choose the most efficient mode, and accurately quantify impact on a shipper's carbon footprint.

For example, Best Buy increased its intermodal use to 58 percent of inbound loads in 2013 from 54 percent the previous year. By analyzing emissions data, it determined that those four percentage points reduced carbon emissions by more than 2,700 tons. The company now uses intermodal on lanes it never would have considered previously.

6. Let carriers compete. Shippers and 3PLs are incorporating SmartWay data into contracting and bid choices. Home Depot's transportation management system regularly collects carriers' SmartWay emissions data and rankings, and its bid tool is configured to favor carriers with better SmartWay scores.

7. Make a public commitment. SmartWay gives customers, shareholders, suppliers, and the public a trusted source of information about a company's carbon footprint.

Many SmartWay shipper partners incorporate SmartWay data into their sustainability studies, carbon disclosure projects, and public reports. They can also achieve public recognition through the SmartWay Excellence Awards, which honor shipper partners based on SmartWay data results and their actions to reduce freight emissions.

8. Quantify the impact of your operations. The SmartWay program can help you measure the effect of operational decisions on sustainability goals.

For example, Best Buy initiated a weekly backhaul program to move electronic waste from stores to recycling plants: in 2013, the company moved about 96 million pounds of consumer electronics and 77 million pounds of appliances. In addition to the operational benefits of moving recyclable waste out of the stores, Best Buy used SmartWay data to help measure the program's effect on carrier equipment utilization and empty miles, two key tenets of Best Buy's sustainability initiative.

9. Support your decisions with data. Supply chain managers are having tough conversations about balancing urgency and sustainability in the supply chain. They want to know: What's the cost of moving inventory by more fuel-efficient modes?

"As we have these discussions, we can come to the table and show how intermodal, for example, would be better from a cost and emissions standpoint because it contributes to our corporate sustainability objectives," says Guzzi. "It's hard to argue against a decision that's better both for our bottom line and for the environment."

10. Leverage the EPA's resources. The EPA is comprised of teams of experts who can provide technical expertise, data analysis, and training for shippers and transportation providers. These services are free to SmartWay partners: shippers can save resources by not having to use consultants, or proprietary methods or complex tools.



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GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly



Peel Ports is investing \$500 million to ensure the Port of Liverpool can handle increasing container volumes in the north of England.

As UK Port Capacity Heads South, Freight Moves North

London's notorious congestion issues extend beyond the city limits. A shortage of inland transport capacity and increasing truck idling times at ports in the south of England are pushing freight to the north. Over the past year, UK-based third-party logistics provider Metro Shipping has transferred several high-profile retail customers from Felixstowe and Southampton to Liverpool.

While the south of England has abundant port capacity, thanks to the debut of DP World's London Gateway in November

2013, the challenge for terminal operators, shippers, and service providers is matching the transshipment velocity on and off port.

"With high transport costs, increasing traffic congestion, and rail capacity limits, getting goods to market in the United Kingdom has grown increasingly complicated, more expensive, and less carbon efficient," explains Patrick Walters, commercial director of Peel Ports, which owns the Port of Liverpool. "To be more cost-effective, ocean carriers are choosing ports that follow the cargo destination rather

than ports that follow their networks."

In other words, shipping through England's more northerly ports provides a different option that delivers product closer to demand. Liverpool's location in the heart of the UK, for example, offers a distinct advantage — 65 percent of the British and Irish population lives within a 150-mile radius of the city. This helps reduce inland transport costs, especially for goods coming from Asia and the United States.

To accommodate more volume growth in the north of England, Peel Ports is in

Middle East Airlines Soar

Middle Eastern carriers continue to dominate the global air cargo space as they invest in freighter capacity and seize market share from Europe's legacy hubs. Despite some potential turbulence on the horizon, the numbers don't lie.

Middle Eastern carriers grew cargo volumes by 17 percent in September 2014, a particularly strong result considering their average 10.1-percent growth in demand year to date, and 14.5-percent increase in capacity, reports the International Air Transport Association (IATA).

Globally, airfreight demand rose 5.2 percent compared to September 2013, which is 0.8 percent ahead of the 4.4-percent average growth in demand reported for the year to date. Capacity grew by 3.8 percent.

Although the overall growth rate continues trending positively, regional variations are significant, according to IATA. Airlines in Asia-Pacific, North America, Middle East, and Africa all posted strong growth figures, but European airlines saw a decline of 1.6 percent, and Latin American airlines report little difference from 2013, with just 0.3-percent growth.



the process of developing its \$470-million Liverpool2 container terminal, which includes dredging the River Mersey approach channel to 52 feet.

UK Goes Frack To School

Hydraulic fracturing (fracking) has become emblematic of North America's shale gas renaissance. But in Europe at large, and Britain specifically, the controversial drilling practice has been largely frowned upon because of environmental concerns. Still, as cheaper energy fuels a North American manufacturing renaissance, and reshoring becomes a reality, it is hard to imagine that Europe can sit idly by.

Cracks in the progressive environmental think tank began to emerge at the January 2014 World Economic Forum in Davos, Switzerland, when UK Prime Minister David Cameron introduced a plan to make England into a "re-shore nation." There has also been speculation that the European Commission will tame some of its sweeping renewable energy targets. The latest news out of the United Kingdom supports the case that environmental hubris is eroding.

The UK government recently named Blackpool and The Fylde College as its national training center for fracking, awarding qualifications and degrees for engineers and technicians. While the school has provided training in the offshore oil and gas industry since the 1970s,

it will now broaden its scope to include onshore drilling.

University and government officials believe this designation will help drive long-term investment in the region, meet the demand for highly skilled labor, and secure local jobs.

China, Jamaica Put the IT in Team

Where China once subsidized students to study abroad, then return home to fuel a grassroots education revolution, it is now paying it forward. The country recently invited a 20-member delegation of public- and private-sector representatives from Jamaica to participate in a logistics technology and training mission.

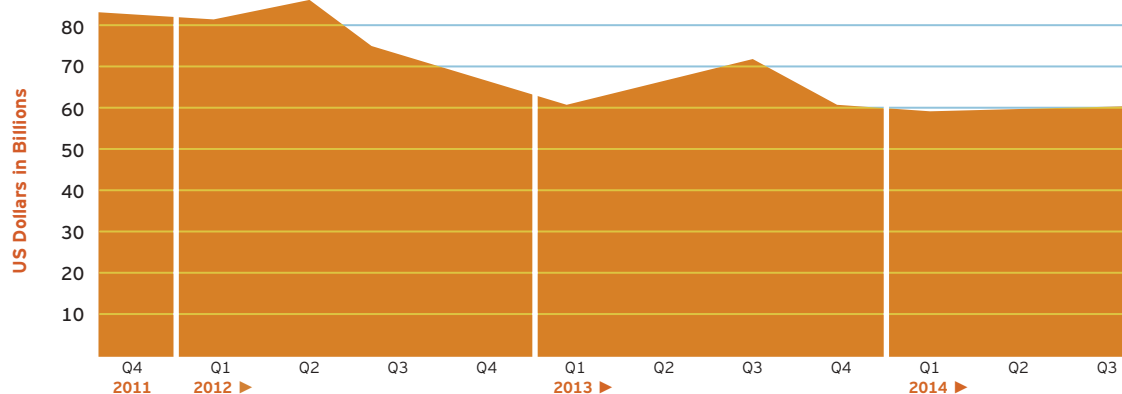
The two countries have a mutual interest in helping one another. Chinese investment in the Caribbean island is ongoing. China Harbor Engineering Company (CHEC), one of the world's largest dredging companies, is in discussions to develop a major transshipment port and ancillary infrastructure on Jamaica's southern coast.

The 20-day program features personnel from the Ministry of Industry, Investment and Commerce, and Jamaica Customs Agency, among others. It includes classroom work with discussion and information on e-commerce; planning and developing logistics and industrial parks; modern port logistics; logistics standards and regulations; logistics education and training; and customs regulation. Chinese officials and industry experts lead the training, which also involves visits to various cities to explore best practices.

And here's one interesting footnote: CHEC similarly hosted a summer internship program for 22 high school and university students in Jamaica. Several budding engineers were strategically placed at CHEC site offices throughout the country, according to Jamaican newspaper *The Gleaner*. **[]**

U.S. Imports of Crude Oil

The total value of crude oil imports in the United States has gradually declined over the past few years. Recently, there has even been a surplus in U.S. oil inventory. These trends are partly due to factors such as the strengthening U.S. dollar and the surge in local oil production. The graph below shows the declining import values for crude oil through September 2014. These values are likely to drop even lower through Q4.



Source: Zepol Corporation, www.zepol.com



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THE LEAN SUPPLY CHAIN

BY PAUL A. MYERSON

Professor of Practice in Supply Chain Management at Lehigh University, Managing Partner, LPA, LLC and author of *Lean Supply Chain & Logistics Management*
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Supply Chain Integration + Collaboration = Time Travel?

By integrating and collaborating with partners and customers downstream as part of a Lean strategy for your supply chain, you actually open a window into your future—and even your past. It's like having the ability to time travel.

But before we travel through time, let's define the subtle differences between integration and collaboration.

Integration of supply chain components started in the 1970s when Electronic Data Interchange created a business-to-business communications standard, followed in the 1990s by Enterprise Resource Planning systems with common databases. Then came the introduction and growth of the Internet.

But true supply chain collaboration is more than just integrating information among business functions and partners. Yes, it is companies working together to improve data sharing, but it is also an interactive process that results in joint decisions and activities—often in multi-company teams from various disciplines in each organization.

Furthermore, supply chain collaboration is not easy to accomplish for many reasons, including a tendency to rely too much on one technology, failure to understand when and with whom to collaborate, and a propensity for distrust among partners.

Now that we're clearer about supply chain integration versus collaboration, let's talk time travel.

Collaborative programs, such as Quick Response, Efficient Consumer Response, Vendor Managed Inventory, and the most recent iterations of Collaborative Planning, Forecasting, and Replenishment, have been around since the late 1980s. They all involve getting a more accurate downstream picture of the supply chain, using information such as point-of-sale data, retail store and distribution center inventory balances and withdrawals, and current and future events such as promotions, discounts, or advertising.

These types of solutions reduce the bullwhip effect—progressively larger inventory swings in response to changes in customer demand—the result of which is supply chain volatility, inefficiency, and waste.

Through a structured integration and collaboration process, it is possible for manufacturers and distributors, in essence, to time travel and see potential

causes of future disruptions before they occur. While an initial investment in resources may be required, opportunities for fewer stockouts on store shelves, up-selling, and cross-selling may be worth it.

The 80/20 Rule

The initial investment often causes companies to shy away from integration and collaboration programs without looking at the big picture. One way to justify the investment is via the Pareto Principle (also known as the 80/20 rule). The rule states that in business, there is a natural tendency for a small number of items to generate a disproportionately large portion of sales and/or profits.

The 80/20 rule also applies to an organization's customer base, focusing on integration and collaboration efforts with larger customers who make up a greater portion of sales. Companies can use the advance information gained through this process to significantly improve forecasts, thus boosting service levels, reducing inventory costs, and removing other types of additional waste in the supply chain. ■

Parts of this column are adapted from *Lean Supply Chain & Logistics Management* (McGraw-Hill; 2012) and *Lean Retail and Wholesale* (McGraw-Hill; 2014) by Paul A. Myerson with permission from McGraw-Hill

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[VIEWPOINT]

BY KARL SWENSON

Assistant Vice President, Retail Consulting, Cognizant
inquiry@cognizant.com | 201-801-0233

Four Reasons Retailers Should Pay Attention to Reverse Logistics

Many retailers have long emphasized agility and cost-efficient movement of freight to stores or customers. However, they often neglect reverse logistics, resulting in missed opportunities for the entire consumer goods supply chain.

The multi-channel model – which enables consumers to buy anytime, anywhere – has significantly impacted the retail industry and given rise to the following reasons why retailers need to focus on reverse logistics.

1. Increasing rate of returns.

Customer returns historically range between eight and nine percent of total retail sales, according to the National Retail Federation and Retail Equation. This proportion is quickly shifting with consumer shopping habits.

In the United States, online sales maintain aggressive growth, and account for nearly nine percent of the \$3.2 trillion retail market in 2013, based on research from Forrester. Online retail boasts a projected compound annual growth rate of about 10 percent through 2018. The chief executive of one online fashion store cites average return rates across markets at approximately 30 percent. This multi-fold upsurge brings returns management to an unprecedented position of importance within retail operations.

2. Demand for flexible returns.

Omni-channel retail ushered in a new set of customer-dictated rules. The retail industry must adhere to a “buy anywhere, return anywhere” policy, and provide the same return options across channels.

This unique challenge to provide flexible return options creates new opportunities for retailers to streamline policies and systems. The physical store and the online store have evolved independently until now, resulting in inconsistencies. Existing procedures and structures are often out of sync, preventing retailers from providing a seamless customer experience.

3. Compliance challenges. The proliferation of returned goods increases emphasis on compliance. Laws dictating proper handling, shipping, and disposing of merchandise govern retailers. Returned goods pose a problem, because item condition dictates their transportation and classification, which federal agencies closely control and monitor.

In addition, increased focus on product and food safety amplifies

the number of recalls. Consumer product recalls have increased by 14 percent year-over-year, according to the Consumer Product Safety Commission. A recall incident can cost manufacturers millions of dollars. Recalls place a heightened emphasis on the need for an effective returns management program.

4. Returns are becoming mainstream. Amazon triggered a change in consumer acceptance of open box items and warehouse deals. The widespread attraction of budget-conscious shoppers created an opportunity for retailers to recapture value from returned items. This increase of returns occurs in many product categories, including apparel, furniture, electronics, and household items.

Reverse Logistics for Competitive Advantage

Reverse logistics is no longer a cost center. A well-planned reverse logistics strategy provides competitive advantage to grow a business across multiple channels. With clearly defined policies and processes, retailers can drive efficiencies to reduce costs, increase returned item value, manage risk associated with certain products, and make reverse logistics a profitable part of the organization. ■



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[IT MATTERS]

BY DAVID RIFFEL

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The Ins and Outs of Crossdocking Solutions

Crossdocking—immediately converting inbound deliveries to outbound shipments—has become popular among shippers and third-party logistics (3PL) providers, because it reduces inventory costs and improves delivery times by eliminating intermediate warehousing activity.

Effective crossdocking requires continuous real-time visibility of shipments from supplier to end customer. Unfortunately, typical enterprise resource planning (ERP) systems don't provide granular details specific to crossdocking transactions.

Tracking individual parcels—even between trucks within the same warehouse—is a must. Low visibility risks duplicate or delayed shipments, excess inventory, and added overhead from processing rogue shipments. Companies need to know the status of crossdocked items to control product flow and effectively troubleshoot problems.

Keep Your Priorities Straight

Operations aiming for best-in-class crossdocking performance need a solution that addresses these priorities:

■ **Visibility.** Real-time shipment status, location, and delivery time information must be available to customers, suppliers, and 3PLs.

■ **Traceability.** Solutions must provide up-to-the-minute historical records of shipping activity, down

to the individual parcel level, to isolate errors and bottlenecks, and simplify troubleshooting.

■ **Compliance.** Rules and standards need to be enforced, ensuring accuracy, timeliness, and approvals.

■ **Agility.** Companies must be able to quickly reroute material in transit to meet changes in demand.

Know What to Look For

The following checklist will help you choose a solution that enables continuous key performance indicators:

■ **Advanced labeling.** Labels must meet customer and 3PL requirements, and should include unique identifiers or parcel tracking numbers to facilitate visibility.

■ **Distinct tracking database.** Information on crossdocked shipments should reside in a distinct database that provides an audit trail, including individual shipment status and a view of shipping activity spanning all suppliers.

■ **Mobile data collection devices.** Crossdocking requires a coordinated team, so mobile data collection

technology is essential. Handheld devices enable personnel to scan shipments slated for crossdocking, and the devices directly update the database.

■ **Supplier sweep support.** Organizations with extensive distribution networks often want to extend the receiving process to suppliers to manage pickup, ensuring just-in-time receipt to the crossdock. Ideal crossdocking solutions support supplier sweep pickup of inbound materials.

■ **Validation and reporting.** The system must enable a central administrator to perform end-of-day validation of materials on-hand and delivered, and support consolidation of information across suppliers and customers, down to the individual shipment.

■ **Returns.** An ideal crossdocking solution creates unique identifiers that provide visibility and traceability for the returns process. Handheld data collection devices must also enforce compliance with returns policies.

Crossdocking follows the same basic rule as other data-driven supply chain practices: You can't improve what you can't control. To optimize performance, companies should complement their existing ERP system with integrated visibility, traceability, compliance, and agility capabilities. Otherwise, they risk multiplying the very inefficiencies that crossdocking is intended to address. ■



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CUSTOMER SERVICE

It's the Thought That Counts

Technology and social media are the brains behind an unprecedented level of transparency and communication that helps shippers and logistics providers understand each other's operations, and collaborate in ways unimaginable in the past.

By Lisa Terry

For all its focus on the movement of things, a supply chain relies in large part on relationships and interactions between people. People buy from people. It's enriching those relationships that lies at the heart of technology-enabled customer service tools.

Consumers have heightened expectations about how quickly they should be able to access information and share ideas. In just a few clicks, they can check a bank balance, view a child's homework assignments, or share opinions in a favorite discussion group. Those expectations are driving many logistics companies to leverage technology and social media in new ways to meet customers' higher demands.

A growing number of logistics service providers are turning to newer customer

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engagement technologies to inform, educate, and interact with customers. At the same time, traditional business applications are adding capabilities that allow customers to interact with service providers right in the tool.

Building Customer Relationships

Supply chain firms average 7.85 on a scale of one to 10 in maturity — with 10 being total adoption and one representing no meaningful acceptance — when it comes to transitioning from a customer service mindset to customer relationship management, according to *Game-Changing Trends in Supply Chain*, an Ernst & Young report. But the range is 5.88 to 9.82, reflecting the broad disparity in progress toward forging more fully realized customer relationships.

The drive to get more information sooner

is playing out through logistics companies' efforts to enhance their customer-facing tools.

Chicago-based 3PL Coyote Logistics, for example, strives for deep integration with customer systems in an effort to create more transparency in the relationship.

"There are a lot of standard ways to integrate with customers, but offering a customized and tailored solution makes a big difference in how our services are integrated into a shipper's overall supply chain," says Darren Cockrel, chief information officer at Coyote Logistics. "It also gives customers visibility into our activities through their own systems."

Such deep integration also means shippers have to look in fewer places to get the information they want. Some shippers prefer to see that data in their own custom portals on the 3PL's website. "Regardless of

the method shippers choose, efforts show that the 3PL knows who they are, what they want, and how important their business is. It deepens the relationship," says Cockrel.

Throwing technology at customer relationships may seem to place a barrier between the people involved, but it actually improves the partnership, Cockrel says. Conversations still occur regularly, but they're not about providing routine data. Because that information is readily available in customer-facing tools, discussions can instead focus on strategy and meeting supply chain needs.

To make access to supply chain information even more convenient, some logistics providers are creating customer-facing mobile apps. Chicago-based 3PL Echo Global Logistics, for example, offers *EchoTrak Mobile*, a smartphone app that enables shippers to securely

Three 3PLs, Three Customer Service Approaches

Third-party logistics (3PL) providers have a lot of stake when it comes to customer service. Here's how CEVA Logistics, Barrett Distribution, and Cerasis make customer service a competitive differentiator.

CEVA Logistics: Social Media Walks the Last Mile

If a driver misses a delivery window at the warehouse, chances are excellent that the shipper will not log on to Facebook to complain. But a botched home delivery could drive a consumer to post negative comments, which spread fast and wide.

That's one challenge CEVA Logistics faces in its home delivery service, a dedicated end-to-end network solution incorporating linehaul and final mile with flexible delivery options and various service levels.

Key performance indicators (KPIs) on 3PL performance are a lot different when dealing with consumers. "In traditional business-to-business (B2B) models, a cumulative index determines the KPI trend," explains Vittorio Aronica, executive vice president of information solutions and services for the Americas,

CEVA Logistics. "But in the business-to-consumer (B2C) delivery model, each single event is a KPI, and a few negative events can dramatically affect the overall projection."

B2B transactions often allow time for CEVA to mitigate individual events before they are reported to customers, and these events are rolled up into an overall KPI. But B2C delivery ratings are immediate and event-specific.

To capture data about home delivery performance, including customer feedback, CEVA developed a new set of processes. Today, home delivery personnel working for CEVA and its partners use a mobile app not only to capture proof of delivery, but also to record images of any issues that arose. Immediately after delivery, the CEVA team surveys consumers on the quality of the transaction. They also establish customer

support centers to access this data, and interact with customers and Web services to make home delivery KPIs immediately available to customers.

The next step could be enabling that information to be immediately shareable via social media; for example, posting a video of the consumer receiving a new TV, which is quickly and easily set up by CEVA personnel. "We now operate in an open world, and people are usually happy to share all events immediately, in real-time," says Aronica. Third-party logistics providers are recognizing the role social media can play in recognizing positive customer service experiences.

Barrett: If I Had a Yammer

For some 3PLs, the first step in enriching the customer experience is enhancing internal communication and idea sharing. Barrett Distribution Centers, a 3PL based in Franklin, Mass., took that

view shipments in-transit, booked, and delivered, as well as load details and quoted shipments.

Customer relationship management (CRM) is another technology seeing increased use for an improved customer experience. A CRM incorporating sales automation, marketing information systems, call center technology, and access to customer data from other internal systems provides a 360-degree view of each customer. This allows customer support staff to better understand how to serve them.

"E-commerce has changed the dynamic of the customer experience a 3PL needs to provide," says Scott Hothem, senior vice president, customer solutions for Barrett Distribution Centers, a 3PL based in Franklin, Mass. "Shippers are looking for a high level of communication, competence, and real-time access to information."

Barrett is leveraging CRM as part of a broader strategy to enhance the customer experience (*see sidebar below*). "We currently operate many different applications that offer valuable information — a warehouse management system, transportation management system, accounting, and sales tracking application," says Hothem. "A CRM aggregates it all into a single view."

These systems tend to be horizontal rather than supply chain-specific, and some logistics companies find them useful for pulling together resources for customer-facing employees.

"Historically, customer service wasn't an area that many 3PLs focused on," says Adrian Gonzalez, supply chain consultant and president of Adelante SCM, an online resource for supply chain information. "But now, as 3PLs are paying more attention to customer service, and more software companies are

coming to market, it's only natural that they find a way to market solutions to 3PLs," which have different customer support needs than other types of companies.

Going Social

Logistics companies are increasingly logging on to social media to interact with customers. This social media communication takes two forms: Using public sites such as Facebook, Twitter, and LinkedIn to expose prospective customers to the company and its capabilities, and leveraging tools that use social networking's basic underlying technology to talk to closed groups of current customers, logistics partners, and other supply chain parties.

Most logistics companies have some kind of presence on the major social networking sites, and some make a concerted effort to also engage in specialized

first step by implementing Yammer—a private social networking tool that helps employees collaborate.

"Yammer has been effective in improving communication within our company," says Scott Hothem, senior vice president, customer solutions for Barrett. "As our company has grown, we tended to develop silos, making it tough to get consistent messaging among our 12 facilities."

Barrett initially used Yammer as a top-down conduit to push messages out to employees. Today, Yammer use has evolved so that people at all levels are sharing content. "The operations team uses it to collaborate, and share best practices," Hothem says. "We're starting to flesh out employee profiles, so if someone has a problem with, for example, cycle counting, they can reach out to five or six people on social media for help."

Barrett is in the midst of revamping its approach to the customer experience. It is investing in new processes and a customer relationship management solution, and recently hired a direct strategic accounts manager. As part of that new

approach, Hothem and his colleagues are considering how to make portals within Yammer available to specific customers.

"But we're not sure that's the right platform. No one needs another email box to monitor," he says, and privacy could be an issue. "But the potential is worth exploring."

Cerasis: Providing Value Through Education

For Cerasis, a 3PL headquartered in Eagan, Minn., an important part of providing great customer service is reducing errors and customer costs. Education is the centerpiece of its customer service strategy—particularly its approach to social media.

"We spend a great deal of time and energy on educating customers in best practices and tips to improve processes and strategies to drive more value," says Adam Robinson, marketing manager for Cerasis.

Over the past two years, Cerasis has created a community of shippers, customers, prospects, and logistics partners as an audience for its webinars,

whitepapers, links, and guest bloggers. It shapes future content based on analytics and feedback. Cerasis is a heavy LinkedIn user and participates in supply chain, manufacturing, and transportation groups.

"Our goal is to be a supply chain thought leader," Robinson says. In 2015, the company plans to add a forum or discussion board, and to serve as a curator of user-generated content. "These interactive environments speed communications, and help foster highly collaborative relationships," he adds.

The 3PL is also giving a touch-up to its existing tools. In 2015, Cerasis will redesign the user interface for its longstanding *Rater TMS* tool, available via the Web and a smartphone app, to make information about bills of lading, shipments, and reporting more accessible and easier to understand.

Cerasis supplements the TMS with a customer relationship management tool, *Cerasis Central*, to enable customer service reps to access relevant documents and data, and a growing volume of data from links to carriers. An API enables integration into customer applications.

discussion groups on sites such as LinkedIn and Reddit. Business logistics professionals visit these sites looking for advice and thought leadership.

“We are active on industry forums to provide value, as well as to educate,” says Adam Robinson, marketing manager at Cerasis, a 3PL based in Eagan, Minn. “We don’t post promotional content; we provide information to help enrich shippers’ lives.”

More than 90 percent of logistics companies responding to an October 2014 Fronetics Strategic Advisors survey call social media an “important” or “very important” tool for engaging with shippers, and 100 percent see it as helping with customer retention. The most heavily used sites with the greatest impact are Twitter (95 percent) and LinkedIn (86 percent). Facebook is heavily used, but has little impact, the survey finds.

Blogs have become the most common way for companies to share thought leadership about topics they care about. Blogs put a human face and point of view to a company that can be otherwise hard to glean without human contact. C.H. Robinson, a 3PL based in Eden Prairie, Minn., makes great use of industry blogs. It produces two websites — *Transportfolio* and *Connect* — featuring blogs authored by logistics and supply chain experts from across the company, as well as third-party guests. The blogs generate curated comments, which help encourage discussion.

Linking in to Customer Support

Logistics companies have struggled with the idea of incorporating social media tools into day-to-day supply chain functions — such as customer support.

In Adrian Gonzalez’s 2013 survey, 30 percent of supply chain professionals reported their companies block access to social media sites.

Supply chain is not alone in its tendency to view social media as a promotional tool, rather than a customer service tool. Marketing controls social strategy in 41 percent of enterprises, compared to IT (eight percent), and customer service (seven percent), according to Gartner’s 2014 *Social for CRM Vendor Guide*.

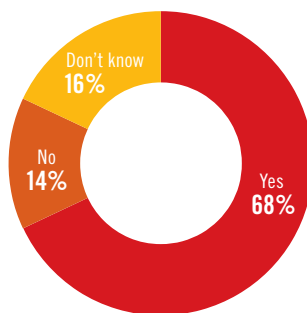
However, in Gonzalez’s study, 45 percent of supply chain executives agree that “social networks will make supply chain

processes more efficient, responsive, and cost effective” over the next five years. Another 30 percent say social networks will transform supply chain processes for the better, in ways we can’t imagine today.

Uncertainty about just how to accomplish these results has impeded progress. “Social media for supply chain customer service is not at the same level as it is with sales and marketing,” Gonzalez says.

Despite the uncertainty, that is changing. Newer supply chain software

Is your company realizing benefits from social media?



Increased engagement with customers, market intelligence, and business intelligence are the primary benefits of social media, according to a Fronetics Strategic Advisors study.

companies are incorporating social architecture into their solutions. Some examples are Cloud Logistics, a social network for trading partners that connects the companies and people involved in a logistics operation, and Macrolynk, a supply chain management solution.

Even established enterprise resource planning and best-of-breed solutions built around transactions are beginning to incorporate social media features. Just as a telecom company’s consumer website may include a pop-up chat box to discuss a feature or answer a question, the B2B software chat function allows a shipper to follow up on a KPI or discuss an exception with an account manager.

Some companies have turned to “enterprise social networking” vendors such as Yammer, Jive, and Moxie Software for internal social communications that could potentially be extended to include customers, in addition to being used to support those customers behind the scenes.

These platforms are filling a necessary gap. When companies create a public

face and invite feedback, some responses come in the form of complaints that at one time may have gone right to a customer service center. Now they can be posted in public, which is particularly an issue for 3PLs doing last-mile home deliveries. Consumers are more likely to take to social media with an issue, and poor performance reflects back on the 3PL’s customer.

Gonzalez urges skeptical supply chain executives to consider the term “social networking” rather than social media, which many associate with frivolous time-wasting, rather than the real work of logistics. Social networking, he argues is just another communication and collaboration tool, same as document sharing, video conferencing, and posting corporate YouTube videos.

“While social networking is meant to replace some other forms of communication for specific scenarios, email, phone calls, and face-to-face meetings will always have a place in customer service,” Gonzalez says. A long email string with multiple attachments is far less effective than one central place where all relevant parties can share and discuss single versions of those documents.

The slow adoption rate of social networking technologies in supply chain organizations is due to more than just a lack of understanding. Top obstacles in Gonzalez’s survey include lack of policies and governance, and resistance to change. No one wants to add yet another tab to open, or inbox to check, to a busy supply chain executive’s day. Logistics service providers and shippers need to be convinced that interacting in new ways will add value on both sides.

Technology is enabling an unprecedented level of transparency and communication to help business logistics professionals and their service providers understand each other’s operations, and collaborate in ways that were more difficult in the past. In fact, technical obstacles are no longer an issue in improving customer relationships, says Vittorio Aronica, executive vice president of information solutions and services for the Americas at CEVA Logistics.

“Technology can now do almost everything,” he says. “The question is, how far can we push technology and use it as a competitive differentiator in relationships with customers?” ■

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Moving large heat transfer, centrifugal separation, and fluid handling systems from manufacturing origin to final destination requires Alfa Laval to rely on logistics partners that can create complete solutions and ensure timely delivery of complex cargo to customers all over the globe.

Rafael Lugo, a repair sales account manager for Alfa Laval, was recently involved in a project that required transporting a large, complex shipment from China to Venezuela. The shipment consisted of approximately 200 tons, and needed to be shipped and delivered at one time.

"The cargo was not a standard size, and it required specialized handling," said Lugo. "We had no idea how to move it to Venezuela, or how to deal with that country's strict import regulations."

Lugo began looking for a partner to assist him, asking three different freight forwarders for help.

"I reached out to some freight forwarding companies, but I did not feel I received the attention this project deserved," said Lugo.

Lugo then turned to Geodis Wilson. Geodis Wilson presented Alfa Laval with a complete solution, from factory to final destination, explaining how they would handle the shipment, the process, shipping requirements, customs, brokerage, and more.

"Geodis Wilson was more interested in our project and understanding our needs than the

others had been," Lugo said. "They were very proactive during the planning and execution of the shipment. They were also involved directly with our customer during meetings to help walk them through the process."

Venezuela was under political unrest when the cargo arrived, which caused further delay. Geodis Wilson again came to the rescue.

"When the cargo was stuck in Venezuela customs, our representative from Geodis Wilson worked directly with customs in order to release the cargo early," said Lugo.



Overall, Lugo said, Geodis Wilson provided personalized services and guidance where others did not.

"We have no knowledge of logistics and handling of a project of this magnitude," he said. "Geodis Wilson provided enough information to make us feel comfortable, dedicated endless hours, and most importantly, open communication to ensure a smooth operation. The delivery was handled with the utmost professionalism and in a timely manner."



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Too much or too little product is a problem under any conditions, but when it comes to refrigerated cargo in the complex port of Luanda, Angola, such problems can have costly consequences.

With limited cold storage capabilities in Luanda, it was critical that only a manageable number of refrigerated containers would be delivered each week. Too much cargo would result in additional storage charges and customs clearance delays, while too little cargo would result in missed product delivery to the market. Consistent, reliable delivery was paramount.

Through monitoring of reefers to Luanda, an increase in the number of containers being advanced on earlier than scheduled vessels at the transshipment port was noted, which resulted in too many reefers discharging in Luanda at one time. Seeing this, Maersk Line's customer service team went into action.

It started with visibility of all refrigerated containers hitting the transshipment port from

around the world that were destined for Luanda. Maersk Line customer service monitored, directed, and communicated the proper adjustments associated with operational changes. A customer specific space commitment was developed that would ensure the right number of containers loaded to the right vessel each and every sailing

from the transshipment port. This change helped ensure improvements as container movement became more fluid, exceptions reduced, and utilization levels stabilized.

The visibility gained from in-transit data, combined with cross functional communication and teamwork, not only improved reliability for our customer's cargo to Luanda, but across their entire global

operations. This partnership and commitment to excellence resulted in Maersk Line's customer service team being seen as a strategic partner to our customer's supply chain.

The shipper remarked, "Your friendly, responsive customer service team in Houston is great. They know our business and are a real differentiator. No other carriers' even comes close."

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FOOD SAFETY MODERNIZATION ACT

SAFE TRAVELS

The Food Safety Modernization Act will have a huge impact on food supply chains. Here's your passport to preparation.

BY JUSTINE BROWN

President Obama signed the Food Safety Modernization Act (FSMA) into law in January 2011. The most sweeping food safety law reform in 70 years, the Act seeks to keep food safer by shifting the focus from responding to contamination to preventing it.

Forty-eight million people get sick annually from eating tainted food, according to the U.S. Public Interest Research Group. After reports of a food-borne illness surface, the faster the source can be found and a recall issued, the better the chances of preventing further outbreak.

Unfortunately, the U.S. Food and Drug Administration (FDA) often has a tough time quickly pinpointing the source of food-borne illness outbreaks. A lengthy food supply chain — where a product might change hands five times from farm to fork — complicates the process. So do the record-keeping challenges faced by growers, distributors, wholesalers, and retailers.

Under FSMA, ensuring food safety and integrity is no longer just an issue of what happens inside the manufacturer's walls. Instead, all players in the country's food supply chain must be able to quickly trace where they received a food product and

where they sent it. That's why FSMA has such wide-reaching implications for food companies and their logistics providers.

"FSMA is stepping up the need for traceability from farm to fork," says John Bickers, director of product management at Testo Inc., a Sparta, N.J.-based manufacturer of data loggers. "Once a food product has been shipped, the manufacturer or supplier is not free of liability. Especially considering brand protection, it's important that food companies keep track of what happens after product leaves their facilities."



Retraining general inspectors on the intricacies of food assessment is one part of the FDA's plan to ensure compliance with the Food Safety Modernization Act.

While the timeline for FSMA implementation is still uncertain — speculation is that the Act may be enacted in 2015, and companies will have two years to comply fully with the process — smart shippers are already preparing and making changes to their supply chain operations to ensure they will be in compliance from day one.

An increasing number of companies are partnering with third-party logistics (3PL) providers for compliance guidance. Columbian Logistics Network, a Grand Rapids, Mich.-based 3PL specializing in food logistics, sees a number of food shippers beginning to investigate or implement changes in response to FSMA.

"We have to stay on top of the mandates and changes because we act as an extension of our customers," says Jim Gadziemski, general manager at Columbian Logistics. "That means working with shippers to determine the right temperature control solution for each product, as well as ensuring inventory control accuracy.

"Inventory control is critical because if chocolate gets mixed up with vanilla in the system, the food supply can become tainted," he adds. "It's important that we control the way we ship ingredients. Inventory accuracy has to be spot-on."

To that end, Columbian employs a dedicated food safety team to help ensure all food items are handled properly while in its care.

"Every employee is responsible for making sure we have a sanitation program and pest control in the facility, and that we follow all food safety policies," Gadziemski says.

TECHNOLOGY ON THE MENU

In addition to 3PL guidance, many companies are turning to technology to help ensure compliance. One example is Frieda's Inc., a Los Alamitos, Calif.-based distributor of more than 600 varieties of fruits, vegetables, and gourmet items to supermarkets, foodservice, and wholesalers across North America. To get ahead of the FSMA, Frieda's implemented ReposiTrak, a collaborative solution between Park City Group and Leavitt Partners.

The *ReposiTrak* platform, powered by Park City Group's technology, consists of a compliance management system that

“While consumers wind up footing the bill for product safety, it’s also an assurance that the food they purchase has been handled properly.”

receives, stores, and shares documentation and uses dashboards and alerts to flag missing or expired documents. It also features a track and trace system that can quickly identify a product’s supply chain path in the event of a recall.

AN APPETITE FOR DATA

To meet FSMA’s recordkeeping and lot-tracking requirements, all food processors must be able to track and trace products across the entire lifecycle — from source to finished product. The challenge is determining how to manage that data. Rather than using manual, reactive processes, food manufacturers that employ technology can automate traceability, allowing them to rapidly and proactively identify and track every ingredient in their products from processing and packaging through shipping to customers’ locations.

“FSMA does not require food companies to employ technology, but it will push them in that direction just because of the drive for data,” says Bickers. “When companies compare the cost and complexity involved in manual versus automated data collection, they realize it’s more cost-effective to utilize technology.”

Food logistics professionals are particularly interested in the FSMA’s proposed Sanitary Transportation of Human and Animal Food rule, which is most focused on temperature control during distribution. The proposed rule includes provisions for monitoring temperature during transportation, communicating temperature to all supply chain parties, and keeping records of that information. In response, several technology companies have developed climate-control devices to help food shippers manage data and comply with the FSMA.

For example, Testo recently launched the Testo 184 Series Data Loggers specifically for use in the cold chain. The data loggers help shippers maintain the critical control point and traceability

of temperature and humidity to ensure FSMA compliance.

“The data loggers help ensure that products don’t exceed temperatures that would make them unsafe, which is what food shippers are most concerned about,” says Bickers. “The data loggers also work like any mass storage device — just plug them in, no software is required.”

Another technology company supporting food shippers is Beverly, Mass.-based Sensitech, which provides devices for

simple compliance for companies that distribute perishables.”

Dallas-based ShockWatch helps shippers comply with FSMA rules by offering remote monitoring via its temperature indicators. “We can monitor the temperature in a trailer at multiple points, and report back every five minutes to our web-based solution,” explains Larry Zaiter, national sales manager for cold chain solutions at ShockWatch. “If any kind of issue arises, we notify the shipper immediately via



A key element of the FSMA’s preventive approach mandates the FDA to establish science-based, minimum standards for the safe growing, harvesting, packing, and holding of produce on farms to minimize contamination.

monitoring temperature, as well as the software, processes, and services that can help ensure FSMA compliance.

“The TempTale line of electronic temperature monitors collects the data needed to comply with the proposed rule, while our web-based *ColdStream* software facilitates data communication and storage,” says Jeff Leshuk, vice president of food strategy and business development for Sensitech. “These technologies can help drive quality and efficiencies beyond

e-mail, text, or phone call from the customer service center.”

ShockWatch also produces a robust data logger, the Trek View, that works alongside a web-based data management system.

“We offer multiple programs that help food companies and their suppliers and vendors establish the temperature ranges they need,” says Zaiter. “We then program the data loggers, and send them to the shippers. All they have to do is activate them, and insert them into the loads. Upon

receipt, the shipper can upload the information from the loggers to the cloud, so anyone who has access to the system can get that information.”

EATING THE COST

While they are turning to 3PLs and new technology to prepare for the Food Safety Modernization Act, food shippers are increasingly concerned with the cost of compliance.

“Margins are tight in the food industry, so it will be interesting to see how com-

costs of food products recalled between January 2011 and September 2012 alone topped \$227 million — but also for consumer peace of mind.

“While consumers ultimately wind up footing the bill for food product safety, it’s also an assurance that everything they purchase to eat has been maintained and handled properly,” says Zaiter.

“FSMA is increasing focus on the cold chain segment from the distribution center to the store or restaurant,” says Leshuk. “That segment was often deemed inconse-

teams; that can’t be billed back to the customer,” says Gadziemski. “But we made the decision that it’s more important to have that team in place.”

PREPARE NOW OR WAIT?

Food companies are facing a dilemma. They can start preparing now to make changes that will help ensure they are in compliance with FSMA from day one, or they can wait, betting on the chance that additional rule changes or delays are on the menu.

“While some food shippers are purchasing temperature-control devices in advance of FSMA, others are waiting for somebody to pull the trigger,” Zaiter says. “They are asking questions: What will the government do? Are they just talking or are they really going to do this?”

But no matter what happens next with FSMA, improving traceability is a smart move from both a technical and a business standpoint.

“Fundamentally, the FSMA seeks to enforce the industry’s existing best practices,” says Leshuk. “Monitoring product temperature, and using sound cold chain management practices, mitigates food safety risks, reduces product rejections, minimizes shrink, and maximizes quality and end-user satisfaction.”

Shippers and 3PLs who are still on the fence can, at minimum, start looking at their standard operating procedures and how they might need to change them.

“The hardware is not the issue, it’s the company culture and standard operating procedures that support the hardware,” says Bickers. “That is the tougher issue to address.”

Regardless of the government’s next move with FSMA, food manufacturers that do not have proper traceability and quality visibility into their systems and suppliers are at risk. Fortunately, systems are available that allow food and food materials to be tracked and traced from supplier all the way through to finished product. Such technologies improve recordkeeping, which allows the FDA and food manufacturers to better visualize supply chains during a food-borne illness outbreak, and more quickly determine the source of the problem before a product reaches the store shelf. ■

5 KEY INGREDIENTS OF THE FOOD SAFETY MODERNIZATION ACT

The elements of the FSMA can be divided into five key areas:

- 1. PREVENTIVE CONTROLS.** For the first time, the FDA has a legislative mandate to require comprehensive, prevention-based controls across the food supply.
- 2. INSPECTION AND COMPLIANCE.** The legislation recognizes that inspection is an important means of holding industry accountable for its responsibility to produce safe food; thus, the law specifies how often the FDA should inspect food producers. The FDA is committed to applying its inspection resources in a risk-based manner, and adopting innovative inspection approaches.
- 3. IMPORTED FOOD SAFETY.** The FDA has new tools to ensure that imported foods meet U.S. standards and are safe for consumers. For example, for the first time, importers must verify that their foreign suppliers have adequate preventive controls in place to ensure safety, and the FDA will be able to accredit qualified third-party auditors to certify that foreign food facilities comply with U.S. food safety standards.
- 4. RESPONSE.** For the first time, the FDA will have mandatory recall authority for all food products. The FDA expects that it will invoke this authority infrequently because the food industry largely honors requests for voluntary recalls.
- 5. ENHANCED PARTNERSHIPS.** The legislation recognizes the importance of strengthening existing collaboration among all food safety agencies — U.S. federal, state, local, territorial, tribal, and foreign — to achieve public health goals. For example, it directs the FDA to improve the training of state, local, territorial, and tribal food safety officials.

SOURCE: U.S. Food and Drug Administration

panies adapt to the new rules,” says Zaiter. “Small suppliers might struggle with the mandate once it is enacted. Most larger companies already monitor the temperature of products in their supply chain, so they may not see a big change. But somebody is going to pay for it somewhere.”

The cost of compliance may be worth it, not only financially — the economic

qu Coastal in the past, due to the relatively short transit time. But that segment is now being recognized as an important — and sometimes highly vulnerable — link in the cold chain. That is a positive development.”

3PLs will also likely feel the cost pinch as they work to help their customers make changes around FSMA. “We absorb the internal cost of employing food safety

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CHASING THE HORIZON

Countdown to the
Panama Canal Expansion

As the Panama Canal celebrates its centennial, it has the “divided” attention of countless U.S. and global interests hoping to share in its fortunes.



by Joseph O'Reilly

IN THE EIGHT YEARS SINCE PANAMANIANs passed a referendum to modernize the Panama Canal, there has been endless speculation about how an early 20th-century engineering marvel might shake up the future of global trade. The addition of a third set of locks, and further deepening along the waterway, will increase vessel capacity from 4,500 to 14,000 TEUs while allowing another 2,000 transits annually—in effect turning the spigot on trade flows moving between the Pacific and Atlantic oceans.

The end game for U.S. shippers and consignees is nebulous at best. But a number of current trends and trade dynamics add new color to the Panama question. Recurring labor strife on the West Coast, congestion concerns, equipment shortages, a sluggish ocean shipping industry, and nearshoring pose different quandaries.

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“The Panama Canal situation has existed for some time,” says Curtis Foltz, executive director of the Georgia Ports Authority. “Many shippers have diverted incremental freight to the East Coast as risk mitigation against the congestion issues and labor contract discussions at West Coast ports. Clearly, shippers are concerned about capacity in the short and long term.”

The enduring impact of a widened Panama Canal has shippers gazing into their magic eight balls for answers. One year from its grand re-opening, the Panama Canal question is likely to elicit a hedged response: “Reply hazy, ask again later.”

East Coast Renaissance

Today, the Panama Canal is buzzing with activity. Apart from the normal flow of ships in transit, construction activity is rampant at either end of the 50-mile ribbon of water. Cranes span the horizon at the new Gatun Locks. Waiting in the lake, a few containerships bide their time before making their scheduled crossings.

What’s happening at the Gatun and Miraflores Locks in Panama is a microcosm of the upswell in port infrastructure investment throughout the Americas, but especially on the U.S. East Coast. The Port Authority of New York and New Jersey is in the middle of a \$1-billion project to raise the Bayonne Bridge so it can accommodate the larger, new Panamax vessels. In Savannah, the Georgia Ports Authority and the Army Corps of Engineers have commenced dredging the port channel to 47 feet. PortMiami has completed a \$1-billion tunnel beneath Biscayne Bay that connects the port to the Interstate, thereby circumventing downtown congestion. Dredging is ongoing—everywhere.

The Port of Baltimore is already deep enough to handle new Panamax vessels. So it is focused on improving terminal velocity—increasing gate truck lanes, creating a “back gate” to handle empty containers, expanding its fleet of RTG cranes, and investing \$10 million to improve the terminal’s main access road.

“We expect to see additional steamship lines, especially with our carriers’ new alliance members,” says Richard Powers, director of marketing for the Maryland Ports Administration. “They will bring new ports of origin and trade partners.”

The sheer scope of investment and development from south to north is testament enough of the Panama Canal’s effect. East and Gulf Coast ports, and their private sector partners, are expected to invest nearly \$30 billion between 2012 and 2016, according to the American Association of Port Authorities. West Coast ports will contribute another \$15 billion.

“If the canal was not being expanded would there be a less-compelling argument to spend money on deepening harbors? Yes. The canal justifies the investment,” says Bill Rooney, vice president of trans-pacific seafreight at global third-party logistics provider Kuehne & Nagel.

Larger ships transiting the canal carry

recession and capacity surplus has created unwieldy trade imbalances and underutilized assets, forcing industry to make some bold turns. Many carriers have idled vessels to artificially constrain supply, divested chassis ownership, found alliance partners to share capacity, reconsidered port calls, and identified new growth markets.

Changing global economics have an impact as well. China is no longer the low-cost manufacturing magnet it once was. Production is migrating into Southeast Asia. Reshoring is bringing manufacturing capacity back to the Americas. Even Africa is beginning to show signs of progress.

While the Suez trade has dominated freight flows the past few years, the Panama



Construction continues at the Miraflores locks, one of the three locks that form part of the Panama Canal.

greater economies of scale. East Coast ports need to be able to accommodate 8,000 to 10,000 TEUs ships, then expedite transloading on and off port.

“It changes the economics of getting a box from Asia to the East Coast in a certain time,” adds Rooney. “Coming through the Suez extends transits east of Singapore and Hong Kong. If shippers have the ability to move bigger ships, Panama to East Coast transit times are more attractive because they can deliver at a lower cost.”

How trade flows adapt to a surge in volume through the Panama Canal has implications far beyond the Americas. The ocean freight industry has been awash in uncertainty the past several years. A global

Canal’s expansion will free up capacity and push trade patterns—to the point that even ports in the United Kingdom expect to feel the pulse of new demands.

“It lifts the lid on some opportunities, especially for Liverpool’s future,” notes David Appleton, principal container shipping advisor to Peel Ports.

“The same goes for the north-south trade. MSC, for example, is running 12,000-TEU ships in South Africa and coming up into northern Europe and the Americas. Bigger ships—9,000-TEU, shallow draft vessels—are going into South American ports. They will be able to go through Panama in the future; they can’t today,” he adds.

The Port of Liverpool, which is owned by



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Peel Ports, is in the midst of a major redevelopment project—Liverpool2, which will deepen the Mersey channel, and add a new container terminal with berthing capacity for two new Panamax vessels. Come 2015, the port will be able to accommodate 13,500-TEU ships—triple the size of what currently transits the Panama Canal.

Larger 8,000- to 10,000-TEU ships coming out of the Asia-Europe trade are slowly displacing Panamax vessels. Atlantic-served ports can't handle them now. But that will change.

“Carriers have to look at deployments in the Transpacific and Asia-Europe-Atlantic as separate entities. Once Panama widens, they can more easily homogenize vessel sizes and rationalize deployments,” explains Appleton.

“Carriers can implement end-to-end pendulum services that were constrained by 4,500-TEU Panamax ships and became

because of the Panama Canal's Asia limitations,” explains Foltz. “It has been Georgia's fastest-growing trade route the past few years. But that will turn once the canal expands.”

Strapped to reduce operational costs, steamship lines have been shuffling Asia-U.S. East Coast all-water services from the Panama Canal to the Suez Canal over the past few years. In 2013, Maersk notably made the switch, asserting that it was all about economics. If an ocean carrier can double the number of containers on a vessel through the Suez—from 4,500 to 9,000 TEUs—that means it needs fewer ships in the service. Fewer tolls. Less fuel. It makes business sense.

Sailing times are slightly longer (by days, depending on origin) and tolls marginally more expensive via the Suez. When the Panama Canal can accommodate larger vessels, the economics will balance out.

identifies two scenarios that are likely to unfold.

“First, freight coming out of Hong Kong and mainland China has artificially migrated to the Suez because of economies of scale with larger ships that are coming to the East Coast,” Foltz says. “Once the Panama Canal expands, that volume will revert back to the Panama-serviced route.

“Secondly, the canal will gain market share via intermodal freight that's currently moving from the U.S. West Coast to the East Coast,” he adds.

Powers agrees that more cost-effective East Coast service will alter the current paradigm.

“With more cargo coming directly to the east, shipping patterns will change, specifically cargo shifting from West Coast discharge,” says a spokesperson for the Maryland Ports Administration.

A claw back situation is plausible, given that Suez transits to the East Coast are marginally longer. But that also presumes rates will remain competitive. As a result of cost overruns that delayed construction earlier in 2014, the Panama Canal Authority will increase tolls to offset a final bill that could top \$7 billion.

The bigger unknown is how much volume East Coast ports can realistically expect to siphon from the West Coast intermodal land bridge. That will depend on how carriers and railroads respond in terms of setting rates.

Sustainable Shift?

“The Panama Canal has a new mousetrap,” says Rooney. “Bigger ships allow for better cargo economics, which drives more volume in that direction. But it opens new questions into how other actors respond to that. Because they will.”

West Coast ports haven't been sitting idly by—even if labor negotiations have stalled. The Port of Los Angeles announced plans early in 2014 to invest \$3 billion in infrastructure enhancements over the next decade. Officials say it's part of a long-term growth initiative, but it's hard to imagine the Panama Canal hasn't hastened the cause.

“In the short term, disruptions in Los Angeles and Long Beach put shippers in the position to ship where they can via East or West Coast ports,” says Rooney. “But what about the long-term effect? Will the



In 2013, Maersk stopped moving freight through the Panama Canal in favor of the more economical Suez Canal. It has since returned to the Panama route.

too expensive to operate,” he adds. “Round-the-world services become viable again. That was Evergreen's business model for 20 years. Then ships became too big. Now, shipping lines can make these services possible.”

Closer to home, similar permutations are percolating as ports ready for a cascade of new Panamax containerships coming through the canal. Consider Georgia Ports Authority's current trade portfolio: 65 percent of its inbound container volume comes all-water from Asia. Upwards of 35 percent is through the Suez versus 30 percent from Panama.

“The Suez has become dominant

APL, for example, is closely monitoring the cost position of the Panama route. It will base any decision regarding future deployments via the expanded canal on costs necessary to meet demand, as well as potential collaboration opportunities with partners.

“As containerships get larger, port calls in a service rotation tend to be more selective,” notes an APL spokesperson. “Terminals must be able to handle high cargo density and move count, offer transshipment capabilities, and be geared to in gate/out gate containers to intermodal connections via rail or truck efficiently.”

From a shipper perspective, Foltz



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share of cargo shipped to the East Coast increase relative to the West Coast?"

It's not as if U.S. shippers and consignees haven't faced similar questions before. The 2002 West Coast ports lockout catalyzed short-term interest in all-water sailings from Asia to the U.S. East Coast. Continuing congestion through the 2000s similarly fed that value proposition. But the shift has never been sustaining.

Rooney suspects East Coast ports will capture some of that market share. "The combination of better economics through the Panama Canal and West Coast problems may have a lasting impression," he says.

Gulf Coast Heats Up

Consensus is also building that Gulf Coast ports could play a bigger role. Houston and New Orleans are the top two U.S. ports in terms of tonnage, largely due to oil, gas, and chemical business. They have ample opportunity and incentive to diversify commodity mix and grow container volumes. Releasing product directly into the U.S. heartland, which offers excellent rail connectivity, might sway shippers who are also contending with truck capacity problems.

"The Gulf has always been problematic for carriers because they couldn't serve both East and Gulf coasts. Or the Gulf didn't have enough cargo to justify a dedicated string of ships. Now distribution centers are opening up in Houston," says Rooney.

"Then there's Mobile, Ala., which may have a future serving parts of the country that run from the Gulf Coast through the car manufacturing belt in the Southeast," he adds. "Mobile can become a reasonable option for that part of the country."

The railroads are another wild card. The Panama Canal now becomes competition.

"For West Coast shippers who have a long-term contract with Union Pacific, and own a terminal, all-water through the Panama Canal is not a good idea. My guess is the railroads aren't in favor of it either," says Appleton.

How railroads react on the rate front could impact decisions. Will they remain focused on the lucrative business coming out of the ground in the upper Midwest in lieu of intermodal? Despite the current labor environment, chassis shortages, and

SOUTH FLORIDA'S GOLD RUSH

For all the speculation surrounding the Panama Canal's impact on Asia-to-U.S. trade flows, there has been a virtual Gold Rush in infrastructure development along the Southeast Atlantic coast. Florida interests, in particular, have staked a claim to bring more Asia all-water volume into the country via the South Florida ports strategy.

As the West Coast labor situation continues to unsettle shippers South Florida is minding its own business. The state at large has made a concerted effort to invest in and develop infrastructure that will capitalize on the swell in volume expected through the Panama Canal after its expansion is completed in early 2016.

Jacksonville-based Florida East Coast Railway (FECR) has been the catalyst for much of the action along the I-95 corridor. Running 351 miles of track between Miami and Jacksonville, the railroad is a lynchpin in not only moving intermodal freight in and out of South Florida, but also coalescing support for infrastructure development.

Over the past several years, Port Everglades, PortMiami, and FECR have been working in concert to attract funding for various projects in South Florida. Their efforts have become a model for public-private collaboration.

Port Everglades, for example, opened a new, 43-acre ship-to-rail yard in July 2014. The Intermodal Container Transfer Facility will mitigate some long-standing congestion issues in the area while increasing intermodal lifts from 100,000 to 500,000 per year, greatly improving throughput on and off port. More notable is the funding mechanism that made the project a reality. The state kicked in \$18 million; \$20 million came from Broward County; and FECR contributed \$35 million – \$30 million of which came from a state infrastructure loan.

Miami has seen similar collaboration. The port received \$23 million in federal TIGER grant funds to upgrade on-dock rail infrastructure. FECR contributed \$9 million, Miami-Dade County \$5 million, and the state Department of Transportation allocated \$9 million from its coffers. PortMiami is also dredging its channel to 50 feet at a cost of \$77 million – money that Governor Scott appropriated from the state transportation fund when he was first elected.

Then there is the \$1 billion plus that was apportioned by Miami-Dade County, the city of Miami, and the state to construct the recently completed PortMiami tunnel. The new underpass discharges truck traffic on and off port directly from Interstate 95, thereby circumventing downtown Miami traffic.

So when FECR President and CEO Jim Hertwig talks about the South Florida ports strategy, there's a tangible connection between the different public and private stakeholders. Speaking at the November 2014 RailTrends conference in New York City, Hertwig recounted a recent trade mission to Asia, where he met with many major steamship lines. "There was a lot of interest in the South Florida solution – keeping in mind that we will have deep water by 2016," he shared.

Beyond Florida's proximity to the Panama Canal, it's a consumption market brimming with potential. About 13 million people live in Central and South Florida alone. Now that FECR has on-dock capabilities at both PortMiami and Port Everglades, it can run north to its Cocoa ramp and deliver into Orlando, which is 30 miles away. That's a 200-mile intermodal haul. This advantage allows the railroad to compete with over-the-road trucking that previously came out of the South Florida ports, Jacksonville, and even Savannah.

For every four 53-foot intermodal containers that move south into Florida today, only one returns captive – such is the supply and demand dynamic in a heavily service- and consumption-oriented state economy. But it means there is ample incentive and scale to level that imbalance by pulling new volume through the Panama Canal and South Florida ports.

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recurring congestion, the West Coast has the advantage of rail infrastructure and network density. Odds are, railroads will respond to the extent they need to. That's how markets work.

The Final Countdown

Whether East Coast ports will experience a sea-change shift in the size of vessels coming through the canal is an open question, but an intriguing one. Carriers that put 10,000-TEU vessels into service will be looking for ports that can accommodate the necessary draft, as well as the freight volume that needs to be transloaded. The alternative is more transshipment activity farther afield, and feeder services delivering to port.

Foltz strongly believes redistribution will happen when product hits the port, as it does today, not at a transshipment hub. Too much critical mass and volume come up the eastern seaboard for anything to replace direct port calls.

"The freight will come to us," Foltz says. "I don't see the trade being dominated by ships that come in and transship cargo in Panama or other transshipment hubs in the

Caribbean, then feeder that cargo to the main centers on the eastern seaboard.

"The trade can't take the incremental cost of handling containers, nor will commerce accept the delay," he adds. "The main hub and service requirements into the Northeast, Mid-Atlantic, and Southeast will continue to be served directly with mainline ships from Asia."

Foltz does allow for an increase in cargo being transshipped in Panama and other Caribbean hubs, but that will be for the balance of Latin America.

Naturally, opinions diverge. There's some accord in Panama, for example, that the country's ports can become a major transshipment hub for freight moving throughout the Americas. Colon is Latin America's largest container port in terms of volume—85 percent of its throughput is transshipment.

Speculation surrounds U.S. big-box retailers considering using Panama as a distribution hub to replenish inventory weekly. The country is a seven- and eight-day sail from New York and Los Angeles respectively, and three days from Miami.

For East Coast ports and shippers, the

Panama Canal value proposition also assumes a significant surge in volume. That's far from assured, given that U.S. imports from Asia aren't as robust as they were several years ago. Reshoring to the United States, Mexico, and Brazil will further erode some of that trade. There's also more competition—from Canada and Mexico, notably—as well as other U.S. ports. How many winners can there be?

West Coast optimism that larger Panamax ships will become a common visage is also speculative. Currently, the largest vessels coming on line are being deployed in the Asia-Europe trade. That's unlikely to change. Given the East Coast port renaissance, will there be enough volume to go around for West Coast ports to see larger vessels?

Despite the many unanswered questions, one thing is clear: significant change is happening at ports across the United States as the silhouettes of 10,000-TEU-plus behemoths loom on the horizon. Investments in much-needed infrastructure have been massive. That's a win for U.S. business, regardless of how the Panama Canal question plays out.

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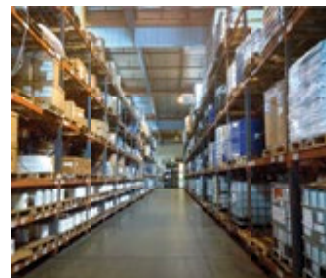
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Building An Effective Supply Chain Team

A successful team needs the right mix of talent, skills, and personalities.

By Tamara Chapman

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WHETHER IT'S ASSEMBLED TO LEAD A SINGLE DIVISION OR the entire organization, or whether it's brought together for a short-term assignment or a long-term project, an effective supply chain team needs the right mix of talent, skills, and personalities. It also needs a clear mission, the freedom to pursue it, and the structure to succeed.

That's the ideal anyway. But all too often, it's hard to achieve. Just ask Gregg Richard Macaluso, an instructor specializing in supply chain strategy and innovation at the Leeds School of Business at the University of Colorado in Boulder. When he surveys the state of team performance within the supply chain sector, he sees plenty of room for improvement.

"We're challenged for a number of reasons," he says. "And we can do better."

As a longtime logistics consultant, Macaluso lays that "do-better" challenge right at the feet of company leadership. Too often, he says, senior officers put together teams, task them with a vague challenge, and retreat to the executive suite. Then, if the team reports back with unorganized findings, or solutions to the wrong problems, the executives wonder what went wrong.

A glance in the mirror might offer a succinct answer. "The amount of effective coaching that takes place among the ranks is — not for lack of interest, but for lack of knowing how to communicate — still nascent," Macaluso says.

In other words, the company's leadership fails to make its expectations clear, and to provide useful context, forcing team members to consult tea leaves for insight. Without the full picture, one team member might see the task at hand as an engineering assignment, while another views it as a mathematical problem. And both of them might be missing the point. It's up to senior

leadership to make sure everyone is on the same page.

At the very least, a team needs clear objectives and an understanding of how to "present solutions and analyses that correspond to the challenges and context as senior executives see them," Macaluso says.

That's easier said than done, he acknowledges. Even with all the communications technology at an executive's disposal, it's difficult to connect — especially across the supply chain, where key players are scattered geographically and busy with myriad day-to-day challenges.

"We're less able to communicate across the supply chain than ever before," Macaluso notes. "The number of times team members actually meet in the same place where they can communicate effectively is limited."

Still, team success depends on a certain amount of "helpful coaching on an individual level," he says. Without it, the team is likely to flounder.

Put me in, Coach!

Coaching is certainly key to team effectiveness at Menlo Logistics, a San Francisco-based third-party logistics (3PL) provider with operations on five continents. Menlo's senior leadership believes that decision-making and problem-solving should occur "as close to customers as possible," says Carl Fowler, Menlo's vice president of field sales and solutions.

To achieve that goal, Menlo assembles

teams from the ranks of employees and managers who deal with day-to-day problems, and know customers' challenges intimately. Senior management, meanwhile, aims to empower that team to "unlock the value in the supply chain," Fowler says.

"Management becomes the nurse in the operating theater who allows the surgical team to do its best," he adds.

Any company that hopes to use teams to solve problems and foster innovation needs to hire, support, recognize, and value the right people, according to Alex Stark, director of marketing at Scranton, Penn.-based 3PL Kane is Able.

But doing so within in the logistics sector, where complex technology and intricate systems dominate the landscape, requires a mindset shift — from a preoccupation with skill sets to an emphasis on what Stark calls "people logistics."

"People are the raw ingredient to any supply chain initiative, and people who care will find a way to do a good job," he writes on the Kane is Able blog.

With that in mind, family-owned Kane is Able asks its hiring managers to put more emphasis on personality and character traits than on proficiencies in systems and programs.

"We hire for attitude, and we train for skill," he says. Attitude is next to impossible to teach and involves finding people who *want* to do the job, versus those who simply can do it. Just as important, hiring for attitude means staffing the company with people who will sync well with teams.

At Menlo, teams are encouraged to challenge the status quo, so when hiring, Fowler takes a close look at applicants who have departed from the script. First-generation college graduates often fit that description nicely. After all, they've challenged the status quo just by pursuing



Tim Engstrom

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Just as important, a good leader is someone who, when the ideas are flowing freely, “can recognize the right idea and galvanize support for implementation,” says Carl Fowler, vice president of field sales and solutions at San Francisco-based third-party logistics provider Menlo Logistics.

Any leader of a project team must also know how to structure meetings and interactions with a sense of urgency.

“The amount of time team members will spend together is precious and fleeting,” notes Gregg Richard Macaluso, a supply chain strategy and innovation instructor at the University of Colorado’s Leeds School of Business in Boulder. “So it’s critical that the team leader create momentum, get rhythm, and come to a conclusion.

“The leader has to have an astute sense of the clock,” he says. “If the rest of the team senses that time is being wasted, they stop collaborating fully, or worse, they become passive aggressive.”

Contrary to conventional wisdom, team leaders who can achieve all this aren’t so much born as made — through careful mentoring,

training and coaching.

When executives charter a team and assign it a leader, they need to be accessible for coaching. It’s important that some member of the executive leadership is available to help a team leader troubleshoot problems that arise, and provide big-picture context.

What’s more, senior leadership needs to provide clear objectives and help the team leader evaluate the team’s effectiveness.

That can be done with standard metrics and a balanced scorecard, or through a series of questions: Has the team improved operations? If so, how? Have its efforts increased customer satisfaction?

Measuring team effectiveness isn’t always

easy. “The metric doesn’t just pop off the page,” notes Todd Berger, president and CEO of Chicago-based Transportation Solutions Enterprises. In fact, team success typically needs to be assessed at intervals.

“We take a 30, 60, 90 approach,” Berger says, meaning that after each of the first, second, and third months, the team leader and the chartering executive review the team’s progress and direction.

And when the team wraps up its work, it’s important that senior leadership recognize the effort. It doesn’t matter whether the acknowledgement is “big or small, just as long as it’s recognized,” Berger adds.

a degree — and that means they’re probably good problem-solvers, team players, and even management material.

“Deciding to do something different is the most risky decision an executive can make,” Fowler says. That’s a concept first-generation college graduates understand. By the same token, people who grew up on farms often understand resiliency, as well as the idea of pitching in.

“A strong roll-up-your-sleeves work ethic is important,” Fowler says. “It’s not just about being the smartest.”

Todd Berger, president and CEO of Chicago-based third-party logistics provider Transportation Solutions Enterprises (TSE), places high value on what he calls “stick-to-it-iveness,” but also an appreciation for group, rather than personal, achievement and success.

For companies that want to make maximum use of teams, “there is no room for ego or self-serving behavior,” he says.

Not even in the executive suite. In fact, Berger expects TSE’s seven-member senior team, as well as unit-level managers, to join as well as lead. Under that philosophy, a senior executive might be expected to serve on a team led by a subordinate.

Leggo my Ego

“We all exist on local teams,” he says. “You put your ego in your back pocket, and get to work.”

If their egos are in check, team members are less likely to bring preconceived ideas to the table and more likely to view an assignment as a challenge rather than a problem. “Eighty percent of project teams believe a problem is someone’s

fault, and they have to punish the guilty,” Macaluso says.

When that’s the case, the team not only fails in its task, it runs the risk of making a situation worse. To avoid that calamity, hiring managers might want to look for people who ask questions rather than answer them, and who rely minimally on the first-person pronoun.

“I first look for those who are insatiably curious, speak in few declarative sentences, and are willing to look at a problem in its natural state,” Macaluso says.

Hiring team-minded employees is only part of the challenge for companies wanting to harness the power of collaborative problem-solving. Putting them together with the right teammates and matching them to the right challenge is also essential.

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the personality traits and work styles of potential members in mind, Stark says. To do that, the firm needs a good understanding of how its employees think, approach challenges, and interact with one another.

These insights come not just from getting to know employees personally, but also via testing. The Myers-Briggs personality tests, for example, show how individuals prefer to process information and make decisions. Assessment tests also reveal a lot about individual preferences regarding work structures — whether someone prefers to make decisions and stick to them, for instance, or whether they'd rather remain open to new information and evolving circumstances.

Kane is Able also uses the DISC behavior assessment test to ensure it doesn't overload teams with people who are, say, domineering or too compliant. "We want to understand a person's propensity to behave a certain way," Stark says. "It's important as you build your team."

Take Me to Your Leader

It's especially important when designating a leader. "Many people just want to charge ahead — if they're the leader of the group, it's my way or the highway," Stark says. While that kind of leadership might be effective for some teams, it could be disastrous for others. Knowing how the team's leader behaves and thinks can avert dysfunction.

The information derived from personality and behavior tests helps Kane is Able train workers for effective team participation. When people recognize their own traits and preferences, as well as those of others on the team, they can learn to accommodate and adjust — a prerequisite for an enjoyable and productive team experience.

TSE's Berger likens the team-assembly process to populating a bus. From a human resources perspective, employees have to be enlisted in teams they want to join and where they can be effective. "You've got to find the right seat on the right bus for them," he says.

It's also essential that every bus have a driver, as well as a clear destination. With that in mind, TSE structures its teams with a clear leadership chain, even though the team might be composed of peers.



"People are the raw ingredient to any supply chain initiative, and people who care will find a way to do a good job."

—Alex Stark,
Director of Marketing, Kane is Able

"We don't want spaghetti from an accountability standpoint," Berger says. It's important that one or two people are expected to drive the process, keep the bus on course, and report findings and results.

Berger also wants TSE's teams to reflect perspectives from across the firm's operations — a requirement that often introduces valuable surprises into the team's findings and proposals.

For example, TSE established a Voice of the Customer team to keep senior leadership apprised of customers' experiences, frustrations, challenges, and business concerns. Naturally, the team includes sales and operations people who routinely interact with customers. But it also includes employees from functions far removed from the face-to-face customer experience. Suddenly, a customer's challenge no longer falls into the "not my problem" abyss. It becomes real for the entire company, and the entire company can focus on solutions.

"How the voice of the customer is synthesized varies across the team," Berger says. "But it's always powerful."

Like TSE, Menlo wants its teams to

reflect differing perspectives and to serve as a test lab for new ideas. This is essential for innovation. To pull it off, the team needs members with a diverse set of hard and soft skills.

For example, it's important that teams include players who possess what Fowler calls "situational awareness." Because Menlo uses teams to identify and address customer challenges, someone on the team needs to understand the customer's context, enterprise goals, and performance metrics. Someone also needs to be able to communicate with the customer effectively.

Other essential skills include project management and information presentation. And, most teams need someone who can design the solution, whether that involves improved systems or new technology.

The Big Picture

No team can succeed without at least one big-picture thinker who understands the entire supply chain in all its complexity. "Someone needs to see the integrated whole, and have more than the quarterly objectives in mind," Macaluso says. "Someone has to see how and why the team's project fits into the long-term view."

Every team also needs "someone who is capable of knowing where the data is and gaining access to it," Macaluso says. "Just as important, someone on the team should know how to structure data and prepare it for analysis."

In addition, every team — but especially those interacting with customer representatives or outside firms along the supply chain — needs "a person who works the relationships, somebody who can run détente and engage in shuttle diplomacy," Macaluso says. "That skill is hard to find."

For supply chain professionals, such skills can be a stretch, particularly for employees accustomed to the rarified air of a specialization. "You are asking an engineer to be an effective and gregarious change agent," Fowler says, pointing out just how big the leap might be. "You are asking people to think about work in a different way."

Although that shift in thought might not come easy, Fowler believes it's critical for an organization's survival. Successful companies, he notes, are distinguished by "the ability to harness the power of the team." ■



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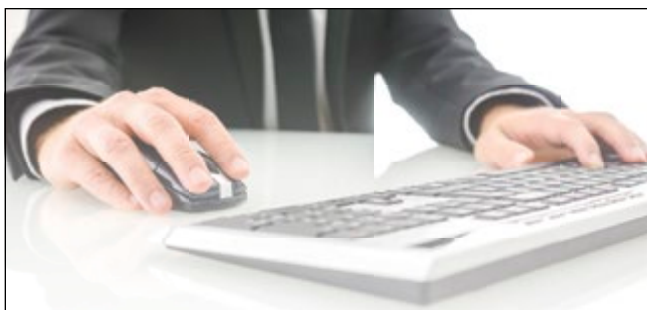
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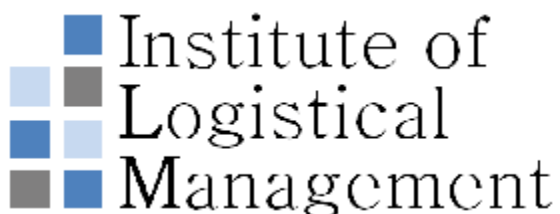
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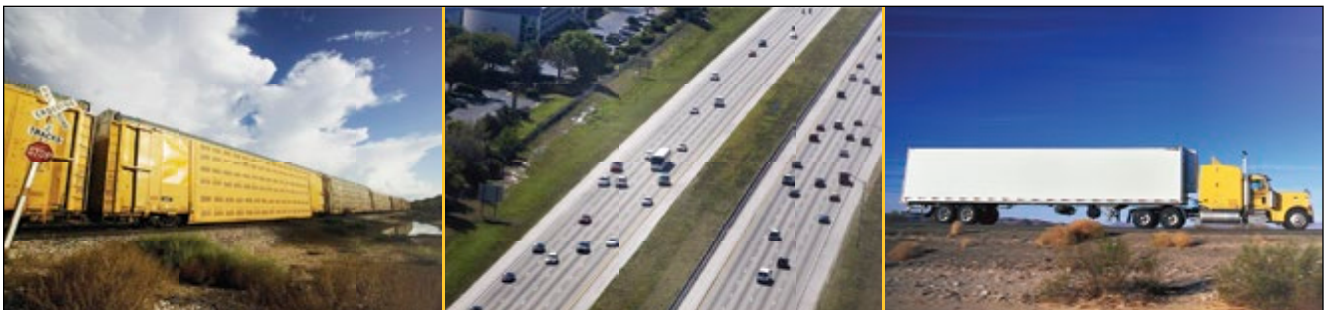
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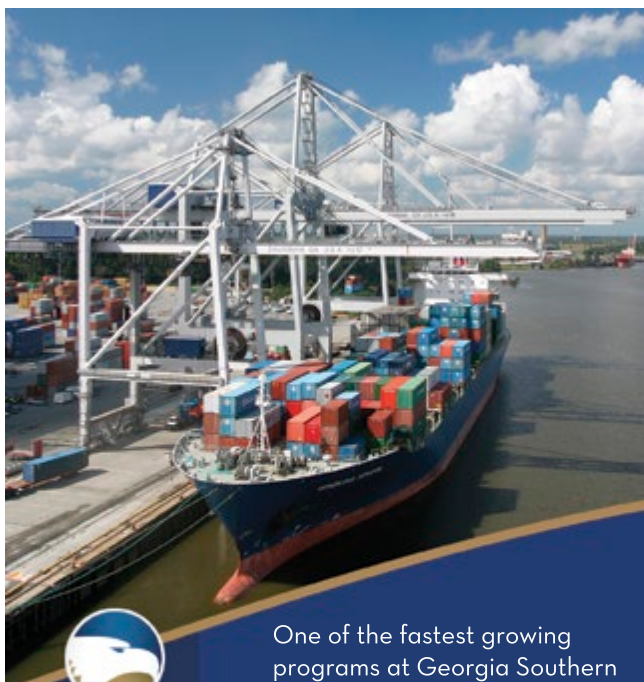
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By Joe Dysart

Single Dashboard Streamlines Shipments

EAM-Mosca was getting buried in orders, until it strapped down a software solution to automate each step of the shipping process.

Finding the right software solution to help manage increased sales was a priority for custom strapping systems manufacturer and supplier EAM-Mosca. With help from Varsity Logistics, EAM-Mosca was able to streamline shipping by consolidating all transactions under a single software dashboard.

Located in Hazle Township, Pa., EAM-Mosca manufactures and supplies machines and plastic used to auto-wrap packages in straps to ensure they arrive to their destination safely. Established in 1982, EAM-Mosca has sold more than 20,000 strapping solutions throughout North, Central, and South America. The company's solutions are largely used in the wood, meat, poultry, seafood, and graphics arts industries, and are among the market leaders in the corrugated, commercial printing, and mailing industries.

A few years ago, EAM-Mosca found itself on a collision course: a steady uptick in orders was headed straight for its outdated shipping systems. Because the

company's success was substantial, it had no intention of allowing inefficient logistics to tarnish its reputation.

With sales mounting, EAM-Mosca was struggling to process more than 500 shipments daily to more than 12,000 destinations around the world. So the company began looking for an improved shipping software solution.

Its previous system forced the shipping staff to use a different software portal for each carrier, which often gave them no choice but to repeatedly re-enter shipping details as they searched for the best rates for any given shipment. In addition, data decentralization prohibited the shipping staff from engaging in precise analysis to determine the best shipping rates for any



given order. Dealing with numerous, disparate software interfaces also meant shipping staff needed to continually retrain as carriers updated the way their systems worked.

Bringing in new hires was an even bigger headache. Before staff members could truly become proficient, they had to be trained and brought up to speed on all the various carrier software portals the company used to manage transportation. “We were spending resources, time, and money managing multiple shipping systems,” recalls Bruce Mowery, materials manager for EAM-Mosca.

For Mowery, the goal was clear: Find a single software interface that would service all of EAM-Mosca’s needs—without sacrificing the flexibility and power of the existing, multiple interfaces that the company had been using.

Specifically, EAM-Mosca needed a single solution that could handle parcel and freight, as well as software that could run on its existing hardware, IBM’s AS400 I Series 720. “The EAM-Mosca team weighed two main points of criteria: feature/function and platform,” Mowery says. “But we also looked closely at usability, support, and, of course, price.”

Initially, EAM-Mosca approached its

primary hardware suppliers, and asked for a shipping solution. It also evaluated software solutions from several other logistics IT providers. The team ultimately settled on Varsity Logistics’ parcel and freight shipping modules. The determining factor, according to Mowery, was that Varsity’s products could be easily integrated into EAM-Mosca’s legacy ERP platform, VAI Associates ERP 3.7.

Varsity Makes the Team

A long-time player in logistics software, San Bruno, Calif.-based Varsity Logistics’ solution automates each step of the package shipping process as much as possible, and enables users to optimize shipment costs and ensure that labeling and manifesting are in order. Besides parcel and freight modules, Varsity also offers an analytics module that provides users decision support to make shipping more effective.

“From a functionality standpoint, Varsity Logistics’ software addressed our requirements, ranked high in ease of use, was integrated tightly to the VAI ERP software, and was competitively priced,” explains Mowery.

Once EAM-Mosca decided to go with Varsity, it was simply a matter of

installing the software and making some minor modifications.

“Modifications were made to customize the commercial invoice to include our payable’s invoice number, custom logo, and mapping of various print fields to reflect our invoice field data and descriptions,” Mowery says. “The implementation was straightforward and the Varsity integration required little additional development. After some testing and training, the results were immediate and positive in many areas of the business.”

Varsity customized EAM-Mosca’s interface with the VAI ERP to ensure that appropriate electronic documents populated the ultimate consignee address, and that international documents were tailored to the freight forwarders EAM-Mosca deals with.

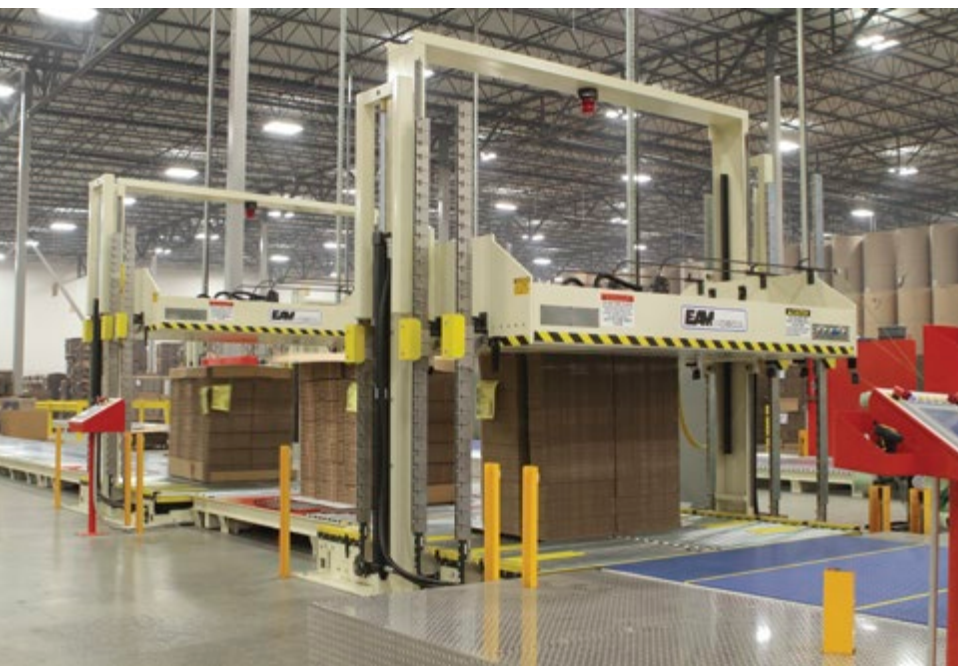
Varsity also modified the parcel freight module to allow freight shopping using the net freight value, while utilizing the list freight charge for orders and invoicing. “Varsity enabled our organization to better manage one of our highest cost centers—freight,” says Mowery. “Our business volume has grown in excess of 15 percent in nearly three years. With this new system, we haven’t needed additional staff to enter, process, and ship orders.”

Another key benefit EAM-Mosca reaped with the new system was complete centralization of shipping logistics. The software also takes care of all international documents, bills of lading, parcel bill auditing, and other shipping paperwork.

Now more nimble in its ability to process each order, EAM-Mosca can also accommodate next-day delivery orders later in the day, and offer a higher level of service to its need-it-yesterday customers. Key to this new capability is Varsity’s real-time data updating environment, which enables EAM-Mosca staff to see inventory in stock at any given moment.

“The real-time aspect of the software allowed us to streamline order entry,

When sales of EAM-Mosca’s strapping solutions started to soar, the company updated its shipping software to streamline operations and better serve demanding customers.



processing, and shipping operations,” Mowery says. “We are able to maintain a same-day shipment rate in excess of 97 percent for our OEM parts business.”

The software also enables EAM-Mosca to add carriers to the dashboard at any time. All that’s required to add a new carrier to the system is Varsity’s Carrier Compliance Kit (CCK), which contains all the rates and service types offered by the new carrier, as well as the corresponding electronic manifesting support.

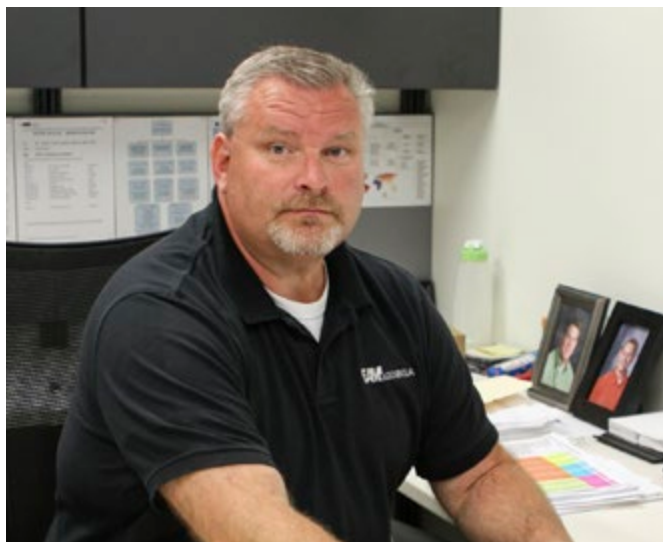
The availability of those kits represents a major time savings for EAM-Mosca and other shippers that use Varsity’s software. “It would take a shipper three to six months to assemble all the data and write the programming required to put together each compliance kit in-house,” says Jim Reveal, senior field services engineer at Varsity Logistics.

Rate Update

Given that most carriers change rates once or twice every year, those CCKs would also need to be updated accordingly, Reveal adds. That’s no worry for shippers who commit to Varsity’s annual maintenance plan, which updates CCKs automatically. “UPS, for example, revises its prices twice each year,” Reveal says. “We make sure customers get those software updates as soon as they’re available.”

Moreover, the Varsity system is designed to minimize the need for manual data input, ensuring fewer costly shipping errors. For example, while some systems require employees to key in shipping instructions and weights multiple times, they have to enter it only once in the Varsity system.

“Our entire order process is now seamless,” Mowery notes. “We can rate-shop a customer’s order at time of entry and select



“The ability to process orders, track shipments, and get product out quickly at the lowest possible cost were just a few benefits of the new shipping system.”

—Bruce Mowery, Materials Manager, EAM-Mosca

the carrier based on the customer’s specifications. The order is picked, packed, and shipped without any duplication of effort. And the customer can receive shipment notifications—including tracking information—via email, minimizing customer service call rates.”

Being able to manipulate all shipping options from a single dashboard also enables EAM-Mosca to offer additional, value-added shipping services to customers.

“Varsity’s software allows us to provide shipping options with the major parcel and LTL carriers on behalf of our customers,” Mowery says. “The software gives us timely, accurate freight costs for every order at time of entry.”

The software also has eliminated the once onerous task of customer support staff having to call the warehouse for details on a shipment’s status. Instead, EAM-Mosca’s customer service team can now look at their computer screens, select an order they want to track, and instantly retrieve data on its history and current status.

Moreover, the software has met one of EAM-Mosca’s major concerns—being able to get the true cost of any shipment, including all relevant accessororial charges. “The freight and accessororial charges provided through the Varsity software are accurate,” Mowery says. “We audit our carriers’ freight invoice charges by shipment against the freight charge Varsity calculated for that shipment.”

Varsity’s continuous, real-time software updates also ensure that new discounts shippers earn as they increase business with a specific carrier are factored into the software’s cost-analysis tools. “Shippers usually receive a discount as they move more freight with a particular carrier,” Reveal says. “The Varsity software updates those discounts in each shipper’s system in real time.”

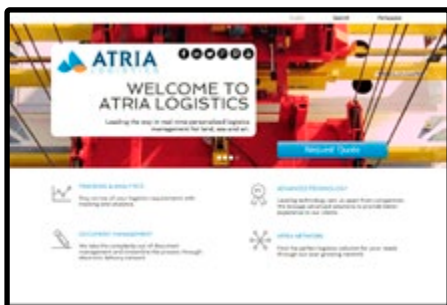
Varsity’s “bill as/ship” feature also enables EAM-Mosca to bill its customers at the rates various carriers advertise, while capturing its own negotiating cost for internal analysis of true shipping costs.

Essentially, EAM-Mosca can now instantly evaluate its carriers for any given shipment based on contracted rates, and immediately pick the best one for the job based on cost.

“Overall the ability to process orders, track shipments, and get product out quickly at the lowest possible cost are just a few benefits of the new system,” Mowery says. “The software has allowed our organization to better manage one of our highest cost centers—freight—by providing average shipment metrics by specific lane that we can use to our advantage when negotiating contracts with carriers.”

EAM-Mosca no longer struggles to process orders or streamline shipping; the Varsity software takes care of that. Even better, Mowery notes, the company achieved return on investment within 12 months.

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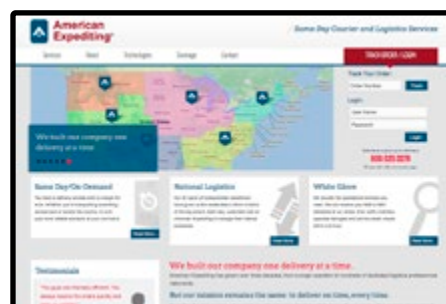
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Transportation Insight • www.transportationinsight.com

Transportation Insight has earned a reputation as the gold standard for freight bill audit and payment services. Using our proprietary platform and rigorous controls, we facilitate overcharge avoidance and provide the basis for more advanced business insight. Our financial settlement offering is part of our end-to-end supply chain solutions spanning domestic transportation, international logistics, and warehousing. Best known for our Co-managed Logistics® approach, Transportation Insight's core services include carrier sourcing, freight bill audit and payment, transportation management system (TMS), and supply chain analytics. Contact us at info@transportationinsight.com or call 877-226-9950.



FULFILLMENT



Fulfillment.com • www.fulfillment.com

Fulfillment.com helps you reduce operating costs, lower overhead, and grow your business domestically and internationally. Our logistics infrastructure, high-volume postage discounts, and proprietary technology make Fulfillment.com the clear choice for your warehousing and fulfillment needs. Let us handle your logistics, so you can focus on your business.

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IN THIS SECTION:

Multi-Modal - Trucking-LTL

MULTI-MODAL

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Transportation Insight is a lead logistics provider that has the scale, technology platform, and enterprise services necessary to address the increasingly complex supply chain needs of global shippers. Our service offering spans domestic transportation, international logistics, and warehousing to create end-to-end supply chain solutions. Recognized for best range of services, Transportation Insight is one of the most experienced full-service 3PLs in North America. Our core services include Co-managed Logistics®, carrier sourcing in all modes, freight bill audit and payment, transportation management system, and supply chain analytics. Contact us at info@transportationinsight.com or call 877-226-9950.

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WhitePaperDigest

Industry experts amass supply chain management best practices and skill sets, and invest in new research and evaluation tools. Now you can benefit. *Inbound Logistics* has selected this collection of whitepapers that will give you a jump on important supply chain issues. For more information on any of these whitepapers, visit the Web sites listed below.



UTi Worldwide

TITLE: *Big Data in the Supply Chain*

DOWNLOAD: bit.ly/1Hrqnok

SUMMARY: Prior to investing resources into “big data” systems, software, and people, firms must understand that data aggregation alone is insufficient. Without a well-thought-out strategy, big data projects can result in confusion between teams, or worse, lead to sunk costs. This article uses three examples to illustrate data-driven improvement opportunities in transportation, warehousing, and network design. The ultimate deliverable of data-oriented efforts should be greater transparency in decision-making.

Tompkins International

TITLE: *Retail Backrooms: A Revolution in Roles and Business Value*

DOWNLOAD: bit.ly/1wkkpCb

SUMMARY: Once seen as a necessary evil, retail backrooms will soon be a key component to help retailers succeed in today’s omni-channel environment. This whitepaper exposes a new way of thinking about backrooms, how they can have a major impact on final delivery’s response to the needs of the customer, and how companies can leverage backrooms for increased value.



Amber Road

TITLE: *Aberdeen Group Report: Domestic vs. International Supply Chain Performance & Investment Disparity*

DOWNLOAD: bit.ly/1yYk9pH

SUMMARY: The increased complexity of global supply chains has led to longer lead times, more in-transit inventory, and the need to control downstream and upstream logistics. These costs add up, which means that a one-percent investment in international supply chain efficiency yields a far greater return than investment in the domestic supply chain. Download this report to learn how you can maximize your global supply chain performance.



Mettler Toledo

TITLE: *Dimensional-Weight Pricing—A Winning Strategy for Charge Changes*

DOWNLOAD: bit.ly/1HrqjX

SUMMARY: Beginning in 2015, UPS and FedEx are changing their rate structures to use dimensional-weight pricing, a common industry standard, for invoicing all domestically shipped parcels. This whitepaper explains how the transportation and logistics sector will be impacted, and offers tips to prepare for the changes. It also explains how an investment in dimensioning technology can pay for itself.

Llamasoft

TITLE: *10 Tips for Elevating Supply Chain Design From a Project to a Differentiating Business Process*

DOWNLOAD: bit.ly/12kPgB2

SUMMARY: Some global businesses still view supply chain design as something to initiate and complete once every three to five years, which often results in protracted project timeframes and short-sighted results. Elevating supply chain design from an annual project to a core business process is the topic of this e-book, which also covers the importance of establishing a supply chain design center of excellence, prioritizing modeling initiatives, and implementing cloud-based modeling and data technologies to speed and simplify design processes.

JDA

TITLE: *Labor Productivity: It's Hiding Everywhere*

DOWNLOAD: bit.ly/12kPgji

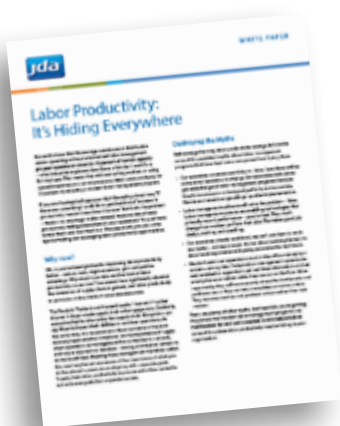
SUMMARY: Research shows that the average warehouse or distribution center operating without a formalized labor management program operates at about 65 to 70 percent of normal capacity. But can you really improve labor productivity by 30 to 35 percent by adopting a modern labor management program? While there is no magic bullet, there are bits of labor productivity hiding everywhere in your operations. You just have to root them out. This whitepaper shows you how.

One Network Enterprises

TITLE: *4PL Global Orchestrator: 8 Opportunities for Today's Logistics Providers*

DOWNLOAD: bit.ly/12kPh8m

SUMMARY: Today's logistics providers must deal with an incredible amount of complexity—satisfying fussy customers with ever-higher expectations across a multitude of channels, delivering an expanding array of product variations. That's why many are promoting the concept of the 4PL, a logistics provider that offers enhanced and valuable supply chain services far beyond just physically moving the goods. What are 4PL services? How do logistics service providers get from wherever they are now to providing them? This whitepaper offers a roadmap to reach this goal, and a plan for identifying and exploiting the major opportunities to provide greater value to customers.



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WhitePaper Digest is designed to bring readers up-to-date information on all aspects of supply chain management. We're building a database of SCM whitepapers, and you can help. E-mail us with whitepaper recommendations: editorial@inboundlogistics.com



Florida East Coast Railway expanded its fleet with two Tier 3 GE ES44C4 locomotives. The new equipment transports automotive, carload, and intermodal freight from Jacksonville to Miami.

//Transportation//

FedEx expanded its International First expedited package shipping solution to 31 additional origin countries, bringing the total number of countries to 97. The expansion impacts packages originating in China, India, Central and South America, and northern and central Europe.

Freight airline **Lufthansa Cargo** began a weekly Saturday flight between Houston and Stavanger, Norway. The route allows for fast transport of critical parts for offshore and deep-sea oil drilling operations.

Global supply chain services company **UTi Worldwide** began servicing a weekly charter between Shanghai, China, and Chicago. The

flights can carry more than 100 tons of air freight with no size, weight, or commodity restrictions.

Air cargo carrier **IAG Cargo** began offering its Cargo Connector service in Frankfurt, Germany. The service picks up cargo weighing less than 660 pounds and brings it to the airport at no additional cost.

Ocean carrier **Evergreen Line**, in cooperation with carriers CMA CGM and Emirates Shipping Line, increased services between Asia and East Africa to twice weekly - once between Singapore and Kenya, and once between Singapore and Tanzania.

//Technology//

The new *DataBridge MS* weight transaction software package from **Mettler Toledo** controls multiple vehicle scales in yards or warehouses, with support for multi-directional weighing, traffic controls, status alerts, and unattended scales. The solution is scalable to fit operations of any size.

Lion Technology, a provider of workshops and online courses for the hazardous materials industry, upgraded its website, www.lion.com, to provide training and keep hazmat shippers compliant with changing federal regulations.

Retail and wholesale solutions provider **Stitch Labs** added a bundling feature to its cloud-based inventory management and online sales platform. Bundling items provides additional ways for retailers and distributors to clear excess inventory and introduce new products to the end customer.

Supply chain software provider **Kewill** acquired the *Sterling Transportation Management System* from IBM.



Air cargo carrier **AirBridgeCargo** implemented its winter flight schedule, with additional weekly flights to Munich, Germany; Milan, Italy; Amsterdam, the Netherlands; Hong Kong; Shanghai, China; and Dallas/Fort Worth; and two additional weekly flights to Chicago.

Kewill rebranded the transportation management system as *Kewill Transport*, and added it to the *Kewill MOVE* software suite.

Logistics technology provider **International Business Systems'** (IBS) second generation platform, *IBS Business Suite 2015*, provides multiple solutions to cover the supply chain, including transportation, warehousing, enterprise resource management, e-commerce, and sales and operations planning software.

Arrivals Board from **Paragon Software Systems**, a provider of truck routing and scheduling solutions, tracks inbound

cargo shipments and provides real-time arrival time updates, allowing distributors or retailers to avoid unloading delays by having appropriate staff at the dock to handle deliveries as they arrive.

Transportation management solutions provider **Transplace** launched *Customs Portal*, a solution to help cross-border shippers accurately manage the customs process between the United States and Mexico. The proprietary system automates and standardizes the interaction between shippers, importers, and customs to increase accuracy.

Mobile computer manufacturer **Handheld Group's** Nautiz X8 rugged handheld meets MIL-STD-810G military test standards for durability and resistance to humidity, shock, vibration, drops, salt, and extreme temperatures. The device features a 4.7-inch ultra-bright capacitive multi-touch screen, 12 hours of battery life, and a choice between Android or Windows operating systems.



//Products//

Materials handling systems provider **Dematic's** new carton singulator conveyor aligns skewed and side-by-side cartons for proper orientation before sorting. The 24-foot-long solution can be retrofitted into existing conveying and sorting systems or implemented with new ones.

5S and Lean product supplier **Visual Workplace** launched a new line of floor signs that communicate information and safety instructions to warehouse staff and visitors. The signs are available in three sizes, are peel-and-stick for easy application, and are made of durable

high-bond acrylic that withstands forklift and heavy foot traffic.

//Services//

The **Port of Long Beach** approved 30 acres of a vacant, undeveloped area for the storage of empty containers. The move is expected to free up needed equipment to get cargo out of shipping terminals faster.

Temperature-controlled storage provider **Interstate Warehousing** added 309,000 square feet to its cold storage facility in Indianapolis. The expansion also adds 54 dock doors and includes additional space for materials handling, maintenance, and office areas.

Third-party logistics company **Dachser USA** opened a new 15,000-square-foot hub in Atlanta. The new location features warehouse space with racking to hold 1,000 pallet positions, a crossdock, five standard loading docks, and one drive-in bay.

Refrigerated warehousing specialist **Hanson Logistics** broke ground on an expansion of its Chicago consolidation center. The extended 85,000-square-foot deep freeze area features LED lighting, 12,000 new pallet positions, and 14 swing-in doors.

IFCO Systems, a provider of reusable plastic containers (RPCs) for the food industry, opened a new 200,000-square-foot service center in Fresno, Calif. The facility is equipped to wash, sanitize, and dry more than 95,000 RPCs per day, and ship and receive approximately 120 weekly truckloads for grocery retailers and growers.

Real estate developer **KP Development** purchased a former Chrysler assembly plant near St. Louis in Fenton, Mo. The company will begin development of the 2.5-million-square-foot Fenton Logistics Park in early 2015.

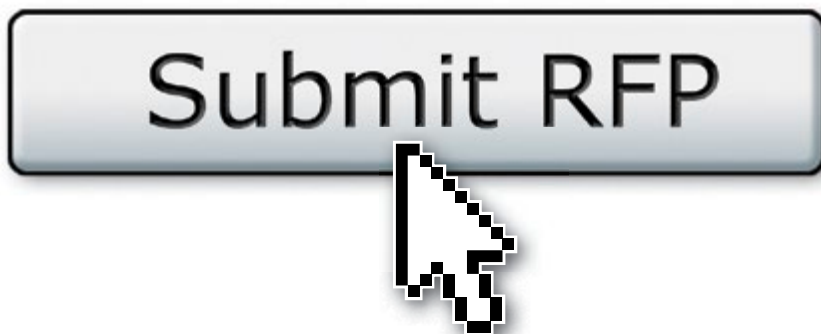
Linde Material Handling North America Corporation is changing its name to KION North America Corporation, effective January 2015. The change allows the company to share branding with its European parent company, The KION Group.

Freight management company **Geodis Wilson** expanded its global network of oil and gas hubs with new facilities in Singapore; Antwerp, Belgium; and Dubai, India. The company plans to expand into China and South Africa with two additional hubs in 2015.

ClearSpan Fabric Structures, a provider of design-build solutions, added three different length options to its HD Building product line. The HD Buildings are available in both gable- and round-style designs, and can be used as freestanding structures or affixed to other foundations. The buildings are available in 160-, 180-, and 200-foot lengths.



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MARCH
23

Transportation and Logistics Council

Transportation and Logistics Council 41st Annual Conference

www.tlcouncil.org | Orlando, Fla. | MAR 23-25, 2015

AUDIENCE: Transportation, logistics, and supply chain professionals

FOCUS: New transport industry laws and regulations, freight claims and cargo insurance, reverse logistics, Certified Claims Professional primer class

APR 8-9, 2015 Atlanta, Ga.

Terrapinn

Home Delivery World 2015

www.terrapinn.com/homedelivery

AUDIENCE: Supply chain, transportation, fulfillment, logistics, e-commerce, information technology, and warehousing professionals

FOCUS: Delivering goods faster and more reliably, optimizing reverse logistics and asset recovery programs, reducing domestic and international shipping costs, improving forecasting with big data, implementing a ship-from-store delivery program, crowdsourcing

MAY 3-6, 2015 Orlando, Fla.

Warehousing Education and Research Council

WERC 2015

www.werc.org

AUDIENCE: Warehousing, distribution, fulfillment, and logistics professionals

FOCUS: Facility tours, warehousing industry trends, warehousing technology and products exposition

CONFERENCES

JAN 28-29, 2015 Vancouver, B.C.

Informa Canada

www.cargologisticscanada.com

AUDIENCE: Supply chain and logistics professionals at companies trading with or operating in Canada

FOCUS: Distribution center tours, intermodal supply chains, global trade impacts and trends, creating a mature supply chain, impact of Suez Canal and Panama Canal upgrades on supply chains

FEB 9-12, 2015 Las Vegas, Nev.

Reverse Logistics Association

RLA Conference & Expo 2015

www.rltsshow.com

AUDIENCE: Supply chain and logistics professionals, C-level executives

FOCUS: Reverse logistics workshops, aftermarket supply chain, benchmarking best practices, end-of-life manufacturing, order fulfillment, reverse logistics solutions exhibition

FEB 11-13, 2015 Orlando, Fla.

Worldwide Business Research

ProcureCon Indirect East

procureconeast.wbresearch.com

AUDIENCE: Corporate procurement and purchasing executives, supply chain management professionals

FOCUS: Redefining procurement's role in today's enterprise, consolidating global procurement operations, connecting silos across the enterprise, managing complex supply chains

MAR 23-26, 2015 Chicago, Ill.

Materials Handling Institute

ProMat 2015

www.promatshow.com

AUDIENCE: Supply chain, logistics, procurement, distribution, and manufacturing professionals

FOCUS: Materials handling and logistics innovations and their applications, ergonomics, worker safety, supply chain visibility, materials handling exhibition

MAR 31-APR 1, 2015 Atlanta, Ga.

Center of Innovation for Logistics

2015 Georgia Logistics Summit

www.georgialogistics.com/logistics-summit

AUDIENCE: Supply chain and logistics professionals

FOCUS: International logistics, the logistics of manufacturing, growth and expansion in Georgia, enabling logistics for rapid growth

MAR 31-APR 2, 2015 Orlando, Fla.

Smithers Pira

SUSTPACK 2015

www.sustpack.com

AUDIENCE: Sustainability and packaging professionals and stakeholders

FOCUS: Getting consumers interested in sustainability, how companies can bridge the sustainability gap, evaluating investments with a sustainability lens, strategic views around recyclability and recovery, changing the status quo through sustainability, global sustainability trends

SEMINARS & WORKSHOPS

FEB 6, 20, 27, 2015 Bethlehem, Pa.

Lehigh University - Center for Value Chain Research

APICS Certified Supply Chain Professional Course

bit.ly/11CWifY

AUDIENCE: Logistics and supply chain professionals

FOCUS: Preparation for the APICS Certified Supply Chain Professional exam

APR 16-17, 2015 Cambridge, Mass.

MIT Sloan Executive Education

Supply Chain Strategy and Management

executive.mit.edu

AUDIENCE: Logistics and supply chain professionals

FOCUS: Assimilating sustainability into supply chain strategy, how to better structure a supply chain, integrating e-business and supply chain technology into supply chain strategy

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and Logistics Inc. (AST&L)** pg. 68
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Long Beach** pg. 68
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Association (TIA)** pg. 66
www.tianet.org/ctb 703-299-5700

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uwsuper.edu/ilcti 800-370-9882

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Technical College** pg. 69
westkentucky.kctcs.edu 270-534-3872

Events

Retail Supply Chain Conference 2015 pg. 70
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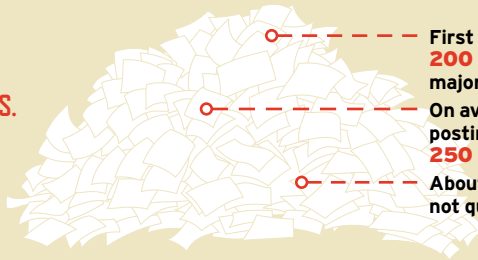
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employment

17% of people misrepresent skills

27% of people misrepresent salaries

19% of people misrepresent job responsibilities

3. PRESCREENING

Out of 200 resumes, only 3-6 are viable candidates



TIME: 18 HRS.

It takes **approximately 3 hours** to
prescreen each viable candidate.

If the right candidate hasn't been
identified, the search has to **start all over.**

4. THE INTERVIEW

The average interview for one person is 40 minutes



TIME: 12 HRS.

40 mins. + 40 mins. + 40 mins. + 40 mins.



FOLLOW-UP INTERVIEWS (12 HRS. TOTAL)



4 interviews at 3 levels at 1 hr. per interview

Low Level Exec.
\$400

Manager
\$400

C Level Exec.
\$400

5. THE HIRE

Congratulations on Your New Hire (Maybe)



TOTAL TIME: 16 BUSINESS DAYS

Your company has spent **128 hours** finding a new employee,
missing out on **more than two weeks** of its core business
practices—losing **tens of thousands of dollars.**

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